Lewisham

Mayor and Cabinet

Report title: Approval to commence Procurement of a replacement Housing Management System and implementation of a Customer Relationship Management System

Date: 1st September 2021

Key decision: Yes

Class: Part 1.

Part 2 – Appendix 1

Ward(s) affected: All wards

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Outline and recommendations

This report presents the business case in respect of a replacement Housing Management System (HMS) and implementation of a Customer Relationship Management System (CRM) - Mayor & Cabinet is recommended to:

- Approve the commencement of a competitive tender exercise to replace the incumbent Housing Management System with a new Customer Relationship Management System

Timeline of engagement and decision-making

Contract award is required to ensure a new contract is in place by December 2021

1. Summary

1.1   The purpose of this report is to seek approval from the Mayor and Cabinet to approve the replacement programme in respect of the incumbent Housing Management System (HMS) with the procurement and implementaion of a Customer Relationship Management System (CRM)

2. Recommendations

2.1.   It is recommended that Mayor and Cabinet:

agree the commencement of a tender exercise to replace the incumbent Housing Management System with a Customer Relationship Management System

delegate authority to the Executive Director for Corporate Resources to approve the procurement process

delegate authority to the Executive Director for Corporate Resources the decision to award the contract to the winning bidder resulting from the competitive tender.

3. Policy Context

3.1   The contents of this report are consistent with the Council's Corporate Strategy 2018-2022. It supports 'Creating an inclusive Lewisham', specifically the 'need to continue to ensure that everyone in Lewisham has equitable access to the support and services they need' and the aim of Achieving better outcomes for people.

3.2   Procuring a Housing Management System ("HMS"), and subsequent improvements to how the Housing Options service functions, will also support the Council with the following priority of the Corporate Strategy:

- Tackling the housing crisis – Everyone has a decent home that is secure and affordable.

3.3   Finally, this work will in a similar way support the Council in meeting the objectives of its Housing Strategy 2015-2020, particularly:

- Helping residents at times of severe and urgent housing need.

LH-LBL Strategic Context:-

3.4   The recommendation supports the fit with Lewisham Homes' operational requirements and alignment with the vision of its transformation programme 'Raising Our Game'. This recommended option also aligns with Lewisham Council's digital and technology roadmap, and its draft digital strategy which leverages Lewisham's existing digital strengths, recognises that digital capability is now on the frontline, and driving service design. This programme answers a key question 'how will IT help the business win?' by implementing a strategic, holistic housing and customer management system.
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4. Background

4.1   Lewisham Homes (LH) is the London Borough of Lewisham's (LBL) housing management company and as such provides a service to LBL. The previous ICT strategies between the two organisations took the approach of operating highly independently and worked to create full technology separation between LH and LBL.

4.2   The majority, if not all, of the existing service organisations of the type of LH share their technology with the Council as the contractual relationship with tenants and the ownership of the assets sits with the Council. However their respective approaches to technology had become somewhat out of step; in main, the infrastructure and application landscape of Lewisham Homes had become outdated and required a significant upgrade to remain fit for purpose

4.3   In view of 4.2 above and the investment and resources required for this necessary upgrade, Lewisham Homes approached the London Borough of Lewisham in October 2019 to explore the viability of migrating their current IT infrastructure and IT support services to the Tri-Borough Shared Technology Service (STS)

4.4   In November 2019 a project was initiated and a steering group was formed (consisting of representatives from LH, LBL and STS) scoping the feasibility and implication(s) of migrating the IT infrastructure and applications from the current dedicated data centres used by Lewisham Homes into the Shared Technology Service data centre(s), with consideration given to future support options and the potential transfer of undertakings and protection of employment (TUPE) for relevant staff if the migration was approved; as such -

4.5   LBL submitted a formal proposal to LH in respect of 4.2 and 4.3 above, whereby the proposal and subsequent migration was approved by the LH 'Raising our Game' Committiee on the 26th August 2021 and presented to the LH 'Raising our Game' Board on the 31st August 2021 for formal ratification

LH-LBL Housing Management System (HMS):-

4.6   A significant part of the ICT Roadmap agreed by the Lewisham Homes Board in January 2020 and further endorsed at the Board meeting in June 2020 was the implementation of a new HMS given that support for the current system was due to be terminated.

4.7   Lewisham Homes currently relies significantly on Capita Academy (Academy) for its housing operations, the system also supports TMO and RB3. The system has reached its end of life, having been taken out of use by Capita from the end of November 2020, Lewisham Homes have arranged for continued support until March 2023, however it has a perpetual licence for continued use of the system. Continued access, though providing for ongoing housing operations does not remove the risks associated with the use of the legacy application and high maintenance cost and carries ongoing risks related to data security, GDPR, and siloed working amongst others.

4.8   Capita Academy is a system owned by LBL but used by LH, therefore any replacement programme would be funded and procured by the Council under the LBL Constitution.

4.9   Under a perpetual licence Capita have accepted that they cannot withdraw support, and Lewisham Homes have since negotiated that Capita will continue to provide us with support in the normal way in 2021/22 and on a pay as you go basis for 2022/23. Thus giving us a defined period in which to procure and implement a new system.

4.10   Procurement advice is against a direct upgrade to the new version of Capita's housing system, One-Housing, hence an opportunity for a broader choice of possible systems. Additionally, Lewisham Homes has no central customer record management system, this project explores the choice of a single Customer Relationship Management (CRM) system as part of the HMS implementation.

4.11   The choice presented to LH and LBL was a migration to Capita's new housing management system (One-Housing), or other possible alternative systems that could support

its entire business operation

4.12   However the end of support/development for Capita Academy makes the path of an upgrade impossible which is why a procurement route in line with LBL's draft Digital Strategy and LH-BLB migration is being proposed.

4.13   An external review was undertaken which did not just focus on what solutions were available in the market, but also considered how these solutions would fit with and help LH to deliver both the Lewisham Homes (LH) transformation vision of "Raising Our Game", and also how they would align with the London Borough of Lewisham's (LBL) draft Digital Strategy (given that the ICT Roadmap agreed by the Board in January 2020 was based on ensuring synergies between the two organisations in order to drive service improvement).

Housing systems fall into two main categories: traditional or modern.

Traditional systems are vertically aligned and have evolved organically, tweaked retrospectively to support housing operations, often built on legacy databases such as 'Progress', hence requiring specialist programming and support resources. Some traditional systems have improved their user interfaces to provide friendlier user experiences, however, the underlying architecture is siloed.

Modern systems are horizontally aligned and as such can cater to the different and emerging operational challenges of a modern housing operation. The architecture of modern systems allows the benefits of sharing a common database across multiple applications, thus making cross departmental operations easier. Modern systems use open integration methods, making it easier to achieve frictionless integration with other systems.

Section 5 below focuses on the Procurement Options, procurement pathways and sub-procurement pathways available

5. Procurement Options

5.1   The report identifies three pathways, although Pathway 1 (staying as we are) is now not an option as we know that the system will deteriorate without any future development and does not now meet our current requirements, never mind our future ones.

5.2   The options therefore are between a traditional HMS (Pathway 2) which is static and not responsive to changes in requirements and which would require to be embedded before a CRM could be implemented, or a dynamic HMS (Pathway 3) which is much more adaptable and which would provide the CRM capacity, which is required.

5.3   Procurement Option 1 - Do nothing – remain on Capita Academy (Not an Option)

This path is discarded for the following reasons:

- This option is not viable beyond March 2023 due to the complete withdrawal of support for Capita Academy.

- Capita have formally written to Lewisham Homes notifying the cessation of support and further development to the current system.

- Lewisham Homes continues to carry all risks around legacy systems use, including data Security, GDPR.

- The cost of the path, and availability of resources for ongoing support.

5.4   Procurement Option 2 - Traditional Housing Management Systems (not a preferred option)

Historically, housing operations have resided with Local Authorities. The number of system providers were very limited, the systems were monolithic and inflexible. These systems are very modular in nature, with unconnected databases, a result of the many aspects of Counciloperations they had to support. Suppliers of these systems have been slow in transitioning to and adopting modern cloud technologies. Additionally, most of these systems are unable to deliver the agility and flexibilities required by a modern business. Specialist resources are required to support these systems, often at much higher costs. There are traditional systems that have improved their user interfaces, for better customer experiences, however the underlying technology remains fragmented.

The choice of a traditional system will also mean a big-bang implementation and benefits realisable following a typical 24-month implementation.

Four leading traditional systems were soft market tested and reviewed in support of the above findings in 5.4. Findings are detailed in Appendix 1, Section 2, Background Documents, Document 2, HMS/CRM Consultant Review

5.5   Procurement Option 3 (Pathway 1) - Modern Operational System – Standard CRM solution (not a preferred option)

Modern systems are products which are built on modern technology and are natively 'cloud' enabled. Some are more aligned to specific industries. A common feature of most providers is their focus on Enterprise Resource Planning (ERP).

While almost all providers in the market offer CRM solutions, it is based on their core offering such as human capital management, supply chain management, etc, hence they are not housing solution focused. In addition, due to specialist products and industry focus, implementation and support resources are scarce and costly.
Technologically, all the above will not simplify Lewisham Homes' landscape. Therefore this option was discarded.

5.5   Procurement Option 3 (Pathway 2) – Modern Operational System – Bespoke Housing CRM Solution built on Microsoft Dynamics 365 **(preferred option)**

Microsoft is a provider of Lewisham Homes' adopted operating systems, Windows, and its core office applications Office 365 (O365), which includes Word, Excel, Outlook etc. In the backend, Lewisham Homes' also uses Microsoft's Exchange and SQL database technology.

Microsoft has built an ERP product around Microsoft Dynamics (Dynamics 365). The product has evolved from a siloed set of CRM / Finance products into an integrated enterprise product. Microsoft Dynamics 365 is a flexible, cloud based, suite of applications built to be configured rather than customised. Dynamics has multiple applications all brought together by the power of Microsoft's Cloud technology (Azure). The applications all use a common database. The applications serve a range of operational purposes, Customer Services, Sales & Marketing, Field operations, Finance. Mobile access is provided free out of the box, with no need for further coding. 3rd party access can be achieved using out of the box Dynamics Power Apps portal. There are current housing management solutions built on Microsoft Dynamics in live environments. The benefit of this approach is that Lewisham Homes will own the core Dynamics license directly from Microsoft and is the infrastructure on which the CRM system will be built.

The routes available to Lewisham Homes for the implementation of a housing solution built on Dynamics 365 are three:

(Sub-Pathway 2.1)Do It Yourself (DIY): – this will require Lewisham Homes to build an internal team of developers, business analysts, testers etc to configure the application to meet its operational needs. Lewisham Homes does not have the internal capabilities to follow this path. This route is not recommended.

(Sub-Pathway 2.2) Appoint a Systems Integrator (SI) to 'build' the solution: this is effectively same as the DIY route; however, the SI undertakes the build for Lewisham Homes. This route takes significant time, requiring internal resources for process design and systems testing, especially where the SI has no previous housing sector experience or sector product accelerators to leverage. This route is not recommended.

(Sub-Pathway 2.3) Appoint a Systems Integrator (SI) with pre-existing housing sector solution built on D365: this route provides the shortest, risk free, time, and resource certainty. The SI brings a pre-configured housing solution built on Dynamics 365 and works with Lewisham Homes to tailor the solution to its use. This is the recommended path and is taken forward in the cost-benefit analysis. This route is recommended

The Microsoft Dynamics 365 path also makes it possible to implement the CRM option first, thereby achieving significant benefit in our management of customer data as a quick win. Typically, this can be achieved with a six-month (6) period (subject to data conditions), while the housing / asset management options are configured and delivered in parallel, typical housing and CRM solution implementation is between 12 and 18 months.

Additional consideration: regardless of the path chosen to follow, a full development route (either DIY, or getting a supplier to start the build from new) will require significant focus of the leadership team, diverting effort from the core housing operation. The recommended path presents the most cost effective and value for money option.

5.6   Recommendation

5.6.1   It is proposed that we follow Procurement Option 3 (Pathway 2), but appoint a Systems Integrator (per sub-pathway 2.3) with experience of housing and with a tried and tested pre-configured housing solution. This would reduce the time for implementation and would allow the easy embedding of data standards and the work of the Lean Reviews, which are also taking place as part of Transformation. This would give us both consistency of approach and ensure that staff are fully engaged in the outcomes of the proposal.

5.6.2   The proposal to use a Systems Integrator has been used by others in the sector; reference sites are included in Appendix 1A. This support would ensure that we would be implementing a standard system, which is in line with other providers and would ensure that we were not incurring additional recruitment costs by trying to employ specialist designers to undertake the build functions ourselves.

5.6.3   Both Procurement Options 2 and 3 were assessed against 16 key criteria with the assessments being contained in Appendix 1, Section 2, Background Papers, Document 2, 'HMS/CRM Consultant Review' This demonstrated that the best fit for our requirements would be Pathway 3, a dynamic HMS.

5.7   Route to Market

The proposed route to market will be an Open Procedure in accordance with UK (above EU threshold) Procurement rules, regulations and treaty principles or, for expediency, via a compliant national framework agreement, CCS, ESPO, KCS, HTE or YPO dependent on the appropriateness of the framework, the lot and the best fit for the purposes of the requirement

The Procurement Route will be agreed between the Compliance and Commissioning Manager for Digital Services and the Business Leads at point of going to competitive market and approved by the Executive Director for Corporate Resources.

5.8   Programme Timeline and Milestones

The estimated programme delivery timeline is 20 months, commencing with the onboarding of the solution partner. A draft milestone plan is provided below:

Supplier on board	17 December 2021
Design / Gap Analysis	01 March 2022
Development / further configuration	01 September 2022
Data cleansing	01 June 2022
Data Migration	09 February 2023
SIT / SAT Testing	26 January 2023
Training	20 April 2023
User Acceptance Testing	15 June 2023
Deployment	13 July 2023
Go-Live	13 July 2023
Lessons Learnt	31 August 2023

6. Financial implications

6.1.   The purpose of this report is to seek approval from the Mayor and Cabinet to approve the replacement programme in respect of the incumbent Housing Management System (HMS) with the procurement and implementaion of a Customer Relationship Management System (CRM)

6.2.   It seeks endorsement of the decision to follow Pathway 3, as outlined in this report, and secure the support of a Systems Integrator in order to progress the implementation.

6.3.   The current housing management system is managed by Lewisham Homes, under delgated powers, and is the main system used to manage the social housing operations for the authority. The cost of running this system is chargeable to the Housing Revenue Account (HRA).

6.4.   See Appendix 1, Part 2 Excluded Content

6.5.   See Appendix 1, Part 2 Excluded Content

6.6.   See Appendix 1, Part 2 Excluded Content

6.7.   See Appendix 1, Part 2 Excluded Content

7. Legal implications

7.1.   The report seeks approval to future delivery of an Customer Relationship Management System by an external provider. Given the potential spend on this contract this contract would be categorised by Contract Procedure Rules as a Category A contract. The report explains the rationale for requiring a new system and the options in relation to which procurement route may

be used.

7.2.   Assuming that Mayor and Cabinet accepts the recommendation for future delivery of by an external provider, the Contract Procedure Rules place requirements on how that should happen. The Rules require that when letting contracts steps must be taken to secure value for money through a combination of cost, quality and competition, and that competitive tenders or quotations must be sought depending on the size and nature of the contract (Rule 5). Given the potential spend on this contract the procurement regulations (Public Contracts Regulations 2015) will also apply. The requirements of both Contract Procedure Rules and the procurement regulations would be satisfied by an open tender procedure or by use of a compliant Framework Agreement. The report asks that the approval as to which procurement route is undertaken be delegated to the Executive Director for Corporate Resources. The process for procurement and the award of the contract would have to be in accordance with the Contract Procedure Rules. As a Category A contract, it would normally be for Mayor and Cabinet to take a decision on the award of any contract however this report request approval to delegate the decision to award to the Executive Director for Corporate Resources.

7.3.   This is a key decision and therefore needs to be included in the key decision plan.

7.4.   In taking this decision, the Council's public sector equality duty must be taken into account. It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

7.5.   In summary, the Councilmust, in the exercise of its functions, have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act; advance equality of opportunity between people who share a protected characteristic and those who do not; foster good relations between people who share a protected characteristic and those who do not.

7.6.   It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above. The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made bearing in mind the issues of relevance and proportionality and understanding the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary from case to case and due regard is such regard as is appropriate in all the circumstances.

7.7.   The Equality and Human Rights Commission (EHRC) has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance. The Councilmust have regard to the statutory code in so far as it relates to the duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found on the EHRC website.

7.8.   The EHRC has issued five guides for public authorities in England giving advice on the equality duty. The 'Essential' guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice.

8. Equalities implications

8.1   There are no equalities implications directly arising from this report.

9. Climate change and environmental implications

9.1.1   There are no climate change and environmental implications arising from this report

10.   Crime and disorder implications

10.1   There are no Health and Wellbeing implications arising from this report

11.   Health and wellbeing implications

11.1   There are no Health and Wellbeing implications arising from this report

12.   Background papers

12.1 See Appendix 1, Part 2 Excluded Content

13.   Glossary

13.1

Term	Description
CCS	The Crown Commercial Service (CCS) brings together policy, advice and direct buying; providing commercial services to the public sector. CCS is an executive agency, sponsored by the Cabinet Office
ESPO	Eastern Shires Purchasing Organisation(ESPO) is a public sector owned professional buying organisation (PBO), specialising in providing a wide range of goods and services to the public sector
HTE	HealthTrust Europe (THE) provides procurement and related services to the UK public sector via a framework agreement in place between themselves and University Hospitals Coventry and Warwickshire NHS Trust (the UHCW framework). The UHCW framework requires HTE to put in place compliant frameworks and Contracts with suppliers on behalf of our public sector customers and to provide other procurement services to customers as they request. All work HTE do for the public sector is in compliance with the Public Contracts Regulations 2015, and their internal Legal team ensures that is the case.
KCS	Kent Commercial Services (KCS) KCS Professional Services is a trading unit of Commercial Services whom are wholly owned by Kent County Council (KCC). KCS are one of Europe's largest public sector trading organisations. As a member of a Central Buying Consortium (CBC) KCS can take advantage of the Economies of Scale that the collective CBC procurement spend of circa. £5,000m offers. The CBC was formed in 1991 and is a Public Sector Buying Organisation (PSBO) made up of 18 local authorities based broadly across the southern half of England. The authorities involved represent over 20% of the population in Englan
RB3	RB3 is the name of the PFI consortium which is the current housing management provider for the Brockley area of the borough under a PFI contract. They manage approximately 1,264 tenanted units and 570 leasehold units.

	The units form part of the overall LBL HRA stock and are included on the current housing management system.
TMO	= Tenant Management Organisation There are two in Lewisham, Ewart Road and Fiveways. They manage tenanted dwelling stock on behalf of LBL, Ewart Road manage approximately 131 tenanted units and Fiveways manage approximately 105 units. There is a separate TMO agreement for these two providers. The units form part of the overall LBL HRA stock and are included on the current housing management system.
YPO	Yorkshire Purchasing Organisation (YPO) is a publicly owned central purchasing body based in Wakefield, Yorkshire. It is owned and governed by a consortium of county, metropolitan and borough councils in Yorkshire and the North West Englan

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15.   Appendices

Appendix 1

Part 2 - Exclusion of Press and Public

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