

This Report will be made public on 18 May 2020



Report Number: **C/20/06**

To: Cabinet
Date: 27 May 2020
Status: Non Key Decision
Director: Tim Madden, Transformation and Transition
Cabinet Member: Councillor David Godfrey, Portfolio holder for Housing, Transport and Special Projects

SUBJECT: East Kent Housing – Single System

SUMMARY: This report gives the background as to the transition of the East Kent Housing Northgate IT system and the approach adopted for this system when the Housing service returns to be delivered by the Council. The report sets out the issues with the system, the approach being adopted and authorization to identify sums to progress the project.

REASONS FOR RECOMMENDATION:

Cabinet is asked to agree the recommendations set out below because:-

- (a) This is a significant element of transitioning the housing service to Council operation and as such requires additional funds to be made available to ensure this happens.
- (b) The timescales involved are such that this provides the most secure means of transferring the system and provide a basis for providing a stable service upon transition.

RECOMMENDATIONS:

Cabinet is asked:

1. To note Report C/20/06.
2. To agree to the additional budget provision being made from the HRA to support the transfer of the system
3. To agree to additional budget of a capital sum of up to £187,000 and ongoing revenue of £82,000 per annum. The exact amounts to be agreed by the Director of Transformation and Transition in consultation with the portfolio holder for Housing, Transport and Special Projects.

1. Background

- 1.1 At its meeting of 19 February 2020, Cabinet agreed to bring the management of the housing service into the council and this was set out in report C/19/68 (<https://www.folkestone-hythe.gov.uk/moderngov/documents/s32656/EKH%20Report%20-%20TM%20version%202.pdf>)
- 1.2 Further to that decision, a significant amount of “discovery” work has been undertaken across a number of areas by all councils to determine the detailed programme which will need to be put into place to ensure a robust and stable transfer of the housing service back into the Council. One of the more complex areas which has been investigated has been the current IT “single system” which is used by EKH and is an integrated Northgate system.
- 1.3 In conducting this work, some of the key findings identified have been:
 - 1.3.1 The single housing management system was implemented with the intention it would be owned and used by a single organisation i.e. EKH, and not four separate councils, although it was a requirement that any data in the system could be separated out if any partner decided to leave the joint housing management arrangement. In practice however, as EKH worked across the council boundaries, it is not clear whether the segregation of data is as clear cut as it may have been and issues may be uncovered as part of a migration that need some data to be realigned.
 - 1.3.2 There has been some considerable development work by Northgate to bespoke parts of the system and the way it operates to suit some of the individual council requirements. As a result what should have been a single system is trying to be four separate systems. This is increasing the cost of deploying the various parts of the solution and the overheads of operating the system as any changes have to be tested against all council requirements. It has also delayed the deployment of some of the modules of the housing management system for all councils that were originally planned.
 - 1.3.3 The current arrangements for support of the system are complex, EKH administer the system on a day to day basis, which in turn is hosted on servers and other hardware provided by East Kent Services (EKS) ICT. The servers that the system runs on are due for replacement and the Northgate software is out of support. Upgrading the system is more difficult as it stands than upgrading a system supporting a single council due to the degree of bespoke work that has been carried out over the last few years.
 - 1.3.4 There are some modules of the system that were originally planned to be part of the single system project that are still waiting for deployment, for FHDC this is mainly the Planned Investment module that allows high value maintenance costs (such as kitchen and bathroom replacements, rewiring etc.) to be predicted and profiled over a long period. As a result some information that could be contained within the single housing management

system is still held in a number of disparate systems which reduces the efficiency both operationally and in terms of forward works planning.

2. Key Issues

2.1 Discussions have taken place between ICT representatives of the four councils and Northgate regarding the best way to bring the system back into a state of support that then gives each council the opportunity to decide by itself the best way to take its Housing Management system forward in the future. A number of options have been considered:

2.1.1 **Option 1 – Upgrade as is.** This option would require EKS ICT to upgrade the hardware currently hosted in one of their data centres and for Northgate to implement a new version of the software. This would require upfront capital investment and as potentially each council may wish to make its own arrangements in the future they may not realise the benefit of that investment in the hardware. This option is complicated by the need to test and retest against the bespoke work that has been done. While FHDC does not use the East Kent Services network the other three partners who do have expressed concerns about the resource and support available for this approach.

2.1.2 **Option 2 – Build 4 separate cloud hosted versions of the system.** This option would require Northgate to set up a new cloud hosted management system for each council and carry out 4 separate migrations. Each council would bear its own costs. Given the timescales it is unlikely that Northgate or council system staff would have the resources to support 4 separate projects running concurrently and it would not be possible to complete all the work by 1st April 2021.

2.1.3 **Option 3 (Preferred by all 4 councils) – Collective migration to a cloud hosted system.** The option that has been proposed that has the greatest chance of success given the timescale and resources is for a staged approach, whereby the current system would be migrated to a Northgate cloud hosted environment as it is. The database would then split into four separate systems, one for each council. Then each would be brought up to the latest version of software. This approach offers better management of available project resources, the ability to share some costs and it is easier to program the timing of the stages as many early activities could be done collectively. The intention would be to have these three stages completed by March 2021. After that each council would effectively have its own Housing Management system in its own control and would have the ability to make future decisions on the long term plans for the system, and its ongoing development and associated costs without being tied into any requirements of the other councils.

2.1.4 **Option 4 – Individual councils make alternative arrangements.** A fourth option of councils seeking to procure and migrate to their own system was also discussed but was discarded early on. A Housing Management ICT system is complex as it mirrors all the functions of a housing department. It is estimated the procurement, deployment, configuration and migration of data from the existing system would take in the region of two years. All the investment in the current Northgate system (believed to be in the region of

£2M) would be lost, there would be no opportunity to share costs, a procurement exercise itself has a cost associated and, as the market for such system is very narrow, Northgate could still be the successful bidder.

2.2 Consideration of the above by officers across all 4 councils has led to the conclusion that Option 3, a collective migration to the cloud, is the preferred solution. This would be staged with outline timings as follows:

- All councils agree the approach and instruct Northgate to begin the process of migrating the system by the end of June at the latest.
- Northgate prepare the servers for 4 separate systems and establish connections to individual authorities by the end of September.
- The current system is collectively migrated to the cloud and tested by November/ December 2020.
- The data is split into individual council systems in January and February 2021.
- Each of the 4 systems is upgraded to the latest version of the software in March 2021, at which point each authority will have its own system under its own control.

This would provide the most timely route to updating the system so it is properly supported and in line with optimum timescales to support the transition back in house.

2.3 The intention would be to ensure a stable system is transferred back to the Council at the earliest opportunity. It would allow FHDC to have control over the system and to be able to determine its own strategy for future system updates and modules. These may or may not be part of the Northgate suit of modules. It would also align the housing system to the council's overall strategy of being a "cloud" based organization which has underpinned the Transformation programme over the last 2 years.

2.4 The transition of the single system to each individual authority is neither easy nor cheap. Discussions have commenced as to the likely level of costs associated with this project and they are potentially significant and at present there is no budget within the HRA to fund these. The costs indicated below are designed to secure the most effective and safe transition of the system to FHDC. Once transferred, FHDC will have control over the effectiveness of the IT and also the strategy as to how to develop the system into the future as well as how it is used to support the service. This is seen as essential in looking at the future running of the housing service

2.5 The indicative costs per Council currently being discussed with the project are set out below:

- Moving the single system to the cloud - £17,000 (one off)
- Splitting the system and move to an individual system for each authority (per Council - £170,000 (one off)
- Ongoing revenue costs once in place - £82,000 (per annum)

Initial discussions with Northgate have indicated that these costs have scope to be reduced and therefore the above represents a higher figure than that which might be the case. As such it is proposed that an additional one off budget of up to £187,000 is agreed in consultation with the portfolio holder for Housing, Transport and Special Projects.

The estimated ongoing costs (£82,000) are also anticipated to provide future benefits through lower associated revenue costs. This will include no servers to manage, timely upgrades and security patches, greater resilience and lower administrative and support costs over a longer period of time. This will also avoid periodic capital expenditure on hardware upgrades. The moving to the cloud also supports the councils introduction of the "My Account" service which is due to be introduced as the next stage of Transformation and will provide for much improved customer and tenants access to services in the future.

- 2.6 For Option 3 to progress it will be necessary to get collective agreement from all parties including Northgate to the project. The option will need the novation of the current agreement from EKH to the individual councils. The councils in conjunction with Northgate will need to determine at which stage this is best completed. Otherwise, a new agreement would require procurement of a new contract. In addition, the current agreement will need to be amended to cover the project specification including responsibilities of each party, delivery timetable, governance and costs.'
- 2.7 Once the proposed system transition is complete, this will enable FHDC to have control over how this is applied and over any future strategy.

3 LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

3.1 Legal Officer's Comments (NE)

There are no legal implications arising directly from this report.

3.2 Finance Officer's Comments (TM)

These are incorporated in the above report. It should be noted there is currently no provision within the HRA for this system transfer.

3.3 Diversity and Equalities Implications (TM)

There are no issues arising from this report.

4. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councilors with any questions arising out of this report should contact the following officer prior to the meeting

Tim Madden, Director, Transformation and Transition

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The following background documents have been relied upon in the preparation of this report: None