



## **Folkestone & Hythe District Council**

### **Single Housing System Assurance Review**

02.07.2020



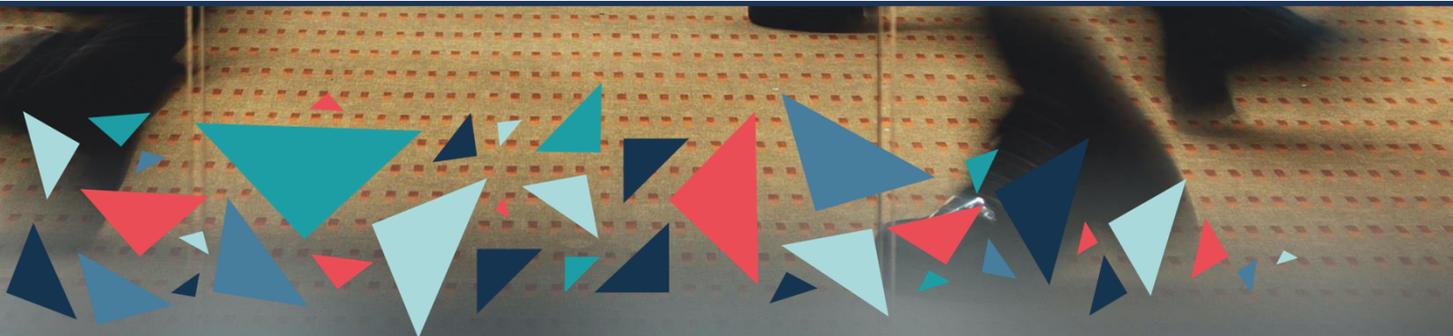
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## Version history

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# About Us

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We are the Society for Innovation, Technology, and Modernisation.

Socitm Advisory is the advisory and consultancy business of Socitm Limited. Socitm Advisory was created to provide a trusted source of expert advice and guidance. It has evolved to become the chosen consultancy/resourcing partner for public service organisations. We work with local and central government to analyse, improve, and transform public services, from ICT and digital strategy consultancy, to interim and flexible resourcing solutions.

Socitm Advisory's consultants have undertaken and delivered projects and programmes ranging from ICT review, strategy/TOM design and technical consultancy, to business transformation of major service areas and complex commercial reviews. Though our traditional footprint is within the local government sector, we have also delivered programmes for 'blue light', health and third sectors and central government.

Our mission is to be the preferred independent and technology agnostic thought leader for the public sector.

Our Inform and Improve services provide an unrivalled library of research and years of collected data which we help enhance and develop.

It is all about our people, from their expertise to their empathy with our clients. Our services have been designed for our members to meet their organisations' needs. We truly understand the public sector, with all our services designed specifically to support it.

Our consultancy bench and trusted associate network operate at the cutting edge and are recognised experts in their field. This creates unrivalled opportunities to utilise the very best intelligence and access the most relevant innovation. The Socitm methodology has been built up and evolved through multiple successfully delivered projects. We are a trusted partner with a broad reach of connections and industry experience from which to draw solutions. We are agile, not fixed in our approach and tailor our solutions to the client, constantly looking to evolve our offer.



# 1. Introduction

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Socitm Advisory are pleased to have been engaged by Folkestone & Hythe District Council (FHDC) to carry out an independent assessment of the Northgate Public Services proposal to evolve the existing Housing system shared by four councils<sup>1</sup>, and present a comprehensive assurance report in response to the agreed scope;

- To provide independent assurance to FHDC that the proposals offered by Northgate to FHDC regarding the Northgate Housing System are qualified, reasonable and match FHDC's expectations.
- To inspect, examine and assess background information provided by FHDC and Northgate including any verbal communications or clarifications.
- To provide a comprehensive and proportionate report to FHDC

## 1.1 Assurance statement

It is Socitm Advisory's belief that having assessed all information available, FHDC can place a reasonable level of assurance in the Northgate proposals and pricing structures. This project is complex and requires many different lines of focus, many months of work by Northgate and council officers, and requires a level of enterprise grade system management and implementation skill and expertise, all to ensure that FHDC moves from the as-is position to a new future that is more sustainable and cost effective. There is also a level of pricing negotiation with a project as complex and Northgate have been attentive to this.

Northgate are a formidable company in this market sector who since 2018 have greater support and growth opportunities following their take over by the NEC Corporation.

The plans and timescales set out by Northgate all appear reasonable, but conditional on FHDC achieving targets and deadlines within the scope.

Northgate have been reasonable in re-assessing costs and where savings could be achieved, they have provided savings to FHDC beyond the original pricing.

## 1.2 Timeline of key events under the review

At the time of commission, Socitm Advisory were in receipt of a single Northgate proposal and associated project plans and timelines. This initial proposal was dated 04 June 2020.

Part way through Socitm Advisory's review, Socitm Advisory were informed that FHDC had committed to part of the initial proposal from Northgate believed to be in the region of £17,369.50

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<sup>1</sup> Folkestone & Hythe District Council, Canterbury City Council, Dover District Council, Thanet District Council



under Northgate's order number CCN022. ("First the single instance of NPS Housing v6.16.1 will be moved from EKS to NPS Cloud via CCN022").

At this time Socitm Advisory commenced a formal line of questioning around the pricing structures offered by Northgate.

On 22 June, Socitm Advisory received Northgate's responses to specific lines of enquiry around pricing within the initial proposal.

On 22 June, Northgate issued a further proposal to FHDC and the other partners. This second proposal was dated same. This second proposal set out a range of new costs, provided greater clarity on Northgate services, changed previous costs in line with new additional services requested by FHDC namely the inclusion of Information@Work. This second proposal also assumes that contracts will be agreed in July 2020.



## 2. Background

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In January 2011, the four councils established East Kent Housing (EKH) which took delegation of the management of the four council's housing stock of approximately 17,000 homes.

EKH took responsibility for the council's systems which were made up from at least four separate systems previously operated by each council independently. In 2014/2015 EKH sought to consolidate this approach and began the introduction of the Single Northgate Housing System which was at the time hosted by EK Services ICT using council on-premise infrastructure. Significant investments had been made into the Northgate Housing system by EKH culminating in the position today.

In February 2020, a decision to break up EKH was made by Councillors at all four councils following a consultation with tenants across the East Kent area.

Part of this break up and subsequent move to bring operations into each of the four council's is to change the way the Northgate Housing system is hosted and managed by transferring services over to Northgate away from EK Services ICT. This includes the following key parts.



FOLLOWING THE TRANSFER OF EKH STAFF THE SINGLE HOUSING SYSTEM CONTRACT WILL BE NOVATED TO ONE OF THE COUNCILS.



THE CONTRACT WILL FURTHER BE SEPARATED INTO FOUR DIFFERENT CONTRACTS ONE WITH EACH COUNCIL BY DECEMBER 2020



PREPARING FOR THE HOUSING SYSTEM TO BE TRANSFERRED TO NORTHGATE'S HOSTING AND MANAGEMENT PLATFORM



REPATRIATING THE CURRENT HOUSING SYSTEM DATA INTO 4 DISTINCT AND INDEPENDENT PARTS, EACH PART TO BE SEPARATELY OPERATED AND MAINTAINED BY EACH COUNCIL



TRANSFERRING FHDC'S PART TO THE NORTHGATE CLOUD HOSTED ENVIRONMENT, WITH THE INTENTION OF MOVING TO THE SAME FOR THE OTHER THREE COUNCILS



PROVIDING LIVE, TEST AND DEVELOPMENT ENVIRONMENTS WITHIN THE HOSTED PLATFORM SOLELY FOR THE USE BY FHDC



## 3. Reasons for change

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Socitm Advisory reviewed the information provided by FHDC and Northgate to ensure that not only were the proposals reasonable and accurate, but that they matched the ambitions of FHDC. The following key areas were of greatest importance to FHDC and featured within the high-level reporting.

### 3.1 Data management & sovereignty

FHDC have concerns that data within the single housing system is not accurately or appropriately segregated from other partner data. The system was originally implemented with the intention that it would be owned and used by a single organisation - EKH, and not four separate councils, although it was a requirement that any data in the single system could be separated out if any partner decided to leave the joint housing management arrangement.

### 3.2 Bespoke development

FHDC report that Northgate has undertaken considerable development to custom develop (bespoke) parts of the system and the way it operates to suit some of the individual councils' requirements. This has been carried out to the extent that what should have been a single system is trying to be four separate systems. This approach is increasing the cost of deploying the various parts of the solution and the overheads of operating the system. This arrangement has also delayed the deployment of some modules for all councils.

### 3.3 Multisource services

FHDC report that the current arrangements for support of the system are complex in that -

- EKH administer the system on a day to day basis
- The system is hosted on servers and other hardware provided by East Kent Services (EKS) ICT.
- 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.

The infrastructure is such that due to the Shared services nature of prior arrangements, a single tenant model has been established by EK Services (FHDC do not own any part of this network they merely consume the services).

### 3.4 Lost system opportunities

FHDC report that there are some modules of the system that were originally planned to be part of the single system project that are still awaiting 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 several disparate systems which reduces the efficiency both operationally and in terms of forward works planning.



## 4. Agreed approach

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FHDC, other partners and Northgate held a series of discussions and concluded prior to FHDC full council approval that Option 3 of 4 options set out, would be the preferred approach for all partners. This entailed the collective migration to a Northgate cloud hosted system.

This proposed option has the greatest chance of success given the timescale and resources 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. The final position would be to ensure a stable independent system is transferred back to FHDC at the earliest opportunity. The current contract which still has 4 years to run will be novated to each individual council.

Of the other possible options available including; procuring a new system or developing a system from scratch, the approach decided upon by FHDC and the other council's seems the most reasonable and the most likely to provide a sustainable future for each council's system and housing service.

Procuring a new system would likely -

- Require a large-scale procurement exercise which if exercised correctly would take several months to reach contract award and further months to implement
- Require the new system to be heavily customised to fit the way in which FHDC work now or require a process/workflow change to happen within the housing service to suit the new system
- Require financial and other interfaces to be re-written or re-defined
- See the investment to date of £625,000<sup>2</sup> into the current Northgate system lost, and see an expected average cost of £950,000 for a new system<sup>3</sup>
- See Northgate as the preferred supplier

### Key Point

Socitm Advisory reviewed the contract market in the specific sector of local government and the specific market of Housing Systems. The following assessment indicates the likely ranges of system spend across many different councils over the last 3 years. Although the examples are indicative, they represent an estimated benchmark for Housing system costs, (which may not include additional costs for professional service charges, or the internal costs associated with the councils running the procurement process etc.)

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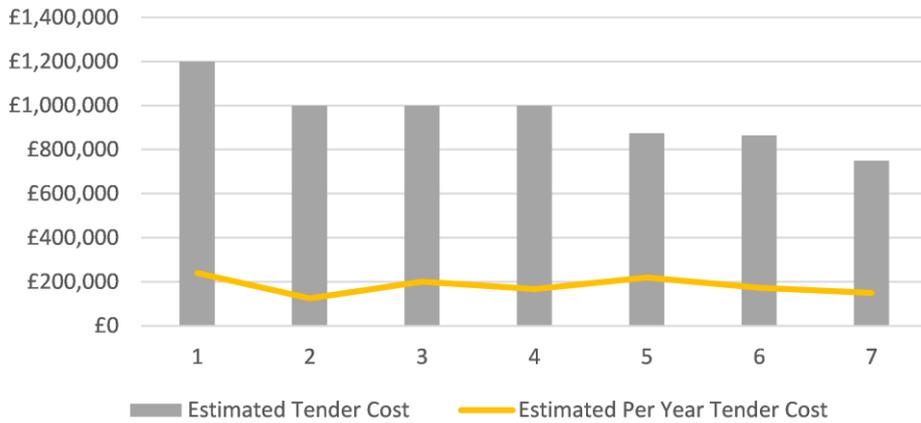
<sup>2</sup> This assumes a 25% share of the investment to date of £2.5Million

<sup>3</sup> Based on the analysis of estimated LA tender spend over the last 3 years



**Key Point**

**Example LA Tender Spend on Housing Systems (2017-2020)**



Council / Organisation	Term (Years)	Year	Estimated Tender Cost	Estimated Per Year Cost
<i>Brighton &amp; Hove City Council</i>	5	2017	£1,200,000	£240,000
<i>Norwich City Council</i>	8	2020	£1,000,000	£125,000
<i>Bradford Metropolitan District Council</i>	5	2019	£1,000,000	£200,000
<i>Crawley Borough Council</i>	6	2019	£1,000,000	£166,667
<i>Wrexham County Borough Council</i>	4	2019	£875,000	£218,750
<i>Epping Forest District Council</i>	5	2019	£865,000	£173,000
<i>London Borough of Lewisham</i>	5	2019	£750,000	£150,000

Data Sourced from Bidstats.uk – compiled by Socitm Advisory

Building a new system either in-house or commissioning external software houses is no longer a viable option for systems at this scale. Smaller agencies and individuals could not compete with the scale at which enterprise level systems are coded to over many years, nor could they deliver the range of services with many hundreds of employees included within support frameworks.

As councils head toward a new fast paced digital future we should expect more and more systems to be available as standard services “in the cloud”.



It fits naturally with most organisations and their cloud ambitions that a Cloud First approach should form part of any digital and technology strategy. Critical to this way of working will be key considerations such as -

- Embracing new cloud-based delivery models for infrastructure to accelerate innovation, share assets and benefit from economies of scale as these become available at a price that the Council can afford
- Making use of the public sector G-Cloud framework to procure common systems and services at lower cost.
- Understanding that Cloud First does not always mean Cloud Only but more Cloud Appropriate. Within the local government software market there exists some limited options especially where legacy systems advancement remains behind the curve from some incumbent suppliers. However, in these circumstances those suppliers are having to move and adapt as a need for longer term survival.

## 4.1 Benefits of change

Socitm Advisory concur with FHDC's key benefit analysis, in that -

- 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
- FHDC would 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
- This approach 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 organisation, a movement which has underpinned FHDC's Transformation programme over the last 2 years
- This approach would provide future benefits through lower associated revenue costs. This will include no servers to manage in a complex arrangement, timely upgrades and security patches, greater resilience, and lower administrative and support costs over a longer period.
- This approach will also avoid periodic capital expenditure on hardware upgrades. The moving to the cloud also supports the councils introduction of FHDC's "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



## 5. Assessment of the Northgate Proposal

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Socitm Advisory received from FHDC the Northgate NPS Proposal dated 4<sup>th</sup> June 2020 (the proposal), and a later revised proposal dated 22 June 2020. These comprehensive proposals set out the changing position of East Kent Housing and how Northgate's NPS housing solutions can be implemented for the benefit of FHDC and the other partners.

### 5.1 About Northgate

Northgate Public Services (NPS) Limited are a UK-based IT services company. NPS were acquired by the NEC Corporation in 2018 accelerating the expansion of its international safety business. NEC bought NPS for GBP 475 million from leading international private equity firm Cinven. The NEC Corporation are a significant Global company.

Established in 1969, Northgate Public Services develops software and services for the public sector, mainly in the UK, and employs approximately 1,400 software engineers throughout the UK and India. NPS works closely with the British police and government organisations to deploy its business platform across a broad client base that includes local police forces, tax collection offices, social security offices and housing authorities.

NEC's proven track record of providing more than 700 systems in over 70 countries around the world, mainly in areas such as identification and immigration control, has contributed to the realization of safer and more secure communities.

Northgate claim to have 107 NPS Housing system customers in the UK, 68% of which are Local Authorities with similar requirements to FHDC. Of the 107 Housing system customers, 25 are hosted within the Northgate Cloud alongside 325 other customers using a range of different Northgate services. Northgate provide named testimonials from other council's including -

- Ipswich Borough Council
- London Boroughs of Richmond and Wandsworth
- Lambeth Council
- Other Housing associations

#### Key Point

Northgate have a formidable presence within the local government arena and have provided a range of satisfactory on-premise products and solutions for many years. Northgate are starting to build up and scale their Cloud hosting services.



## 5.2 Understanding the as-is position

Northgate state in the proposals that East Kent Housing is currently using an unsupported version of NPS Housing. East Kent Housing is currently using version 6.16. The current Northgate supported versions are 6.18.1 and 6.19 with 6.21 due to be released in September 2020.

Due to this version lag, Northgate and FHDC describe how it has not been possible to take full advantage of the new and emerging capabilities of Northgate system, those that have been delivered via Northgate's significant investment programme over the past three years. Moving to Northgate's Cloud, segregating the solution into four individual systems, and upgrading to a supported version will allow FHDC and the other partners to benefit from the new user interface, flexible working, and many new features.

As an example of lost opportunities, the following assessment shows the level of usage of the full Northgate Suite.

All Council's are using:	FHDC & two other councils are using:	FHDC are not using:
<ul style="list-style-type: none"><li>○ Estate &amp; Voids</li><li>○ Rents</li><li>○ HFI (Financials Interface)</li><li>○ SAM – Assets</li><li>○ Information@Work</li></ul>	<ul style="list-style-type: none"><li>○ Repairs</li></ul>	<ul style="list-style-type: none"><li>○ Planned Maintenance</li><li>○ Service Charges</li><li>○ Allocations</li><li>○ Customer Services</li><li>○ Property Purchase</li><li>○ Housing Options</li><li>○ Private Sector Leasing</li><li>○ Support Services</li><li>○ Property Life Cycle</li></ul>

### Key Point

Northgate fully understand the current position. The single system has reached a point of disrepair in its current form. Prior bespoke developments have hindered the natural upgrade path for the product meaning that successful upgrades can no longer happen.



### 5.3 Understanding the to-be position

Based on Northgate's understanding of the as-is position they have provided tailored proposals based upon the decisions taken by FHDC and the other partners to stay with Northgate and effect a transfer and migration.

Northgate propose -

- Moving the single system into NPS Cloud
- Segregating each Council's data to their own instance of NPS Housing in NPS Cloud
- Upgrading the current unsupported NPS Housing version from 6.16.1 to a supported version 6.18.1
- Implementing NPS Assets and migrating each Council's data from SAM to their own instance of NPS Assets
- Upgrading NPS Housing to a supported version 6.21/6.22 when available
- Any business as usual projects will be agreed separately with each Council
- One of these projects may be implementing Housing Online which the FHDC already hold a licence for
- All bespoke work in place at the point of segregation will continue to function afterwards

#### Key Point

Northgate fully understand the FHDC requirements and that of the wider partnership. A testament to the longstanding Northgate relationship with the partnership over many years.



## 5.4 Licensing

Northgate report that the Councils have a perpetual licence to modules purchased as part of the single system '**unless specifically been cancelled by EKH**'. Any modules that have not been implemented to date, where any NPS consultancy is required to implement these modules, this will be a chargeable service and can be quoted for separately.

EKH cancelled the Kirona Job Manager Mobile in March 2019. The new system allows mobile working in connected environments without any further licencing.

Northgate list over 30 modules that EKH '**currently have**'.

### Key Point

Northgate do not qualify or present within the proposal an Effective Licence Position in enough clarity to fully understand what is and what is not licenced. Only where explicitly stated is it clear how licencing is positioned. There is an assumption that where Northgate have used the phrase 'currently have' this means currently licenced

Northgate state in the proposals that NPS Housing does have an Address Matching module, which allows real time querying of a local gazetteer system when users search and create addresses within NPS Housing. They state the need to review the requirements of a different gazetteer system if required '**and quote for this separately**'. At segregation, the resulting databases could retain the full address dataset as the combined database, or non-relevant addresses could be removed as part of the split scripts.

### Key Point

Northgate do not provide a cost for this particular feature within the proposals, nor is it clear what system or solution is to be used by FHDC?



## 5.5 Pricing

The pricing for the project is structured around three key phases -

- Moving the EKH system to the NPS Housing Cloud
- Splitting the EKH system into 4 separate parts for each council
- On-going costs related to hosting, support & maintenance

Socitm Advisory rigorously reviewed and challenged the pricing schedule with the Northgate Account Director, with a view to establishing facts, seeking to demonstrate whether Northgate had fairly and reasonably priced their services in-line with expectations, and that all pricing is transparent and understood by FHDC.

Socitm Advisory's approach sought to highlight areas where pricing was correct or incorrect, areas where pricing was ambiguous and open to interpretation, to establish any inconsistencies, and to surface areas where negotiation between FHDC and Northgate could be undertaken to gain better outcomes or reduce the pricing overheads without compromising the to-be position.

Due to the potential sensitive commercial nature of the conversations between Socitm Advisory and Northgate, the full detail of the conversations has been provided to FHDC under separate cover.

The following assessment in RAG format has been compiled by Socitm Advisory to assist FHDC in assessing the Confidence Level of Pricing (CLP) of each part of the Northgate pricing structure.

CLP Confidence Legend	CLP Description
	<i>GREEN: Pricing appears reasonable and required</i>
	<i>AMBER: Pricing appears reasonable but may not be required, or pricing requires further negotiation to clarify costings or to bring the pricing down whilst retaining or gaining value</i>
	<i>RED: Pricing does not appear reasonable or required, or the pricing is wrong. Further discussions are needed to gain absolute clarity, fairness, and openness with pricing</i>



The following table shows the assessments made on two Northgate proposals dated 04 June 2020 (initial) and 22 June 2020 (second), and forensic level questioning of Northgate by Socitm Advisory around pricing provided in the initial proposal. In the second proposal Northgate included some greater clarity on certain items.

Item	CLP Status & Description
On-Boarding	
NPS Cloud services	 See Note 1 Below
Segregation Consultancy	 Note: Day rate pricing is slightly higher than that offered under the G Cloud 11 Service, See Note 1 Below
Interface health check and consultancy	 Note: Day rate pricing is slightly higher than that offered under the G Cloud 11 Service, See Note 1 Below
Training	
NPS Assets upgrade	 Note: Day rate pricing is slightly higher than that offered under the G Cloud 11 Service, See Note 1 Below
Project Management	 Note: Day rate pricing is slightly higher than that offered under the G Cloud 11 Service, See Note 1 Below
Onboarding to separate instances in NPS Cloud	 See Note 2 Below
Oracle NHRB Licence	



**Share of single instance in NPS Cloud**



Subject to points in Note 1 Below

**Separate instance of NPS Housing in NPS Cloud**

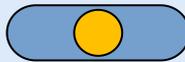


See Note 3 Below

**Northgate Expenses**

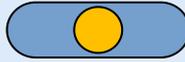


**NPS Cloud services (Annual)**



See Note 1 and 4 Below

**Annual support and maintenance**



See Note 5 Below

**Note 1:**

Socitm Advisory reviewed the G Cloud 11 framework and specifically Northgate's Cloud hosted housing system offering under this framework. Following a line of questioning with Northgate to establish how the price for NPS Cloud services was structured, Socitm Advisory were first informed that the Northgate pricing followed the same pricing model as G Cloud, but were then later informed by Northgate that the pricing was not based on the G Cloud pricing, it was based on a different framework namely CCS<sup>4</sup> DAS 3821 framework, Lot 2b. As a comparator the G Cloud framework provides itemised pricing for different services like Northgate's Cloud housing system. It is unclear why this CCS route has been taken by Northgate which, coincidentally or not, seems to have higher pricing than that offered under G Cloud for what appears to be the same or similar service. Moreover the 3821 framework ceases on 24/01/2021. The most notable points raised under this for FHDC consideration are -

- G Cloud states that the NPS Cloud housing service is priced on a 'per property per month' basis and further provides a table of per property rates based on the number of total properties. For example, it states that for 5,000 – 9,999 properties the per property rate is £1.04p per month. Northgate were asked to provide the per property per month price on several occasions but did not provide this figure to Socitm Advisory, instead providing a link to G Cloud which they referred to as comparable rates. Northgate were asked to provide the banding information that was provided to FHDC within the proposal, this was given by

<sup>4</sup> Crown Commercial Services



Northgate as 0 – 7,500 properties and stated “For NPS Housing Small is <7,500 properties”. This banding has no alignment with the G Cloud offering which states 0 – 5,000 properties.

- G Cloud states that day rates for consultancy are banded based on SFIA<sup>5</sup> definitions and provide a clear rate card to assist with this. G Cloud further states in the Northgate service definition document that on-boarding and migration activities are all chargeable at the ASSIST rate, which is £750 per day. Northgate state that the FHDC price for a day rate will be higher and state that the higher day rate under CCS DAS 3821 is preferential for FHDC as it has been discounted by the Northgate account manager.
- Northgate were asked to confirm what licences FHDC would receive free of charge. Northgate stated that the list of licences is shown in section 2.2 of the initial proposal. This list of modules does not confirm the receipt of free licences e.g. the terms of the old licences owned by EKH or how the licences will be novated over to FHDC and under what ongoing basis licences will be charged given the shift from on-premise pricing to Cloud hosting.
- In summary, Northgate did not provide a financial breakdown of this particular price, instead stating that it is a customised price.

#### Note 2:

FHDC and the other partners have an opportunity to negotiate pricing where many similar onboarding activities might be shared or templated and paid for once. Following the line of questioning from Socitm Advisory, Northgate have since identified a reduced effort in this area and have subsequently lowered some of the on boarding costs. Information@Work has been added to the most recent proposal (which carries a further onboarding price).

#### Note 3:

Within Northgate’s revised proposal dated 22<sup>nd</sup> June, Northgate have reduced the FHDC price for Onboarding by £8,232, which in addition includes the on boarding price for Information@Work. This equates to an estimated overall saving of approximately £14,363 on the initial Northgate proposal. Northgate have further reduced the price of the Oracle licence for FHDC by £1,000. The Information@Work implementation consultancy day rate should be reviewed in line with that raised in point 1 above. As Information@Work has been included within the revised proposal, FHDC should assess what level of additional licencing might be required above the 50 licences mentioned. The 50 Licences destined for FHDC use and previously owned by EKH have little or no value... Socitm Advisory are unable to establish what value these licences may have for FHDC given that an annual service fee will be charged by Northgate. For example, the G Cloud pricing document for Information@Work in the NPS Cloud states that pricing is based on per user per month. FHDC should clarify with Northgate how the licences being transferred relate to the annual subscription on the Cloud service.

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<sup>5</sup> Skills Framework for the Information Age



Note 4:

Northgate were asked if they would support the new versions of NPS Housing and Information@Work on an FHDC sponsored Azure/AWS tenancy and do any of their customers do this currently. Northgate clarified that the applications would run on public cloud, however if in public cloud they won't include the end to end application management. Additional services (either from the Council or purchased separately from NPS) would be required for application management (including patches and upgrades), database administration, disaster recovery and service management. The management of the public cloud subscription would remain with the Council and we would treat it as an 'on premise' solution. The London Borough of Redbridge have NPS Revs and Bens in Azure. Northgate confirmed that they would support this type of configuration. As the housing service is moving to the NPS cloud FHDC should consider future hosting options which may prove more beneficial in the longer term however it is not advised at this stage.

Note 5:

Following a line of questioning by Socitm Advisory of the annual pricing, Northgate did not fully qualify the price to be charged in ongoing years. Some assumptions could be drawn but Northgate did not provide a transparent breakdown. In summary, Northgate did not provide a financial breakdown of this price, instead stating that it is a customised price. In fairness to Northgate, pricing a complicated piece of work such as this will always be challenging and there is evidence that Northgate has provided further savings and value. In future, FHDC may have difficulties in re negotiating prices especially if the FHDC property numbers increase or decrease, or numbers of users of the system increase or decrease.



## 6. Recommendations

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**R1**

FHDC with Northgate's assistance should establish an Effective Licence Position. To ensure that FHDC fully understand how the previous EKH licencing model might be transferred to the new Cloud subscription model, and to ensure that based on this model the correct actions have taken place to novate contracts which align and support the new licencing model.

**R2**

FHDC should negotiate pricing with Northgate around the onboarding process which, within the entire project, will happen at least 5 times. The Northgate process of 'on-boarding' follows the same defined process each time and subsequently there may be opportunities to reduce the cost of this process as there is likely to be an overlap on how Northgate undertake this process from Council to Council. There may for example be shared commonality within the processes. Following a line of questioning from Socitm Advisory, Northgate have since identified a reduced effort in this area and have subsequently lowered some of the on boarding costs. FHDC should continue to apply the same rigour when dealing with Northgate pricing.

**R3**

FHDC with Northgate's assistance should itemise all goods and services which have not been priced for in the main proposal either because they are optional, they are subject to fluctuation or variability in the use of services, or are dependencies tied to other items that are not always immediately apparent.

**R4**

Northgate have not fully qualified the price to be charged in ongoing years. Some assumptions could be drawn but Northgate did not provide a fully transparent breakdown. In summary, Northgate did not provide a full financial breakdown of this price, instead stating that it is a customised price. In fairness to Northgate, pricing a complicated piece of work such as this will always be challenging and there is evidence that Northgate has provided further savings and value. In future, FHDC may have difficulties in re negotiating prices especially if the FHDC property numbers increase or decrease, or numbers of users of the system increase or decrease.

**R5**

FHDC should ensure that the NPS Cloud Hosting contract contains the necessary provisions in the event of a disaster or termination of the contract either way. For example, ensuring that the FHDC housing data can be fully exported and retained by FHDC in a readable format, should FHDC wish to move to another provider.



## 7. Information & Assets Assessed

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FHDC Cabinet Report - East Kent Housing – Single System dated 27 May 2020
FHDC First Virtual Cabinet – Ref URL: <a href="https://www.youtube.com/watch?v=R-3ljfr6na4">https://www.youtube.com/watch?v=R-3ljfr6na4</a>
Northgate NPS Housing – East Kent Housing Database Segregation dated 04 June 2020 and revised proposal dated 22 June 2020
East Kent Homes - De-merger Project Plan v0.4 NPS Housing Roadmap 6.0 FINAL
Email and Verbal correspondence with FHDC Officers
Email correspondence with the Northgate Account Director
Dover District Council Cabinet Report - HOUSING MANAGEMENT OPTIONS APPRAISAL – OUTCOME OF FORMAL CONSULTATION dated 20 February 2020
G Cloud 11 Digital Marketplace – NPS Housing Service definition, Pricing document, SFIA rate card – Service ID: 327877348870984 Ref URL: <a href="https://www.digitalmarketplace.service.gov.uk/g-cloud/services/327877348870984">https://www.digitalmarketplace.service.gov.uk/g-cloud/services/327877348870984</a>
G Cloud 11 Digital Marketplace – NPS Information@Work Service definition, Pricing document, SFIA rate card – Service ID: 182857650233225 Ref URL: <a href="https://www.digitalmarketplace.service.gov.uk/g-cloud/services/182857650233225">https://www.digitalmarketplace.service.gov.uk/g-cloud/services/182857650233225</a>
Bidstats.uk – Ref URL: <a href="http://bidstats.uk/tenders/?q=housing+system">http://bidstats.uk/tenders/?q=housing+system</a>



TED Tenders Electronic Daily – Supplement to the official journal of the EU –  
Ref URL: <https://ted.europa.eu/TED/browse/browseByMap.do>

NEC Press Release - NEC acquires UK-based IT services company Northgate Public Services –  
Ref URL: [https://uk.nec.com/en\\_GB/press/201801/global\\_20180109\\_01.html](https://uk.nec.com/en_GB/press/201801/global_20180109_01.html)

Housing Technology Magazine –  
Ref URL: <https://www.housing-technology.com/>