

POLICY & FINANCE COMMITTEE
23 SEPTEMBER 2021

ASSET DATA SOFTWARE PROCUREMENT

1.0 Purpose of Report

- 1.1 To provide Members with details of the request to replace Keystone with a new Asset Management & Compliance system for the Housing, Health & Wellbeing Directorate.
- 1.2 This report and the recommendations outlined in 11.1 were supported by SLT on 2 August 2021.

2.0 Background Information

- 2.1 Keystone is the current Newark & Sherwood District Council (NSDC) Asset Management System, now provided by Civica. The system was purchased by the Council and was subsequently used by Newark and Sherwood Homes (NSH) to manage the housing assets on behalf of the Council. It is used to record details of all our HRA Housing assets, residential and non-residential, and includes details of stock condition, asbestos surveys and details of the equipment installed in our properties, such as fire safety equipment. It was also previously used as our Planned Maintenance system for programming works, for surveys and was used for regular annual servicing in connection with gas servicing and other statutory compliance functions.

Confidence in the System

- 2.2 In April 2021, SLT was provided with a detailed briefing in relation to the significant issues of data collection and schedules used to carry out gas and electrical compliance. A temporary solution was found but still relies on the continued use of spreadsheets which is not good practice as it introduces data quality risks and will need to be addressed quickly.
- 2.3 The challenges previously experienced through personnel changes and the knowledge gaps this created cannot afford to be replicated. The project aims to address this and ensure a similar situation is not ever allowed to re-occur by ensuring that the system procured manages all areas of compliance appropriately, is implemented in a planned and responsible manner and a suitable training programme is undertaken for all users with a small group of super users receiving extended training. There will be both electronic and written documentation to support users. The project will streamline the manual processes that are unsustainable in the long term and support staff to manage compliance, contractors and evidence more effectively and efficiently.
- 2.4 In the current environment there is an increased awareness of how we handle property-related health and safety compliance risks.
- 2.5 These are Fire / Legionella (and scalding) / Lifts / Asbestos / Gas / Electrical. It is essential that we have the tools to schedule regular inspections and monitor follow on actions, their urgency and status. At present, we have no software to monitor and report on these functions that are fundamental to achieving compliance, for the health and safety of our tenants. To do nothing is not an option.

- 2.6 Under the Regulator of Social Housing (RSH) the Home Standard is one of four consumer standards that registered providers of social housing must comply with. The standard sets expectations to provide tenants with quality accommodation and a cost-effective repairs and maintenance service and to meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.
- 2.7 RSH, shift to proactive consumer regulation proposed via the Social Housing White Paper and examples of Local Authorities like South Kesteven and Cornwall getting into regulatory difficulties. Having a robust system, incorporating data management is essential to manage the risk of regulatory intervention.
- 2.8 At the time of purchase, Keystone was considered the market leader in this type of software but this software has not kept up-to-date with recent software developments and changes in the market environment of domestic building safety. This has been compounded now with Microsoft confirming that they will no longer support 'Silverlight' software that underpins the Keystone system.
- 2.9 I would recommend, that the current investigations around the Housing System we use for tenancy management and income collection in future do not delay any decision on rectifying this matter, due to the inherent risk of non-compliance we still face. Any change in our Housing System might affect longer term plans for Asset Systems, but it is likely that we will continue using a separate system.
- 2.10 In March 2021, CIGG (Corporate Information Governance Group) agreed to carry the risk of running Keystone beyond October 2021 with unsupported Silverlight software until we could upgrade to Civica Cx system (which is a replacement for Keystone) at the earliest opportunity. This was because the modules we need in CX will not be available for us to go live until the summer of 2022. We are further mitigating the risk by reducing access to Keystone post October 2021 until a new system is in place. A very worst case scenario is that we have to close Keystone down before an alternative is ready but this is very unlikely and has to be weighed against the risk of life due to inadequate processes on compliance.
- 2.11 However, events have now transpired that put in question any further investment in Keystone/Civica as they have changed their financial terms and conditions for proceeding with this option; requiring a significant capital price for upgrading to CX Assets and 50% forward funding now to secure their increased price for modules that haven't been developed yet. Apart from the increase in price, forward funding is an unacceptable risk for NSDC and is not the industry norm. This stance from Civica now raises doubts about Civica's ability to deliver their new asset products.
- 2.12 As a result of this development we have paused the project with Civica whilst other software options have been investigated and considered via ICT framework for web based solutions.

3.0 Current Position

- 3.1 It was initially proposed by Caroline Wagstaff and supported by SLT to stay with Keystone and upgrade to the new web version of CX Assets rather than to carry out a time-consuming procurement process to replace Keystone altogether. This position has now changed as outlined in 2.9 above.

- 3.2 In response, Managers in the Housing Maintenance & Asset team along with key managers in ICT have carried out procurement investigations focused on utilising the cloud procurement framework on the government digital marketplace and comparing it with the offer from Civica CX Assets. The options assessed and proposed for this are detailed below in item 4.0 and 5.0.
- 3.3 We have already bought 20 days for managing keystone and currently have 14.5 days left. If the recommended option to move to another product is approved we will have unused Civica Consultancy days that we bought at the discounted rate of £1,050 per day (this is non-refundable). To date we have only used 5.5 days. However, some of these days would be utilised by further data cleansing and preparation for transfer of data to the alternative system.
- 3.4 Currently discussions with Civica on a new draft contract and the new Asset Modules have been put on hold, pending the outcome of SLT support and Policy & Finance decision on the options appraisal and recommendation in this report. If the preferred option is supported Civica will be informed that we will not be entering into a new contract.
- 3.5 Currently Asset Management are using a separate module for energy (EPC/SAP) data as this is not available in Keystone or Civica CX. It is part of the Apex package and so if this option was supported, there would be a small license fee savings. This module is essential going forward to ensure we track and meet government regulation by 2035 of bring all our council homes up to EPC 'C' rating.

4.0 Option 1 - Civica

- 4.1 As the new web based Asset Management modules are not currently available until at least summer 2022, implementation would occur in 3 phases. Phase one focusing on bring back to use the current Keystone compliance module for gas servicing and purchasing the Contractor's Portal at a cost of £25,094 Capital and £3,456 revenue p/a.
- 4.2 We have considered for several years purchasing the Contractor's Portal to issue jobs to contractors and to allow contractors to update the system directly. This will avoid the problems associated with manual interfaces. The Portal will also allow us to fulfil our legal obligation to provide our contractors and in-house operatives with the asbestos information they require before working in our properties. It will also allow specialist Asbestos Surveyors to feed surveys directly into Keystone.
- 4.3 It is vital that we can locate certificates and other documents, for example after a fire. Documents like gas safety certificates that will be fed in from the Contractors Portal can be stored automatically. The current process is labour intensive and open to error. This opens the way to future use of SharePoint should it be taken up by the Council.
- 4.4 Phase 2 would be upgrading to the new CX Asset Basic Addition (£69,800 capital and £8,036 on top of the £18,951.41 currently paid for Keystone revenue p/a) and the Asbestos module which are estimated to be available in Spring 2022.
- 4.5 Risk Management Module and Dash Board (£58,644 Capital and £4,580 revenue p/a) would not be available until Summer 2022 and would be the final phase if approved.

- 4.6 For a limited period (though already has been extended when challenged) Civica are willing to offer a £15,998 discount to the capital costs which has been factored into the final costs below.
- 4.7 Under the proposed contract terms with Civica; the Risk Management Module would be purchased now and we would have to commit to the CX Asset Module and pay 50% of the capital cost now (at a cost £34,900). As the management of actions is key to maintaining full compliance the Risk Management Module is considered an essential tool for assigning work and for monitoring and recording its completion. We currently have only manual systems in place to properly fulfil this requirement.
- 4.8 There are then other costs which are currently estimates associated with security, implementation and which amount to £50,000 capital and £4,930 revenue (See table “Other Estimate Costs” in Appendix 1).
- 4.9 Civica have also suggested simply signing a new standard Civica contract or a Contract Change Notice to the existing Keystone/NSDC contract from 2008, to deal with the matter of procurement. Further legal procurement advice would be required before any approach to purchase is agreed.
- 4.10 Civica’s request for payment upfront on modules in design stage does expose the Council to significant risk, should the modules not be completed on time, or the company folds (though the latter is very unlikely).
- 4.11 The full break-down of Option 1 costs can be found in Appendix 1 attached to this report.

5.0 Option 2 – Purchase Alternative Asset & Risk Management Software via the government cloud procurement framework

- 5.1 Option 2 focuses on looking at alternative solutions to Civica that cover our asset management and compliance requirements. This included both utilising the cloud procurement framework on the government digital marketplace and re-visiting compliance only options considered in the summer 2020 (by consultant Steve Haywood).
- 5.2 The cloud procurement framework is an agreement between government and suppliers, which is available to all public sector organisations. Procuring through frameworks is faster and cheaper than entering into individual procurement contracts.

6.0 Selection Process

- 6.1 A workshop was facilitated by Digital Services with key members of the Asset business unit to identify all functionality and rate them on a scale from must have through to do not need. This provided the functionality list for identifying suitable software options.
- 6.2 The following search criteria was utilised, producing 4 results:
- Property compliance asset management fire
 - Cloud software
 - Private cloud
 - Supplier is not a reseller

- 6.3 The 4 results were:
- Rowanwood Apex,
 - Vision Online,
 - Orchard Asset and
 - Lifespan.
- 6.4 Of these four, 2 were selected for further investigation; Rowanwood Apex (referred to as Apex) and Lifespan based on their functionality provision fully matching the core requirements and the future requirements confirmed from the agreed business plan for the business unit, as well as being competitive on price.
- 6.5 Orchard Asset was not shortlisted due to pricing, and Vision online was not shortlisted due to its commercial building focus including RFID/NFC tags for statutory compliance which is not practical for social housing asset management.
- 6.6 Due to the small number of suitable options on the Digital Marketplace additional recommendations and past investigations were also revisited and subsequently excluded for the following reasons:
- PIMMS was recommended by an ex colleague working elsewhere as a systems analyst. Initial conversations identified that PIMMS was still utilising Silverlight so investigations were halted at that point.
 - C365 was previously identified by consultants to the housing department. This solution is purely for managing compliance and would rely on continuing to maintain Keystone or an alternative core asset management system. This increases the number of different systems in use and key challenges around Keystone would not be addressed.
 - Northgate – asset management is primarily targeted as a bolt on to NPS Housing rather than an independent standalone solution which would create complications for the existing set up.
 - Concerto – this software is already in use by the corporate asset management team but on reviewing demonstrations and talking with the provider it was confirmed that the functionality is aimed at single larger buildings with multiple maintenance parts. Adapting the system to meet the needs of social housing would take considerable configuration and concern remained from all areas that it would not be possible to suitable adapt the system to deliver all the functionality needs required to meet social housing regulatory requirements.
- 6.7 Demonstrations were undertaken of the Lifespan and Apex solutions with representatives from all areas of the asset team, digital services and digital transformation.
- 6.8 After the demonstrations and further questions tabled and answered, Apex came out the preferred provider based on some key functionality features:
- Continued development of the product
 - Worked with both Capita (housing database) and transferring data from Keystone
 - Obtained 2 good verbal references from L.B. Croydon (1st users selected by Apex) and we also identified our own reference Network HA randomly selected by Caroline Wagstaff).
 - Other current user of the Apex system are Sheffield City Council, Corby Borough Council; Optivo; South Essex Homes; London Borough of Southwark; Birmingham City Council; Anchor Hanover; and Your Homes Newcastle

- Better front end interface and geo-mapping
- Automation system for checking gas servicing inputs from contractors
- Easy to use report wizard
- Generally a more sophisticated product than Lifespan in its visuals and usability.
- Energy model in Apex matches the one currently used in Keystone and would therefore be a smoother transition for this element.
- The EPC module software is already in use in the Investment team and officers have been trained on this module for carrying out EPC's on voids in the repairs team.

6.9 The break-down of Option 2 costs for the preferred bidder Apex can be found in Appendix 2 attached to this report.

7.0 Comparisons

7.1 With reference to **Appendices 1 and 2**, in a cost comparison Apex is £37,240 cheaper in capital/one-off/data migration costs and year on year £21,113.41 cheaper.

7.2 The Apex modules also provide energy data software which we currently pay a separate licence fee for and comes with better cost certainty. This will lead to a small saving annually.

7.3 As much of the Civica Cx Asset Modules are in development and not completed, it is difficult to gauge comparison with Apex; but from what the project group have seen Apex provides the better functionality. Apex also has the added advantages of being tried and tested in the market place for many years (10 at least as it was one of the options considered when we moved to Keystone), whereas CX Assets is an unknown quantity in the work environment.

8.0 Equalities Implications

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

9.0 Financial Implications (FIN21-22/1564)

9.1 The costs associated with the proposals have been summarised below and are funded by HRA efficiency savings and added the additional ongoing revenue costs into future year budgets.

9.2 For the preferred option of Apex (option 2), the final costs are £197,140.

9.3 In the first year there would be a one off cost in total of £160,300 (£69,625 to set up the system, provide extra security required by ICT and provide the enhanced training and one-off cost of £90,675 for data migration from keystone and system integration with Capita and Total Mobile). The one off costs will be funded from the HRA's Development and ICT reserve which will leave £120,700 remaining in that reserve. The annual revenue costs total £36,840.

9.4 The data one-off costs are significant at £90,675 but this provides a comprehensive test and check regime as well as the actual data migration process, which is essential when dealing with this amount of data and the consequences that could come with any failures.

9.5 The cost for Civica (option 1) is £255,493 but could be reduced if we excluded the hosting option for Civica saving (revenue £18,000 p.a.), but similar costs would be incurred by NCDC

in terms of facilities and resources. Any savings would be potentially around £2,000 in year one, but there after we would have to pay costs for any upgrades. This report would therefore recommend that Civica host the software. The savings from the licencing costs for Keystone are also accounted for in both costings.

- 9.6 Further to this, Civica had not provided costs for integration with Capita and Total Mobile, so a £10,000 contingency has been added as an estimate to cover for this, included in the figure in paragraph 8.5.

10.0 Community Plan – Alignment to Objectives

- 10.1 The performance of the Compliance & Safety Team contributes to the delivery of the objective “To create more and better homes through our roles as landlord, developer and planning authority”.

11.0 Comments of Director

- 11.1 Ensuring that NSDC has a robust system for the management of property data in order to ensure the safety of tenants in their homes and effective asset management is critical. A team drawn from the HH&W directorate with colleagues from ICT and finance are satisfied that (a) replacement of Keystone is required and (b) the most suitable solution is to implement the Apex software from Rowanwood. Subject to approval from P&F, a detailed project plan will be developed to ensure that the implementation of Apex is successful and the expected benefits are realised.

12.0 RECOMMENDATIONS that:

- (a) Members approve the preferred provider from the framework Apex to deliver a new asset management database;**
- (b) Members approve the total one off expenditure of Apex of £160,300 funded from the HRA Development and ICT Reserve for approval by Policy & Finance Committee; and**
- (c) Members approve the additional annual revenue costs of Apex of £17,889 per year for all modules funded by HRA efficiency savings and added into future year budgets.**

Reason for Recommendations

To improve the performance of the Compliance & Safety Team and ensure the health, safety and wellbeing of our tenants and employees remain paramount.

Background Papers

Nil.

For further information please contact Caroline Wagstaff, Business Manager – Housing Maintenance and Asset Management, on 07929 864367.

Suzanne Shead
Director – Housing, Health & Wellbeing

Civica Cx Costs

Core Costs					
Product	Capital/One-off Expenditure	Annual Revenue Expenditure	Comment	SLT Capital Agreed on 21st April 2021	SLT Revenue Agreed on 21st April 2021
Additional Module – Contractor’s Portal	£ 25,094.00	£ 3,456.00	Required in 21/22	£ 21,000.00	£ 3,600.00
Additional Module – Risk Management & Dashboard Module	£ 58,644.00	£ 4,580.00	Required in 22/23	£ 56,000.00	£ 5,000.00
Existing Core Costs		£ 18,951.41			
Upgrade to web based Cx version	£ 69,800.00	£ 8,036.00	Capital Expenditure Only £35k listed in 1st report to SLT		
Hosting		£ 18,000.00	The hosting cost is optional, but if not taken would incur similar costs for NSDC to host		
Contingency	£ 10,000.00				
Limited Discount	-£ 15,998.00				
Total Expenditure	£ 147,540.00	£ 53,023.41		£ 77,000.00	£ 8,600.00
Other Estimated Costs 2022/23					
Product	Capital/One-off Expenditure	Annual Revenue Expenditure	Comment		
Super Users Training (estimate)	£ 15,000.00				
SSO/MFA (required for security compliance) Estimate	£ 2,000.00	£ 2,250.00			
Integration for Total Mobile Cost unknown but estimated	£ 7,000.00				
Financials unknown but estimated	£ 25,000.00	£ 1,480.00			
Extended data back-up Estimate	£ 1,000.00	£ 1,200.00			
Total	£ 50,000.00	£ 4,930.00			
	Capital/One-off Expenditure	Annual Revenue Expenditure		SLT Capital Agreed on 21st April 2021	SLT Revenue Agreed on 21st April 2021
TOTAL FOR CIVICA	£ 197,540.00	£ 57,953.41		£ 77,000.00	£ 8,600.00
GRAND TOTAL	£255,493.41			£85,600.00	

APPENDIX 2**Apex Costs**

Products for Apex	Capital Expenditure	Annual Revenue Licensing Costs	Set up & Training - One off costs	Data Migration One-offs	SLT Capital Agreed on 21st April 2021	SLT Revenue Agreed on 21st April 2021
Core, Surveying, Energy, Compliance, Contractor, User Licenses		£ 29,960.00	£ 44,000.00	£ 73,125.00		
Finacials		£ 1,480.00	£ 3,200.00			
Super Users Training, faster implementation			£ 19,500.00			
Annual training for updates		£ 1,950.00				
Systems Intergration, Total Mobile				£ 17,550.00		
SSO/MFA (required for security compliance)		£ 2,250.00	£ 1,950.00			
Extended data back-up		£ 1,200.00	£ 975.00			
Total Expenditure	£ -	£ 36,840.00	£ 69,625.00	£ 90,675.00		
GRAND TOTAL		£197,140.00				