

**Report for:** Cabinet

**Item number:** N/A

**Title:** Extension of OHMS Managed Service Contract

**Report authorised by:** Director of Customers, Transformation & Resources – Richard Grice

**Lead Officer:** Carla Villa, Principal Supplier Manager x3111

**Ward(s) affected:** N/A

**Report for Key/**

**Non Key Decision:** key decision

**1. Describe the issue under consideration**

- 1.1 This report requests the Cabinet to approve an extension for up to 6 months of the Council's contract with Northgate Public Services (UK) Ltd (NPS) for provision of the Open Housing Management System (OHMS) Managed Service, which expires on 31/3/21. The extension will ensure continued provision of the OHMS managed service for as long as necessary up until 30 September 2021. The replacement housing management system that has been procured should now go live soon after April 2021, later than expected because Homes for Haringey has been delayed with the testing/training of the new application, due to staff shortages associated with rising infection rates linked to the emergence of the new COVID-19 variant. This is the reason this extension of the OHMS system is now required.

**2. Cabinet Member Introduction**

- 2.1 OHM's is the Council's Housing system which is due to be replaced by NPS Housing which was procured in 2019 and is being implemented and was due to go live in March 2021. The project has been delayed by Covid and a further extension to the contract for Ohms is required to ensure continuity of service until the new NPS system is live. The last extension completed was signed off by the Director but we have now reached the limit of his delegated authority which means that all subsequent approvals are now a Cabinet decision. Therefore, it has been decided that a longer than expected extension be put in place to cover off any further unforeseen delays. The new NPS system is expected to go live in April/May, but should we encounter any unforeseen issues we may need to keep Ohms a little longer but will have no Cabinet to approve until the summer. This is the reason for the approval of this longer extension of up to 6 months.

**3. Recommendations**

- 3.1 For Cabinet to approve, in accordance with Contract Standing Order (CSO) 10.02.1(b), an extension of the contract with Northgate Public Services (UK) Ltd for the provision of the legacy OHMS Managed Service for a period of up to a further 6 months until 30/9/21, at an additional cost £130,426.20 for the maximum 6 month period and an overall cost for the full life of the contract of £629,864.28.

#### **4. Reasons for decision**

- 4.1 A decision is required to agree the extension of this service as the Council requires a functioning Housing Management IT solution until the new NPS Housing Management solution goes live, after the implementation and migration phases, sometime between April and June 2021. The final go live date depends on having a fully tested system and staff trained to use it. The extension is being sought for an additional 3 months to September as a contingency in case the project is affected by the emergence of any further Covid-19 variants or increased infection rates within staff either in the Council or supplier.

#### **5. Alternative options considered**

- 5.1 No other option was considered as the OHMS system is proprietary to NPS and no other provider can offer a managed service or provide maintenance of the software solution.
- 5.2 A new solution has already been procured via an open tender and a contract was awarded by Cabinet in June 2019.
- 5.3 The proposed contract extension is to support the current service until the new solution goes live.

#### **6. Background information**

- 6.1 The original business case to replace OHMS was an output of the Housing Transformation Programme.
- 6.2 It recommended that to deliver the Medium-Term Financial Strategy (MTFS) and address the Council's housing priorities an investment was required to deliver a modern Housing system.
- 6.3 The Council's Organisational Impact Assessment (OIA) board approved the business case in October 2016 and was in the process of referral to the Council's Resource Planning board for endorsement when Shared Digital launched to deliver IT services across Haringey, Islington and Camden Councils.
- 6.4 In January 2017, Shared Digital advised that it was not able to agree a 5-year contract extension for NPS on the terms proposed to, and agreed by, Homes for Haringey and Haringey council.
- 6.5 A contract extension, on improved terms, was instead agreed for 1 year 11 months to February 2019 to align with the Housing contract end dates in Camden and Islington pending a strategic decision on any future procurement.
- 6.6 After the change of remit for Shared Digital, the Council entered into a new short-term contract starting 1st March 2019 until 31/10/19 with NPS to support and maintain the housing system until a procurement exercise for a replacement housing solution could be carried out by the Council on its own through a CCS

framework call off process. The procurement was completed, and a contract awarded for the new solution. The aim was initially to have the new solution under the new contract implemented before the short-term OHMS contract was due to expire but the implementation programme under the new contract could not achieve go live before the Oct. 2019 expiry of the short-term OHMS contract. It was impossible for the procurement and implementation of the new service to be completed in such a short timeframe which meant an extension to the short-term contract was required.

- 6.7 An extension to that contract was therefore agreed by the Director in Oct 2019 for 10 months to August 2020. However, the implementation project slipped again due to complications with the data migration/cleansing of the data, as the service only wanted to take data that was still relevant across to the new system. The system has been used for more than 20 years and the older the data got the more complications it caused. The earlier anticipated go live date of the new solution was not achieved. This meant that the OHMS contract had to be extended again to March 2021.
- 6.8 The new system will now not be ready until soon after March 2021 so a further 6-month extension is considered prudent until September 2021 with an expectation that the system will go live in April/May.
- 6.9 The reason the further extension has become necessary is that the Go Live was moved from the end of Feb 2021 to the end of April 2021 due to the fact that there were not enough staff to undertake the User Acceptance Testing (UAT) in the planned period of mid Dec 2020 to mid Jan 2021.
- 6.10 This meant that there would not have been sufficient time for the business to be properly confident that the system would be ready in time for either the planned training or Go Live.
- 6.11 As this meant that the OHMS contract needed to be extended beyond March 2021 it was agreed that in order to provide a sensible contingency an extension should be sought that could run for longer than should be needed to provide extra cover should the impact of Covid on the business continue, or worsen, delaying the start of the new solution beyond April 2021.
- 6.12 Since the project board agreed this decision on 7th January the project has progressed on target for the new planned dates and the business has made more staff available for UAT, which started this week.
- 6.13 The extended contract will be subject to termination once go live has happened. No period of notice is required once the new service is live and the OHMS solution will no longer be charged for at the end of the month go live happens.
- 6.14 Going forward the process that will be followed is:
- UAT testing complete and signed off
  - Agreement with supplier on a go live date
  - New NPS system goes live on that date

- OHMS will automatically terminate and no longer be charged for and as the charges are made monthly, if the service goes live middle of the month charges will not be made the following month.
- The annual cost of the new NPS housing service will come into effect. The Council will only ever be charged for one service or the other not both.

## **7. Contribution to strategic outcomes**

- 7.1 The ongoing provision of the housing system until the new system is available.

## **8. Statutory Officers comments**

### **8.1 Finance**

- 8.1.1 The cost of this contract extension if required for the full six months is £130,426.20 (i.e. £21,737.70 per month) and can be funded from the existing Digital Services revenue budget.

- 8.1.2 The contract award report for the new housing management system which went to Cabinet on 18<sup>th</sup> June 2019 highlighted annual support fee savings of £128,400 compared to the current OHMS system. Further delays to the go live date will inevitably push back the start date to realising these savings which are being recycled within Digital Services to support the Council's Digital Strategy.

### **8.2 Strategic Procurement**

- 8.2.1 CSO 9.01.2 g) provides that a negotiated procedure without prior publication of an advertisement may be undertaken where the requirements of reg. 32 of the Public Contract Regulations are met. In this instance the award meets the requirements of PCR reg.32 (2)(b)(ii) in that competition is absent for technical reasons.

- 8.2.1 The OHMS system is proprietary to NPS and no other provider can offer a managed service or provide maintenance of the software solution. The OHMS solution has been withdrawn from the market for new sales and has been replaced by the new NPS housing management solution.

- 8.2.3 Strategic Procurement support the recommendation of the report for an extension to enable the implementation of NPS to be completed

### **8.3 Head of Legal and Governance**

- 8.3.1 This report is seeking approval for a further extension to an existing contract for IT services which is subject to the public procurement rules and tendering regime as set out in the Public Contract Regulations 2015 (PCR 2015).

- 8.3.2 The existing contract does not include an option for the proposed extension. In this case, requesting an incumbent contractor to provide further services valued above the threshold for tendering under the PCR 2015, as is the position here, would usually involve carrying out an open market tender of those services unless an exception to the general requirement to tender applies.

- 8.3.3 Strategic Procurement have advised that competition for the further services required under the proposed contract extension is absent and that no reasonable

alternative exists to using NPS to provide ongoing support services in respect of NPS's OHMS solution. The extension has also only become necessary because extra time has turned out to be needed for the transition to a new contract for the same services due to unanticipated slippages in the implementation programme under the new contract.

8.3.4 Based on Strategic Procurement's advice, it is permissible for the Council to proceed under an exception, in regulation 32(2)(b)(ii) of the PCR 2015, to the tender requirement. This allows for the Council to negotiate solely with NPS and agree the provision of further services under an extension to the existing contract. Given the cumulative value of the contract with the extension, the extension approval is a Key Decision that has to be taken at Cabinet level.

8.3.5 The Head of Legal and Governance is not aware of any legal reasons preventing approval of the recommendation in this report.

#### **8.4 Equality comments**

8.4.1 The proposed decision is to approve an extension of the contract with Northgate Public Services (UK) Ltd for the provision of the OHMS Managed Service until 30<sup>th</sup> September 2021. The objective of this decision is to ensure the ongoing provision of the current housing management system which is provided by the OHMS Managed Service until the new system is available in April/May 2021. This decision will affect all tenants in Council-owned properties in Haringey. The profile of tenants in Council properties is such that women, individuals over 45 years old, Black, Asian and those from minority ethnic communities, and individuals with disabilities and/or pre-existing long term health conditions, will be overrepresented among those affected by the decision. It will also affect people who come from low-income households in Haringey, who share a similar demographic profile.

8.4.2 No negative consequences are identified for those who identify with one or more protected characteristics and it is concluded that the extension of this contract will have a positive impact by ensuring efficient housing management services are maintained until the new system is live in April/May 2021.

8.4.3 In the operation of this contract, Northgate Public Services (UK) Ltd (NPS) and Haringey Council will be obliged to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above. Appropriate contract management arrangements will be established to ensure that the delivery of the project does not result in any preventable or disproportionate inequality.

#### **9. Use of Appendices / background documents**

None.

#### **10. Local Government (Access to Information) Act 1985**