

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

3456

Author:

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Department:

Development and Growth

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Subject:

Dispensation from financial regulations to enter a new contract with Northgate Public Services

Total Value:

£768,050 (over five years) (Type: Capital and Revenue)

Decision Being Taken:

- 1) Approval to dispense with contract procedure rule 5.1.2 in accordance with financial regulation 3.29 to allow for the Council and Northgate Public Services to enter into a contract for continued support and maintenance**
- 2) Permission for Nottingham City Council to procure a new module from Northgate Public Services on behalf of Nottingham City Homes**
- 3) Approval of a 5 year contract to be awarded to Northgate Public Services beginning financial year 2019/20, subject to agreed terms**

Reasons for the Decision(s)

Nottingham City Council (NCC) and Nottingham City Homes (NCH) have contracted with Northgate Public Services, formerly SX3 for a number of years, to provide the Council's core housing management database. The key systems of Northgate support the functioning of:-

- Managing records of all the Councils and NCH's social housing properties**
- Administering the Council's housing register**
- Managing repairs to properties**
- Collecting social housing rents**

NCH colleagues are the majority user of the system and therefore, NCH is a key stakeholder. Northgate is the core housing management database used 24 hours a day by colleagues in the Council and NCH. Therefore it is imperative that the system comes with full technical support by Northgate Public Services.

NCC and NCH already own a number of licenses detailed within the exempt appendix. Support and maintenance of the system can be purchased annually (rolling) or for a fixed price agreed over a fixed number of years. Support and maintenance delivers a fault fixing service and access to system wide upgrades and enhancements that are based on legislative requirements to support the lawful delivery of social housing and user enhancements.

The current Northgate Public Services support and maintenance contract is due for renewal. NCC and NCH have been in discussions for a number of months with Northgate to agree a new contract that offers better value for money and meets the needs of the business now and going forward. Financial dispensation enables the Council to contract directly with Northgate Public Services our current Housing Management software provider to agree revised contractual terms.

Following discussions between Northgate and colleagues in NCC and NCH, terms have been agreed which are favourable to both NCC and NCH in relation to achieving:

- Fixed costings**
- Value for money**
- Improved citizen connectivity**
- Ability to cancel other third party software products**
- Financial savings**

Therefore, to simplify our contractual terms and conditions with Northgate Public Services, it has been collectively agreed that NCC contracts directly with Northgate Public Services, rather than NCH having a parallel agreement of a smaller value. Within the revised contract is the purchase of a new module that will achieve significant saving for NCH and NCC over the coming financial years, which have been detailed within the exempt appendix.

To monitor the effectiveness of the contract, regular meetings will be held with the Director of Housing from Northgate Public Services to ensure the product continues to meet organisational need now and in the future.

Other Options Considered:

- 1. Stay as we are: This has been discounted as is not a cost effective solution, and will not deliver efficiency savings**
- 2. NCH and NCC procure independently: This has been discounted as it would not enable the Council nor NCH to achieve savings. It creates an us and them barrier and further administrative inefficiencies**
- 3. Procure support and maintenance from another supplier: This has been discounted as only Northgate can provide support and maintenance for their software**
- 4. Going out to tender: This has been discounted as the potential savings or improvements to be gained by a full tender exercise are outweighed by the administrative burden, disproportionate use of time and resources, cost and implementation hours required.**

Background Papers:

None

Published Works:

None

Affected Wards:

Citywide

Colleague / Councillor Interests:

None

Any Information Exempt from publication:

Yes

Dispensation from Financial Regulations:

Yes

Exempt Information:

Description of what is exempt:

Commercially sensitive financial information

An appendix (or appendices) to this decision is exempt from publication under the following paragraph(s) of Schedule 12A of the Local Government Act 1972

3 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The public interest in maintaining the exemption outweighs the public interest in disclosing the information because it contains details negotiated specifically for Nottingham City Council

Documents exempt from publication:

Exempt Appendix - Contract proposals & terms.docx

Consultations:

Date: 11/03/2019

Other: Sue Smith - Head of Business Transformation Nottingham City Homes

Nottingham City Homes are keen to see an agreement which benefits the Council and Nottingham City Homes to ensure the management of stock is undertaken to a high quality and low cost. Investing in IT is a key driver for our organisation, as such we fully support the retendering of Northgate as our continued software provider.

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

No crime and disorder implications identified.

Equality:

EIA not required. Reasons: No change to policy or procedure.

Social Value Considerations:

None

Any implications affecting IT:

Yes

Decision Type:

Portfolio Holder

Subject to Call In:

Yes

Call In Expiry date:

27/03/2019

Advice Sought:

Legal, Finance, Procurement, IT

Legal Advice:

The dispensation to contract with Northgate for support and maintenance and to purchase a new software model is supported. Support and maintenance can only be purchased from Northgate. While the new module can be purchased from other suppliers the value is below the applicable financial procurement threshold and a direct award can be made to Northgate. On that basis the report does not raise any significant legal issues.

Advice provided by Andrew James (Team Leader Contracts and Commercial) on 15/03/2019.

Finance Advice:

As outlined in the report, the decision seeks to enter into a 5 year support contract for the Council's housing software. By entering into the contract, savings will be made over five years compared to continuing on the current arrangement. Savings result from no inflationary increases over 5 years and removing other software licences. Total savings over 5 years are detailed in the exempt appendix.

The cost is shared between NCC and NCH, with NCC's cost being borne by the Housing Revenue Account (HRA) and so savings will be achieved by both organisations.

The decision to enter into the contract requires a dispensation from Financial Regulations as no other suppliers exist that can provide support to the software concerned.

Advice provided by Julie Dorrington (Senior Accountant (Housing Revenue Account)) on 13/03/2019.

IT Advice:

The IT Service supports the proposals contained within this delegated decision. The proposals within the delegated decision are to continue to use the current Northgate Housing system. This approach will provide the Council and partners with an established product which is familiar to colleagues and deemed by them to be fit for business purposes, and will avoid a significant 'cost of change'. It should be noted though that the proposal will require continued use of the Oracle platform that the Council's ICT Strategy is to move away from. Should the Council wish to move from running Oracle based systems completely on premises before the end of this contract an option that would be available would be to move to a hosted provision for Northgate Housing, either provided by Northgate or another Oracle environment provider. Such a project would be a significant undertaking with associated cost and would require a careful business case being prepared and accepted before being undertaken. Presently the Council operates a number of significantly sized systems on Oracle in addition to Northgate Housing and there is at present no holistic project plan to divest the Council of this technology.

Advice provided by Paul J. Burrows (IT Change, Projects & Strategy Manager) on 14/03/2019.

Procurement Advice:

The dispensation to purchase from Northgate is supported. Advice provided by Paul Ritchie (Lead Procurement Officer) on 15/03/2019.

Signatures

Linda Woodings as Portfolio Holder (Portfolio Holder Planning, Housing and Heritage)
SIGNED and Dated: 19/03/2019
Chris Henning (Corporate Director for Development and Growth)
SIGNED and Dated: 19/03/2019

Laura Pattman (Strategic Director of Finance) - Dispensation from Financial Regulations
SIGNED and Dated: 18/03/2019
Chief Finance Officer's Comments: