

## Slough Borough Council

<b>Report To:</b>	<b>Cabinet</b>
<b>Date:</b>	16 March 2026
<b>Subject:</b>	Housing Management System – Stabilisation and Recovery
<b>Lead Member:</b>	Cllr Stedmond – Lead Member for Housing
<b>Chief Officer:</b>	Pat Hayes – Executive Director – Regeneration, Housing and Environment
<b>Contact Officer:</b>	Martin Chalmers, Director of Digital, Data and Technology
<b>Ward(s):</b>	All
<b>Purpose of report:</b>	For decision
<b>Key Decision:</b>	YES
<b>Exempt:</b>	NO, except Appendix 1 which is exempt based on Paragraph 3, Schedule 12A Local Government Act 1972 – information about the financial or business affairs of the Council or a third party.
<b>Decision Subject To Call In:</b>	YES
<b>Appendices:</b>	Appendix 1 – Financial and Business information on housing management system (exempt)

### 1. Summary and Recommendations

1.1 This report sets out the status of the NEC Housing Management System (NECHMS), including current operational issues posed by its implementation. It sets out an action plan to stabilise the commercial and delivery position around the system, and to implement improvements to address the operational issues.

#### Recommendations:

Cabinet is recommended to:

- 1) Delegate authority to the Executive Director of Regeneration, Housing and Environment, in consultation with the Lead Member for Housing, to procure and award a contract to a suitable delivery partner to deliver a recovery and improvement project for NECHMS.
- 2) Note that an update report on the recovery and improvement project will be brought to Cabinet three months after the award of that contract (and quarterly thereafter unless otherwise agreed).

- 3) Delegate authority to the Executive Director of Regeneration, Housing and Environment, in consultation with the Lead Member for Housing, to make a direct award of a contract of up to three years to NEC via a compliant framework for the continued hosting, support and maintenance of NECHMS, to run from the end of the current contract in March 2027 and if this is not feasible to run a procurement and award a contract for an alternative supplier for a period of no more than 3 years.

**Reason:** To provide a stable commercial and delivery basis on which critical improvements to NECHMS can be made to address operational issues which are impeding the delivery of housing services critical to residents.

### **Commissioner Review**

The NEC Housing Management system is a key element of the effective delivery of two priority areas for improvement – the management of social housing and the provision of temporary accommodation. A review commissioned by the Council has recommended significant changes in the way the system is configured and operated, requiring substantial investment, but critically concluded that the deficiencies are not inherent in the system. A partner is to be procured to carry out work packages to address current failings and gaps. While budget provision has been made, there is uncertainty over the cost and effective management of this work that adds considerable risk, especially given the poor implementation record exposed by the review. Members need to be reassured that these risks can be mitigated.

The report also recommends that authority is given to procure a new contract once the current arrangement with NEC expires in March 2027. This would provide greater certainty and mean that the investment in recovery should deliver over a longer period. Commissioners would want to be reassured that an appropriate resourcing plan is produced to accompany the procurement of the partner, covering both inhouse and external skills and capacity. Reports to Cabinet after the procurement of the partner should detail the priority order of work packages, how these are being resourced, the success factors and fully describe the extent of progress made, reasons for any underperformance and set out how this will be addressed.

Commissioners are content that this report is considered.

## **2. Report**

### **Introductory paragraph**

- 2.1 The NEC Housing Management System (NECHMS) is the principal IT system used to support the provision of both Social Housing and Temporary Accommodation and is therefore business critical. A recent review commissioned by the Director of DDaT and Director of Housing identified significant gaps and deficiencies in NECHMS. These were not deficiencies in the NEC product, but rather in its implementation. The gaps have contributed to issues identified by the Housing Regulator and to operational challenges around Temporary Accommodation. That review recommended a reset of project governance and delivery processes, and the urgent establishment of a recovery project
- 2.2 The current project team – three interim staff – does not have the capacity to implement the recommendations of the review. It is therefore recommended that a delivery partner be procured competitively to carry out the required work.

- 2.3 The final extension year of the contract for the hosting, licensing and support of NECHMS expires at the beginning of March 2027. To ensure that there is a stable arrangement in place for support beyond that date, and to have confidence that investment in the stabilisation and recovery of the system will not be nugatory, there would be advantage in making a direct award of a new contract to NEC so that hosting, support and maintenance could be extended for up to a further three years beyond the end of the current contract. A subsequent test of the market for such software could then be carried out from a position of stability. Discussions with NEC are in progress with the objective of agreeing a proposal that offers value for money. It is recommended that Cabinet delegate authority to award a contract should those discussions be successful.

## **Options considered**

### *Do Nothing*

- 2.4 Doing nothing is not a feasible option. It will not be possible to deliver the improvements in Social Housing required by the Regulator of Social Housing or to recover Temporary Accommodation provision to a stable situation without addressing the shortcomings in NECHMS.

### *Alternative delivery approaches*

- 2.5 The alternative to procuring a delivery partner would be to continue delivery using a team of interim staff. However:
- a) If the team were not expanded to encompass the roles identified in the review, it would not be possible to deliver the required recovery actions.
  - b) If the interim team were expanded, this would pose quality, management, retention and continuity challenges. Also, because not all roles are required all the time (eg tester are required in peaks as releases occur), the approach would not be efficient.

### *Alternative commercial approaches*

- 2.6 It would be possible to run a procurement process for a successor to the NEC contract, and this remains an option should the discussions with NEC not prove successful. However, as set out in the detail of the report below, the delay in issue resolution and diversion of business resources that this would entail would pose substantial risk given the current level of instability of the system, and this is therefore not a desirable option.

## **Background**

### *The implementation status of NECHMS*

- 2.7 NECHMS is used by round 340 staff, primarily in the Housing Directorate. It was procured in 2019. Following a troubled implementation, which included a change of team makeup and significant rework, critical capabilities went live incrementally in 2023/24 and 2024/25, when the main implementation project with NEC was formally closed. The internal delivery team was retained, albeit reduced from four to three interim staff, to implement further capabilities of the system. However, progress has been slow, in part because the project team has been frequently diverted on to

support issues relating to the system, as the original business case for the system did not provide for dedicated ongoing application support.

- 2.8 The current position is that some normal aspects of the system's functionality – eg workflow and online customer portal – remain unimplemented, and there are gaps and deficiencies in those aspects that have been implemented. Gaps in system functionality have led to a reliance on manual processes contributing to deficiencies identified by the Housing Regulator in its recent C3 (serious failings) assessment, inefficiencies, loss of income owing to process failure, and (materialised) fraud risk. A discovery exercise carried out in 2025/26 by a joint DDaT, Transformation and Housing team identified a substantial catalogue of requirements and gaps.
- 2.9 Concerned at the position, the Director of DDaT, jointly with the Director of Housing, commissioned an external review of the project by a firm specialising in housing systems (Quality Led Projects), which reported in January 2026.
- 2.10 The review found that:
- a) The issues that are being experienced with NECHMS do not stem from deficiencies in the NEC product but from the way in which it has been implemented.
  - b) Gaps in system functionality are having an operational impact to a greater extent than had previously been evident. There was substantial reliance on manual processes and workarounds and a high number of support issues related to business process design and training gaps.
  - c) There are significant weaknesses in governance, project management, business requirements definition and acceptance, testing, change management and training, support and data management. The project delivery team and the business are not effectively communicating and collaborating with one another.
  - d) Gaps in implementation, many (but not all) of which had been identified in the requirements catalogue referred to at 2.8, represent foundational deficiencies.
- 2.11 The review recommended:
- a) There should be a comprehensive reset of project governance, delivery and support processes.
  - b) Before implementing new functionality, an immediate recovery project should be undertaken to address the most critical gaps in data, system configuration, reporting and interfaces.
  - c) Training needs and strategy should be addressed alongside functional gaps.
  - d) The project team should be adequately resourced, with adequate capacity in business and systems analysis, systems integration, testing and release management, data analysis and migration, and change, training and adoption.
  - e) There should be explicit business roles in place, including that of product owner. Business users should be officially allocated time to dedicate to their roles, including those of super users and user acceptance testers.

- 2.12 Given the pace and scale required to address the recommendations, the current delivery approach, which relies on a project team of three interim staff, is not considered sustainable. Instead, it is recommended that we competitively procure support from a delivery partner with demonstrable specialist capability in the implementation of housing management systems.
- 2.13 Work will be commissioned from the delivery partner in a series of work packages, the first of which will be to produce a costed business plan for the immediate recovery project recommended by the review. Each successive work package will require a supporting business case, to be scrutinised by the Design Authority and approved by the Director of Housing and the Director of Digital, Data and Technology.
- 2.14 Key performance indicators will be agreed for the recovery project as a whole and for work packages within it. These will reflect aspects of the recovery which will drive regulatory compliance, savings and/or critical aspects of user experience. Initial indicators will be confirmed and baselined as part of mobilisation but could, for example, include:
- Reduction in Temporary Accommodation reconciliation backlog
  - Reduction in off-system reporting
  - Delivery of system changes necessary to meet Regulator recommendations
  - Tenant satisfaction
  - User experience (measured through survey and service desk statistics)
  - Remediation of finance-related process and data validation deficiencies
  - Percentage completion of collection and secure storage of compliance-related documents
- 2.15 At this stage, it is not possible to state a maximum contract value with precision, although it should be noted that the implementation effort (including both delivery partner and NEC implementation consultancy) associated with the requirements catalogue has been estimated at around £2.3m. Given this uncertainty, it is proposed that an update should be provided to Cabinet three months after award of that contract, with further updates to be quarterly unless otherwise agreed.

### *The commercial status of NECHMS*

- 2.16 Appendix 1 sets out financial and business information in relation to extending use of NECHMS.

## **3. Implications of the Recommendation**

### *3.1 Financial implications*

- 3.1.1 £3.3m has been allowed for investment in Housing systems over the MTF period. This is covered by a combination of the HRA and Transformation funding related to the Social Housing and Temporary Accommodation transformation proposals.

- 3.1.2 The following costs are associated with the proposal:

- a) *Delivery Partner* – the costs associated with delivery of the project cannot be precisely determined. The delivery effort cost of the catalogue of requirements related to NEC Housing – including stabilisation and recovery requirements – has been estimated to be £2.25m and this is included in the

budget described above. As noted in the paper, each work package awarded to the delivery partner will be subject to a business case, which will include confirmation of affordability.

- b) *NEC Consultancy* – It is expected that specialist NEC Consultancy will also be required for aspects of the implementation. Both the current agreement with NEC (covering the period until March 2027) and the proposed successor agreement would include the ability to buy consultancy days. This will require careful contract management arrangements to manage the budget and ensure value for money.
- c) *Ongoing licence charges* – The annual charge for the system is currently £75k and funded from the HRA. The proposal for any further agreement is to call off a compliant framework, which may set out a mechanism for inflationary increases. This will be considered by the Executive Director when deciding whether to exercise delegated authority. A provision has been made in the HRA for ongoing costs associated with new modules. The acquisition of any new modules would be subject to an individual business case including confirmation of affordability.

3.1.3 Appendix 1 contains further information.

### 3.2 *Legal implications*

3.2.1 Any direct award of a contract to NEC will be via a compliant framework, including option of using G-Cloud. This is accessible to local authorities and has been established following a procurement process conducted in compliance with the Public Contracts Regulations 2015.

3.2.2 The Council's Contract Procedure Rules (CPRs) state that framework agreements that have been established by other public sector bodies that are accessible to the Council must be used in accordance with the terms and conditions of the relevant framework agreement.

The delivery partner will be procured through competition using an appropriate framework contract, expected to be G-Cloud 14.

### 3.3 *Risk management implications*

3.3.1 The purpose of this proposal is to treat a risk on the RHE Directorate Risk Register which is rated at 24, relating to the fitness for purpose of Housing ICT and data.

3.3.2 The key risks associated with this decision are:

- a) There is a risk that Housing service will not have the capacity to carry out its responsibilities within the project around such matters as requirements confirmation, prioritisation of activity and testing. This will be mitigated by the identification of a business product owner within the service, to lead on such matters, and by considering service capacity within the business case for each stabilisation and recovery work package.
- b) There is a risk that improvement effort may not realise the improvement benefits required, either through work packages being wrongly prioritised or by failures in delivery. This will be mitigated by firm governance, with delivery

overseen by a project board with Director level representation from both the Housing service, Digital, Data and Technology and Finance. The approach of commissioning work on a work package basis, with each work package underpinned by a business case, will enable tight control of both internal and external delivery. The need for Cabinet to be assured of progress is recognised, and this is why a report on progress to Cabinet at the six-month point is recommended.

#### **3.4 *Environmental implications***

3.4.1 There are no direct environmental implications arising from this report.

#### **3.5 *Equality implications***

3.5.1 While there are no direct equality implications arising from this report, it is important to note that improvements in NEC Housing will better equip the Council to deliver services to residents from disadvantaged groups.

#### **3.7 *Procurement implications***

3.7.1 The delivery partner will be procured through a compliant competitive process using an appropriate framework agreement, expected to be G-Cloud 14. The evaluation process will identify the most economically advantageous tender, taking into account supplier capability, technical quality, and pricing.

3.7.2 Work will be commissioned on a work package basis, with each package structured as either fixed price or capped time and materials, ensuring cost control and flexibility in delivery.

3.7.3 Any direct award to the incumbent NEC supplier would be undertaken via a compliant framework, likely to be VAS RM6259 Lot 3: Housing, Environmental and Planning Solutions.

### **Background Papers**

None