

**Decision Maker:** EXECUTIVE

**For Pre-Decision Scrutiny by the Care Services Policy Development and Scrutiny Committee on Tuesday 28 June 2016**

**Date:** Wednesday 13 July 2016

**Decision Type:** Non-Urgent Executive Non-Key

**Title:** UPDATE ON REPLACEMENT OF HOUSING INFORMATION SYSTEMS

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**Ward:** Borough-wide

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1. Reason for report

1.1 This report updates Members on progress made towards replacing the Housing IT system.

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2. **RECOMMENDATIONS**

2.1 The Care Services PDS Committee is asked to note and comment on this report.

2.2 The Council's Executive is asked to agree the Project Team re-tenders on the Crown Commercial Services (CCS) RM1059 Framework as detailed in the report.

### Corporate Policy

1. Policy Status: Existing policy.
  2. BBB Priority: Supporting Independence.
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### Financial

1. Cost of proposal: Estimated cost N/A
  2. Ongoing costs: Recurring cost.
  3. Budget head/performance centre: 744010 1903 / 805004 1933 / 950819
  4. Total current budget for this head: £55k + £200k Capital Funding
  5. Source of funding: Core Funding
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### Staff

1. Number of staff (current and additional):
  2. If from existing staff resources, number of staff hours:
- 

### Legal

1. Legal Requirement: Non-statutory - Government guidance.
  2. Call-in: Call-in is applicable
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments:

### **3. COMMENTARY**

3.1 This report covers the background, the review of the first tender, outlines research undertaken, sets out the recommended procurement option and gives a revised project timeline.

#### **Background**

3.2 On 14 January 2015, Executive agreed the following recommendations:

- Approval of a capital funding bid to procure a new fully integrated Housing IT system
- Officers to procure the new system through the Crown Commercial Services RM1059 Framework

3.3 The Project Team reviewed the Framework and produced a detailed requirements document and a pricing schedule. This work was signed off by the Project Board. On 16 October 2015, the invitation to tender was sent to suppliers (six) on the CCS Framework. The tender opportunity was advertised and managed via Due North. An open day was held which two suppliers attended.

3.4 All suppliers on the Framework declined to submit a bid, and, therefore, the tender was unsuccessful. (See reasons in section 3.5).

#### **Review of First Tender**

3.5 The Project Team contacted suppliers to ask them why they declined to bid. Suppliers gave a variety of reasons. These include:

- Suppliers were made aware the tender was going out. However, suppliers commented it would have been helpful to have more contact prior to the advert.
- Some suppliers did not offer all of the modules required and others felt they were unable to meet essential requirements (as outlined in the requirements document)
- The requirements document would have taken too much time to complete
- The Team tendered at a particularly busy time of year when suppliers had lots of other tender opportunities
- The Team split price and quality 50/50. Although this weighting was already evenly balanced between price and quality, suppliers considered the Council would be driven to the cheapest solution and that a 70/30 or 60/40 split in favour of quality would lead to a better quality system.

3.6 The Project Team also contacted CCS. They had no previous experiences of failed tenders from this Framework. They offered no suggestions for improvement.

#### **Further Research**

3.7 The Project Team arranged follow up meetings with suppliers who were on the Framework and declined to bid. The Team observed and evaluated systems during demonstrations and talked to current clients of suppliers. This enabled the Team to: (1) identify suppliers who are likely to be able to deliver what the Council needs and establish how (eg, through partnerships); (2) determine suppliers would be interested in bidding if the Team retendered; and (3) build relationships with suppliers.

## Review of Procurement Options

### 3.8 Five procurement options identified and reconsidered:

#### a) Re-contract with current suppliers

Current systems provided by current suppliers are not fit for purpose: systems are not integrated, offer limited functionality, maintenance and support and upgrades are difficult and costly. More details can be found in report CS14106.

#### b) Open tender

Through the review and consultations the Project Team confirmed that the only suppliers who can meet all requirements are on the CCS RM1059 Framework. The Framework offers advantages that an open tender does not (these are outlined in section d).

#### c) CCS G Cloud / Digital Services Framework

The G Cloud / Digital Services Framework offers off-the-shelf individual modules. This would make it difficult to get an integrated system that offers all the functionality required.

The maximum length of a G-Cloud call-off contract is 24 months. This is not long enough. The Team is looking for a 5 year contract.

There is only one supplier on the G-Cloud who may be able to deliver what the Council needs and this would mean the Team would be unable to conduct rigorous market testing as Council procurement rules require.

#### d) Mini-Competition Using CCS RM1059 Framework

The Framework promotes fair and open competition and is aimed at achieving best value.

Suppliers have already completed pre-qualification questionnaires in order to be accepted onto the Framework and this ensures they are high quality.

Suppliers have all signed up to a detailed and comprehensive call off agreement. This reduces the amount of time and resources needed because legal contracts are already agreed.

In direct contrast to the G Cloud / Digital Services Framework, the Council gets the opportunity to submit a detailed requirements document and there is a good chance of getting a bespoke, fully integrated system.

Market testing and research has revealed there are very few suppliers who can deliver all the functionality the Council needs. Therefore, it seems competition would be limited.

Officers from across the Council (Housing, Finance, IT) would be needed to assist with evaluating tenders. This would be a time consuming and lengthy process.

#### e) Drawdown from CCS RM1059 Framework

This option was considered because the project has already been delayed and further delays could be extremely costly.

This option is not viewed as best practice by the Council because it is less likely than tendering to promote fair and open competition.

## Recommendations

- 3.9 The Project Team recommends mini-competition using the CCS RM1059 Framework.
- 3.10 Council Procurement regulations require submissions to be evaluated weighting cost and quality 60/40 in favour of cost. However, CCS procedures require quality/cost to be weighted 50/50. The Public Contracts Regulation 2015 in Section 4.4 under Framework Agreements states 'Contracts based on a framework agreement shall be awarded in accordance with the procedures laid down in this regulation' and 4.6 states 'Contracts based on a framework agreement may under no circumstances entail substantial modifications to the terms laid down in that framework agreement'. Therefore, in accordance with the Public Contracts Regulation 2015 and CCS procedures, the Team weighted quality/cost 50/50.
- 3.11 At the Open Day held for suppliers before the first tender submission date, officers were told by suppliers that the 50/50 weighting was not proportionate to the effort required to submit a bid meeting all the quality criteria and their experience was that Council would be forced to go with the cheapest option irrespective of quality.
- 3.12 In the review of the first tender, most suppliers who declined to bid said one of the factors in their decision not to bid was they do not consider tenders in which cost is weighted at 50% or more. Please see Table 1 below for more information. There are a few suppliers who said they do consider tenders in which cost is weighted at 50% or more; however Officers scrutinised these systems very carefully and were not satisfied that these systems would deliver all the Council's essential requirements. Please see Table 2 below for more information.

Table 1: Suppliers who *would not* or would be *unlikely* to bid for a tender with cost  $\geq 50\%$

Supplier	Response
Supplier A	50/50% split sends out the wrong message – suggests Bromley want a cheap system rather than a high quality one
Supplier B	50/50% split leads to poor quality systems. Tenders from other Councils are set at 70/30% split in favour of quality
Supplier C	Wary of quality $\leq 50\%$ because it suggests the customer wants a cheap system. However, would bid for the 'right' tender with quality $\leq 50\%$

Table 2: Suppliers who *would* bid for a tender with cost  $\geq 50\%$

Supplier	Inadequacies
Supplier D	<ul style="list-style-type: none"> <li>• No existing functionality for Options or Homelessness</li> <li>• Do not offer Choice Based Lettings</li> <li>• Limited funding functionality</li> </ul>
Supplier E	<ul style="list-style-type: none"> <li>• No functionality for Options or Homelessness</li> <li>• Offer hosted services but not managed services</li> </ul>

- 3.13 There were other suppliers on the Framework. However, the Team either did not contact them or contacted them but ended the meeting very early because it was clear these suppliers offered systems that do not come close to meeting the Council's essential requirements.

- 3.14 Having considered supplier feedback and the fact this is a one off capital project and reviewed the evaluation options available through the CCS RM1059 Framework, the Team recommends using additional scoring criteria and weightings which could be aligned to the cost weighting. The overall impact is cost plus cost effectiveness equals 50% and quality plus delivery equals 50%. Please see Table 3 below for more detail.

Table 3: Suggested criteria and weightings

Criteria	Percentage Weightings
Cost	40
Cost Effectiveness*	10
Delivery Date and Delivery Period**	10
Quality	40

\*Covers long-term efficiencies that could be delivered by systems, including, but not limited to, channel shift and customer relationship management

\*\*Further delays would very likely mean extremely high costs to stay on current systems because of maintenance and upgrades

- 3.15 The Team has liaised with Havering Council who successfully procured a Housing IT System from the CCS RM1059 Framework in spring 2015. Havering used a similar spread of weightings where cost was weighted 40% and other criteria (quality, technical, implementation services) were weighted separately totalling 60%.
- 3.16 The Corporate Head of Procurement, the ECHS Head of Finance and the Director of Commissioning were consulted on the introduction of these new scoring criteria and weightings.

### **Maximising Chances of Success**

- 3.17 Based on the review and further market research, the Project Team has made and will make the following changes to its approach in order to maximise the chances of success:

The Team has:

- Shortened and simplified the requirements document and removed unrealistic requirements
- Built relationships with suppliers and 'warmed up' the market

The Team will:

- Send out tender during a period (July-September) in which suppliers are less likely to be busy
- Give suppliers an ideal amount of time (eight weeks) in which to produce and submit a bid
- Make it clear to suppliers they can make joint bids
- Undertake implementation in two phases: (1) phase one (statutory functions); and (2) phase two (enhanced functionality)

### **Current Systems**

- 3.18 Contracts with current IT suppliers (Northgate and Home Connections) ran out in April 2016. As a result of the failed tender, on 9 February 2016, report CS16009 was submitted. The report recommended:

- Award of a new contract to Home Connections at a cost of £23 312 to cover annual systems maintenance from 1.4.16 to 31.3.2018.
- Award of a new contract to Northgate at a cost of £87 084 from 1.4.2016 until 31.3. 2018

- Delegate authority to agree to purchase essential upgrades for the Northgate system to the Assistant Director of Housing Needs in consultation with the Head of IT and Portfolio Holder for Care Services

**Timeline**

3.19 The project has been delayed. Table 4 below outlines key milestones and original timescales and revised timescales.

Table 4: Timescales

Milestones	Original Timescales*	Revised Timescales
Tender and evaluation	December 2014 to May 2015	July 2016 to November 2016
Award contracts	June 2015	30 November 2016
Implementation	July 2015 to December 2016	December 2016 to December 2017**

\*Original Timescales from Gateway Review in October 2014

\*\*Extended implementation timescale to reflect phased approach (see more information in 3.17)

3.20 The Project Team is well prepared for implementation. Progress will be reported through housing performance and priority reports.

3.21 The delay getting a new system means:

- Housing performance will continue to be hampered by current system inadequacies (more details can be found in report CS14106).
- Data and documents will continue to be stored in current systems which will add to data migration task

**4. POLICY IMPLICATIONS**

4.1 Investment in a new IT system will support the Council in delivering the objectives of Supporting Independence and Excellent Council which are key priorities in Building a Better Bromley.

**5. FINANCIAL IMPLICATIONS**

5.1 There was a risk that because of a delay (such as the one encountered) the Council would incur additional costs. However, officers have negotiated with current suppliers to maintain current costs and these can be kept within original budgets. Any further delays, however, would likely mean high additional costs because of system maintenance and upgrades. This was reported to PDS in February 2016.

5.2 Executive agreed to £200k capital funding on January 2015 to deliver a new integrated system, which is likely to achieve savings through the streamlining of processes and reduced maintenance costs. These are detailed further in Appendix 1.

5.3 Costs of procuring the system are estimated at present. Actual costs will be reported back in due course once procurement has progressed.

5.4 The revised criteria for award of contract 50:50 price and quality as set out in paragraph 3.14 which has been agreed with the Head of Finance as it is a one off capital expenditure and given feedback from suppliers will avoid further delay.

- 5.5 BT has quoted 16k to provide advice during ITT evaluation because this service is not covered by the current IT contract with BT.
- 5.6 Implementation costs outside the supplier costs defined within the Invitation to Tender Document e.g. further software licences, hardware and software installations, Bromley network tasks required from BT, etc. These costs can only be defined once the supplier has been selected and have been flagged as an issue in previous reports.
- 5.7 System decommissioning and data removal as costs not covered by current IT contract with BT e.g. ANITE OHMS, Information@Work and other systems or interfaces currently related to Housing systems that would no longer be required.

## 6. LEGAL IMPLICATIONS

- 6.1 This report recommends that procurement of the replacement system is undertaken via a framework set up by the Crown Commercial Services. Clause 3.4 of the corporate procurement rules state;

“In seeking to demonstrate *Value for Money*, the Head of Procurement must be consulted and the agreement of the Finance Director obtained *prior* to commencing any *Procurement* process using the Office of Government Commerce (OGC) Buying Solutions or similar *Central Purchasing Organisation* Contracts.”

- 6.2 The benefits to the Council of using the Crown Commercial Services framework are:
  - The procurement process has already been undertaken in accordance with EU Regulations
  - Contractors have already agreed to a standard set of terms and conditions
  - Obtain the best value solutions on commonly purchased goods and services
  - Deliver savings thereby making a substantial contribution to local government efficiency targets
  - Save time and effort by accessing established, compliant framework agreements under the Public Contract Regulations 2006.
- 6.3 The procurement landscape is changing fast and for local government this means:
  - Using existing frameworks to leverage even better procurement solutions and value for money
  - Avoiding duplication of effort
  - Reducing procurement costs
  - Making it easier and more cost effective for suppliers to deal with local government
  - Concentrating on outcomes not processes

## 7. PERSONNEL IMPLICATIONS

- 7.1 Retendering of the contract will not have any implications for housing staff.
- 7.2 Housing staff and additional project resources will be required during the implementation stages of the project.

<b>Non-Applicable Sections:</b>	None
Background Documents: (Access via Contact Officer)	CS14106 – Gateway Review of Housing IT system