



## CABINET

<b>Subject Heading:</b>	Commencement of Procurement of the Replacement Housing System
<b>Cabinet Member:</b>	Councillor Paul Middleton – Cabinet Member for Digital, Transformation and Customer Services
<b>ELT Lead:</b>	Kathy Freeman - Strategic Director of Resources
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<b>Policy context:</b>	<b>Enabling a resident-focussed and resilient Council</b>
<b>Financial summary:</b>	<b>Anticipated 7-year (maximum) contract value ranging from £970k to £2,368k. Funding has been allocated in the HRA.</b>
<b>Is this a Key Decision?</b>	<b>Yes</b> <b>(a) Expenditure of £500,000 or more</b>
<b>Reviewing OSC:</b>	<b>Overview and Scrutiny Board</b>

### **The subject matter of this report deals with the following Council Objectives**

People - Supporting our residents to stay safe and well  
Place - A great place to live, work and enjoy  
Resources - Enabling a resident-focused and resilient Council X

**SUMMARY**

Capita Open Housing software has been used by the Council's Housing service since 2018. The existing contract expires on 31st March 2026.

Following an in-depth review of the current systems and a market test of alternatives it has been determined that the best option for the Council is to procure a new, fully integrated Housing technology platform.

It is recommended that a mini-competition process using the Crown Commercial Services Vertical Application Solutions (VAS) framework Lot 3 (Housing, Environmental and Planning Solutions) is undertaken to identify a replacement system in accordance with the Council's procurement requirement.

This report seeks Cabinet approval to procure and publish the tender, approval to award a contract through delegated authority via the s.151 Officer.

It is proposed that the replacement system will be subject to a 3+2+2 (total 7 year) contract. It is estimated that the total value of the contract (including implementation services) will be within a range of £970,000 to £2,368,000 depending on the supplier selected via the mini-competition process. The allocated budget is approved.

**RECOMMENDATIONS**

To agree to :

1. Commence procurement of a maximum 7 year contract (3 +2 +2) for an integrated housing technology platform via a mini-competition through the Crown Commercial Services Vertical Application Solutions (VAS) framework Lot 3 (Housing, Environmental and Planning Solutions).
2. Delegate authority to the Corporate Director of Resources/S.151 Officer to:
  - a. award and implement the contract following completion of the further competition including authorisation of any budgetary change variances (for example price increases and expenditure);

**REPORT DETAIL**

**Background**

## Cabinet, 9<sup>th</sup> of October 2024

1.1 Originally purchased in 2015, Capita Open Housing has been used by the Council's Housing service since going live in 2018. It is a multi-functional piece of software that supports frontline Housing services. The existing contract expires on 31<sup>st</sup> March 2026. There are no further extension periods available.

1.2 Following an in-depth review of the current systems, a market test of alternatives determined that the best option for the Council is to procure a new, fully integrated Housing technology platform.

1.3 Work has been undertaken to develop a robust set of system requirements which will inform procurement and implementation of a suitable replacement system for the future.

1.4 The project is reaching the conclusion of the tender preparation phase. It is proposed to publish a tender via mini-competition using the Crown Commercial Services VAS framework under Lot 3 (Housing, Environmental and Planning Solutions).

1.5 On the 8th of August 2024, a report was presented at the Council's Procurement Gateway Review Group, and the recommended procurement route was given approval by the panel.

1.6 The proposed contract will have an initial term of three years with two additional two year extension periods to provide system longevity and stability. (a total 7-year period).

### Indicative Market Comparison Costs and estimated value

1.7 Based on the extensive market assessment across eight suppliers it is estimated that the total value of the contract will be within a range of c.£970,000 to £2.4m for the potential seven year life cycle of the software as illustrated in the table below (results of market assessment across eight suppliers).

	Implementation Services	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	7 Year Revenue Cost	Total Cost
Supplier 1	£130	£120	£120	£120	£120	£120	£120	£120	£840	£970
Supplier 2	£178	£120	£120	£120	£120	£120	£120	£120	£840	£1,018
Supplier 3	£160	£131	£131	£131	£131	£131	£131	£131	£917	£1,077
Supplier 4	£286	£117	£117	£117	£117	£117	£117	£117	£819	£1,105
Supplier 5	£215	£138	£138	£138	£138	£138	£138	£138	£966	£1,181
Supplier 6	£180	£144	£144	£144	£144	£144	£144	£144	£1,008	£1,188
Supplier 7	£200	£180	£180	£180	£180	£180	£180	£180	£1,260	£1,460
Supplier 8	£1,500	£124	£124	£124	£124	£124	£124	£124	£868	£2,368
Current Costs	£0	£107	£107	£107	£107	£107	£107	£107	£749	£749

*Costs provided are in multiples of £1000*

1.8 It is proposed to undertake the procurement as a mini-competition process using the Crown Commercial Services Vertical Application Solutions (VAS) framework Lot 3 (Housing, Environmental and Planning Solutions), and all Suppliers will be invited to submit bids. This framework provides the advantage of a good supplier pool running the procurement. All suppliers have undertaken a Supplier selection process to secure a place on the VAS Framework.

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1.9 The delegation of contract awarding authority to the Strategic Director of Resources and s151 Officer will expedite the contract award process and allow the project to maintain momentum into the mobilisation phase.

1.10 The evaluation split breakdown will consist of 60% Quality, 30% Price, 5% Social value, 5% Technical Merit /assistance. This will provide the most economically advantageous bids, ensuring the council procures a solution that meets its needs at a competitive price. This work also identified that key suppliers will not bid on tenders where pricing is weighted at 70% as these are subject to opportunistic 'Abnormally low-priced tenders' winning regardless of product quality. The VAS framework allows for a 30% price weighting and authority to proceed on that basis will be covered under a non-key decision as detailed in the Constitution.

1.11 An evaluation panel consisting of Council Officers will evaluate the Quality aspects and Price. The final scoring will be carried out by Havering Officers and moderated by Procurement.

### Evaluation Criteria

1.12 Quality (60%), technical merit (5%) and social value criteria (5%) – 70% of total score

In evaluating quality, we will consider the:

- Quality, to include: added Value / Innovation, approach to Delivery of the Services, implementation, use of supply chain/partners, after sales services, aesthetic and functional characteristics, environmental characteristics, period of completion, delivery date and delivery period, functionality and robustness of the product, approach to delivery of the services/methodology, including the strategies, expertise, methods, materials, and procedures in supplier proposals
- technical merit and assistance, including the competence, skills, and experience of the management, professional, and technical personnel proposed for the project
- social value in accordance with PPN 06/20

Price criteria – 30% of total score

In evaluating price we will consider the:

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- Professional Services charges: time and materials, cost effectiveness, including all running costs over the duration of the contract including fixed capital costs, variable tender costs and special adjustments during the contract period, and maintenance and operating costs
- Software licence costs, including testing a range of licensing models (per user, per device, enterprise wide etc)
- Hardware costs (as part of a solutions)
- Support and maintenance costs
- Any lotting criteria (where appropriate)

### Product Specification

1.13 Social housing software is multi-functional, and the specification is in development, to be ready for the procurement process We are looking to implement a Software as a Service (SaaS) cloud integrated property management system to meet our statutory and customer requirements for Housing, without the need for additional peripheral systems or modules.

The service will work to finalise the specification requirements to cover system modules. Some of these include:

- Housing
- Voids
- Account maintenance, rent account, benefit management and payments, service charges
- Allocations
- Rehousing
- Repairs, Planned Maintenance, Property Management
- Contractor Management
- Right to Buy
- Private sector Housing
- Homelessness
- Resident Involvement
- Estate management services
- Health and safety
- Out of hours
- Asset management
- Complaints
- Reporting
- Mobile working

We will also ensure we cover any additional functionality not available in the current system, which is causing additional capital and revenue spend where the services are looking to purchase other products to fill the gaps.

### Procurement Timetable

## **Cabinet, 9<sup>th</sup> of October 2024**

1.14 Subject to the proposal achieving approval, the scheduled timetable for the tender process is as follows:

Procurement Activity	Indicative date
Notify Suppliers on the VAS FW of the requirement to tender through a mini competition	October 2024
Publish Tender	October 2024
Tender Evaluations	November/December 2024
Approvals	December /January 2024/5
Award Contract to successful applicant	Jan /Feb 2025
Service mobilisation and implementation	Feb 2025 onwards

### **REASONS AND OPTIONS**

#### **Reasons for the decision:**

2.1 In the interest of vital and continued delivery of essential Council services to businesses, partners, residents, and system users, it is advised this procurement is approved as scoping other procurement platforms and ceasing provision of the service is not a viable option and a Procurement is essential to ensure ongoing system continuity within Housing.

2.2 Procuring via the CCS ensures best value, plus an opportunity to use an 'off-the-shelf' framework in sourcing our new requirement.

2.3 A review of suitable framework agreements and its Suppliers accessible to the Council has been undertaken and has found the CCS VAS Framework being the most suitable.

2.4 This procurement is vital and necessary for the continuation for the Council Housing services system.

2.5 Delivering a contribution to the council's social value objectives will be included as part of the procurement and Suppliers must demonstrate wider benefits regarding social value to cover Societal, Economic and Environmental areas within the sphere of their operations.

2.6 Allowing the open housing contract to expire with no suitable replacement would have a severe impact on business continuity and existing service provision. Procurement from the Framework will enable the Council to be efficient and effective in its functions

**Other options considered**

2.7 Use of other frameworks:

- SHED, Limited Supplier pool, framework not deemed suitable
- BOS (Saas) - CCS, Limited supplier pool, framework not deemed suitable
- G-Cloud – CCS - Limited, shorter-term contracts, framework not deemed suitable
- TEPAS – CCS/ESPO, Limited Supplier pool, framework not deemed suitable

2.8 To not procure a replacement housing management system.

Unfeasible option, however, the consequences of this would mean that the Housing Service would not have any integrated software to support its operations, and the service would return to a largely paper based, manual processes leading to massive inefficiency and risk through unmanageable operating practices.

2.9 To extend existing contract with Capita Open Housing.

A longer-term arrangement with Capita Business Service Ltd is not a feasible option as it would breach the procurement regulations.

2.10 To undertake a Havering led full open procurement process.

A sole Havering Open Market tender was considered; however, it is unlikely Suppliers will bid, as most Suppliers are vetted accepted on major frameworks and will apply their time and effort in securing business through these routes, rather than participate in a bespoke procurement process which would take a minimum of 6 months.

**IMPLICATIONS AND RISKS**

**Financial implications and risks:**

Provision for the cost of procurement, purchase and implementation has been made in the existing Capital Housing IT budget, and provision of ongoing software licencing costs have been made in the Housing IT revenue budget.

Indicative implementation services and licencing costs were previously identified by the soft market engagement. As set out in the CCS Mini-competition rules, all Suppliers on the VAS Framework for Lot 3 will be invited to submit prices. These will then be assessed and contractually binding for the successful supplier.

**Legal implications and risks:**

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The Council has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual can do, subject to any statutory constraints on the Council's powers. None of the constraints on the Council's s.1 power are engaged by this decision and the decision is in line with the Council's powers.

The Council has power under s111 of the Local Government Act 1972 which permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The Council is acting in pursuit of its statutory powers and duties and the recommendations in this report are within its powers.

The Crown Commercial Services Vertical Application Solutions (VAS) framework is a Public Contracts Regulations 2015 (PCR 2015) compliant framework which is open to all public authorities to call off from. The procurement process complies with the requirements of the PCR 2015.

For the reasons set out above, the Council may commence procurement as set out in this report.

The Council's legal team will provide advice relating to the required contract extensions as required.

### **Human Resources implications and risks:**

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

### **Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.



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An EqHIA (Equality and Health Impact Assessment) is usually carried out and on this occasion, this isn't required.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations.

There are not equalities and social inclusion implications and risks associated with this decision

### **Health and Wellbeing implications and Risks**

The recommendations made in this report do not give rise to any identifiable health and wellbeing risks.

### **Environmental and Climate Change implications and Risks**

The recommendations made in this report do not give rise to any identifiable environmental and climate change risks.

**BACKGROUND PAPERS**

<https://democracy.havering.gov.uk/ieDecisionDetails.aspx?id=7948&LLL=0>