


London Borough of Hammersmith & Fulham CABINET 1 JULY 2019		
AWARD OF CONTRACT FOR THE INTEGRATED HOUSING MANAGEMENT SYSTEM		
Report of the Cabinet Member for Housing – Councillor Lisa Homan		
Open report with exempt appendix Appendix A is exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.		
Classification - For Decision Key Decision: Yes		
Other services consulted: Legal, Procurement, ICT		
Wards Affected: All		
Accountable Director: Jo Rowland, Strategic Director for the Economy		
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1. EXECUTIVE SUMMARY

- 1.1 Cabinet approval was given in January 2019 for a revised procurement strategy for the integrated housing management system (IHMS). This strategy recommended the housing ICT system would be commissioned as a standalone and specialist housing system. The timetable for IHMS procurement was deferred until after the new Repairs model go-live date of 17 April 2019, to allow learning from the new repairs model to inform user requirements. The Cabinet report required procurement to commence before the end of the current contract on 19 July 2019. The project timetable is currently being constructed to align with commissioning of the new repairs contracts.

- 1.2 The report seeks Cabinet approval of the award of a contract between the Council and Northgate Public Service (UK) Ltd to cover the procurement period. The current contract ends on 19 July 2019.

2. RECOMMENDATIONS

That Cabinet approves:

- 2.1 The direct award of the contract between the London Borough of Hammersmith and Fulham and Northgate Public Service (UK) Ltd from 1 July 2019 to 1 July 2020.
- 2.2 A waiver of Contract Standing Orders(CSOs) to allow the contract to be awarded to Northgate Public Services (UK) Ltd at a value of £394,000 for a full year.
- 2.3 The delegation of authority to the Strategic Director for the Economy in consultation with the Cabinet Member for Housing to authorise a contract extension of up to six months between the London Borough of Hammersmith and Fulham and Northgate Public Services (UK) Ltd, to allow for mobilisation of the new housing ICT contract.

3. REASONS FOR DECISION

- 3.1 The decision is required to maintain access to the Northgate IHMS while a new system is procured. Due to the prior decision to halt the procurement pending the mobilisation of the new repairs model, the Council is now in breach of Contract Standing Orders. The IHMS is vital to the practise and support of all housing delivery functions, including repairs, rents, tenancy management, allocations and temporary accommodation.

4. PROPOSALS AND ISSUES

- 4.1 The Integrated Housing Management System (IHMS) stores the property records to the Council's 17,000 leasehold and tenanted properties, as well as the personal tenancy data of 12,000 tenants. The current contract with Northgate Public Services UK(Ltd) provides for up to 25,000 datasets within the system, and therefore has the capacity to cope with variations in stock numbers for the period of the contract award.
- 4.2 In 2018, Cabinet approved a corporate ICT procurement strategy that incorporated housing as one of four distinct but integrated lots that also included software and systems to support a self-service portal, a revenues and benefits system and an electronic document management system. Legal advice given concurrent to the Cabinet decision of 15 August 2018 suggested that the Council should procure a replacement service to go live on 1 August 2019.
- 4.4 Subsequently, the decision to terminate MITIE responsive repairs contract meant the procurement of the IHMS was put on hold until the new repairs

service went live. Short term improvements were instigated while a new longer-term repairs contract was procured and mobilised.

- 4.5 On 14 January 2019, Cabinet approved a new IHMS procurement strategy which disaggregated the housing elements from the wider corporate procurement of systems and authorised the deferral of procurement until July 2019. This would maximise the learning from the new repairs model and make sure that user requirements could inform the design of the new integrated housing Management System. The risk associated with not awarding a ICT new contract by the end of July was identified as low and acceptable if commissioning of the new system started as the current contract ended.
- 4.6 The new repairs model is operational, with workflows established through the IHMS, providing better controls and offering scope to identify service improvements. Early indications are of improved performance, suggesting that repairs should be retained and incorporated into the specification of the new IHMS contract. The repairs model will continue to generate further organisational learning to inform decisions on the scope and nature of the new housing system.
- 4.7 The proposed approach will provide for negotiations over the scope of the ICT contract to be incorporated into the tender process through adoption of the restricted process with negotiation. The intention is to complete the IHMS as quickly as possible, bearing in mind that it must align with the re-procurement of repairs contractors. To this end, work has already started on a more detailed timetable, and resources have been secured to revisit the user requirements and specification. Tender documents will be issued no later than November 2019, and the tender process for both responsive repairs and new ICT will conclude by July 2020 at the latest. The expectation is that mobilisation can be concluded in six months if a new provider is appointed, and less if the current incumbent bids successfully.
- 4.8 The current contract with Northgate ends in July 2019, when the new commissioning exercise commences. Cabinet approval is sought for authority to authorise the necessary extension of the current contract with Northgate for the duration of the procurement and mobilisation of the new contract.
- 4.9 Section 4.9 refers to the contract value and is attached in exempt Appendix A.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1 Options are limited in that the award of this contract is being requested to allow time to procure a new system. There is no alternative Council database that could acquire the functionality to manage housing functions in this interim period, thus the alternative is of no database and wholesale service failures in key housing service areas. Though this contract award does invite a risk of challenge, that risk is very low as the market for providers has been informed of the new procurement exercise and thus any potential challengers are also potential bidders. A new PIN will be issued to restate the Council's commitment to re-procurement.

6. LEGAL IMPLICATIONS

- 6.1 This report is seeking approval for a waiver of the usual tendering requirements of Contract Standing Orders to permit a direct award of contract to the current provider of the Council's Housing ICT system. The direct award is proposed to be for 12 months with provision to extend for a further 6 months.
- 6.2 The history of this service is explained in the Commercial Implications. Software contracts of this type usually consist of at least two elements, with the software supplied under a licence agreement for a set number of users and a support contract for maintenance and fault-fixing. Legal Services have seen a copy of the contract for the support element, dating from 2002 with a predecessor company to the current provider. This is a rolling contract without an end date, however for the purpose of the EU Regulations on public procurement, extending this service is to be treated as a new contract.
- 6.3 The direct award proposed, even without the potential extension, is in excess of the threshold above which a tendering exercise is required under EU public procurement legislation. The waiver referred to in paragraph 12.1 only addresses compliance with the Council's own Contract Standing Orders, it is not possible to waive the requirements of the EU Regulations. Therefore, the proposed decision carries a risk of challenge from another provider in the market of Housing Management systems and support services. Such a challenge may be a low possibility in light of potential challengers being more interested in participating in the tender exercise, however if such a challenge were brought it would be likely to succeed.
- 6.4 Where a waiver of a provision of Contract Standing Orders is recommended, the process for this is set out in Contract Standing Order 3. A waiver can only be approved where one of five grounds set out in CSO 3 is made out. The ground proposed here is that the waiver is in the Council's overall interests, and Members needs to be satisfied on the basis of the information in the report that this ground is made out.

Implications completed by: Deborah Down, Sharpe Pritchard, on behalf of the Legal Services. 020 7405 4600.

7. FINANCIAL IMPLICATIONS

- 7.1 Financial implications are contained in Exempt Appendix A.

Implications completed by: Danny Rochford, Head of Finance (The Economy), 020 8753 4023.

Implications verified by: Emily Hill, Assistant Director, Corporate Finance, tel. 020 8753 3145.

8. COMMERCIAL IMPLICATIONS

- 8.1 Commercial implications are contained in Exempt Appendix A.

Procurement implications provided by Andra Ulianov, Head of Contracts and Procurement, 07776672876

9. IT IMPLICATIONS

- 9.1 The extension of the current contract will enable a safe transition to a potential new supplier as part of the procurement process.
- 9.2 IT Services will support the new procurement to ensure it supports the Council's corporate security and network standards.
- 9.3 The Northgate iWorld system is located within corporate data centres and managed by internal resources in the Economy Directorate and corporate IT services so management of information is delivered locally.
- 9.4 There should be a Privacy Impact Assessment in place which should be reviewed to confirm it is still up to date. The PIA will ensure all potential data protection risks in relation to this contract are being properly assessed and mitigated.
- 9.5 The contract will need to include H&F's new data protection and processing schedule. This is compliant with the General Data Protection Regulation (GDPR) enacted from 25 May 2018.

Implications verified/completed by: Veronica Barella, Chief Information Officer 0208 753 2927.

10. RISK MANAGEMENT IMPLICATIONS

- 10.1 The ongoing availability of housing management system is a critical requirement for the ongoing provision of services to the Council's tenants and leaseholders. In line with the council's objective of being ruthlessly financially efficient, officers have identified the need to secure the use and operation of the existing system while preparing to procure a new housing management system which is consistent with the vision, structures and processes being developed and which will demonstrate value for money through the forthcoming procurement exercise
- 10.2 Officers will ensure that appropriate measures are put in place to protect the sensitive personal data of those who are in receipt of housing services. This will include the completion of a Privacy Impact Assessment and ensuring that the required clauses relating to GDPR are included in the contract.
- 10.3 Officers will also need to ensure that robust contract management arrangements are in place to ensure appropriate and timely support from the provider, due to the critical nature of the system to delivering services.

- 10.4 To mitigate the risk of potential challenge in respect of the waiver and direct award proposed, officers should ensure that there is a clear timetable to procure and implement a new contract which is adhered to.
- 10.5 *Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance on 07817 507695 and 0207 361 2389.*

11. EQUALITIES IMPLICATIONS

- 11.1 There is no negative impact on communities and groups protected by equalities legislation.

*Implications completed by Fawad Bhatti, Social Inclusion Policy Manager,
fawad.bhatti@lbhf.gov.uk*

12. IMPLICATIONS FOR BUSINESS

- 12.1 There are no implications for business as a result of this report.

*Implications completed by: David Burns, AD Growth,
David.Burns@LBHF.gov.uk*

13. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None.

LIST OF APPENCICES:

Exempt Appendix A – Exempt Aspects of the Report