

## London Borough of Hammersmith & Fulham

**Report of:** Cabinet Member for Housing – Councillor Lisa Homan

**Date:** 22/07/20

**Subject:** Amendment to Procurement Strategy for the Integrated Housing Management System

**Report of:** David McNulty, Assistant Director Operations

**Responsible Director:** Strategic Director for the Economy, Tony Clements

---

### Summary

In January 2019 Cabinet approved the use of a 'restricted procedure' for an Integrated Housing Management System as part of the Procurement Strategy. While the requirements of the system were being developed and further market research taking place, it became clear that there is a well-established, mature market for Integrated Housing Management Systems. Discussions with Crown Commercial Services revealed they provide a Framework specifically geared to the procurement of Housing Management Systems via a hosted solution in line with the Council's ICT Strategy. As a result of this market analysis it has been decided that the procurement strategy in that report could be improved on and therefore it is not intended to implement that strategy.

It is now proposed that the procurement is via the identified Crown Commercial Services Data and Application Solution Framework. This will enable H&F to demonstrate a fully compliant process, reducing the risk to the Council. It would ensure key suppliers on the market, represented on the Framework, are invited to tender and the need for a first stage minimum requirements process is removed. This paper sets out the revised procurement strategy.

---

### Recommendations

That the Cabinet Member for Housing approves the procurement strategy for the Integrated Housing Management System (IHMS) for a mini competition using Lot 2b of the Data and Applications Solutions (DAS) Framework provided by Crown Commercial Services.

---

**Wards Affected:** All

---

## H&F Priorities

Our Priorities	Summary of how this report aligns to the H&F Priorities
Building shared prosperity	<p>The delivery of this new, enterprise solution is unlikely to directly affect local businesses as the bidders are all based remotely from the Borough. Tenderers are required to complete a social value response which seeks commitments to local employment where possible.</p> <p>In addition, stringent corporate social responsibility requirements are list which mean that if local businesses do become supply chain partners to the prime bidder then contractual arrangements are favourable to them.</p>
Being ruthlessly financially efficient	<p>A mini-competition via the DAS Framework will ensure that the most commercially advantageous bids are received and evaluated.</p> <p>The specification for IHMS has been prepared to ensure that innovative solutions are tendered, offering opportunities to rationalise services and improve the efficient use of resources.</p>

## Financial Impact

### Estimated Contract Cost

1. Based on a 7-year maximum contract period, the whole life cost of the contract is £2.758m, (£394k annually) including licence costs, infrastructure & servers and annual support & maintenance. This estimate is based on the current annual cost for iWorld of £394k which is divided as follows:
  - £126k iWorld (Northgate) support contract
  - £171k BT as third-party services,
  - £19k for infrastructure (BT) and
  - £78k for Oracle Database support/licences.
2. This is included in the total ICT SLA budget for the Housing Revenue Account and currently no costs are specifically recharged to the General Fund

although the system is used currently to manage Temporary Accommodation. The costs of the Council's in-house ICT service are not included within the above ICT SLA recharge budget. Therefore, it is not anticipated that there will be any additional unbudgeted costs within the ICT service arising as a result of this procurement.

3. The final price for the new Housing Management System will not be known until the tenders are submitted.

### **Timeframe**

4. The award of the contract is expected to take place towards the end of the 20/21 financial year. There will then be a period of up to a year for implementation, with the contract expected to be fully implemented in early 2022.

### **Other factors that may impact the cost of this project**

5. There is a licence limit of 25,000 properties within the current Housing Management System. As this includes various HRA assets, the number of properties on the database is increasing, and the Council is near or at its limit. The Procurement Strategy proposes exploring other licencing models, to see if these provide better value for money and to avoid the cost of moving to the next property band.
6. The procurement is anticipated to reduce infrastructure costs and also the cost of upgrades, as these will be included within the support agreement. There may be increased licence costs due to increased functionality, but these will be contained within existing budgets. There may also be other costs to the HRA related to any potential restructuring of staffing and resourcing arrangements within the ICT service or related to any reconfiguration of the SLA charging model.
7. There will be some initial implementation costs that will not be known until the tenders are returned. Mobilisation for the new system is not expected to commence until the last quarter of 20/21 so some form of cost overlap is likely, however, it is not possible at this stage to accurately confirm the likely cost. The capital / revenue split of any such additional budget would depend on the exact nature of the costs incurred and would be met from the Housing Revenue Account / Housing Capital Programme as appropriate. There may be a small General Fund impact as the Housing Management System is also used to manage Temporary Accommodation.

### **Legal Implications**

8. The total value of the contract to be let is above the service value threshold specified in the Public Contracts Regulations 2015 (as amended) (the "Regulations") and therefore must be procured in accordance with the PCR 2015. This means either a new procurement competition or the use of a framework agreement. This is also the requirement under Contract Standing Order 19.1.

9. Under the CSO 19, for an above-Threshold services contract the Council must use either an existing framework agreement, or publish a contract notice in the Official Journal of the European Union (“OJEU”) along with an opportunity listing on the council’s e-tendering system webpage (capitalesourcing.com) and publication of a contract notice on the government’s Contracts Finder website.
10. This report proposes the use of a Crown Commercial Services (CCS) framework – the Data and Applications Solutions framework RM3841. The CCS confirm the DAS framework was procured in accordance with the EU public procurement rules and all local authorities fall within the class of permitted users. The Council is therefore entitled to access the framework. In order to ensure value for money is secured Officers are proposing to conduct a mini-competition among the framework suppliers. The framework has internal rules about how to conduct a procurement using the framework and officers will have to follow these rules.
11. The appropriate decision maker for procurement strategies for contracts under £5m is the relevant Cabinet Member.
12. The decision-maker needs to be satisfied that the recommended decisions are in the best interests of the Council. However, implementation of these decisions will then be in accordance with the EU procurement rules concerning use of frameworks.
13. Tenders will be evaluated on the basis of the most economically advantageous tenderer to the Council. Evaluation methodology has been agreed by the project team and will be applied to all tenders received. The evaluation considers:
  - a. quality aspects of the solutions which include mandatory and desirable elements as well as overarching method statements. Tier 2 weighting has been attributed to the sub-criteria. The total weighting attributed to quality is 70%.
  - b. Price which comprises the total cost of implementation, training and ancillary costs together with the ongoing maintenance and support costs for the 5-year contract period. The weighting attributed to Price is 30%.
14. Key risks associated with the procurement relate to:
  - a. Bringing the solution into service on time. Delay payments have been attributed to any such delays;
  - b. Downtime for the solution once up and running. Service credits will be applied in the event of downtime which is not pre-agreed.
  - c. Security breaches and data loss – the Supplier will be a processor under the Data Protection Legislation.

*Implications verified/completed by: Sally Stock, partner with Sharpe Pritchard Solicitors on secondment to the Council [sstock@sharpepritchard.co.uk](mailto:sstock@sharpepritchard.co.uk)*

---

**Contact Officer(s):**

Name: David McNulty  
Position: Assistant Director, Operations  
Telephone: 07867160527  
Email: David.McNulty@lbhf.gov.uk

Name: Sally Stock  
Position: partner with Sharpe Pritchard Solicitors on secondment to the Council  
Email: [sstock@sharpepritchard.co.uk](mailto:sstock@sharpepritchard.co.uk)

Name: Danny Rochford  
Position: Head of Finance  
Telephone: 020 8753 4023.  
Email: Danny.Rochford@lbhf.gov.uk  
Verified by Emily Hill, Director of Finance

Name: Andra Ulianov  
Position: Head of Procurement  
Telephone: 07776672876  
Email: Andra.Ulianov@lbhf.gov.uk

Name: Tina Akpogheneta  
Position: Interim Head of strategy and Strategic relationship manager  
Telephone: 0208 753 5748  
Email: Tina.Akpogheneta@lbhf.gov.uk

Name: Fawad Bhatti  
Position: Policy & Strategy Officer  
Telephone: 07500 103617.  
Email: Fawad.Bhatti@lbhf.gov.uk

Name: Michael Sloniowski  
Position: Principle Consultant (Risk Management)  
Telephone: 020 8753 2587  
Email: Michael.Sloniowski@lbhf.gov.uk

---

**Background Papers Used in Preparing This Report**

None

---

**DETAILED ANALYSIS****Proposals and Analysis of Options****Restricted Procedure via an OJEU Notice**

15. A restricted procedure starts with open invitation to the market to submit a Submission Questionnaire setting out a series of minimum requirements. Those tenderers who pass the first stage are then invited to submit tender bids. The benefits include opening up the procurement to the wider market, but it could lead to a large number of suppliers bidding, who do not have systems with the required functionality and ability to deliver.

### **Competitive Procurement with Negotiation**

16. Competitive procurement with negotiation starts with an open invitation to the market and has the same limitations of a large number of bidders entering the first stage. It does provide the opportunity to negotiate with suppliers following the evaluation of tender bids. This would be useful if the scope of the new system was unknown. This is not the case and a flexible commercial model is drafted for inclusion in the tender documents.

### **Data and Application Solutions (DAS) Framework**

17. Suppliers on the DAS Framework have already demonstrated the breadth of their functionality and ability to deliver and be accepted onto the Framework. The major suppliers on the market are represented in Lot 2b and the Council can submit its own specification to be priced as part of a mini competition.
18. Use of the DAS Framework demonstrates clearly the Council has used a compliant process, recommended by Crown Commercial Services.

### **Reasons for Decision**

19. While the requirements of the system are developed and further market research taken place, it is now clear there is a well-established, mature market for Integrated Housing Management Systems. Discussions with Crown Commercial Services revealed they provide a Framework specifically geared to the procurement of Housing Management Systems via a hosted solution in line with the Council's ICT Strategy.
20. Procurement via the Data and Application Solution Framework, would enable H&F to demonstrate a fully compliant process, reducing the risk to the Council. It would ensure key suppliers on the market, represented on the Framework, are invited to tender and the need for a first stage minimum requirements process is removed.

### **Equality Implications**

21. There are no anticipated negative implications for groups with protected characteristics, under the Equality Act 2010, associated with these proposals.

### **Risk Management Implications**

22. Benefits of the proposed amendment to the Procurement Strategy are outlined at paragraph 2 in the summary of the report. An opportunity exists, following research, that a well-established, mature market for Integrated Housing Management Systems exists. Discussions with Crown Commercial

Services revealed they provide a Framework specifically geared to the procurement of Housing Management Systems via a hosted solution in line with the Council's ICT Strategy. Assurance is being addressed through the report by informing key decision makers of a change in approach.

### **Digital Services Implications**

23. Digital Services has worked closely with the service throughout the Integrated Housing Management System (IHMS) pre-procurement process, providing project management and technical support to the project team and developing the functional requirements for the tender pack.

24. Digital Services supports the use of the DAS Framework (which has successfully been used for the recent Mosaic procurement) for this procurement and will continue to be involved in the tender evaluation and implementation of the IHMS.

### **Consultation**

25. Crown Commercial Services were consulted regarding the appropriateness and operation of the Data and Application Solutions Framework.

**List of Appendices: None**