

## London Borough of Hammersmith & Fulham

**Report to:** Cabinet Member's Decision

**Date:** 01/12/2020

**Subject:** Award of the Integrated Housing Management System

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

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

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

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### Summary

The Cabinet Member for Housing agreed the revised Procurement Strategy on 28 July 2020 for a new Integrated Housing Management system (IHMS). A mini competition using Lot 2b of the Data and Applications Solutions Framework provided by Crown Commercial Services has been completed.

Approval is now sought to appoint a contractor to deliver an Integrated Housing Management System to the Council. The contract is for a period of 5 years with a potential for an extension of 2 further years. There will also be an implementation period commencing in December 2020 and ending with the new system going live in stages from April 2021 to April 2022.

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### Recommendations

1. Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve the award of the Integrated Housing Management System to Northgate Public Services (UK) Limited commencing with a 15 month implementation period on 31<sup>st</sup> December 2020 and a service period of 5 years commencing 1<sup>st</sup> April 2022 with an option to extend for up to a further 2 years with a total value of £1,654,498.90.
3. To approve that supplier implementation costs of £396,583 and service costs of £1,257,916 can be met from existing revenue budgets within the Housing Revenue Account.
4. To approve the direct award of a contract for Housing Management IT to Northgate Public Services (UK) Limited from 1/8/2021 to 31/3/2022 at a total

value of £89,797 to cover the final stages of the implementation period, which can be met from existing revenue budgets within the Housing Revenue Account.

- To note that a further decision will be requested for the approval of a capital budget for the implementation of the system with the expectation that the supplier implementation costs of £396,583 will be funded from capital resources once those have been approved (thereby releasing the equivalent amount of existing revenue budget).

**Wards Affected:** ALL

<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	<p>The Tenderer has committed to delivering community benefits including donations of equipment to VCSEs and monetary donations to local community projects as part of its Social Value programme.</p> <p>In addition, stringent corporate social responsibility requirements are required as part of the contract, which will benefit local business if they do become supply chain partners to the prime bidder.</p>
Creating a compassionate council	<p>Make it easier and quicker for people to get help and advice from the council by joining up information on people’s needs and our homes, including adaptations for disabilities, and support services; and offering new, easier ways to interact with the council.</p>
Doing things with local residents, not to them	<p>Self-Service Portals are a key part of IHMS, producing a step change in the Council’s relationship with its residents.</p> <p>The new system provides the ability to run consultations and campaigns to ensure residents are closely involved in service provision for the future.</p>
Being ruthlessly financially efficient	<p>A mini-competition via the DAS Framework has ensured that the most commercially advantageous bid has been received and evaluated. The Council and its residents will benefit</p>

	<p>from a more functionally rich, Cloud based solution for a reduced cost.</p> <p>The specification for IHMS has been prepared to ensure that an innovative solution has been tendered, offering opportunities to rationalise services and improve the efficient use of resources.</p>
Taking pride in H&F	<p>By enabling the council to have a single, data rich view of people, properties and estates, IHMS will promote better informed investment decisions to improve places in the borough; targeting estates with complex, inter-related social, economic and environmental issues in a multi-disciplinary approach to improve both the life and fabric of estates.</p> <p>IHMS will enable services to be delivered closer to where residents live through staff working remotely from offices and on increasing the council's physical presence on estates.</p>
Rising to the challenge of the climate and ecological emergency	<p>We have specified that the new IHMS application will be hosted on a flexible, energy efficient cloud platform and hosted by a provider committed to reducing carbon emissions.</p> <p>The IHMS includes digital functionality proven to deliver operational efficiencies councils, customers and suppliers; by for example enabling mobile and remote working so reducing staff travel, and dynamic resource scheduling e.g. of responsive repairs that will reduce vehicle mileage and fuel consumption.</p>

## Financial Impact

### Contract Costs

The total seven-year cost of the contract including the supplier's costs of the implementation phase is anticipated to be £1.654m from 2021/22 until 2028/29. These costs can be funded from revenue resources as shown in the table below:

Cost Detail	Value £000s		
	Capital	Revenue	Total
Supplier Implementation Costs	305		

Variable Costs	91			<u>Fu</u> <u>ndi</u> <u>ng</u>
Total Service Costs – 7 Years		1,258		
<b>Total Contract Price</b>	<b>396</b>	<b>1,258</b>	<b>1,654</b>	

The revenue costs of £1.654m will be funded from existing revenue budgets within the Housing Revenue Account (HRA). Specifically:

- the £1.258m costs for the seven year contract (made up of annual costs of £32,000 in 2021/22, £131,000 in 2022/23 then £182,000 per year from 2023/24 – 2028/29) will be funded from the existing Northgate contract revenue budget (£442,000 per annum).
- The £0.397m implementation costs (£367,000 in 2021/22 and £30,000 in 2022/23) will be funded from a contingency budget on a temporary basis in the expectation that a further report to Cabinet will request that these implementation costs are funded from the housing capital programme (from repurposing and reprofiling the funds set aside for stock condition surveys which will now be funded from revenue resources).

#### Financial status of the contractor

A credit report was run for Northgate Public Services (UK) on 17/11/2020. This returned a Credit Safe score of 97, suggesting low risk to the Council. The suggested annual contract limit of £31.5m is more than sufficient for the commitment proposed in this report.

#### Savings

The new contract is expected to result in an annual revenue saving of c£260,000 due to the dissolution of a number of modules funded from a budget retained by Digital Services and charged to the HRA and General Fund via the ICT SLA model. The saving will be split between the HRA (£245,000) and the General Fund (£20,000). The savings will serve to offset the likely additional amortisation costs of the capital expenditure involved in this project.

#### Risks

There is a potential risk of overspend from any contract and finance will work with the business to ensure that the risk of this happening is mitigated through appropriate management action where necessary and any variance resulting will be reported through the revenue and or capital monitoring regimes.

#### **Legal Implications**

This report recommends that a contract is awarded to Northgate Public Services (UK) Limited for a contract period commencing with an implementation period from 31<sup>st</sup> December 2020 to 31<sup>st</sup> March 2022 and a service period of 5 years commencing on 1<sup>st</sup> April 2022 with a potential to extend for up to a further 2 years for a maximum contract value of £1,654, 498.90.15 (for the 5 year service period and implementation costs). The total value of the contract exceeds the EU threshold for services under the Public Contracts Regulations (“PCR”), which is currently £189,330. Therefore, the PCR applies in full.

The PCR requires the contract to be procured by either a new procurement competition or the use of a framework agreement. This is also the requirement under the Council’s CSOs for this high value contract (CSO 19.1). In accordance with the procurement strategy a mini competition was conducted under the CCS Framework for Data and Application Solutions. Details of the procurement process followed is set out in this report.

The tender documentation included award criteria which were applied to determine the most economically advantageous tenderer. Only one tender was submitted but this has been assessed against these criteria and it has been determined that the tenderer’s proposals meet all the mandatory criteria and provide a good level of quality. It was not possible to compare the Tenderers price with those of other tenderers for scoring purposes, but the price has been subject to due diligence by comparing with the standard Framework prices provided by the major suppliers on the market.

The decision maker needs to be satisfied that the recommended call-off contract is represents value for money and an award is in the best interests of the Council.

A contract award notice must be published in the Official Journal of the European Union within 30 days of award of the contract and Contracts Finder 24 hours thereafter.

The Council’s Legal Service will assist with preparing a formal contract on the form included in the tender documentation.

As the value of the call-contract is above £300,000, the call-off contract award is a Key decision and must be submitted to Committee Services for publication on the Council’s website. In addition, a copy of the completed (dated) call-off contract must be uploaded to the Council’s Contracts Register along with a copy of the award report.

Implications completed by: Sally Stock, Partner at Sharpe Pritchard LLP  
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## **Background Papers Used in Preparing This Report**

None

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

- 1 In line with the Procurement Strategy approved by the Cabinet Member for Housing on 28 July 2020, a mini competition using Lot 2b of the Data and Applications Solutions Framework provided by Crown Commercial Services was launched. An Invitation to Quote (ITQ) was sent to 13 of the 15 suppliers on the Framework on 4 August 2020. (The remaining 2 suppliers had stated prior to the issuing of the ITQ that they did not wish to tender.) The Council's preferred online procurement portal CapitalEsourcing was used for the procurement.
- 2 One of the bidders invited to tender formally withdrew from the process before the submission deadline of 14 September 2020. The other 11 bidders did not submit a tender. A single tender was returned on 14<sup>th</sup> September 2020 from Northgate Public Services (UK) Limited, following the adoption of a fully compliant process. Given the current economic climate and the impact of Covid-19, a limited number of bids were expected. The quality of the single bid received was sufficient to meet the objectives of the programme, pass all the mandatory requirements and provide additional Value for Money, compared to the current contract.

- 3 The reasons why more suppliers on the Framework did not submit tenders are not fully known. Engagement with other councils and other bodies with recent experience of similar procurements prior to ITQ indicated that the likely range of bidders was between 1 and 3. It is likely that a combination of the councils very comprehensive specification, high technical standards, internal supplier commercial and technical issues led other suppliers to decide not to bid. The council can though be confident in getting a compliant bid from the incumbent supplier on significant improved commercial terms that the procurement exercise has been successful.
- 4 Tenders were opened virtually on 14 September 2020 with a representative from Corporate Procurement in attendance. The tender evaluation and moderation process then proceeded as set out below.

### **Evaluation and Moderation**

- 5 To reflect the breadth of the functional specification, an evaluation panel was formed, including senior service representatives from Housing and Corporate Finance. The aim was to ensure that all services were represented, and Subject Matter Experts were given the opportunity to engage in the process from across the department.
- 6 Tenders comprised two sections. These were:

A) Qualitative / Technical Questions:

The weighting given to the qualitative section in the evaluation criteria was 70%. Bidders were required to submit a number of responses and method statements for both non-functional and functional requirements linked to the published specification for the system. The non-functional or technical questions were further divided into pass or fail questions and responses to the technical specification. The pass or fail questions were aimed at ensuring that the supplier was compliant with the overarching Council Digital Services policies, procedures and strategy.

Moderation panels were held with the evaluation team members between 5 October and 19 October to agree on a single score for each method statement for the bidder. The overall score was then calculated.

Please note, interviews and presentations from the supplier are not permitted in a mini-competition via the Crown Commercial Services Framework.

B) Pricing / Commercial Offer:

The weighting given to the commercial section in the evaluation criteria, was 30%. The evaluated price was based on

deliverables associated with implementation milestones and service costs, such as annual maintenance and hosting licences over the life of the contract.

- 7 Given that there was only one tenderer, an overall score for comparison purposes is not required. Exempt Appendix 1 sets out the moderation scores for the Quality Envelope and the Cost Envelope.
- 8 The evaluation panels recommended that Northgate Public Services (UK) Limited (NPS) should be awarded the contract.

### **Next Steps**

#### Next steps

- 9 The successful bidder will receive written confirmation of the Council's decisions to award the contracts. A voluntary standstill letter will be issued to all Bidders and candidates in line with Regulation 86 of the Public Contracts Regulations 2015.
- 10 After the letter has been issued via the Capital E Sourcing portal, a standstill period of 10 calendar days will be observed by the Council.
- 11 After the conclusion of the standstill period, Privacy Impact Assessments will be carried out for the new supplier. Standard security investigations to ensure that the supplier has the right controls in place to access the Council's network have already been carried out as part of the evaluation process.
- 12 Draft contracts were issued at the start of the procurement process on 4 August 2020 and these will be engrossed prior to being executed as a deed. This process should be relatively swift.
- 13 Mobilisation of the new supplier will commence when the statutory standstill period following contract award has finished.

### **Reasons for Decision**

- 14 The Council's current contract for the Housing Management System provided by Northgate Public Service (UK) Ltd (iWorld), ends on 31 July 2021 and legal advice is that the Council should procure a replacement service. The recommendations outlined are based on a competitive tendering process in line with the Public Contracts Regulations 2015. The Tender received were evaluated by the Council's evaluation team against published evaluation criteria. The Contractor recommended for appointment was identified as the most economically advantageous tenderers having applied the evaluation criteria.
- 15 Initially it was anticipated that the implementation would not complete until 1<sup>st</sup> April 2022. However, as the successful tenderer NPS is the incumbent supplier implementation will commence immediately with the first modules going live on 1<sup>st</sup> April 2022 and all other modules being brought live on a



rolling basis until 1<sup>st</sup> April 2022,. Benefits such as enhanced functionality at an early stage in the contract will also be available. The risk to BAU in terms of the potential disruption of the system running live at the same time, will also be minimised. The service period for the contract will commence when the first delivery is completed at the end of March 2021. At that point a fully hosted service will be implemented.

- 16 During 2021/22 new service modules will be implemented and existing modules re-implemented. As part of the contract, additional support will be provided by the supplier with the re-implementation of existing service modules and the costs met from the variable charging mechanism within the contract. The complete system will be available by 1/4/2022.
6. The implementation of the new system will take 15 months from 31/12/20 to 31/3/2022. The current contract end on 31/7/21 and will need to be extended to cover to cover the remaining 8 months. This report includes a recommendation to approve the direct award of a contract for Housing Management IT to Northgate Public Services (UK) Limited from 1/8/21 to 31/3/22 at a total value of £89,797 to cover the final stages of the implementation period.
- 17 The current cost of the Housing Management system and its related components is **£442k** per annum, the cost of the new proposed system being **c£182k** annually (as of 2023/24 when the system will be fully implemented). This represents an estimated annual saving of **£259k** - £2.017m over the 7-year contract period. The savings are as a result of moving to a service hosted by the Housing Management System supplier, rather than via the current service provided by BT.
- 18 This contract excludes £136k for staff as this costs will continue in perpetuity between the contracts, having a net nil impact. The below table details how the costs saving would impact the HRA and the General Fund.

Details of Virement	Amount (£000) Current	Amount (£000) New	Saving (£000)	Department
IHMS System Service Cost	-442	-182	260	Resources (SLA)
Temporary Accommodation	34	14	-20	GF
IHMS	407	167	-240	HRA

- 19 The new system provides opportunities for innovation and transformation. Implementation of the system will be part of a wider transformation programme across Housing Services. The Vision for the programme and details of how IHMS will meet its objectives are set out below:

- **Enables the Council's staff to efficiently and effectively deliver housing services.**

The new solution will be a truly Integrated Housing Management System, where all functionality required to deliver services to our residents are within one system.

To achieve this, the programme will standardise service processes, re-implement modules and take advantages of workflow automation to ensure a seamless flow of information across the services.

- **Enables an improved resident journey**

The programme will take advantage of a range of new functions and modules available in the new solution to improve the resident journey. These include:

A mobile Self-Service Portal for residents providing a step change in the Council's interaction with its resident. Diagnosing and submitting a repair request, booking appointments, making rent payments and setting up agreements, completing housing applications and Choice Based Lettings.

An integrated Account Analytics module, which provides advanced predictive analysis technology to identify patterns in accounts data, focusing resources on customers that need additional support and reducing arrears.

- **Supports the Councils drive for agile working.**

IHMS is a fully mobile web based solution. The connected user has the same functionality available to them whether they are working in the office, their home or outside.

- **Delivers an enhanced user (officer) experience, with intuitive navigation, data accessibility and collaborative working tools.**

In addition to predictive account analytics, the new solution includes fully embedded dashboards that can be viewed from a range of services: Rents, Repairs, Allocations, Assets, Voids, CRM and Task Manager. They offer quick and easy access to key business performance data and enable users to drill-down into the NPS Housing solution to view and act on specific transactions that are causing them issues.

- **Enables demand management through effective workflow and / or self-service functionality.**

The system is provided with full workflow capability across all modules, for example Void Management, Housing Options and Arrears Recovery. Alternatively, the Customer Services module provides the capability to define any other business process managed by the Council, such as anti-social behaviour, complaints, tenancy assignments and compliments. Users are guided through the process and Task will deliver a task to a user's work tray as and when required.

- **Has a '360-degree view' of the resident and the property accessible from all parts of the system.**

360-degree view provides an overview of information from each of the underlying business modules, which can be personalised to the user accessing it and includes full drill down capability.

- **Enables the Council to demonstrate that it is statutorily compliant with regards to people and property.**

Fully integrated Asset Management and Compliance system for Housing, linked to Planned Maintenance Programmes and automatic updates to property attribute and element information.

- **Is future proofed due to the nature of the solution, our relationship with the Successful Tenderer and their commitment to the local authority sector.**

Standardisation of key processes will enable the Council to take advantage of continuous improvement made available by the supplier and built into the contract. Examples include, data insight, expanded analytics and process automation.

## **Digital services implications**

Digital services has worked closely with The Economy department throughout this procurement including the tender evaluation process. The two services will need to continue to work closely together to ensure the implementation of this supplier hosted version of the IHMS aligns with our corporate technical standards and architecture to deliver a technically feasible solution.

The Privacy Impact Assessment (PIA) for the IHMS will need to be updated throughout this implementation to ensure all potential data protection risks are properly assessed with mitigating actions agreed and implemented.

*Implications verified/completed by Tina Akpogheneta, Interim Head of Strategy and Strategic Relationship Manager – 020 8753 5748.*

## **Consultation**

1. Consultation with the with the business as part of evaluation and moderation.

## **List of Appendices:**

Appendix 1: Exempt Appendix 1 Weighted Scores IHMS Award CMD