LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Councillor Max Schmid, Cabinet Member for Finance and Commercial Services

Date: 05/11/2021

Subject: Procurement strategy for Infrastructure Asset Management System

Report author: Sean Dickson – Digital Services PMO Analyst

Responsible Director: Rhian Davies – Director of Resources

Summary

Confirm on Demand is an asset management system used primarily by Highways and Parking. Teams around the council have been using Confirm on Demand on a rolling annual contract for some years now. A project has been established to procure a 2+2-year contract for software which provides the required functionality to users. This hopes to reduce the costs associated with the existing system when compared to procuring a longer-term contract, and provide additional functionality to assist with the day-to-day operations of the teams involved. The longer-term contract will also provide stability and consistency for the development of use of the chosen system and in order to have a robust managed service in place.

A market engagement exercise has taken place to understand the extent of the availability within the market. There have been responses from many potential suppliers and demonstrations of functionality have been performed.   The recommendation from the options analysis is to procure via the G-Cloud 12 framework.

Recommendations

1. To note that Appendix A is not for publication on the basis that it contains information relating to the financial or business affairs of any particular person (including the authority holding that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 a procurement strategy of a 2+2-year contract for an Infrastructure Asset Management System (managed service) for Environment Special Projects and Highways using a call-off contract under the G-Cloud 12 framework agreement using the procurement process set out in that agreement. The recommended start date of the contract is 1st July 2022. Total estimated cost is contained in exempt appendix A.

Wards Affected: None

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	In the last few years, we have made it easier to issue a wide range of Highways Licences by connecting the IASM (Infrastructure Asset Management System) to My Account (via Firmstep app). Most of the process is automated so officers can spend more time advising businesses. Activities on the highway are co-ordinated in the IASM to minimise inevitable disruption to residents and businesses.
Creating a compassionate council	The IASM helps us to gather data on the condition of the highways assets and keep in touch with stakeholders. It helps the service planning safety schemes (near schools, hospitals and places of worship), managing disabled bays and functional paving for white cane users. It also ensures a quicker response to incidents such as malfunctioning public lighting, potholes on the road and trips in footways to make the Borough as safe as possible for all users.
Doing things with residents, not to them	The IASM in-built customer service module is directly linking repair jobs to the reporting of a fault or defect; the completion of the repair triggers an automatic e-mail to the customer who raised the issue. The procurement exercise should lead to a system that enables us to share more with residents. We'd like to have a solution that shows the service activities on interactive maps and more efficient dialogues with stakeholders
Being ruthlessly financially efficient	The current contract is a framework contract that needs to be renewed annually. By negotiating a longer contract with a provider of an Infrastructure Asset Management System (managed service), the Council should get better value for money than via a shorter contract. The IASM combines tools to analyse the change in the condition of highways assets at the same time as past spending on maintaining these assets.
Taking pride in H&F	The service thrives on giving H&F the best maintained highway networks with well managed traffic. We want the new IASM contract to make the service more transparent by showing more of what we do to maintain and improve the road network, as well as the works we do with Parks and Housing.
Rising to the challenge of the climate and ecological emergency	The system will be able to connect with IoT (Internet of Things) to enable us to collect and analyse data from Lamp Column, Air Monitoring Units and Gullies' Sensors. We'll be able to better target any action to save energy, to combat air pollution and prevent local flooding. The service is also responsible for the management records that enable us to care for close to 20,000 trees; the IASM is set up to keep track of the conditions of all our infrastructure assets, including trees.

Financial Impact

This report is recommending the procurement of an Infrastructure Asset Management System through the G-Cloud Framework. The related costs are contained in exempt Appendix A.

Digital services will need to ensure that any increase in the annual cost, plus any one-off costs incurred if a new supplier is chosen, can be appropriately mitigated through its existing revenue budgets or secure appropriate additional approvals in line with the Council's Financial Regulations.

Legal Implications

The Council has legal powers to procure this system as it is incidental to a range of functions.

The value of the contract means that it is a public services contract under the Public Contracts Regulations 2015 (PCR). The procedure for advertising and competition set out in those regulations will therefore need to be complied with. The use of the G-Cloud framework meets this requirement as it has been advertised and procured in accordance with the PCR.

This will be a high value contract under the Council's Contract Standing Orders as its value exceeds the threshold for public services contracts (currently £189,330). The use of an existing framework which is compliant with the PCR is in accordance with CSO 19.1 which sets out the advertising and competition requirements for high value contracts.

Contact Officers:

Name: Sean Dickson, Report Author
Position: PMO Analyst
Telephone: 0208 753 1781
Email: sean.dickson@lbhf.gov.uk

Name: Andre Mark
Position: Finance business partner
Telephone: 020 8753 6729
Email: Andre.mark@lbhf.gov.uk
Verified by Emily Hill, Director of Finance

Name: John Sharland
Position: Senior solicitor (Contracts and procurement)
Telephone: 07979 907148
Email: john.sharland@lbhf.gov.uk

Background

1. The current Confirm contract is in place until 30th June 2022, from this date a 1-year direct award has been made in order to give the business enough time to procure for a longer term. The contract, as a whole, concludes on 30th June 2023. From 1st July 2023 we need to ensure a solution is in place to preserve business continuity. There is significant income associated with the preservation of this service and it is therefore imperative that a solution is procured. Stakeholders from Digital Services, Highways and Parking are being engaged on an ongoing basis as part of the activities to procure a system.

Reasons for Decision

2. The reason for the recommendation is to deliver a modernised IT system with additional functionality. The procurement will help ensure financial efficiency and expansion of capability of the software used enabling greater efficiency. The system aids in providing critical income for the council, this runs into millions of pounds each year.

Contract Specifications Summary

3. The software being procured will be an asset management system held by Highways predominantly as well as other teams throughout the council.

4. The recommended length of the contract is 2 years with a 2 year option to extend. Ongoing conformity to accessibility rules and regulations will form part of this procurement.

5. The asset management system allows for monitoring of assets and the management of works to be delivered. The system should meet all the accessibility criteria. There will also be an open source section for selected suppliers to access relevant information in regard to works they complete.

6. Break clauses based on performance will be included.

Procurement Route Analysis of Options

7. **Procurement via G-Cloud - recommended approach**
    As outlined below, the market analysis portion of the activities which have already taken place identify the main market suppliers as being available via the G-Cloud framework. Due to the reduction in complexities and the relevant suppliers being available via this route, the recommended approach is to procure via G-Cloud.

8. **Open procurement – not recommended**
    Another option, procuring via open competition, was considered but as the leading suppliers in this field appear on the G-Cloud framework we decided not to pursue this option as it will increase complexity and procurement costs.

9.   Following the selection of a supplier via the recommended route, an award paper will be produced outlining specific costs and evaluation of the selected supplier against the specification. The award report will also outline how any increase in budget will be accommodated.

Market Analysis, Local Economy and Social Value

10.   Market engagement activities have been undertaken; demonstrations have been given by multiple suppliers indicating a mature, well developed market. This is backed by the submission of interest from well-known suppliers as well as new potential suppliers.

11.   None of the suppliers were local. This is a niche market and the same 4 suppliers have shared London's market for the last 20 years. H&F will inform prospective suppliers that they will have to provide 10% of the value of the contract through Social Value.

12.   It is also possible that a company wants to increase their footprint in the London Market and offer us below cost price.

13.   The criteria which can be used when calling off contracts under this framework include "non-functional characteristics". This has a wide meaning and there is a strong argument that it can be used for social value. Although there are no social value clauses in the framework agreement itself, there is a statement to the effect that the buyer may have additional requirements in relation to social responsibility which the supplier is expected to observe. There is a good argument that social value can be included in this contract.

14.   While the G-Cloud 12 framework includes prepared call off contracts the clarification stage of the buying process will include queries on the Social Value commitments suppliers are willing to undertake. The G-Cloud 12 buying processes stipulates that H&F can seek clarifications from relevant suppliers on any aspect of their Digital Market place listing. H&F will use this mechanism to determine which supplier is the best value for money fit to the specific requirements of this project and this will include making clear to the suppliers that a Social Value commitment of 10% of the value of the contract is required. The suppliers will have to clarify exactly what their Social Value contributions will be and what their delivery method might include.

15.   Given the complexity of moving to a new supplier, it is possible there will be a period of parallel running, developing a new system and migrating the data could take up to a year. As a result, the commencement date of the contract in this eventuality is estimated as 1st July 2022.

Timetable

Key Decision Entry (Strategy)	10th May 2021 – completed
Contracts Assurance Board (Strategy)	25th November
Cabinet Member decision	w/c 29th November
Find a Tender Service Notice	w/c 13th December
Closing date for clarifications	7th January 2022
Closing date for submissions	14th January
Evaluation of Tenders	28th January
Key Decision Entry (Award)	w/c 20th December
CAB (Award)	23rd February
Cabinet Member (Award)	w/c 28th February
Find a Tender Service Contract Award Notice	w/c 7th March
Contract engrossment	w/c 14th March
Contract mobilisation and implementation	w/c 21st March
Estimated Contract Commencement date	1st July 2022
Go Live	1st June 2023

Selection and Award Criteria

16. Selection and award criteria are as follows:
- The headline Quality/Price ratio being recommended is 60/40 in with a heavier weighting for quality. The rationale behind this stems from the importance of the system to council finances and its integration with other systems.
- The criteria and any sub-criteria that will be used to score quality are based on the ability to work in a mobile fashion, how accurate and accessible the supply of data is, the ability to integrate with Smart Cities, website integration and system performance and capacity.
- The weighting given to mobile working is higher than that of the smart city and website integration.
- Social Value will be evaluated to ensure 10% of the contract value is provided in an appropriate manner.

Evaluation Criteria			
Criteria	**Tier 1**	**Tier 2 Sub-criteria**	**Tier 2 weighting**
Quality	60%	Evidence of efficiency of mobile solution	18%
		Integration with Smart Cities	18.3%
		System performance	20%
		24x7 platform support and maintenance service	18%

		Demonstrable website integration experience	10%
		Social Value	16.7%
Price	40%		

Contract Management

17. KPI documentation can be found in the appendices. The relationship between the supplier and H&F will continue to be maintained by Helene Scotti and Ian Hawthorn. Performance will be monitored on an ongoing basis by the users of the procured product.

18. No annual inflationary uplifts will be written into the contract.

Equality Implications

19. The nature of this project is to make changes to 'behind the scenes' IT systems and there will be no change for end users of H&F systems. Therefore, there are no adverse equality implication of this work. The Equality Impact Assessment will accompany this report as appendix B.

Risk Management Implications

20. The report recommends procuring a contract for the system software via a competitively procured framework, this is in line with the council's objective of being ruthlessly financially efficient. Having such a system in place supports the council holding good quality data on its Highways infrastructure assets and protects an important income stream.

    Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, tel: 07817 507 695

Climate and Ecological Emergency Implications

21. The nature of this project is to make changes to 'behind the scenes' IT systems and there will be no change for end users of H&F systems. There is a carbon cost to any technology system via infrastructure. There will be information from potential suppliers on the CO_2 impact of their system included in the evaluation. The carbon implication toolkit is included as appendix C.

    Implications verified by: Hinesh Mehta (Strategic Lead – Climate Emergency, 07960 470 125)

Local Economy and Social Value Implications

22. The social value assessment in this procurement strategy is in line with the Council's requirement, 10% overall is included in the quality questions.

23. Bidders will be required to register on Social Value Portal to enter social value quantitative responses. The Successful Bidder is responsible for paying the Social Value Portal Management Fee for the term of the Contract.

24. It is recommended the project lead work closely with H&F Social Value Officer and the contractor to agree on a delivery plan. It is advisable the Commissioner will work closely with Legal Services to ensure appropriate social value clauses are included in the contract, so that the Council can enforce its right to compensation if social value commitments are not delivered.

Implications by: Ilaria Agueci, Social Value Officer, tel. 0777 667 2878,

Digital Services and Information Management Implications

25. Digital services are working with Highways and other users of the current infrastructure asset management system (Confirm) on this procurement, which aims to secure a longer-term contract that allows the service to focus on service delivery whilst ensuring a robust support model is put in place and a return on their system investment.

26. IM implications: The Data Privacy Impact Assessment (DPIA) for infrastructure asset management system will need to be kept up to date to reflect any changes to the way that data is processed throughout this procurement. (Cloud) Supplier Security Questionnaires (CSSQs) must be completed by any prospective suppliers to ensure their systems comply with H&F's regulatory and information security requirements.

27. Any supplier appointed as a result of this report will be expected to have a Data Protection policy in place and all staff will be expected to have received Data Protection training.

28. Any contract arising from this report will need to include H&F's data protection and processing schedule. This is compliant with Data Protection law (the UK GDPR (General Data Protection Regulation (GDPR) 2016 as amended following Brexit) ; and the Data Protection Act (DPA) 2018).

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

List of Appendices

Exempt Appendix A – estimated implementation and contract costs
Appendix B – Equality Impact Assessment
Appendix C – Climate Impact Toolkit