



**Cabinet  
21 July 2014**

**Report from the  
Chief Finance Officer**

Wards Affected:  
[ALL]

**Authority to tender Contract Housing and Revenues and Benefits  
Software**

## **1.0 Summary**

- 1.1 This report concerns the procurement of Housing and Revenue and Benefits Software to replace existing software provided to the council by Northgate Information Solutions. This report requests approval to invite tenders in respect of software to enable the council to administer and manage its Housing service and our Revenue and Benefits services as required by Contract Standing Orders 88 and 89.

## **2.0 Recommendations**

- 2.1 The Cabinet to give approval to Officers inviting tenders for software for the administration and management of our Housing and Revenues and Benefits Services on the basis of the pre - tender considerations set out in paragraph 3.6 of the report.
- 2.2 The Cabinet to give approval to Officers to evaluate the tenders referred to in 2.1 above on the basis of the evaluation criteria set out in paragraph 3.6 of the report.

## **3.0 Detail**

- 3.1 The Purpose of this report is get agreement from the Cabinet to proceed with the process or procuring new software for our Housing Services and Revenue and Benefits Services.

- 3.2 The current supplier of these services is Northgate Information Solutions. The software allows the council to administer and manage the provision of Housing and Revenue and Benefits services to its customers. In common with many IT support contracts, the costs of changing from one supplier to another can be significant.
- 3.3 However, on the basis of soft market testing carried out earlier this year it appears likely that the costs of changes (migration, consultancy, licences and training), would be outweighed by the reduced annual costs likely to be achieved by procuring new software for the services described above. Officers provisionally expect the payback to be achieved within around three years after a new contract is put in place.
- 3.4 Although a change to these systems is likely to be disruptive, it can also be seen as an opportunity for improvement in processes since the systems will be re-implemented and also in terms of functionality as some of the competitive products have been developed more recently than our current systems and are feature rich in terms of integrations, automation and online public access services.
- 3.5 Officers' recommendation is therefore to proceed with a tendering exercise for software that supports both our Housing and Revenue and Benefits Services.
- 3.6 In accordance with Contract Standing Orders 88 and 89, pre-tender considerations have been set out below for the approval of the Cabinet.

<b>Ref.</b>	<b>Requirement</b>		
(i)	The nature of the service.	Software for the administration and management of our Housing and Revenue and Benefits Services	
(ii)	The estimated value.	£500K-£600K	
(iii)	The contract term.	5 Year + 2 year optional extension	
(iv)	The tender procedure to be adopted.	Restricted Procedure	
v)	The procurement timetable.	<b>Indicative dates are:</b>	<b>Dates</b>
		Activities	
		Adverts placed	27/08/14
	Expressions of interest returned	26/09/14	

Ref.	Requirement		
		Shortlist drawn up in accordance with the Council's approved criteria	26/09/14 – 09/10/14
		Invite to tender	10/10/14
		Deadline for tender submissions	21/11/14
		Panel evaluation and shortlist for interview	24/11/14 – 5/12/14
		Interviews and contract decision	12/12/14
		Report recommending Contract award circulated internally for comment	22/12/14
		Cabinet approval	26/01/15
		Minimum 10 calendar day standstill period – notification issued to all tenderers and additional debriefing of unsuccessful tenderers (as this contract is covered by the full EU Regulations)	09/02/15
		Contract Mobilisation	10/02/15
		Contract start date	01/05/15
(vi)	The evaluation criteria and process.	At selection (pre-qualification stage) shortlists are to be drawn up in accordance with the Council's Contract Procurement and Management Guidelines namely the pre qualification questionnaire and thereby meeting the Council's financial standing requirements, technical capacity and technical expertise. At tender evaluation stage, the panel will evaluate the tenders against the following criteria:	

Ref.	Requirement	
		<ul style="list-style-type: none"> <li>• Quality criteria consisting of: <ul style="list-style-type: none"> <li>▪ Fitness for purpose including quality</li> <li>▪ Delivery</li> </ul> </li> <li>• Price criterion consisting of: <ul style="list-style-type: none"> <li>▪ Total Lifecycle costs</li> </ul> </li> </ul> <p>The criteria will be a 40/60 Quality to Price % weighting for the tender assessment.</p>
(vii)	Any business risks associated with entering the contract.	<p>The main risk in entering a new contract for these software services is business disruption during the service transition to a new supplier. This risk will be mitigated through the planning, setting up a dedicated project team, effective communication and training of all staff impacted by these changes.</p> <p>Any software maintenance savings from procuring a new software contract has not taken account of any potential costs and disruption to service caused during the data migration and implementation. Whilst the data migration can be managed largely by the use of software tools there is normally some post implementation data cleansing and a loss of productivity as staff get familiar after training with any new system. It would be difficult to estimate these costs until get into any serious procurement discussions with Suppliers and understand their implementation methodology and plan.</p>
(viii)	The Council's Best Value duties.	<p>The council has a duty to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. This procurement will assist the council in fulfilling this duty.</p>
(ix)	Consideration of Public Services (Social Value) Act 2012	See Section 8 below.
(x)	Any staffing implications, including TUPE and pensions.	See section 7.0 below.
(xi)	The relevant financial, legal and other considerations.	See sections 4.0 and 5.0 below.

3.7 The Cabinet is asked to give its approval to these proposals as set out in the recommendations and in accordance with Standing Order 89.

#### **4.0 Financial Implications**

4.1 The estimated value of this software and services contract is a range of £500k - £600k for a period of 5 years plus an optional 2 years extension.

4.2 It is anticipated that the cost of this contract will be funded on an invest to save basis with total capital and revenue expenditure being covered by current revenue budgets over a 2 to 3 year period. It is anticipated that subsequent ongoing revenue savings will accrue from the review of this contract.

4.3 Initial Capital investment resources will need to be identified from within the Authority's overall Capital Programme for 2015/16 and cash flow projections undertaken to ensure affordability and relevant funding options.

4.4 It is anticipated that the funding of this project will be on an invest-to-save basis. The current budget for the maintenance of the Northgate contract is £235,908 per annum.

#### **5.0 Legal Implications**

5.1 The proposed contract is for software and its maintenance. The contract is classified as a services contract under the Public Contracts Regulations 2006 (the "EU Regulations") due to the maintenance element of the contract and given the estimated value of the contract is over the EU threshold for services of £172,514, it is subject to the full requirements of the EU Regulations. The contract is also classified as a High Value Contract under the Council's contract Standing Orders and Financial Regulations.

5.2 For High Value Contracts, the Cabinet must approve the pre-tender considerations set out in paragraph 3.6 above (Standing Order 89) and the inviting of tenders (Standing Order 88).

5.3 Once the tendering process is undertaken Officers will report back to the Cabinet in accordance with Contract Standing Orders, explaining the process undertaken in tendering the contracts and recommending award.

5.4 As this procurement is subject to the full application of the EU Regulations, the Council must observe the requirements of the mandatory minimum 10 calendar standstill period imposed by the EU Regulations before the contract can be awarded. The requirements include notifying all tenderers in writing of the Council's decision to award and providing additional debrief information to unsuccessful tenderers on receipt of a written request. The standstill period

provides unsuccessful tenderers with an opportunity to challenge the Council's award decision if such challenge is justifiable. However if no challenge or successful challenge is brought during the period, at the end of the standstill period the Council can issue a letter of acceptance to the successful tenderer and the contract may commence.

5.5 For staffing implications see section 7.0 below.

## **6.0 Diversity Implications**

6.1 As part of the tender process Officers would ensure that any diversity implications relating to service delivery are considered and addressed in any proposed solution.

## **7.0 Staffing/Accommodation Implications**

7.1 The Revenues and Benefits system is managed by an external provider and there are no implications for council staff arising from retendering the contract.

7.2 The Housing system is managed by the council's IT department. The estimated project cost includes a provision for retraining IT staff for the support of the new system.

7.3 In view of the nature of the service delivery model with contractors able to provide a service from any location, it is not considered appropriate to require the London Living Wage as part of the contract terms. In any event, salaries and wages within the IT industry are generally above the level of the LLW.

## **8.0 Public Services (Social Value) Act 2012**

8.1 Since 31 January 2013, the council, in common with all public authorities subject to the EU Regulations, has been under duty pursuant to the Public Services (Social Value) Act 2012 to consider how the services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the council might act with a view to securing that improvement; and whether the council should undertake consultation. This duty applies to the procurement of the proposed contract as Part A Services over the threshold for application of the EU Regulations are subject to the requirements of the Public Services (Social Value) Act 2012.

8.2 There is a limited market for the delivery of these services; however, officers will endeavour to describe the scope of service in such a way as to further meet the requirements of the Act during the procurement process as well as ensuring that contractors responses address issues of social value.

## **9.0 Background Papers**

9.1 None Applicable

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