

Cabinet Background documents



14. Investing in our Borough (Pages 3 - 46)

Officer: Jacqueline Harris Baker

Key decision: no

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REPORT TO:	Cabinet Member For Finance and Resources
SUBJECT:	Housing/Housing Assets Management System Contract Award
LEAD OFFICER:	Strategic - Yvonne Murray – Director of Housing Assessment and Solutions Operational- Sian Foley- Head of Service (Housing) Strategic - Stephen Tate – Director of Council Homes, District and Regeneration Operational – Rob Hunt – Head of Service (Housing Assets)
CABINET MEMBER:	Councillor Simon Hall, Cabinet Member For Finance and Resources
WARDS:	‘ALL’
<p>CORPORATE PRIORITY/POLICY CONTEXT/ A DIGITAL COUNCIL</p> <p>The ambition is to optimise how the Council uses digital design, data and technology in order to work efficiently, to collaborate, to make informed decisions and to adapt and to innovate.</p> <p>The proposed contact award supports the Councils Corporate priorities to :-</p> <p>Ensure all council staff have fit for purpose corporate technology and line of business systems which facilitate rather than constrain their work, which work together, are resilient and can be changed rapidly to meet their users’ changing needs.</p> <ul style="list-style-type: none"> • All council staff make effective use of cloud collaboration and productivity software to communicate, safely share and store information, and work with increasing efficiency • All council staff can work effectively from anywhere, including fast and reliable network and telephony access in all council-owned buildings across the borough, and suitable assistive technology for staff who need it • All technology-related projects in the council provide value for money, have clearly defined outcomes, meet quality and cybersecurity standards, and are managed well • The council has a full understanding of its total expenditure on digital, data and technology and the return on this investment, and is reducing this total over time • All council staff are confident in their wider digital skills and understanding, including agile delivery methods, user-centric service design, data literacy and GDPR, cybersecurity, online engagement and working in the open • All council staff can and do access data intelligence and have the knowledge, support and skills to manage and use data legally and ethically, to measure service performance, predict and anticipate demand, and make well-informed decisions 	

- The council's political and executive leadership exemplify and champion digital expertise and culture including user-centred design, agile methods and working in the open
- All council staff can find internal guidance and information quickly and easily on the council's intranet, and are digitally engaged in leadership decisions

The deliverables from the contract will better meet future Council business needs and facilitate efficiencies in People with the application of information technology as an enabler under the Corporate Plan supporting our vision to become a truly Digital Council.

The desired outcomes as a result of this procurement (as outlined in the strategy report) are:

- To procure and implement digital systems that support the various systems operating in the Peoples Department
- To commission cohesive, streamlined contracts whose scope facilitates efficient programme delivery
- Integrate data and information between diverse Croydon teams
- Enable the Council to consider the whole needs of a family through greater integration and availability of data
- Best value through long-term commitments generating market savings
- Maintain or improve user satisfaction

FINANCIAL IMPACT

The implementation of this strategy to award the contract will be funded from the existing revenue and capital budgets held within the Croydon Digital Services and Gateway Strategy and Engagement Departments.

Through commissioning a joint IT system for Housing Management and Housing Assets, over the maximum ten year period of the contract there will be an approximate 100% saving in comparison to purchasing two stand-alone Lot 1 Housing and Lot 2 Housing Assets Systems.

KEY DECISION REFERENCE NO.: 3619FR.

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors

The Leader of the Council has delegated to the nominated Cabinet Member the power to make the decisions set out in the recommendations below.

1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Finance and Resources in consultation with the Leader of the Council is recommended to approve the award of a contract for the delivery of an integrated IT solution for the Housing and Housing Assets Services for an initial term of three years, with options to extend for a further two three-year periods and a final additional period of one year, to the contractor named, and for the contract price specified in Part B
- 1.2 The Cabinet Member for Finance and Treasury is asked to note that the name of the successful contractor and price will be released once the contract award is agreed and implemented.

2.1. EXECUTIVE SUMMARY

This report outlines the implementation of the procurement strategy in relation to the commissioning of an integrated IT solution for Housing Management and Housing Asset Services. The strategy was approved by the Contract and Commissioning Board on 25 April 2017 (ref CCB1219/17-18).

- 2.2. This report confirms the procurement process followed and recommends a contract award to the preferred supplier following an EU Open process.
- 2.3. The contract term will be for up to a total of ten years with a number of break points i.e. three years, plus three years, plus three years, plus one year. The proposed contract length covers the initial system implementation and mobilisation (in year one), plus ongoing operational support.
- 2.4. The contents of this report has been endorsed by the Contracts and Commissioning Board

CCB ref. number	CCB Approval Date
CCB1529/19-20	27/11/2019

3. DETAIL

- 3.1 In accordance with the agreed procurement strategy, an EU Open tender procedure was conducted. The tender was published using the Council electronic tenders portal.
- 3.2 The Tender was structured into three Lots to enable the combination services that provide the most economically advantageous, tender for the Council. The

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Lots were:

Lot 1 – A Housing Management System which integrates seamlessly to an Asset Management system

Lot 2 – An Asset Management System with contractor portal and integrates seamlessly to a Housing Management System.

Lot 3 – An Integrated Housing and Asset Management System (with contractor portal).

3.3 The following responses to the ITT for Lot 1, Lot 2 and Lot 3 were received

Lot 1 – Housing Management System

On Time:	Supplier 1
Late submissions:	(1) One
Opt Outs:	(13) Thirteen

Lot 2 – Asset Management System

On Time:	Supplier 2
Late submissions:	NONE
Opt Outs	(11) Eleven

Lot 3 - Integrated Housing & Asset Management System

On Time:	Supplier 1 Supplier 3
Late submissions:	None
Opt Outs:	(14) Fourteen

3.4 A panel of subject matter experts from Housing Services, Asset Management and Digital Services evaluated the tender against quality requirements, representatives from Procurement scored the pricing submissions. The ITT responses were scored between 08/03/2019 and 07/06/2019.

3.5 Subject matter experts initially scored the quality requirements and Procurement sense checked the pricing submissions. Suppliers were then invited in for two day presentations over the period 25/03/19 to 29/03/19, to be followed by one day site visits between 01/04/19 (London Borough of Southwark Housing and Assets) and 19/04/19 (CHS- Chelmsford Housing Services).

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- 3.6 Supplier 1 and 3 were invited to additional presentations to discuss optional document management provision for further clarifications. In addition supplier 1 was also asked to clarify their functionality for asset management. Following completion of clarifications final evaluation scores were collated.

Tender Evaluation Method

- 3.7 The following evaluation criteria, as agreed in the procurement strategy paper, was used to evaluate the tenders

Quality	60%
Cost	40%

Quality criteria was further broken down as follows

<i>Area</i>		<i>% Sub-Criteria Weighting</i>
1	Overarching Requirements	12%
2	Social Value	4%
3	Early Payment Scheme	2%
4	Common Requirements	25%
5	Service Requirements	21%
6	Financial Requirements	14%
7	Management Information Requirements	10%
8	Technical Requirements	12%

Price evaluation method

- 3.8 The tendered prices were evaluated based on Whole Life Costs (WLC). WLC assessment considers
- Full term of the contract
 - Bidder's price
 - Cost or estimated cost of provision of other services to deliver the scope
- 3.9 Scores were awarded on the basis of:
- Awarding the Supplier with the lowest WLC the maximum score of 40%
 - Awarding scores to the other Supplier on a pro/rata basis based on percentage variation.
- 3.10 Given the value of the contract Suppliers were asked to provide a bond (or other guarantee)

Results

Quality and pricing results table (weighted scores)

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3.11 Supplier 1 met or exceeded all the ITT requirements (see below for scores).

Lot 1/ Supplier 1/ HOUSING MANAGEMENT Solution

Description/ Title	Weighting (A)	Marks awarded (B)	Weighted Mark (A x B)
Overarching Requirement	12	3.00	36
Social Value	4	2.50	10
Early Payment Scheme	2	5.00	10
Common Requirements	25	3.67	91.75
Service Specific Requirements Housing 1 & Housing 2)	21	4.00	84
Financial Requirements	14	3.00	42
Management Information Requirements	10	2.50	25
Technical Requirements	12	3.00	36
Totals	100		334.75

QUALITY TOTAL	40.17	PRICE	£1,599,340
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Lot 2/Supplier 2 / Assets Management Solution

Description/ Title	Weighting (A)	Marks awarded (B)	Weighted Mark (A x B)
Overarching Requirement	11	3.00	33
Social Value	4	3.50	14
Early Payment Scheme	2	2.00	4
Common Requirements	23	3.00	69
Service Specific Requirements Assets	25	3.00	75
Financial Requirements	11	3.00	33
Management Information Requirements	12	3.00	36
Technical Requirements	12	2.33	27.96

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Totals	100		291.96
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QUALITY TOTAL	35.04	PRICE	£1,577,286
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Lot 3/ Supplier /3a Combined Housing and Assets Management Solution

Description/ Title	Weighting (A)	Marks awarded (B)	Weighted Mark (A x B)
Overarching Requirement	11	2.00	22
Social Value	4	3.00	12
Early Payment Scheme	2	5.00	10
Common Requirements	24	3.00	72
Service Specific Requirements - Assets + Housing 1 + Housing 2	22	3.28	72.16
Financial Requirements	14	3.00	42
Management Information Requirements	11	3.00	33
Technical Requirements	12	3.00	36
Totals	100		299.16

QUALITY TOTAL	35.90	PRICE	£2,430,554
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Lot 3/Supplier 3b / Combined Housing and Assets Solution

Description/ Title	Weighting (A)	Marks awarded (B)	Weighted Mark (A x B)
Overarching Requirement	11	2.50	27.50
Social Value	4	2.00	8.00
Early Payment Scheme	2	5.00	10.00
Common Requirements	24	4.00	96.00
Service Specific Requirements - Assets + Housing 1 + Housing 2	22	3.09	67.98

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Financial Requirements	14	3.00	42.00
Management Information Requirements	11	3.00	33.00
Technical Requirements	12	3.00	36
Totals	100		320.48

500

QUALITY TOTAL	38.46	PRICE	£1,599,340
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Overall Costs and Quality Scores

	Quality	Quality	Average Quality 1+2	Price Score 1+2	Total Score Price + Quality	Rank
Lot 1 + Lot 2 B1	40.17	35.04	37.60	20.14	57.74	3
Lot 3 Supplier 1	n/a	n/a	35.90	26.32	62.22	2
Lot 3 Supplier 2	n/a	n/a	38.46	40.00	78.46	1

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Recommendation

- 3.12 Having met the quality requirements and being within expected budget, that Supplier 3b be contracted to provide the ICT Procurement Programme (Lot 3 Combined Housing and Housing Assets Solution) for an initial term of three years, with an option to extend for a further two three-year periods, plus one year. A possible total of 10 years.

Social Value

- 3.13 In their ITT submission Supplier 3b scored a total of 2 out of 5 for their Social Value response
- 3.14 The Supplier offered; -
- x 1 Apprenticeship placement aligned to LBC priorities.
 - The supplier also offered x 2 work based learning placements per annum or the duration of the contract.
 - The supplier offered x5 opportunities for free IT consultancy for new start businesses within LBC.
 - The supplier offered x1 Business support to a local business within the LBC area.
 - The supplier offered free publicity on their website for any specified LBC campaign.
 - The supplier offered x3 rent free second use desk top printers for any nominated LBC charity.

4. CONSULTATION

- 4.1 Between 10/09/2018 and 01/10/2018 working groups were held with subject matter experts (Housing Officers, Asset Managers, Performance, Finance, and Croydon Digital Services) to develop the functional requirements of the required system. Staff were later consulted via the Housing Services Officers Group on 30/10/2018 to comment upon initial drafts of the requirements. The functional requirement document was finally issued with the ITT and providers were scored against the requirements.
- 4.2 The programme also consulted the following groups:
- People DLT
 - CDS (ICT) Governance Board
 - People ICT Board
 - CDS (ICT) Procurement Programme Board
 - CDS Technical Architect Group
- 4.3 Other local authorities were consulted in the development of the functional requirements, as well as the contract schedules and implementation plan (including resources required)

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 There are a number of procurement, implementation and ongoing annual operational costs associated with the ICT Procurement Programme Strategy agreed by the Contracts and Commissioning Board on 25 April 2017. The implementation costs (year 1) will be budgeted within the Capital programme while the ongoing operational costs (year 2 to 10) will be budgeted within the Revenue programme

5.2 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
Capital Budget available				
Expenditure	9,033	2,014	1,521	0
Effect of decision from report				
Expenditure	9,033	2,014	1,521	0
Remaining budget	0	0	0	0

5.3 The effect of the decision.

The total approved Peoples ICT programme budget is £12,568m up to 2021/22, with current annual allocations as set out in the table above. Through commissioning a joint IT system for Housing Management and Housing Assets, over the maximum ten year period of the contract there will be an approximate 100% saving in comparison to purchasing two stand-alone Lot 1 Housing and Lot 2 Housing Assets Systems.

5.4 Risk

Of the risks outlined in the strategy plan, those below still remain.

No.	Risk	Potential impact	Controls / Commentary
1	Programme Team – resources – unable to recruit satisfactory resource with knowledge and skills to deliver the programme	Programme stalls – delivery of procurement programme fails	Identification of leads within services has been completed. Resource plan has been developed

2.	Lack of Service buy in	Post procurement – lack of engagement – business process revision Lack of willingness to release staff for early testing and training Service transformation not fed through to the team	Programme has support of Executive Director, Directors in Gateway, Strategy, Engagement and Place.
3.	Managers buy in	Post procurement – lack of engagement Willingness to release staff for testing/ training Lack of willingness to assist with business process change requirements	Programme has support of Executive Director, Directors in Gateway, Strategy, Engagement and Place.
4.	Unknown data quality across services	Inaccurate/incomplete data will impact the time taken for implementation	The planned programme costs identify a significant level of expenditure on data cleaning which will prepare the foundations for a successful implementation
5.	Legislative changes	4 services – all affected by statute – could impact the need for new modules/solutions	Lead officers will act as horizon scanners for the programme team
6.	Engagement with suppliers we are withdrawing from during the transition	Poor support and maintenance	Supplier relationship is maintained. Supplier delivers exit obligations on termination of contract.
7.	Service system solutions need to link to Croydon Digital Services (CDS)	If not aligned a protracted implementation will ensue	Weekly programme/ICT Corp meetings set as well as fortnightly senior HOS meetings to mitigate any risks for lack of join up
8.	Unknown Little Fish Resource requirements	Implementation will be delayed and mobilisation may not be achieved.	Data Migration Lead to lead. CDS sourcing lead attends programme board. Meetings to be scheduled with Little Fish, CDS and Business System Teams. Further develop implementation plan in line with the ICT Sourcing Strategy. https://democracy.croydon.gov.uk

			k/documents/s4099/ICT%20Sourcing%20Strategy.pdf
9.	Outcome based Commissioning – awareness of strategies /links	If links and alignment not satisfactory the service for all ages will not be seamless	Programme team and CDS are members of the OBC ICT group
10.	Data migration requires significant resource and expertise	Information does not migrate over properly. Costs escalate and timescales slip.	Ensure detailed mapping and migration plan. Ensure migration is fully resourced to avoid higher costs later on.

5.5 Options

Procurement options were set out in the associated strategy report with the recommended approach. The approved option was an EU Open tender and there has been no departure from this. (See Attached)

5.6 Future savings/efficiencies

A joint system will achieve savings compared to procuring individual systems. It is necessary that the systems achieve the needs of the business to achieve good financial and service management.

Approved by: Ian Geary, Head of Finance Resources and Accountancy

6. LEGAL CONSIDERATIONS

- 6.1 The Director of Law and Governance comments that the legal considerations are as set out in this report.

Approved by: Kiri Bailey on behalf of Sean Murphy, Director of Law and Governance and Deputy Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 No additional comments.

Approved by: Deborah Calliste on behalf of the Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 An Equality analysis was undertaken to ascertain the potential impact the proposed change would have on protected groups. This concluded that there will be no negative impact on any protected groups. This procurement replaces the current ICT system. The new system will continue to allow the council to collect equalities information. The system will enable the Council to consider the individual needs of the customer through greater integration and

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availability of data

Approved by: Yvonne Okiyo, Equalities Manager

9. ENVIRONMENTAL IMPACT

- 9.1 As we implement a cloud based solution we will be able to decommission the on-premises Housing/Housing Assets system from the LBC data centre, thereby reducing our environmental footprint.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 None Identified

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 Having met the quality requirements and being within expected budget, that Supplier1 be contracted to provide the ICT Procurement Programme (Lot 3 Combined Housing and Housing assets Solution) for an initial term of three years, with an option to extend for a further two three-year periods, plus one year. A possible total of 10 years.
- 11.2 The preferred bid is also identified as economically advantageous tender for the Council. The solution meets requirements and provides functionality for both housing and for property asset management and the bid price is considerably lower than acquiring 2 separate solutions.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 The option to not award a contract is not viable as the current contract will expire without a replacement. No other options were identified for consideration.

13. DATA PROTECTION IMPLICATIONS

- 13.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

YES

- 13.2 **HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

YES – Currently in draft format

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The Director of Housing Assessment and Solutions and the Director of Council Homes, District and Regeneration comment that a number of issue were raised as a result of the DPIA which will need to be resolved during the contracting process.

Approved by: Stephen Tate the Director of Council Homes, Districts and Regeneration and Sian Foley on behalf of The Director of Housing Assessment and Solutions.

CONTACT OFFICER:	Mark McCormick – Project Manager Contact: mark.mccormick@croydon.gov.uk
APPENDICES TO THIS REPORT:	None
BACKGROUND PAPERS:	CCB Strategy Report – April 2017 CCB Variation of Strategy Report to include Asset Management – November 2017

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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REPORT TO:	Cabinet Member for Finance and Resources
SUBJECT:	My resources Oracle Cloud ERP system third line support services
LEAD OFFICER:	Strategic – Jacqueline Harris Baker Executive Director of Resources and Monitoring Officer, Operational - Vicki Richardson – Head of HR & Finance Service Centre/
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON The provision of services to support the Oracle system supports the council priorities to create a seamless system of information, engagement and service delivery supporting finance, HR, recruitment across the organization.	
FINANCIAL IMPACT There will be a cost to the Council for the provision of this service over the contract period of two years. These costs are within the departmental budgets.	
KEY DECISION REFERENCE NO.: not a key decision	
The Leader of the Council has delegated to the nominated Cabinet Member the power to make the decisions set out in the recommendations below: 1. RECOMMENDATIONS 1.1 The Cabinet Member for Finance and Resources in consultation with the Leader of the Council is recommended to approve the award of a My Resources support services contract in accordance with Regulation 28.4(c) of the Council's Tenders and Contracts Regulations to Evolutionary Systems Company Limited for a period of two years for a maximum contract value of £624,500.	

2. EXECUTIVE SUMMARY

- 2.1 The Council has recently implemented Oracle Cloud ERP technology, branded locally as MyResources.
- 2.2 The Council has an ongoing requirement, over and above what Oracle provide as part of their standard cloud services for the highest quality of

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support for the solution in order to ensure there is no risk to business continuity.

- 2.3 This report recommends that a new contract is let to Evolutionary Systems Company Limited for a period of two years following a single source procurement exercise in accordance with the Contracts and Commissioning Board approved RP2 How we Buy report (ref: CCB1513/19-20)
- 2.4 There has been no departure from the strategy approved by CCB [CCB1513/19-20] or additional risk identified since approval of said strategy and there is budget available for this contract award
- 2.5 The contents of this report has been endorsed by the Contracts and Commissioning Board

CCB ref. number	CCB Approval Date
CCB1530/19-20	27/11/2019

3. DETAIL

- 3.1 The Council has invested in upgrading its ERP system to latest technology implementing the Oracle cloud solution, locally branded as My Resources which successfully went live in May 2019. This system is critical to the business continuity of the Council as it enables the payment of staff and suppliers, the collection of income and management of the Council's finances and employees.
- 3.2 In 2017 the Council selected Evolutionary Systems Company Limited as its implementation partner for Oracle Cloud.
- 3.3 The Council has an ongoing requirement, over and above what Oracle provide as part of their standard cloud services for the highest quality of support for the solution in order to ensure there is no risk to business continuity. There is a small in-house support team but at the present time the skills and capacity does not exist in house to provide the level of technical support required to maintain the solution.
- 3.4 There is a significant risk to the ability of Council to operate effectively if it does not have effective support arrangements in place for its ERP system, impacting on paying staff and suppliers, collecting income, managing the Council's accounts, managing Council employees and recruiting staff. Service failure in this area will lead to financial loss, reputational damage and impact the Council's ability to achieve statutory responsibilities
- 3.5 The support services required include third line functional support to assist in the prompt resolution of system errors or bugs and configuration management. As this is a cloud solution there is a requirement to adopt quarterly upgrades and the Council requires support to understand the impact

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of those upgrades on the cloud configuration and to gain an understanding of any new features that may be taken advantage of.

- 3.6 The longer term intention is to build the skills and capacity in house to be able to provide a greater level of support internally for Oracle cloud. Therefore the requirement also includes a number of pre-paid days to facilitate training and knowledge transfer to Croydon staff.
- 3.7 In addition, during the implementation of Oracle cloud a number of tools and customisation developed by Evolutionary Systems Company Limited were agreed and deployed as part of the solutions, support for these is also needed. As outlined in the response to tender for implementation services, Evolutionary Systems Company Limited deployed their integration platform to convert files provided by 3rd parties into a format accepted by Oracle cloud. This eliminated the need for changes to be made by 3rd parties, reducing both cost and dependency on those 3rd parties. In addition a number of changes and customisations were agreed by the My Resources Executive Programme board in order to enhance usage and improve efficiency of the solution.

Process

- 3.8 A waiver under Regulation 19 of the Council's Tenders and Contracts regulations to adopt a single source approach for the proposed contract was requested in the RP2 How we Buy report and approved by CCB.
- 3.9 A change in provider would have a greater financial implication for the council for the reasons set out below.
- service take on costs associated with the new supplier developing knowledge of the Council's use and configuration of Oracle cloud.
 - replacement of a number of tools and customisations developed by Evolutionary Systems Company Limited agreed and deployed as part of the solutions.
- 3.10 A detailed set of requirements was sent to the supplier who was invited to submit a proposal addressing how they would meet the requirements via the London tenders portal. The proposal was evaluated against the requirements using the standard council scoring methodology where 0 is not met, 1-2 partially met, 3 met, 4-5 exceeds requirements. Scoring was undertaken by the subject matter experts in the Project team with guidance and support from the Procurement Category Manager.

3.10.1 Evaluation outcome

The evaluation scoring and comments are set out in the following table.

Requirement	Score	Comments	Pass / fail
Functional application support	3	The approach fully covers the documented requirements	PASS
Technical application support	3	Resources are provided to cover the Technical support of all interfaces and forms.	PASS
Service Management	3	Bi weekly calls with account manager. Quarterly reviews , incident analysis, consumption of days. Portal to manage requests and provide MI is included. Support Manager for Critical SRs and Escalations.	PASS
Service levels	3	SLAs detailed in line with requirements	PASS
Knowledge Transfer	3	Proposal includes structure and resources for on-site Knowledge Transfer and defined subject matters and timetable for delivery of sessions	PASS
Change and requests	3	Templated process with resources based on Rate Card as requested, with management via portal	PASS
Social Value	1	Small cash donation offered to support a council event	PART
TOTAL	19		PASS

3.10.2 The supplier does not wish to participate in the early payment scheme for this agreement.

3.11 Value for Money

3.11.1 The proposal is based on assigned FTE resources providing support for functional and technical areas of the solution.

3.11.2 To establish value for money, day rate pricing was compared with similar services available via the government marketplace and intelligence from another Council who has a similar contractual arrangement. Day rates were compared to similar roles on the G Cloud framework using the definitions provided by the Skills for Information Age (SFIA) rate roles and rates to ensure comparable and were found to be lower or similar for onshore and lower for offshore. Note that most delivery will be offshore.

Comparison set out in the table below.

Role	Supplier Onshore day rate £	Supplier Offshore day rate £	G cloud supplier day rate £	G cloud supplier day rate £	G cloud Supplier day rate £	Comment
Project Manager	800	350	850 to 1000	900	740	SFIA Ensure no offshore rate
Functional consultant	550	225	600 to 800	650	525	SFIA Enable no offshore rate
Technical Consultant	550	225	600 to 800	650	525	SFIA Enable no offshore rate

3.11.3 The contract will include mechanisms to ensure transfer of skills and knowledge (for example linking delivery of knowledge transfer workshops and documentation to acceptance for payments.

3.12 The overall level of service required and costs associated will be reviewed on quarterly basis at supplier review meetings.

4. CONSULTATION

4.1 Consultation has taken place with colleagues in legal, ICT, finance and procurement.

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Revenue and Capital consequences of report recommendations

Details	Internal Capital	Revenue	Period of funding	Period of funding
My resources support services	£418,450	£0	Oct 2019 – Sep 2020	1 year
My resources support services	£0	£103,025	Oct 2020 – Mar 2021	6 months
My resources support services	£0	£103,025	Apr 2021 – Sep 2021	6 months
TOTAL	£418,450	£206,050		

5.2 The effect of the decision

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The contract award commits the Council to contract expenditure of £624500 over the next two years which is variable dependent upon the quarterly review of services to be undertaken (and therefore includes a contingency of £125k.)

5.3 Risks

A financial health check was performed on Evolutionary Systems Company Limited, no concerns were identified.

5.4 Options

Options were considered during the procurement strategy but as identified in this report the most economically advantageous option is to recommend Evolutionary Systems Company Limited

5.5 Future savings/efficiencies

Savings and efficiencies will come from building the skills and capacity in house to be able to provide a greater level of support internally for Oracle cloud which this contract award will allow

Approved by: Kate Bingham, Head of Finance on behalf of Ian Geary, Head of Finance, Resources

6. LEGAL CONSIDERATIONS

- 6.1 The Director of Commissioning and Improvement has delegated powers to approve contract awards under regulation 28.4(c) of the Tenders and Contracts regulations.

Approved by: Sonia Likhari, Solicitor, on behalf of the Director of Law and Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 There are no immediate HR implications that arise from the recommendations in this report for Croydon Council employees or staff.

Approved by: Yvonne Okiyo, Equalities Manager

8. EQUALITIES IMPACT

- 8.1 An Equality Analysis has been undertaken which demonstrates that the policy is robust and that the evidence shows no potential for discrimination and that all opportunities to advance equality have been taken.

Approved by: Gillian Bevan, Head of HR Resources, on behalf of the Director of Human Resources

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this award.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no environmental impacts arising from this award.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 The software and services described in this report are key to the support of the Council's ERP system. This system is critical to the business continuity of the Council as it enables the payment of staff and suppliers, the collection of income and management of the Council's finances and employees.

12. OPTIONS CONSIDERED AND REJECTED

12.1 Options that were considered were detailed within the approved strategy report of carrying out an open tender or using a framework. However these were discounted as the requirements of the my resources system as detailed within this report.

13. DATA PROTECTION IMPLICATIONS

13.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

YES

Employee records
Financial transaction data
Purchase order data
Accounts Payable data
Accounts Receivable data

13.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?

YES

The Executive Director of Resources comments that Information Management have reviewed the DPIA and a number of issues and risks have been identified, which the implementation of the project will need to mitigate through processes and the contract terms and conditions.

Approved by: Jacqueline Harris-Baker Executive Director Resources

CONTACT OFFICER: Vicki Richardson, Head of HR & Finance
Service Centre
020 8726 6000 Extn: 62460

APPENDICES TO THIS REPORT: None

BACKGROUND PAPER: Data Protection Impact Assessment



DELEGATED DECISION REPORT TO:	Councillor Simon Hall Cabinet Member for Finance and Resources
SUBJECT:	Purchase of 24 Affordable Housing Units at Longheath Gardens for retention in the Housing Revenue Account
LEAD OFFICER:	Stephen Wingrave Head of Asset Management and Estates
CABINET MEMBER:	Councillor Simon Hall, Cabinet Member for Finance and Resources Councillor Alison Butler, Deputy Leader and Cabinet Member for Homes and Gateway Services
Ward	Shirley North
CORPORATE PRIORITY/POLICY CONTEXT: Corporate Plan - the proposals presented in this report will: <ul style="list-style-type: none"> • Maximise the use of the Council's assets to deliver new homes, including affordable, private for sale and private rented stock • Bring forward the development of key sites across the borough to address key local, national and regional policies Community Strategy – Development of sites enables the Council to deliver new homes and increase the supply of affordable homes, a key aspiration of the Community Strategy	
FINANCIAL SUMMARY: The purchase of the 24 units will be at a net cost to the Council of £3.6m as the acquisitions will be eligible for GLA funding of £100,000 per property as these units will be held within the HRA as social housing.	
FORWARD PLAN KEY DECISION REFERENCE NO.: 0420FR The notice of the decision will specify that the decision may not be implemented until after 13.00 hours on the 6th working day following the day on which the decision was taken unless referred to the Scrutiny and Overview Committee.	

The Leader of the Council has delegated to the Cabinet Member for Finance and Resources in consultation with the Deputy Leader and Cabinet Member for Homes and Gateway Services the power to make the decisions set out in the recommendations below:

1. RECOMMENDATIONS

- 1.1 That the Cabinet agree that the Council acquire 24 residential homes forming part of the Brick by Brick Longheath Gardens development for use

as social housing to be retained within the Housing Revenue Account

- 1.2 Note that the purchase of the properties will benefit from GLA grant funding of £100,000 per unit

2. EXECUTIVE SUMMARY

- 2.1 This report recommends the freehold purchase of 24 affordable rented homes which form part of a larger Brick by Brick (BBB) development.
- 2.2 The purchase of these units will allow the Council to benefit from GLA funding of £100,000 per unit that has been allocated for the provision of new social housing by the Council.
- 2.3 The residential unit on the site will be completed over the next 4 weeks ready for hand over to the Council.

3. BACKGROUND

- 3.1 This development has utilised surplus land and former garage space within the existing housing estate. The land has been transferred to BBB who obtained planning consent for a mixed development of 53 private and affordable flats contained in 6 blocks (16/06508FUL) The development is now nearing completion and the affordable rented units will be ready to hand over at the end of January/early February 2020.
- 3.2 The initial proposal was for the 24 affordable rented units to be constructed under Licence for Croydon Affordable Homes (CAH). However, the Council subsequently secured GLA funding of £100,000 per home for the provision of new social Housing. As CAH are not a Registered Provider they do not currently qualify for the grant funding. It was therefore decided that it would be more beneficial for the Council to purchase these units and hold them within the HRA in order to secure the GLA funding and increase the social housing stock.

4. DETAIL

- 4.1 The Council secured the grant funding from the GLA following their application under the Building Council Homes for London Programme that was submitted on 31 August 2019.
- 4.2 This funding can only be used by registered providers for the provision of affordable social housing. The GLA have approved the inclusion of these properties as being in line with their funding requirements and were included within the Council's successful grant application.

- 4.3 In considering the valuation for these units, due consideration has been given to the availability of the GLA funding. The Council do not currently have any other means to benefit from the grant funding unless it purchases the properties and holds them within the HRA. On this basis it is considered reasonable to take the grant funding into account and look at the net figure that the Council will be paying for these units when considering the valuation. On this basis the net price being paid for the units is in line with values that are arrived at through accepted market valuation practice.
- 4.4 Consideration has also been given to the cost of construction for such units to see whether this would offer a more appropriate option rather than purchasing built units. The construction costs for these particular units would suggest that such an approach would not offer any additional financial benefit.
- 4.5 Whilst there is no absolute guidance on the value to be paid on the purchase of properties by Councils, they do have a fiduciary duty to make best use of public funds. Based on the valuation approach outlined above, it is considered to be a reasonable approach that provided the agreed price per unit of £250,000 less the grant funding secured from the GLA does not exceed standard valuations, then the purchase is considered reasonable as the grant funding would otherwise not be secured. The net cost to the Council is therefore £150,000 per unit.

5. CONSULTATION

- 5.1 No consultation has been undertaken

6 PRE-DECISION SCRUTINY

- 6.1 The purchase of these units has not been referred to Scrutiny.

7 FINANCIAL & RISK ASSESSMENT CONSIDERATIONS

7.1 Revenue and Capital consequences of report recommendations

The purchase will secure 24 new units for use as social housing at affordable social rents held within the HRA and with therefore be purchased by borrowing through the HRA rather than general fund.

The homes will offer secure step up accommodation and help reduce demand on more expensive housing options such as temporary and emergency accommodation. The purchase of a new property has the benefit of a 10 year NHBC certificate to cover any major defects and given the new status of the properties, repair and maintenance costs in the medium term will be considerably less than more traditional housing stock or street properties.

7.2 The effect of the decision

The purchase of these units will improve the housing stock on offer to local residents and offer the opportunity for a secure permanent home.

7.3 Risks

Consideration has been given to the financial risk around the loss of these units at a discounted price as a result of the Right to Buy. However, under current legislation, the discounts on new build properties are limited. Where the Council has recently purchased or built a property the level of discount may be reduced by the purchase price or the cost of works carried out by the Landlord in the 15 year period following the Council's acquisition/completion of build. Whilst the Council may therefore have to sell the property it will always receive as a minimum the original price paid for the unit which in this case would be £250,000 as the cost of the funding would not be taken into account.

There is not considered to be any other risk associated with the purchase of the properties. At the point of purchase the properties will be completed and detailed due diligence checks undertaken (to include Building Control, gas, electric and NHBC certification). It has also been demonstrated that the purchase price, given the availability of the GLA funding, offers value for money.

7.4 Options

The Council could reject the purchase of these units and let Croydon Affordable homes purchase them but this would not allow the GLA funding to be used for these properties and their use would be for temporary housing than long term social housing.

7.5 Savings/ future efficiencies

The purchase will provide potential revenue savings as the residents will be relocated from other forms of housing that is likely to cost the Council more in revenue terms although this is difficult to quantify given the variety of potential options

Approved by Lisa Taylor Director of Finance Investment and Risk and S151 Officer

8. LEGAL CONSIDERATIONS

- 8.1 The Director of Law & Governance comments that the Council is making these acquisitions pursuant to its powers provided by s17 Housing Act 1985. The Council also relies on its general power of competence under s1 Localism Act 2011.

Approved by: Sean Murphy, Director of Law and Governance & Deputy Monitoring Officer

9. FREEDOM OF INFORMATION AND DATA PROTECTION CONSIDERATIONS

- 9.1 Information requested under the Freedom of Information Act 2000 about the negotiations and purchase, which is the subject of this report, held internally or

supplied by external organisations will be accessible subject to legal advice as to its commercial confidentiality (or other applicable exemption) and whether or not it is in the public interest to do so.

10. HUMAN RESOURCES IMPACT

- 10.1 There are no Human Resources impacts as a result of this decision

Approved by: Sue Moorman Director of Human Resources

11. EQUALITIES IMPACT

- 11.1 The Council has a statutory duty to comply with the provisions set out in the Equality Act 2010. In summary, the Council must have due regard to the need to comply with the aims of the general equality duty. The Council uses equality analysis as a tool to assess the possible impact of changes on different groups of people, evidence how we arrived at decisions that affect council staff, local people who use our council services and the wider community and help us to comply with the requirements of the Equality Act 2010.
- 11.2 Having undertaken the relevant analysis it has been determined that there is no major change - the Equality Analysis demonstrates that the policy is robust and that the evidence shows no potential for discrimination and that all opportunities to advance equality have been taken;

Approved by: Yvonne Okiyo, Equalities Manager

12. ENVIRONMENTAL IMPACT

- 12.1 All properties have been constructed in line with current Building Regulation requirements and are therefore more efficient than most of the existing social housing stock.
- 12.2 The day to day energy and water use will therefore be more efficient than older properties through the better use of insulation and technology.
- 12.3 The Council has a commitment to address environmental sustainability as an integral part of all activity. The Green Commitment and Environmental Procurement Policy are key relevant policies.

13. CRIME AND DISORDER REDUCTION IMPACT

- 13.1 These homes have been built on former garage properties that previously attracted a degree of anti-social behavior and fly tipping. The presence of new homes will help improve the local area and improve the safety and security of local residents through the Safer by Design approach adopted as part of the planning process.

14. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 14.1 The purchase of these properties will add additional permanent social housing rather than intermediate or temporary housing solutions providing the next step for families and a more settled home environment with the many benefits that has to offer. The acquisition also allows the Council to secure GLA funding that would otherwise not be available through other routes.

15. OPTIONS CONSIDERED AND REJECTED

- 15.1 The initial proposal was for CAH to purchase these homes to allow them to let them at affordable rents. However, as they are not a Registered Provider (RP) they would not have been able to secure the GLA grant funding. If neither the Council or CAH were to purchase the properties then it is uncertain that another RP would purchase the units as there are limited numbers within each location and over the various sites that BBB are developing, they are geographically spread throughout the Borough which is likely to prove unattractive to most PRs.

16. DATA PROTECTION IMPLICATIONS

- 16.1 **WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

Approved by: S Wingrave on behalf of the Director of Housing and Social Inclusion

CONTACT OFFICER: Steve Wingrave, Head of Asset Management and Estates ext 61512

BACKGROUND DOCUMENTS: Equalities Report