

REPORT TO:	Cabinet 8 July 2019
SUBJECT:	Asset Management IT System Contract Extension (Apex)
LEAD OFFICER:	Julia Pitt Director of Gateway Services Hazel Simmons, Executive Director Gateway, Strategy & Engagement
CABINET MEMBER:	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON The recommendations within this report contribute to the 2018 – 2022 Corporate Plan Operating Model themes below: <ul style="list-style-type: none">• Good, decent homes affordable to all.• Everyone feels safer in their street neighbourhood and home.• People live long, healthy, happy and independent lives.• A cleaner and more sustainable environment.	
FINANCIAL IMPACT The proposed Asset Management IT (Apex) system contract extension will be for one year until 30 June 2021, for a sum of £48,485. The implementation to extend the current contract, will be funded from the existing revenue budget held within Place and Gateway Departments.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	
The Leader of the Council has delegated to the Cabinet Member for Finance and Resources the power to make the decisions set out in the recommendations below. 1. RECOMMENDATION 1.1 The Cabinet Member for Finance & Resources, in consultation with the Leader of the Council, is recommended by the Contracts and Commissioning Board to, approve the variation to the contract with Rowanwood Professional Services in accordance with Regulation 29 of the Council's Tenders and Contracts Regulations, to enable an extension of the contract for the Apex Asset Management IT System for an additional contract term of one year until 30 June 2021 at a cost of £48,485. The aggregate value of the contract will now be £517,105.	

2. EXECUTIVE SUMMARY

- 2.1 A new Housing Asset Management system is being procured, with a target date to become operational by 1st January 2021. In the meantime, the existing legacy system, Apex from Rowanwood Professional Services, will continue to be required.
- 2.2 A variation to extend the current Housing Asset Management system (Apex) contract is required by an additional one year to ensure that the system is supported until the new system is procured and implemented.
- 2.3 The existing contract will due to expire on 29 June 2020.
- 2.4 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number
25/06/2019	CCB1497/19-20

3. DETAIL

Background

- 3.1 The alignment of service system solution contracts across the People and Place departments and the procurement of new system solutions for the service areas as detailed will provide the Council with opportunities that will help improve the way it operates including greater integration of systems; efficiencies; enable data to be used in a way that will help us align repairs and planned maintenance programmes, consider the needs of the whole family – working towards a Single View of the customer/family and improve data analytics to inform future service strategies and solutions.
- 3.2 A procurement exercise is underway for a new Asset Management system and time is therefore needed to conduct the above activities and allow for the development of the specification, procurement and implementation of system. A further contract extension of the existing legacy system is needed to ensure a smooth transition.
- 3.3 Software for each current solution was purchased with perpetual licences giving the Council ongoing rights to use the software. Support and maintenance was also procured as part of the software purchase. It is the support and maintenance which is subject to the extension.
- 3.4 The original contract value was £403,000. The contract was extended in 2018 at a value of £65,619 for a period of two years under CCB reference 1329/17-18 to a total contract value of £468,619.
- 3.5 The proposed new extension will increase the contract value by a further £48,485 to a total contract value of £517,105. The cumulative value of the extensions results in the original value being increased by 28%.

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- 3.6 The Public Contracts Regulations 2015 (PCR), Regulation 72, restricts the ability to make changes to contracts without a new procurement exercise. Paragraph 1(b) states that:

for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor—

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, and

(ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority,

provided that any increase in price does not exceed 50% of the value of the original contract;

- 3.7 The increase in contract value for this contract has not exceeded the PCR 50% threshold as it represents a 28% increase. For the reasons set out at paragraphs 11 and 12 of this report a change in contractor cannot be made for economic and technical reasons; and would cause significant inconvenience and duplication of costs for the Council. A notice in accordance with PCR Regulation 72(3) to (4) and Regulation 51 will be required. There is minimal risk of challenge to the notice given the justifications set out in this report and since it is a short term measure and we are re-procuring a new system.
- 3.8 Strategic contract management will be led by the relevant Directors with oversight and guidance from the Commissioning and Procurement and the Category Manager.
- 3.9 Account performance reviews will be held with the supplier and a contract board established with membership from both departments, Croydon Digital Service and Procurement. The Supplier has performed well throughout the term of the contract and regularly meets service levels and key performance indicators.

4. CONSULTATION

- 4.1 A survey of system users and other stakeholder's views on existing services and future expectations has been carried out and stakeholders have been fully involved in all aspects of procurement and will continue as part of on-going performance management.
- 4.2 The following have been consulted:
- Head of Service Development, Housing Needs
 - Manager, Asset Management

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- Head of Gateway Service Development
- ICT Systems Procurement Programme Board
- Performance management
- Finance Manager - Resources
- Business Systems
- Housing Systems Officers Group
- Croydon Digital Service

5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1. This contract extension will be funded from existing revenue budget within the Housing Revenue Account (across Place and Gateway) and also the Selective Licensing budget within Place. The total estimated cost per annum is £48,485.
- 5.2 Medium Term Financial Strategy – 3 year forecast

Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2018/19	2019/20	2020/21	
	£'000	£'000	£'000	
Revenue Budget available				
Expenditure	49	49	49	
Income				
Effect of decision from report				
Expenditure	49			
Income				
Remaining budget	<u>0</u>	<u>49</u>	<u>49</u>	<u></u>
Capital Budget available				
Expenditure				
Effect of decision from report				
Expenditure	0	0	0	
Remaining budget	<u>0</u>	<u>0</u>	<u>0</u>	<u></u>

The effect of the decision

The implementation of this strategy will commit the Council to a 1 year contract extension at an estimated cost of £48,485.

Risks

No.	Risk	Mitigation
1	Supplier looks to increase charges for extension.	.Negotiated with Supplier to minimise impact.
2	There is a challenge from another supplier.	Ensure compliant procurement and legal processes followed. This is a short term measure to ensure sufficient time for procurement and implementation
3	The Implementation is not delivered in time.	Implementation milestones will be part of the contract (post procurement and contract clarification period) and therefore will work as contractual requirements
4	Lack of funding to progress activities needed to achieve key dates	Outline resource profile developed. Business case being developed to secure funding to deliver implementation.

Options

No other options were considered as the variation and extension is required to ensure there is sufficient time to finalise the procurement and implement any new system.

Future savings/efficiencies

The supplier has committed to a price for the term which avoids any indexation charges.

Approved by Flora Osiyemi, Head of Finance Place on behalf of Director of Finance

6. LEGAL CONSIDERATIONS

- 6.1 The Solicitor to the Council comments that the legal considerations are as set out in this report.
- 6.2 Approved by: Sean Murphy, Director of Law and Governance and Deputy Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 There are no direct Human Resources implications arising from this report for Council employees, as it involves the extension to an existing contract. It is likely that there would be workforce implications for the implementation of the new Housing Asset Management system; however, this is a separate matter and would be managed in accordance with the Council normal policies, procedures and practices.

Approved by: Debbie Calliste, Head of HR for Health, Wellbeing and Adults on behalf of the Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 An initial Equality Analysis has been completed and a full analysis will be required as part of the commissioning process as per request from the last contract approval. The services will continue to support some of the most vulnerable residents in Croydon and as such will need to be assessed as fully meeting their needs in terms of customer care and quality of delivery. No discernible impacts identified as a result of this strategy - continuation of existing services.

9. ENVIRONMENTAL IMPACT

- 9.1 No discernible impact identified as a result of this strategy - continuation of existing services.

10. CRIME AND DISORDER REDUCTION IMPACT

- 10.1 There are no direct crime and disorder impacts identified as a result of the proposed contract award.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

- 11.1 The variation for extension is required in order to allow for the re-procurement and implementation of a new Asset Management IT system. This is to ensure the continuation of existing support services which is essential to the Housing Asset Management functions of the Council.
- 11.2 It is necessary therefore to extend the existing contract to ensure that there is sufficient time to implement any potential new system that is procured.

12. OPTIONS CONSIDERED AND REJECTED

- 12.1 No other feasible options have been identified. To stop using the system at the end of the contract would adversely affect housing asset management for the Council.

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APPENDICES TO THIS REPORT: None

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BACKGROUND DOCUMENTS: None