

**Report of: Executive Member for Finance, Performance and Community Safety**

<b>Meeting of:</b>	<b>Date:</b>	<b>Ward(s):</b>
Executive	16 January 2020	All

<b>Delete as appropriate</b>		Non-Exempt
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**APPENDIX 2 TO THIS REPORT IS EXEMPT FROM PUBLICATION**

**SUBJECT: Procurement Strategy Award for Housing, Revenues & Benefits and information@work applications**

**1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of a new contract award for the above applications to be provided as Software as a Service (SaaS) in accordance with Rule 2.7 of the Council’s Procurement Rules.
- 1.2 The contract is for a cloud-hosted service for a period of five years commencing in 2020 with the option to extend for a further two one-year periods. The report seeks approval for a direct contract award as a catalogue call-off from the Crown Commercial Service ‘Data and Application Solutions’ framework agreement – RM3821.

**2. Recommendations**

- 2.1 To approve the procurement strategy for Housing, Revenues & Benefits and information@work applications that are hosted in the cloud via G-Cloud as outlined in this report.

**3. Background**

**3.1 Nature of the service**

Northgate Public Services’ (NPS) currently supply the London Borough of Islington with applications that form a complimentary suite of key line of business (LoB) software that is used by teams within Housing and Revenues & Benefits.

- 3.2 Both applications are critical to the council with the Revenues & Benefits product managing 246,793 bills and 105,636 notifications that helps the council to generate around £350m income a year together with £165m in subsidies. The Housing Management application holds data for 25,305 properties owned by the council together with personal data on 33,000 tenants and leaseholders, presenting a single view of customer engagement.
- 3.3 All three applications are currently hosted within Islington's data centre on infrastructure purchased in 2010, and significant components have reached end of life (EOL). This infrastructure is limited in its performance and does not provide the level of resilience/disaster recovery (DR) required to de-risk delivery of key council services to citizens. It is essential that we either replace and upgrade our existing infrastructure or enter into a new software as a service contract.
- 3.4 If no action is taken, then the hardware will be out of support and NPS will not be able to install future upgrades. This carries huge risks for the council as officers will not be working with current software covering the 2020/21 regulations that support the next cycle of billing processes. Nor will we be able to deliver a service that meets Housing's requirements to offer residents more on-line transactions.
- 3.5 The council's vision, for Islington Digital Services (IDS), is to deploy applications in the cloud where possible so that we can reduce the footprint in our data centre, ensure patching & compliance is maintained, have robust resilience/DR capability (by virtue of scale) and minimise our specialist infrastructure requirements. This strategy also enables cost avoidance by preventing a 5/7-year cycle of reinvestment in computing resources. This 5/7 investment in specialist infrastructure also effectively locks the council into a particular software solution (and its vendor) for a longer period (5-7 years), which is no longer considered good practice.
- 3.6 SaaS stands for Software as a Service. It is a distribution model for software, where the application is provided by a third-party provider using hosting arrangements under the suppliers control (in-house or sub-contacted to another supplier) accessed securely by users over the internet, typically through a web browser interface.
- 3.7 Under this model the suppliers engineers will perform all updates and patch management. The benefits for customers and the ability to assure delivery means that many software market leaders as well as our key suppliers have this as their preferred option, sometimes the only option.
- 3.8 **Estimated Value**  
Funding will come from the existing revenue ICT budget held by IDS.
- 3.9 The council currently has a two-year support contract in place with NPS to supply Northgate Housing management, Northgate Revs & Bens, information@work and Remote Database Access (RBDA) services. The contract ends on 31st March 2021. This contract can be superseded once we commence the re-procurement under the CCS RM3821 framework and depending on when the contract is signed any upfront costs will be deducted from the first year of the new contract.
- 3.10 The software licences for all three applications have been held at current rates for the duration of the new contract, with one additional component that covers the cost of hosting

the service. The cost of the new contract over five years is shown in the two tables within the exempt report – see appendix 2.

- 3.11 The contract also includes a new 24/7 support service across all three applications, a substantial improvement over our current internal arrangements.
- 3.12 **Timetable**  
The proposed replacement contract will begin in January 2020 to ensure the Council benefits from the recent software upgrades and hardware support.
- 3.13 The associated costs with the service offering described above are detailed above and have been discussed within Digital Services and with the Assistant Director, Financial Operations and Customer Service.
- 3.14 **Options appraisal**
- 3.15 **1. Do Nothing;** this is not a viable option as many of our hardware components have reached end of life and both the hardware and software will be out of support.
- 3.16 **2. Upgrade servers on premise;** this option is not viable due to a long-term commitment to purchase, manage and continue to support the infrastructure on premise at 222 Upper Street and is contrary to the council's IT objective to deliver cloud-based services where possible.
- 3.17 **3. Migrate to NPS cloud-hosted solution;** this is the recommended option.  
The recommended procurement route is via the Crown Commercial Service 'Data and Application Solutions' framework agreement (RM3821) which provides customers seeking complex cloud hosted solutions.
- 3.18 The framework agreement allows for the direct award of a call-off contract based on purchase from the 'Data and Applications Solutions' catalogue. This will allow the council to select the most appropriate service at the best value.
- 3.19 **Key Considerations – References to social value and impact on staff**
- 3.20 The application of the London Living Wage is not an issue with a cloud-hosted solution as the level of pay is greater than the London Living Wage value. This requirement is also within the existing contract under the supplier's obligation section.
- 3.21 The continued availability of these three applications will ensure officers can efficiently meet the goals of the Council, deliver services to citizens and provide flexibility as needs evolve in the borough.
- 3.22 There are no TUPE, pensions or other staffing implications identified if the proposal to award a contract for a SaaS is approved. The proposal to award a new contract will not affect IDS' current staffing establishment.
- 3.23 **Evaluation**  
The evaluation process will be carried out by IDS' project team in accordance with the terms of the framework agreement. A contract will be directly awarded via a catalogue call-off from the Crown Commercial Service 'Data and Application Solutions' framework agreement. This is

a compliant route under the council's procurement rules. The project team consists of council officers from IDS and representatives from both Housing and Finance directorates.

**3.24 Business Risks**

This proposal is of low risk as the contract facilitates a continuation of service.

3.25 The procurement will be carried out in accordance with the terms of the Crown Commercial Service 'Data and Application Solutions' framework agreement which is a compliant route for the value of this contract.

3.26 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board

3.27 The following relevant information is required to be specifically approved by the Executive in accordance with rule 2.8 of the Procurement Rules:

3.28

<b>Relevant information</b>	<b>Information/section in report</b>
1 Nature of the service	A new contract for Cloud hosted software as a service  See paragraph 3.1
2 Estimated value	The five-year value is £2,195,945.  See paragraph 3.10
3 Timetable	Nov 2019 – Direct award process commences Contract start date Jan 2020 pending approval from the Executive.  See paragraph 3.12
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Recommendation to procure and award via Crown Commercial Service 'Data and Application Solutions' framework agreement  See paragraph 3.18
5 Consideration of: Social benefit clauses; London Living Wage; Best value;	London Living Wage will apply. TUPE does not apply  See paragraph 3.19

<p>TUPE, pensions and other staffing implications</p>	
<p>6 Award criteria</p>	<p>Recommendation for direct award to supplier via catalogue call-off from Crown Commercial Services 'Data and Application Solutions' framework agreement.</p> <p>See paragraph 2.1</p>
<p>7 Any business risks associated with entering the contract</p>	<p>Minimal business risks as the recommended course of action is to ensure continuation of the service.</p> <p>See paragraph 3.24</p>
<p>8 Any other relevant financial, legal or other considerations.</p>	<p>Not Applicable</p>

## **4. Implications**

### **4.1 Financial implications**

4.2 The budget for this contract is part of the overall IT contracts base budget. No additional resources are required and the cost will therefore be contained within the existing budget. No further costs are expected and should they arise they will need to be met from the IT budget.

### **4.3 Legal Implications**

4.4 The Council has power to procure housing, revenues and benefits, and information@work software application services under section 111 of the Local Government Act 1972 which enables the council to carry out any activity that is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The council may enter into contracts for such services under section 1 of the Local Government (Contracts) Act 1997.

4.5 The proposed contract is an IT service contract. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £181,302.00 for service contracts. Contracts above this threshold must be procured with advertisement in the Official Journal of the European Union and with full compliance of the Regulations. The council's Procurement Rules also require contracts over the value of £181,302.00 to be subject to competitive tender.

4.6 The proposed procurement strategy is to use the 'Data and Application Solutions' framework agreement (RM3821) established by the Crown Commercial Service on behalf of various organisations, including all local authorities. The Crown Commercial Service framework was procured in compliance with the Public Contracts Regulations 2015 and OJEU advertisement. The duration of the framework is from 25<sup>th</sup> January 2019 to 24<sup>th</sup> January 2021. It is therefore available for use by the council as proposed in the report. A contract may be awarded in accordance with the provisions set out in the framework.

#### 4.7 **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 4.8 Use of cloud based hosting reduces the infrastructure footprint within the council's data centre at 222 Upper Street which enables the environmental impact to be lessened by reducing the council's power consumption and purchase of replacement hardware.

The de-commissioning of the infrastructure that is no longer required will be done ethically using the Council's IT asset disposal contract and any residual data securely wiped from the hardware.

The future upgrade of the Housing Management application facilitates channel shift by providing citizens with the option of completing more transactions on-line rather than attending council offices in person.

#### 4.9 **Resident Impact Assessment**

- 4.10 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

- 4.11 A Resident Impact Assessment was completed on 30<sup>th</sup> Sept 2019 and the summary is included below. The complete Resident Impact Assessment is appended.  
No negative impacts have been identified as the procurement represents technology updates and improvements to the existing service that will provide a better experience for council staff.

### **5. Reason for recommendations**

- 5.1 The procurement of a contract is required to provide continued service and development of three key back office applications used across the council.

It is recommended to award a 60-month contract, with the option to exercise two 12 month extensions, via direct award catalogue call-off from the Crown Commercial Service 'Data and Application Solutions' framework agreement' RM3821, to Northgate Public Services.

### **Appendices**

- Appendix 1 - Resident Impact Assessment
- Appendix 2 - Financial Summary - **NOT FOR PUBLICATION**

Final report clearance:

**Signed by:**



Councillor Andy Hull  
Executive Member for Finance, Performance  
and Community Safety

8 January 2020

Date

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## Appendix 1 -Resident Impact Assessment

### Procurement of software as a service for housing management, revenues & benefits and information@work:

**Service Area:** Islington Digital Services (IDS)

#### 1. What are the intended outcomes of this policy, function?

To procure a cloud hosted service for housing management, revenues & benefits and information@work applications.

#### 2. Resident Profile

Council staff who use Northgate Revs & Bens and Housing Management applications.

		<b>Borough profile</b>	<b>Service User profile</b>
		<b>Total: 206,285</b>	<b>Total: 1,894 staff</b>
<b>Gender</b>	<b>Female</b>	<b>51%</b>	
	<b>Male</b>	<b>49%</b>	
<b>Age</b>	<b>Under 16</b>	<b>32,825</b>	
	<b>16-24</b>	<b>29,418</b>	
	<b>25-44</b>	<b>87,177</b>	
	<b>45-64</b>	<b>38,669</b>	
	<b>65+</b>	<b>18,036</b>	
<b>Disability</b>	<b>Disabled</b>	<b>16%</b>	
	<b>Non-disabled</b>	<b>84%</b>	
<b>Sexual orientation</b>	<b>LGBT</b>	<b>No data</b>	
	<b>Heterosexual/straight</b>	<b>No data</b>	
<b>Race</b>	<b>BME</b>	<b>52%</b>	
	<b>White</b>	<b>48%</b>	
<b>Religion or belief</b>	<b>Christian</b>	<b>40%</b>	
	<b>Muslim</b>	<b>10%</b>	
	<b>Other</b>	<b>4.5%</b>	
	<b>No religion</b>	<b>30%</b>	
	<b>Religion not stated</b>	<b>17%</b>	



No impact to resident profile.

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### 3. Equality impacts

With reference to the [guidance](#), please describe what are the equality and socio-economic impacts for residents and what are the opportunities to challenge prejudice or promote understanding?

- Is the change likely to be discriminatory in any way for people with any of the protected characteristics?  
No impact
- Is the proposal likely to have a negative impact on equality of opportunity for people with protected characteristics? Are there any opportunities for advancing equality of opportunity for people with protected characteristics?  
No impact
- Is the proposal likely to have a negative impact on good relations between communities with protected characteristics and the rest of the population in Islington? Are there any opportunities for fostering good relations?  
No impact
- Is the proposal a strategic decision where inequalities associated with socio-economic disadvantage can be reduced?  
No impact

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### 4. Safeguarding and Human Rights impacts

#### a) Safeguarding risks and Human Rights breaches

Please describe any safeguarding risks for children or vulnerable adults AND any potential human rights breaches that may occur as a result of the proposal? Please refer to **section 4.8** of the [guidance](#) for more information.

No impact to safeguarding, No impact to Human rights legislation.

If potential safeguarding and human rights risks are identified, then **please contact [equalities@islington.gov.uk](mailto:equalities@islington.gov.uk) to discuss further:**

## 5. Action

How will you respond to the impacts that you have identified in sections 3 and 4, or address any gaps in data or information?

For more information on identifying actions that will limit the negative impact of the policy for protected groups see the [guidance](#).

Action	Responsible person or team	Deadline
None required		

Please send the completed RIA to [equalites@islington.gov.uk](mailto:equalites@islington.gov.uk) and also make it publicly available online along with the relevant policy or service change.

**This Resident Impact Assessment has been completed in accordance with the guidance and using appropriate evidence.**

**Staff member completing this form:**



Signed: Michael Woolcott

Date: 04/10/2019

**Head of Service or higher:**



Signed: Jon Cumming

Date: 08/11/2019