



Report of: Head of Digital Change - City and Community Hub

Report to: Chief Officer Asset Management & Regeneration

Date: 11 January 2021

Subject: Approval to waive Contract Procedure Rules (CPRs) 8.1 and 8.2 and award a new 3 year contract to MRI Software Emea Ltd for the Support and Maintenance of Qube software for the period 1st November 2020 to 31st October 2023

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Council currently uses MRI Software Emea Ltd (formerly known as Qube Property Management Software) for the Support and Maintenance of Qube software. A contract has previously been in place with MRI Software Emea Ltd. This contract expired on 31st October 2020.
2. Qube software is used by the Council's Asset Management and Regeneration service, who use it to support property management and rent accounting facilities, generating approx. £18m of annual rental income for the Council.
3. Qube software is fully embedded into the Council's IT infrastructure and is proprietary to MRI Software Emea Ltd, so only they can provide the necessary levels of on-going Support & Maintenance, as well as upgrades and fixes to the system.
4. Awarding a new contract to MRI Software Emea Ltd for the period 1st November 2020 to 31st October 2023 will therefore ensure that the Council will continue to receive support and maintenance enabling to continued use of the property management and rent accounting facilities required by the Asset Management and Regeneration service.
5. Software updates will be delivered as part of this contract alongside ongoing support and maintenance. DIS will work with MRI Software Emea Ltd to understand the broader system capacity and opportunities available which will feed into the ongoing Service review of all IT systems.

6. The total value of the contract of the three year contract will be £83,036.14

Y1	Y2	Y3
£ 26,339.78	£ 27,656.76	£ 29,039.60

7. The software services contract will automatically renew each year for three years unless either Party gives written notice at least sixty calendar days prior to the end of the Initial Term or any Renewal Term, of its intention to not renew the Services. This enables the Council to exit the contract should requirements change within the next three years.

Best Council Plan implications

8. The Qube software enables the Council to manage the investment portfolio of properties across the City and contribute to a number of Council priorities such as Sustainable Infrastructure, Inclusive Growth, Safe Strong Communities and Age Friendly Leeds.

Resource implications

9. There are no resource implications associated with the award of a new contract to MRI Software Emea Ltd for Support and Maintenance of Qube software. Qube software is a mature system and has been used by the Council for a number of years.

Recommendations

10. The Chief Officer Asset Management and Regeneration is recommended to approve a waiver of Contract Procedure Rules (CPRs) 8.1 and 8.2 and award a new 3 year contract to MRI Software Emea Ltd for the Support and Maintenance of Qube software for the period 1st November 2020 to 31st October 2023.

1 Purpose of this report

1.1 This report sets out the reasons for seeking approval to waive Contract Procedure Rules (CPRs) 8.1 and 8.2 and award a new 3 year contract to MRI Software Emea Ltd for the Support and Maintenance of Qube software for the period 1st November 2020 to 31st October 2023 at a total value of £83,036.14

2 Background information

- 2.1 Qube software is used by over 100 users within the Council's Asset Management and Regeneration service and provides property management and rent accounting facilities. The software system supports over 3500 properties, 4000 tenants and manages rental income of over £18 million a year.
- 2.2 Qube software is fully embedded into the Council's IT infrastructure and is proprietary to MRI Software Emea Ltd, so only they can provide the necessary levels of on-going Support & Maintenance, as well as required upgrades and fixes to the system.
- 2.3 The Council's Digital and Information Service is supporting the Asset Management and Regeneration service in reviewing the IT systems it uses to determine future requirements with a view to carrying out a procurement exercise. However, due to a number of factors, including the Covid-19 pandemic, which has put pressure on service capacity, the outcome of the review has been delayed.

- 2.4 Until such time as this review is complete, it is necessary to continue to use Qube software to provide property management and rent accounting facilities.

3 Main issues

- 3.1 Qube has been a vital component of the management of the Council's Investment Portfolio for a number of years and has proved to be an efficient and cost effective way of managing rental income compared to the previous arrangement of employing a team of rent collectors.
- 3.2 The Council had a contract with MRI Software Emea Ltd for the Support and Maintenance of Qube software. This contract expired on 31st October 2020. MRI Software Emea Ltd have continued to provide support on an interim basis whilst the Digital and Information Service and Asset Management and Regeneration Service considered their position.
- 3.3 The Council's Digital and Information Service is supporting the Asset Management and Regeneration service in reviewing the IT systems it uses to determine future requirements with a view to having an agreed plan in place over the next 12 months for the service to deliver their strategic goals around property management though reviewing, improving and developing their use of technology and associated business processes.
- 3.4 This waiver is required to enable the Council to continue to use Qube software until such time as the Asset Management and Regeneration service and the Digital and Information Service complete their review, it is necessary to continue to use Qube software to avoid any risk to the Council of experiencing a disruption or loss of any of its £18m annual rental income. The Council can exit this contract with 3 months' notice prior to the end of each 12 month term within the 3 year contract should an alternative software system be identified.

4 Consequences if the proposed action is not approved

- 4.1 If the award of the new contract is not approved, then the Council would be left without Support & Maintenance services for the existing system. Any issues arising through the use of the Qube software would be unsupported - the Council would not receive technical support or upgrades and updates to the software.
- 4.2 Furthermore, the loss of support to the system would significant impact the Council's ability to manage its property and rental income. This puts the £18m of annual rental income at an unacceptable level of risk.

5 Advertising

- 5.1 This requirement has not been advertised. Qube software is proprietary to MRI Software Emea Ltd, so only they can provide the necessary levels of on-going Support & Maintenance, as well as upgrades and fixes to the system.

6 Corporate Considerations

6.1 Consultation and Engagement

- 6.1.1 Key stakeholders with the Council's Asset Management and Regeneration Service as well as members of the Council's Digital and Information Service and Procurement and Commercial Services teams have been consulted with regards to the decision to award a new contract, and support the proposed course of action.
- 6.1.2 The AM&R Technology & Digitisation Project Board is tasked with ensuring that the changes to operational processes are embedded within the Service and that the changes to IT

applications meet with the business requirements. The board fully supports the proposed course of action.

6.2 Equality and Diversity / Cohesion and Integration

6.2.1 There are no specific issues relating to equality and diversity or cohesion and integration identified through the award of this contract.

6.3 Council Policies and City Priorities

6.3.1 The Qube software enables the Council to manage the investment portfolio of properties across the City and contributes to a number of Council priorities such as Sustainable Infrastructure, Inclusive Growth, Safe Strong Communities and Age Friendly Leeds.

Climate Emergency

This report relates to the award of a contract for support and maintenance services for a software system, its impact on climate change initiatives is mainly through the support it gives to those services using it. It is a financial system primarily managing rental income. It will continue to contribute the support of climate positive change by supporting a more efficient collection process, such as reducing physical travel, and increasing electronic transactions, thereby removing the need for paper based systems. As part of the wider information system and data management of the Asset Management and Regeneration service, it provides valuable information into the decision making of the service regarding assets, which in turn has a climate impact consideration.

6.4 Resources and Value for Money

6.4.1 The award of a new 3 year contract to MRI Software Emea Ltd for the Support and Maintenance of Qube software represents good value for money, especially within the context of the income it assists the Council to collect.

6.4.2 It is recognised that a formal competitive procurement exercise is required to ensure that the Council Asset Management and Regeneration Service has systems which meet both its current and future business requirements, however the Chief Officer Asset Management and Regeneration has requested that a full review of all systems used within the Service (including Qube) is completed before any formal procurement exercise is carried out.

6.4.3 The review of all systems used within the Service is currently underway, with a Project Board established to drive the process forward. The impact on resources and value for money of existing systems are key considerations of the Board as part of the ongoing review. The Council can exit this contract with 3 months' notice prior to the end of each 12 month term within the 3 year contract should an alternative software system be identified.

6.5 Legal Implications, Access to Information and Call In

6.5.1 The award of a new 3 year contract to MRI Software Emea Ltd for the Support and Maintenance of Qube software for the period 1st November 2020 to 31st October 2023 at a total value of £83,036.14 is a Significant Operational Decision and is not subject to call in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.

6.5.2 The value of the direct award detailed within this report is below the threshold for the application of the Public Contracts Regulations 2015 for the procurement of public services contracts and therefore it is not subject to the full EU procurement rules. However, the Council's Contracts Procedure Rules 8.1 and 8.2 require competition for procurements valued between £25K and £100K and the invitation of at least three written tenders. A waiver of these Contracts Procedure Rules is required to award a contract direct to MRI Software Emea Ltd.

- 6.5.3 Awarding a contract direct to MRI Software Emea Ltd without competition could leave the Council open to a potential claim from other providers, to whom this contract could be of interest, that the Council has not been wholly transparent. In terms of transparency it should be noted that Council's Contracts Procedure Rules suggests that contracts of this value should be subject to a degree of advertising. It is up to the Council to decide what degree of advertising is appropriate. In particular, consideration should be given to the subject-matter of the contract, its estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices etc.) and the geographical location of the place of performance. The Chief Officer Asset Management & Regeneration has considered this and, due to the nature of the services being delivered, the software system being proprietary to MRI Software Emea Ltd, and the relatively low value and length of the contract, is of the view that the scope and nature of the services is such that it would not be of interest to contractors in other EU member states. In awarding the contract to MRI Software Emea Ltd without competition, there is a potential risk of challenge from other providers who have not been given the chance to tender for this opportunity, although this risk is considered low due the technical reasons set out in this report.
- 6.5.4 Whilst there is no legal obstacle preventing the waiver of Contract Procedure Rules 8.1 & 8.2, the above comments should be noted by the Chief Officer Asset Management & Regeneration and in making the final decision should be satisfied that doing so represents best value for the Council.

6.6 Risk Management

- 6.6.1 There are no risks associated with awarding a new contract to MRI Software Emea Ltd for the Support and Maintenance of Qube software and will ensure continued software and maintenance from 1st November 2020. Qube software is a mature system and has been used by the Council for a number of years.
- 6.6.2 The proposed award of a new 3 year contract to MRI Software Emea Ltd for the Support and Maintenance of Qube software to 31st October 2023 will ensure that the Council can continue to manage rental income in an efficient and cost effective way.
- 6.6.3 If the proposal to award a new contract is not approved then this will leave the Council in a vulnerable position with the risk of no longer being able to administrate and manage rental income effectively.
- 6.6.4 Any operational risks which are highlighted throughout the term of the new contract will be managed and mitigated through regular account management/supplier review meetings, and the implementation of any software developments and upgrades to the system will be rolled out on a prioritised basis.

7 Conclusions

- 7.1 The award of a new 3 year contract to MRI Software Emea Ltd for the Support and Maintenance of Qube software for the period 1st November 2020 to 31st October 2023 is essential if the Council is to continue to manage rental income in an efficient and cost effective way.
- 7.2 During the term of the contract, the review of IT systems to support the Asset Management and Regeneration service will be concluded with a view to carrying out a procurement exercise. The Council can exit this contract with 3 months' notice prior to the end of each 12 month term within the 3 year contract should an alternative software system be identified and procured.

8 Recommendations

8.1 The Chief Officer Asset Management and Regeneration is recommended to approve a waiver of Contract Procedure Rule 8.1 and 8.2 and award a new 3 year contract to MRI Software Emea Ltd for the Support and Maintenance of Qube software for the period 1st November 2020 to 31st October 2023.

8.2 The total value of the contract will be £83,036.14

Y1	Y2	Y3
£ 26,339.78	£ 27,656.76	£ 29,039.60

9 Background documents

9.1 None.

What is your reason for waiving CPRs?

There is a genuine, unforeseeable emergency meaning there is no time to go through a procurement process e.g. to deal with the consequences of extreme weather.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
To purchase supplies or services on particularly advantageous terms due to liquidation/administration.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Requirement to put a contract in place with a current provider whilst a review of the services is completed.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Ran out of time to undertake a new procurement exercise	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Other (please provide summary here)	<input type="checkbox"/> Yes	<input type="checkbox"/> No