Leeds City Council

Report author: Karen Batty

Tel: 77516

Report of   Housing Systems Strategic Manager

Report to   Neil Evans, Director of Environment and Neighbourhoods

Date: 18th December 2012

Subject: To Seek Approval to Negotiate and Renew a New Contract for the Support and Maintenance of Keystone's Asset Management Software for Housing Services

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

Summary of main issues

1. The current contract with Keystone for the support and maintenance of the Keystone's Asset Management Software ends on 30th April 2013. Housing Services request approval to waive Contracts Procedure Rule 13 Over 100K - High Value Procurements (Tenders), and obtain approval to negotiate a new contract with Keystone.

Recommendations

2. It is recommended to approve the waiver of Contracts Procedure Rule 13 Over 100K - High Value Procurements (Tenders) and negotiate a new contract with Keystone for the support and maintenance of their software application Keystone.

1   Purpose of this report

1.1   To gain approval to waive Contracts Procedure Rule 13 Over 100K - High Value Procurements (Tenders) and obtain approval to negotiate a new contract with Keystone for the support and maintenance of their software application Keystone.

2   Background information

2.1   Housing Partnerships, through the Housing Systems Support Team, has responsibility for the management and maintenance of a suite of Council owned ICT systems which are used to manage the stock of social housing within the district.

2.2   One of the principal components within this suite of applications is Keystone, a robust fully integrated Asset Management System. The Council purchased this system in 2005 and has been working with Keystone since that date to refine and develop the system.

2.3   This system is used for recording stock condition information within our Council house properties i.e. age of kitchens, bathrooms, windows, etc. Keystone also holds energy data and provides the ability to produce energy efficiency ratings (SAP, Standard Assessment Procedure) within Council properties.

2.4   The Council needs to ensure that all of housing stock continues to meet the standards as set out in the Housing Revenue Account (HRA) Business Plan. Keystone plays a crucial part in the investment planning function as it accurately targets future capital improvement works and investment planning options in the most suitable areas. Keystone has a sophisticated reporting tool that enables Housing Services and the ALMOs to provide better judgements on whether to invest in an area based on the stock condition.

2.5   The original contract with Keystone, procured through a framework agreement with SCC, expired in 2010. On-going support and maintenance has been renewed annually since then through the provisions of Contract Procurement Rule (CPR) 5.2 which states 'When calculating the price of any software the Authorised Officer shall ensure that a genuine estimate of the maintenance costs is included within the price of that software. For the avoidance of doubt it is acknowledged that when software (either on the Council's servers or delivered as a hosted service via the internet), of any value, is procured, the cost of maintenance shall continue until such time as the Council decide no longer to use the software.'

2.6   The current support contract ends on 30th April 2013. The Keystone software remains fit for purpose and work has been underway with Corporate ICT to consider the best approach to negotiating a new contract. The conclusion is that it would not represent best value for the council to incur the costs of procuring and implementing a new system.

3 Main issues

3.1 The current support contract for the Keystone software ends on 30th April 2013. The Keystone software remains fit for purpose but without a new support and maintenance contract the Council will be in a detrimental position as

- The product would be unsupported in the event of the software/hardware failure,

- The business would be unable to reap the benefits Keystone's product upgrades may bring and

- The business would be unable to request or implement any new development in line with their business change requirements.

   In essence the Council would run the risk of not being able to maintain stock condition information which in turn would jeopardise the 30 year investment plan in the HRA Business Plan.

3.2 The business feels however that there is an opportunity to obtain benefit by re-negotiating a new support and maintenance contract to improve the Service Level Agreement which is currently in place.

3.3 To incentivise the supplier it is proposed that a new 3 year contract is put in place with an option to extend by one further year. The value of the proposed contract including the extension period would be £157k at current costs. This is below the current EU threshold of £174K and therefore the contract would not be subject to the Public Contracts Regulations.

3.4 It would not represent best value for the council to incur the costs of procuring and implementing a new system. It would also lead to a lack of continuity for the business and place a risk on the Council's investment strategy. In order mitigate these risks and ensure a new contract can be quickly implemented a waiver of Contracts Procedure Rule 13 Over 100K - High Value Procurements (Tenders) is requested in order to negotiate a new support and maintenance

4.0 Consultation and Engagement

4.1 The business have recently consulted with the Keystone Product Steering Group, attendees include stakeholders from each ALMO, BITMO and Housing Partnership, where the contract renewal was discussed and agreement for the request to negotiate and renew was agreed.

4.2 The business has also consulted with Corporate ICT Strategic Sourcing who has recommended that a new contract be negotiated with Keystone for the support and maintenance of the Keystone software.

5.0 Equality and Diversity / Cohesion and Integration

5.1 An equality, diversity cohesion and integration screening exercise has been carried out. This has affirmed that equality, diversity, cohesion and integration considerations have been effectively considered in relation to this proposal and that a full impact assessment was not required.

6.0   Council policies and City Priorities

6.1   This waiver to negotiate a new support and maintenance contract would be in line with the Contracts Procedure Rule 13 Over 100K - High Value Procurements (Tenders).

6.2   The value of the proposed contract including the extension period would be £158.5K at current costs. This is below the current EU threshold of £174K and therefore the contract would not be subject to the Public Contracts Regulations.

7.   Resources and value for money

7.1   The aim of negotiating a new contract is to provide the business with tighter controls and performance deductions where deadline dates are not met. The aim is also to negotiate a new pricing structure to reduce costs of the current contract.

8.**0   Legal Implications, Access to Information and Call In**

8.1   There are no legal implication associated with this report.

8.2   There is no exempt or confidential information contained in this report.

8.3   There are no key decisions associated with this report, so it is not subject to call in.

9.0   Risk Management

9.1   Without the renewal of a new support and maintenance contract the software will become unsupported with the possibility of product failure. In addition the business would be unable to request or implement any new developments in line with their business change requirements.

9.2   If the business decide to tender for an asset management system, this will most likely be a lengthy and costly procedure that would not necessarily bring about best value.

10.0   Conclusions

10.1   It would not be in the interests of the Council to undergo a procurement exercise to replace the existing software application Keystone, particularly with this product being robust, fully integrated and fit for purpose.

10.2   The management of the investment strategy within the HRA Business Plan is dependant upon managing quality stock condition information and systems that can manipulate the information.

10.3   A new procurement would disrupt business continuity and would prove more costly than a re-negotiation with Keystone during which the cost of provision is reduced.

11.0   Recommendations

11.1   The Director of Environment and Neighbourhoods is recommended to approve the waiver of Contracts Procedure Rule 13 Over 100K - High Value Procurements (Tenders)and negotiate a new contract with Keystone for the support and maintenance of their software application Keystone.

9   Background documents[1]

9.1   EIA Screening Document

---

[1] The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.