



***Procurement Report in respect of the
procurement of Integrated Housing and Finance
IT System***

Completed For



Completed By

Steve Bromley, Bromley Consultancy Services

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Background

In August 2020 Yorkhill Housing Association (YHA) agreed to proceed with a procurement process to purchase a new integrated housing management and finance system to replace the existing systems following a review of options available.

The existing version of the housing management system, Kypera Housing, had reached end of life and rather than simply upgrade the decision to procure an alternative system was taken to ensure value for money and to address a number of issues that YHA had with the current solution and supplier. This would also provide an opportunity to transform ways of working and deliver more digitalisation in the services offered and the ways of working.

The intention is to procure and implement a system that will be suitable for YHA for a number of years. The tender documentation, therefore, highlighted a requirement for a contract period of seven years with an option to extend by a further three years subject to satisfactory performance, resulting in a ten year contract period.

An initial evaluation of the high level requirements of a replacement system confirmed that the total contract cost would exceed the financial threshold of the European Procurement Directive for Public Companies which meant that YHA would have to complete the procurement following the rules of the Directive (OJEU). Although the UK has now left the EU, the procurement commenced before leaving, therefore will follow the relevant regulations through to completion.

The OJEU process followed was the Open process, which allows for any supplier that offers a solution that meets the requirements set out by YHA in published tender documentation to submit a tender.

The procurement process has been being managed on behalf of YHA by Bromley Consultancy Services via the Public Contracts Scotland online portal which ensures adherence to the relevant guidelines and regulations. A detailed Specification of Requirements along with an Invitation to Tender document were made available for suppliers to view and register an interest on 9th December 2020.

Tender Process

A total of twenty-two suppliers initially registered an interest in the opportunity and having reviewed the tender documentation and the requirements, seven of these suppliers submitted completed tenders by the deadline of 12 Noon on 15th January 2021.

Tenders were opened electronically via the portal using Zoom with members of the YHA Committee and Management witnessing the opening.

Tenderers were required to submit key information relation to the organisation, its directors and its financial position along with confirmation of its ability to deliver the key requirements identified. Any supplier failing to provide such information would be excluded from being considered further.

As well as detailing the requirements of a new system and the information to be submitted by suppliers within their tenders, the invitation to tender documentation explained that tenders would be assessed on the basis of the offer that is most economically advantageous to YHA with YHA using a ratio of cost and quality; with a weighting of 30% of the assessment being allocated against cost and a weighting of 70% being allocated against quality.

The quality element of received tenders was broken down further and weighted using the following headings:

Criteria	Score
Quality:	
Functionality	15%
Integration	20%
Technical & System Administration	30%
Usability, Support and Account Management	20%
Implementation Methodology	15%

The total score using the above criteria represented 70% of the total tender score.

With the exception of the functionality score which was based on compliance with the functional requirements in the specification, responses to each area above were scored using the scoring method detailed below.

Score	Justification
5	Excellent – The proposal exceeds expectations
4	Very Good – The response/evidence provided fully meets the required standard with negligible risk of failure
3	Satisfactory – Meets the majority of requirements/expectations but generally an average proposal
2	Poor – Marginally adequate but does not meet all of the requirements with some concerns
1	Very Poor – Substantially unacceptable proposal failing in many areas and raising serious concerns
0	Unsatisfactory – Does not meet the requirements at all or evidence is unacceptable or non-existent

The weighting as detailed above is then applied to the scores allocated.

Tenders were allocated a score in relation to the cost using the following method.

The lowest cost solution will be allocated maximum points (30)

All other Tenders will be allocated a score based on the difference between the Tender and the lowest cost Tender using the following formula.

$\text{Lowest Cost} / \text{Tender Cost} \times \text{Maximum available (30)}$

The weighted quality score and the weighted cost score were then added to each other to achieve a total score per supplier.

Tenders were scored by an appointed evaluation team made up of representatives from all areas of the Organisation and scores were allocated initially based on information contained within the received tenders.

The next stage of evaluation was to invite the three highest scoring suppliers to demonstrate their solutions against a set agenda. The purpose of the demonstrations was to evidence what had been proposed within submitted tenders and show a working version of the solution proposed. Initial tender scores were then revisited and if the evidence supported a change to any of the scores previously allocated, scores were revised.

Finally, references were requested from existing customers of the highest scoring supplier to further support the proposal.

Tender Evaluation

Initial Scoring

Tenders were received from seven suppliers. All suppliers submitted a compliant tender and passed the initial review having provided all of the information required. Tenders were then scored by the evaluation team in accordance with the agreed methodology.

The seven suppliers submitting a tender were:

- Castleton
- Civica UK
- DB Group
- Designer Software
- QuantiQ
- Rubixx Software
- SDM

The outcome of the initial scores allocated based on the tender responses was as follows:

Detail	Max	Castleton	Civica	DB Group	Designer Software	QuantiQ	Rubixx	SDM
Quality								
Functional Scores	15	14.12	14.88	14.32	13.71	13.98	4.31	13.19
Integration	20	8.00	16.00	8.00	16.00	8.00	8.00	12.00
Technical & System Admin.	30	12.00	24.00	12.00	18.00	12.00	12.00	18.00
Usability and Support	20	8.00	16.00	8.00	16.00	8.00	8.00	12.00
Implementation	15	3.00	12.00	9.00	9.00	6.00	6.00	9.00
Total Quality	100	45.12	82.88	51.32	72.71	47.98	38.31	64.19
Weighted Quality	70	31.59	58.02	35.92	50.90	33.59	26.82	44.93
Cost								
Total Cost	30	18.61	8.44	13.86	22.65	3.94	13.98	30.00
Total Scores	100	50.20	66.46	49.78	73.55	37.53	40.80	74.93
Position		4	3	5	2	7	6	1

The tender prices submitted by each supplier were as follows.

Supplier	Ten Year Price (£)
Castleton	342,340.00
Civica	754,507.00
DB Group	459,800.00
Designer Software	281,243.00
QuantiQ	1,617,428.58
Rubixx	455,651.78
SDM	212,373.00

The above costs exclude VAT. The total cost covers a ten year period which is the maximum period of the contract and includes all software licences, upgrades and maintenance costs.

As planned, the top three ranked suppliers were invited to demonstrate their solutions with each being given one day to present whilst following the same agenda in each case. The three suppliers were:

- Civica
- Designer Software
- SDM

Demonstrations

The above mentioned suppliers were invited to demonstrate their solutions with each supplier allocated one day to cover all of the areas of the requirements.

Each followed the same agenda and had a list of essential elements to cover during the demonstration.

During demonstrations some additional information came to light and, in some cases, it became clear that in some areas the system did not deliver the functionality that was expected in the way that was expected from the tenders, whilst in other areas it was clear that the solution actually performs better than had been understood from the written tender.

Following the demonstrations, the scores were reassessed, and the following revised scores were agreed by the evaluation team:

Detail	Max	Castleton	Civica	DB Group	Designer Software	QuantiQ	Rubixx	SDM
Quality								
Functional Scores	15	14.12	14.88	14.32	13.71	13.98	4.31	13.19
Integration	20	8.00	12.00	8.00	20.00	8.00	8.00	16.00
Technical & System Admin.	30	12.00	18.00	12.00	24.00	12.00	12.00	18.00
Usability and Support	20	8.00	12.00	8.00	16.00	8.00	8.00	12.00
Implementation	15	3.00	9.00	9.00	12.00	6.00	6.00	9.00
Total Quality	100	45.12	65.88	51.32	85.71	47.98	38.31	68.19
Weighted Quality	70	31.59	46.12	35.92	60.00	33.59	26.82	47.78
Cost								
Total Cost	30	18.61	8.44	13.86	22.65	3.94	13.98	30.00
Total Scores	100	50.20	54.56	49.78	82.65	37.53	40.80	77.73
Position		4	3	5	1	7	6	2

Key reasons for the changes to scores following the demonstrations were:

- Civica – the system was not as easy to use as had been suggested and integration between the housing and finance elements were not as simple as had been suggested. It was also clear that moving forward although the system is hosted there would be a level of IT skill needed internally to develop reports and make changes that YHA does not have.
- Designer Software – integration was clearly greater than had been detailed within the tender with invoice matching against repairs orders, in particular, being extremely simple and more efficient than had been understood from the tender. The system was easy to use and appeared very intuitive and included more elements than expected. The system includes a suite of reports predesigned to meet the ARC reporting requirements. The system is fully hosted and the fact that only one version of the software is in use by all users was seen as a huge benefit assisting with ongoing support.
- SDM – although most of the core functionality was evident as was integration between the housing and finance systems, there were some clear gaps, that became evident in the demonstration, in parts especially relating to the allocations module where manual intervention would clearly be needed. The system looked like an older system and SDM are still in the process of looking to develop the system to work in a modern browser environment. It became evident during the demonstration that the plans in this area are to add a front end to the existing system to make it look like a modern system rather than redevelop using latest software. The system was not as easy to use and ongoing support did not meet the required levels identified by YHA.

As a result of the revisions to the scores, Designer Software was identified as the highest scoring bidder and, therefore, the preferred supplier with the proposal to supply the system HomeMaster.

References

Often in a procurement such as this, a visit to a site already using the system would be arranged to see the system in action. Due to the current pandemic this was not possible, but references were requested from four existing customers of Designer Software. All of the customers contacted for a reference are Scottish housing associations similar to YHA.

Three responses were received, and all were extremely positive in their feedback regarding both the system and the staff from the company. Each reference clearly stated they had made the correct decision to go with Designer Software and have benefited from the improved functionality within the solution with efficiencies being delivered soon after going live especially in relation to the introduction of automated processes and communications.

All three sites were previously using the same software that YHA currently uses and haven't looked back since changing.

In addition to providing the comfort required from a reference, each of the sites offered guidance from the lessons learnt from their implementation experiences which will be taken into account when the work implementing the system commences.

Issues and Risks

There is always a potential risk with any appointment of a new supplier. Risks associated with the appointment of Designer Software are felt to be minimal but should be noted.

- Designer Software is a relatively new company with a small number of staff. Should a key member of the team leave the organisation this may have an impact on the continued development of the system. Additionally, with the company being successful with selling the system recently there could be an impact on availability of staff during the implementation.
- Being a relatively new system there are elements of the software that are still to be developed. If Designer Software continue to be successful in selling the current version of the solution time may be taken away from the ongoing development to implement new customers. However, Designer Software has contractually committed to much of the development to be completed, therefore, this risk is seen as minimal.

These risks will be monitored and managed during the implementation of the new system.

All references that were returned were extremely complimentary about Designer Software and would not hesitate to recommend them to YHA. In addition, each was prepared to offer advice based on their implementation experience. All clearly advised YHA to:

- take time during the implementation to ensure data is accurate,
- consider carefully how much data to migrate,
- allow plenty of time to configure and test the system prior to going live.

Management of the factoring service was a key requirement for YHA and feedback from the reference sites all are confident with the HomeMaster solution but again all advised that the setting up of this part of the system needs much time and thought to ensure that the processes work correctly.

The need for time to be taken to plan the implementation and get things right by cleansing data, configuring the system correctly, testing things extensively and embracing the opportunity to work in new ways has already been flagged internally at YHA. The feedback for reference sites has emphasised the need to be thorough in the implementation to ensure delivery of improvements and benefits moving forward.

Recommendation

It is recommended that, having followed a complete and robust procurement process in accordance with UK and EU guidelines, Designer Software be awarded the contract to supply a new integrated Housing Management and Finance, known as HomeMaster in line with their submitted tender.

The justification for Designer Software being appointed is:

- Designer Software submitted an acceptable tender
- Following an evaluation process in accordance with the published methodology Designer Software achieved the highest overall score
- Designer Software therefore submitted the Most Economically Advantageous Tender

The award will be for an initial seven year contract term with an option to extend for a further three years. The cost of the contract will be £193,360 plus VAT for the initial seven years plus a further £87,883 plus VAT for the following three years if the option to extend is taken.

Subject to acceptance of the recommendation all suppliers that submitted a tender will be notified of the intention to award the contract in accordance with public procurement regulations, following which contracts with Designer Software will be finalised and timescales for the implementation will be agreed.