

<b>Meeting Name:</b>	Cabinet
<b>Date:</b>	16 September 2024
<b>Report title:</b>	Gateway 1 Housing – Procurement Support and Supply Chain Management System
<b>Cabinet Member:</b>	Councillor Sarah King, Council Homes
<b>Ward(s) or groups affected:</b>	All Wards
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	N/a
<b>From:</b>	Strategic Director of Housing

## **FOREWORD - COUNCILOR SARAH KING, CABINET MEMBER FOR COUNCIL HOMES**

We know that the council needs to do more as a landlord to support our tenants and leaseholders. In 2022, we made housing our top priority as a council, focusing on improving the experience of tenants and leaseholders as they interact with the council, getting repairs fixed and tackling damp and mould.

To achieve this, we have put residents at the heart of reshaping our repairs service, and our resident-led board has been central to changes that we are now making. Whilst there is still work to be done, over the last year we have seen a 6% increase in satisfaction with our repairs service, and we are building consistency in making sure our repairs are right first time – hitting our 90% target month on month. We are also going out into the community with our Repair Action Days, carrying out repairs on the spot and making sure bigger repairs are logged and followed up quickly. These days have been incredibly successful and we will be visiting more estates in the coming months and years.

The next stage of ensuring our tenants see further improvements in the repairs service is having the best possible contractors in place to work alongside our in house repairs service for those jobs where we do not currently have the breadth and depth of expertise within the council. The new system of procurement will allow us to procure industry leading specialists more quickly, address the issue of being out of contract with our existing suppliers and allows us to continue to work with SMEs. This will be achieved at a lower cost to the Housing Revenue Account through a pre vetted system. Importantly the system's in-built processes provide real time feedback on their performance including from our own residents, which will ensure that when contractors do not perform to the standard we expect of them we will no longer continue to work with them.

The new system will ensure value for money and achieve higher levels of customer satisfaction - treating every home the council owns as if it was our own. Alongside we will continue to invest in our in house repairs team who we know are best placed to deliver on our long term commitments to tenants and leaseholders.

**RECOMMENDATIONS**

1. That the Cabinet approve the procurement strategy of a direct award from the Procurement for Housing’s Social Housing Emerging Disruptors Framework to Plentific Ltd. for their supply chain and procurement management solution platform dynamic purchasing system at a total cost of £1,439,700
2. That cabinet approve the purchase for a period of three years, with the option of a one year extension
3. That the Cabinet approve the process for placing orders for works up to £6.45m per annum (£25.8m over four years) through the platform, once established, which will be monitored and reported as detailed in this report
4. That the Cabinet note that the Plentific Ltd. solution platform is intended to be used in lieu of the council’s approved list for repair works for the specific areas of spend covered by this GW report. It is not intended to be used as a substitute for any works currently delivered by directly employed staff.
5. That the Cabinet approve this report as a GW1 approval for any individual works order that exceeds £100,000
6. That the Cabinet delegate the GW2 contract award decisions to the Strategic Director for Housing, in consultation with the Strategic Director of Resources

**REASONS FOR RECOMMENDATIONS**

7. The reasons for the recommended procurement approach are detailed later in this report.

**ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

8. The alternative options considered for this procurement are set out in this report

**POST DECISION IMPLEMENTATION**

9. Once the recommendations within this report have been approved:

<b>Key Activity</b>	<b>Target completion date</b>
Agreement contract terms and conditions.	10/10/2024
GW 2 approval	24/10/2024
Implementation of the DSP system and go live.	31/10/2024
Outline tender process for	31/10/2024

Key Activity	Target completion date
engaging, awarding various works packages through the platform, and contract management approach of the packages.	
Agree tender documentation for works packages with procurement.	31/10/2024

## BACKGROUND INFORMATION

10. A number of contracts across Asset Management are at the end of, or are coming to the end of their contract term. This is a risk for the Council and team within Asset Management have been looking at ways to resolve this urgently.
11. The long-term solution is to engage a procurement process, which by the volume, complexity and cost of the works needed, will be a protracted process. However, in the short to medium term, we need to ensure contractual compliance without the need for traditional, long term contractors on a fixed rate. The Council is also keen to work with SME (small and medium enterprise) contractors where possible, who may have traditionally found it more difficult to work with us. The Plentific platform enables us to achieve both of these objectives.
12. The Council is also committed to ensuring value for money and to spending the money within the Council's Housing Revenue Account (HRA) as intelligently as possible. Plentific would be less intensive across both time and labour for the Council, offering a back office saving.
13. Whilst longer term awarded contracts are the norm, other options were explored across the market to meet the Council's commitment to contractual compliance and value for money.
14. The Plentific platform enables the council to gather real time residents' feedback on their experience with each repair carried out. This enables us to react quickly to issues before they become complaints and to review our interaction with contractors receiving poor feedback.

## Summary of the business case/justification for the procurement

15. This procurement is being undertaken to ensure that the council's Asset Management Team is compliant in terms of its contracts and is delivering the repairs programme in a more efficient and less resource-intensive process.
16. The Plentific Ltd. (Plentific) platform provides several additional business benefits for the council, which include:
  - Risk management: The current out of contract status of many contractors in the council's housing supply chain is unsustainable and carries risks. Plentific's dynamic purchasing system (DPS) offers access to pre-approved suppliers.

- Value for money: The system allows consistent competitive bidding for work, which will enable the council to assess and demonstrate value for money (VFM), which we cannot currently demonstrate.
  - Analytics: Information on performance, costs, variations and resident feedback, all of which we do not currently have.
  - Dashboards: Ability to monitor which contractors are selected and any justification if they do not represent the best value for money.
  - Contract management: The platform allows active and live contract management.
  - Assimilation: Contractors previously engaged by the council can be quickly and easily assimilated to the Plentific platform for a fee, as highlighted in the table in paragraph 31 of this report, thus providing potential continuity, subject to value for money.
17. Whilst many of the above could be achieved through the council's existing approved list, the Plentific system offers the council immediate contract compliance and a more competitive way of tendering these jobs, which leads to better value for money.
  18. The Plentific platform will be used for the procurement and management of repairs. It will not be used for day-to-day works normally carried out by the council's directly employed work force, with the exception of specialist trade works and where capacity requires external support to complete works, as already exists.
  19. Works assigned through the Plentific system will be limited to works that the Council cannot undertake internally with our workforce. These works are larger scale or specialist works where it makes more economic sense to go to the open market.
  20. Works contracted out through Plentific will be the exact same type and volume of the works currently contracted out to our repairs partners with expired contracts. No additional works are in scope to be contracted and it is a realistic expectation that over the length of the Plentific contract that less works will be contracted out than current.
  21. This therefore has no negative or adverse effects on the current internal DLO arrangement or staff directly employed by the council.
  22. The platform will be configured to invite a minimum of three suppliers to bid, and contracts will be awarded in accordance with the council's Contract Standing Orders (CSOs) and in line with the system of delegated authority within the Asset Management Team, according to Housing Department's scheme of delegation. The system will then be used to manage the contracts and payment of the contractors.
  23. This paper estimates works costs procured via the Plentific marketplace platform to be in the region of 6.45m a year (£25.8m over four years). This is based on spending receipts for repairs work received during the financial year 2023-24 of circa £6.45m.

24. This estimate assumes that similar budgets are available and a similar level of demand from the stock is required. The figure has not been increased to include indexation.

### **Housing Processes**

25. The award and management of the contracted works will continue through Southwark Repairs and the Council's scheme of delegated authority.
26. Works being allocated via Plentific will always be overseen by a manager within that work stream to ensure that the works cannot be done in house and that we are achieving value for money based on the criteria of the order.
27. Southwark Repairs has a designated project lead within their management team and a dedicated officer will be allocated to oversee the works allocated through the system and adherence to processes.
28. Reporting will take place monthly to the Strategic Director of Housing on numbers of orders and spend through the Plentific system.
29. Areas of work where term contracts are currently being procured, for example voids and communal, will be outside of the initial scope of this project with the option reserved to include them during a later phase of the project.
30. The project will phase areas of Southwark repairs into the Plentific system over a period of months to minimise risk and ensure service continuity.
31. The system will allow residents to rate their contractor based on quality of works and overall satisfaction. Continuing low scores results in contractors being removed from the Plentific system. This process allows the Council to favour satisfaction in its choice of contractor as well as allowing our residents a voice in future procurement.
32. Bringing the contractors we use into contractual compliance is a key objective of the department.
33. The council will have a contract with each individual contractor, which will be managed through the Plentific system.
34. The medium to long term aim within Southwark Repairs is that as much work as possible be completed by internal, directly employed Council teams. The service isn't in a position to currently undertake any further works internally in the short term
35. Southwark repairs are bringing our damp and mould team in house currently. Once that is completed, the intention is to commence the same process for our voids and elements of our communal repairs teams.
36. Long term, the intention is to procure Southwark's own contractor framework. As a landlord with circa 55,000 homes, we should have and can sustain a framework of large, medium and small contractors, who will satisfy all of our contract needs. However, the procurement of such a framework, will take

between 18 and 24 months, which is a period we cannot continue to be out of compliance.

37. The Plentific system is therefore a stepping stone to allow the service to reach full contractual compliance and reduce costs in the short term, allowing for a review of the services delivered and an in house delivery model wherever possible.
38. Services that cannot be delivered in house will be delivered by a Southwark specific framework of contractors.

### **Payment Process**

39. The cost of orders raised through the Plentific system is batch paid to the various contractors via a Stripe hosted virtual bank account. The council make a single batch payment which is then distributed by Stripe to individual contractors. This process is managed through the Plentific system, which ensures that only invoices for orders that have been selected by the council are paid. Any mismatch between the batch payment and invoices selected is flagged through the system and would need to be resolved before any payments are released. Unreleased money would be refunded back to the council if the problem with the payment is not resolved within a given timescale.
40. In summary, the council's officers approve individual payments to contractors on receipt of verification of successfully completed works. Payments are made on a batch basis. Contractor payments are paid via Stripe and not paid to or held in an account which is controlled by Plentific. The officer authorization levels remain as they are currently and inline with the Housing Department's scheme of delegation.
41. Plentific charges contractors a percentage commission for being suppliers on the Plentific system. The following table highlights the commission range that Plentific charge to suppliers:

<b>Job Value Band £</b>		<b>Commission Fee</b>
£0	£5,000	10.0%
£5,001	£7,500	8.0%
£7,501	£10,000	7.0%
£10,001	£25,000	6.0%
£25,001	£50,000	5.0%
£50,001	£250,000	4.0%
£250,001	£1,000,000+	3.0%
Southwark Appointed Contractors		2.5%

Job Value Band £	Commission Fee
(any existing council suppliers added to the system)	

42. The above supplier fees are likely to be added to the council's cost. Whilst this potentially adds costs for the council, it is anticipated that there will be efficiencies through the competitive tendering process for each job, more efficient contract controls, and less resources needed in internally manage the process, which will reduce the impact of any additional costs. These fee percentages are outside of the contract between the Council and Plentific and does not have visibility of these fees. These can change at any point and is therefore listed under the risk table.

### **Market considerations**

43. The Plentific platform provides the council with access to over 500 pre-vetted contractors and suppliers. Their pricing is based on the latest version of the National Housing Federation (NHF) Schedule of Rates (SoR). Work is competitively tendered as required, ensuring Value for Money for the council.
44. The council can invite existing suppliers to sign up to the Plentific platform and allow them to competitively tender along with new suppliers. Suppliers on the council's approved list will be informed and given an opportunity to join the Plentific platform.
45. Plentific also gives the council access to many local Small and Medium Sized Enterprises (SMEs). The council will have the ability to set parameters around size and locality of SMEs for inclusion in invitations to bid for works. This enables the council to invest in building local wealth.
46. Plentific's platform allows SMEs to sign up with ease, whilst still providing compliance checks to meet the council's requirements. This allows SMEs who do not have back-office resources access to the marketplace in an efficient and cost-effective manner.
47. With potentially up to 10,000 work orders and circa £6.54m spend per year being channeled through Plentific, this represents a significant opportunity for SMEs in the borough and the council's ability to support them.

### **KEY ISSUES FOR CONSIDERATION**

#### **Options for procurement route including procurement approach**

48. The following options were considered for this procurement.

#### **Do nothing**

49. Doing nothing is not an option, the council has a statutory obligation to maintain its housing stock and there are a number of gaps in the current process.

## In-house

50. This would mean the council effectively either setting up its own framework of suppliers, extending the current DLO, which would all be costly and time-consuming endeavors. This is a long-term aim of the council, but Plentific enables the council to implement a short-term solution to ensure contract compliance.
51. Whilst the council does already have an approved list for contractors where the value of the contract is below the public works threshold, the Plentific system provides a wider range of tools, which should allow for a more efficient way of procurement and contract management.

## Direct award new contracts to a limited number of existing suppliers

52. This is only available as a short-term/interim option. This option was discounted in favour of procurement via an existing procurement platform, as it does not offer the most efficient use of the council's resources and money, only offers a short-term solution, and does not offer the same level of transparency and consistency for the council. Furthermore, due to lack of competition, it would be difficult to assess best value.

## Using a framework or a Dynamic Purchasing System

53. The transformation team have reviewed and compared the following repairs and maintenance lots from the following framework and procurement platforms in order to find a suitable procurement solution:

<b>Provider/ Framework</b>	<b>Cost</b>	<b>Fram ewor k</b>	<b>DPS</b>	<b>Pre- approved Supply Chain (Incl. executed contracts)</b>
Bloom (Nepro 3)	5% (suppliers)	Yes	No	No
Crown Commercial Service (Housing Maintenance and Repair)	Average of 0.33% (suppliers)	Yes	No	No
Constilia (Neutral vendor MSP)	1.45 to 4.5% (suppliers)	Yes	No	No
South East Consortium (Refurbishment & Repairs Framework)	1.5% (members)	Yes	No	No
Plentific (Maintenance & Property Management Software)	2.5 to 10% (suppliers)	Yes	Yes	Yes
Using the council's approved list	Supplier Joining Fee	No	No	Yes but no Execution

54. It should be noted that DPS's will come to an end by 27 October 2028 due to changes in procurement legislation and will be replaced with a dynamic market.



## Proposed procurement route

55. The proposed strategy is to make a direct award, via the Procurement for Housing's Social Housing Emerging Disruptors (SHED) Framework, to Plentific Ltd to use their supply chain and procurement management platform solution DPS.
56. The cost breakdown for the system are below:
  - £497,000 – three year system use
  - £125,000 – option of additional one year of system use
  - £817,200 – additional modules
57. The council does not have the expertise or capacity within the existing in-house team, internal resources are not sufficiently structured to fully deliver these kind of services.
58. The core services offered by Plentific platform provide the council with access to the following:
  - A PCR compliant procurement platform
  - Access to a DPS
  - An integrated system approach to procurement (tendering, contract management, supplier payments)
  - A short-term fix, as well as a long-term solution.
  - Ability to add existing suppliers to the supplier list
59. The framework will allow for a mini-competition or a direct award for each project. Officers will be instructed to undertake a mini-competition unless it is an emergency, any orders without competition will need to be agreed by a manager within the service.
60. A plan is currently being drawn up to ensure that the Plentific tender and order process aligns with the council's approved delegations and the council's CSOs. It is expected that most of the individual order value range will be from £1,000 to £5,000, although some will exceed this. This report seeks approval to be considered as a GW 1 report for any individual orders that exceed £100,000. A separate GW 2 report will be required in accordance with the CSOs.
61. In order to ensure that this spend is monitored, a report will be produced on a monthly basis outlining all expenditure within the last month, upon which the requirements of the contract register will be satisfied, and which will be presented to the Strategic Director of Housing. This process will be reviewed once in place and established.
62. The Plentific's solution platform is intended to be used in lieu of the council's approved list for repair works for the specific areas of spend covered by this GW report. The rationale for using this platform instead of the council's approved list is because it offers pre-approved and vetted contractors, a competitive approach to raising orders, monitoring functionality, and an efficient approach to the multi-transactional use of contractors.

63. Contractors on the Plentific system are assessed against the PPN Selection Questionnaire for compliance.
64. To be compliant with Southwark specific procurement and compliance the system will be adapted and contractors bidding for work will need to sign up to Southwark's Fairer Future Procurement Framework prior to placing a bid on each individual order.
65. Checks will be made by Southwark's internal teams to ensure that contractors are compliant with the standards. Any contractors who are not compliant with Southwark specific standards will not be used to undertake any works on behalf of Southwark Repairs.

### Identified risks for the procurement

66.

R/N	Risk Identified	Risk Rating	Mitigation
R1	Integration Risk	Low / Med	Early engagement with Southwark I.T. (already commenced) and third party stakeholder such as other systems providers. Mitigation early and detailed engagement.
R2	Procurement challenge	Low	This framework allows for single supplier negotiation and the council will ensure compliance with framework terms
R3	Financial viability of Plentific / Insolvency	High	<p>Council to carry out financial due diligence investigation and the usual credit checks, and engage with the company to satisfy any concerns around financial sustainability.</p> <p>A no penalty break clause will be included in the contract. Ensure robust plan in place for service delivery in the event of the platform ceasing to exist. All works will be paid for in arrears.</p> <p>Subscriptions/licenses are paid annually.</p> <p>The council will have direct contracts with each supplier, albeit through the system.</p> <p>The stripe payment system ensures that any funds paid out to suppliers through the system are protected.</p>
R4	Contractors	Low	Ensure robust plan in place for

R/N	Risk Identified	Risk Rating	Mitigation
	withdraw from the platform / platform ceases to exist		service delivery in the event of the platform ceasing to exist. The Plentific marketplace has over 500 contractors available in the southeast within excess of 300 in London. Individual withdrawal is unlikely to impact Southwark's delivery
R5	Increased Exposure to market volatility	Low	Implement regular reviews of market trends and supplier pricing to adjust strategies proactively and manage costs effectively.
R6	Variable pricing increases likelihood of swings in spend	Low	Utilise the detailed analytics provided by Plentific to improve forecasting accuracy, even with variable pricing. Regularly update financial forecasts based on the latest market data and trends. Fixed price work will be obtained where possible.
R7	Fee charged by Plentific to Contractors increases (which increases cost of works)	Med	Consider renegotiating contracts or seeking alternative platforms if fees become prohibitive.

### Key /non-key decisions

67. This report deals with a key decision.

### Policy framework implications

68. The procurement of this contract will follow the commitment of 'Southwark 2030' to deliver the commitments to value for money and be open, honest, and accountable.

69. These new contractors engaged through Plentific's platform will contribute to the council's Delivery Plan for:

- a thriving and inclusive economy;
- a healthy environment;
- quality affordable homes; and
- keeping you safe.

### Procurement project plan (Key Decisions)

Activity	Complete by:
Enter Gateway 1 decision on the Forward Plan	01/08/2024
DCRB Review Gateway 1	05/08/2024
CCRB Review Gateway 1	15/08/2024

CMT Review Gateway 1	20/08/2024
Brief relevant cabinet member (over £100k)	15/07/2024
Notification of forthcoming decision - Cabinet	6/09/2024
Approval of Gateway 1: Procurement strategy report	16/09/2024
Scrutiny Call-in period and notification of implementation of Gateway 1 decision	25/09/2024
Forward Plan (if Strategic Procurement) Gateway 2	02/09/2024
DCRB Review Gateway 2:	07/10/2024
CCRB Review Gateway 2	17/10/2024
Notification of forthcoming decision	17/10/2024
Approval of Gateway 2: Contract Award Report	25/10/2024
End of scrutiny Call-in period and notification of implementation of Gateway 2 decision	04/11/2024
Contract award	05/11/2024
Add to Contract Register	05/11/2024
Place award notice on Find a Tender Service	05/11/2024
Place award notice on Contracts Finder	05/11/2024
Contract start	05/11/2024
Initial contract completion date	04/11/2027
Contract completion date – (if extension(s) exercised)	04/11/2028

70. This report is seeking delegation of the Gateway 2 decision in order to appoint Plentific Ltd as quickly as possible, in order to address the issues raised in this report have a suitable procurement process in place for future repairs

#### **TUPE/Pensions implications**

71. No direct TUPE or pensions implications are currently anticipated for the council as the proposed service contract will be delivered by an external provider.

#### **Development of the tender documentation**

72. Asset management will review contract documentation, Plentific terms and conditions, and the framework terms and conditions with corporate legal services. Contracts for works will be direct with suppliers and not with Plentific.

#### **Advertising the contract**

73. Not required as this is a direct award.

#### **Evaluation**

74. This contract will be awarded based on cost benefits attained via competitive tendering and contract management efficiencies and monitoring provided.

## **Community, equalities (including socio-economic) and health impacts**

### **Community impact statement**

75. The Public Sector Equality Duty requires public bodies to consider all individuals when carrying out their day-to-day work, in shaping policy, in delivering services and in relation to their own employees. It requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between different people when carrying out their activities.
76. The award of this contract will have a positive impact on the community as it will assist the council in keeping its statutory obligations.

### **Equalities (including socio-economic) impact statement**

77. The Public Sector Equality Duty has been considered and no additional consultation is required.

### **Health impact statement**

78. The new contract will have a positive impact on health inequalities as the main purpose of the works is to provide quality homes for the council's social housing.

### **Climate change implications**

79. The contractors provided through Plentific's platform will have a positive impact on climate. The contracts include the provision for utilising public transport and organising works to limit travel and journey times. The system opens up the possibility of using local, smaller companies to carry out works the Council may not otherwise have used via existing contracts and processes

### **Social Value considerations**

80. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the wellbeing of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.
81. The Fairer Future Procurement Framework will be embedded into the documentation Contractors procured via the Plentific's platform are required to sign up to and adopt as their own.
82. The successful contractors will be required to demonstrate that they operate an Equal Opportunities Policy, comply with the provisions of the Equalities Legislation, the Employment Relations Act 1999 (Blacklists) Regulations 2010 and the Prevent Duty under section 26 of the Counterterrorism and Security Act 2015. These provisions will be incorporated in the contract terms and conditions.

83. Small and medium local business's will be supported by the council, through encouragement to join the Plentific platform.

### **Economic considerations**

84. The council is an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, contractors and subcontractors engaged by the council to provide works or services within Southwark or Greater London pay their staff at a minimum rate equivalent to the LLW rate. For contracts performed outside London, all relevant staff should be paid at or above the real UK Living Wage. Plentific and subsequent works contractors will be expected to meet the LLW requirements and contract conditions requiring the payment of LLW which will form part of the negotiation process and the outcome will be contained within in the GW 2 report.
85. Following awards, Plentific and subsequent works contractors will be required to collect data on employment status of any sub-contracted operatives and confirm payment of LLW. All quality improvements and any cost implications will be monitored as part of the contract review process.

### **Social considerations**

86. The successful contractors provided through Plentific's platform shall consider trade union recognition in line with the council's Fairer Future Procurement Framework.
87. The successful contractors or their sub-contractors provided through Plentific's platform will be registered and accredited with the Transport for London (TfL) Fleet Operator Recognition Scheme. TfL Fleet Operator Recognition Scheme helps fleet operators to measure and monitor performance, encompassing safety, fuel efficiency, vehicle emissions and improved operations, in order to promote fleet management best practice and reduce social / environmental impacts.
88. The successful contractors provided through Plentific's platform will need to demonstrate that they can meet the Mayors Good Working Standard foundation level or above and are committed to the End Violence at Work Charter.

### **Environmental/Sustainability considerations**

89. The contractors provided via Plentific's platform will be required to sign up to and adopt the council's Environmental and Sustainability policies.

### **Plans for the monitoring and management of the contract**

90. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.
91. Annual performance reviews will be in line with the council's Contract Standing Orders.

## Staffing/procurement implications

92. There is no current plans for any changes to the existing staffing structure, it is anticipated that this will be managed through existing staff resources.

## Financial implications

93. The estimated cost of this proposed procurement is £1.4m and will form as part of asset management budget. Then an estimated £25.8m resulting works costs. The cost will be met from resources supporting the council's Housing Investment Programme.
94. Contractors will be charged a fee by Plentific for using the Plentific system, which is likely to be added by the contractor to the council's cost. Whilst this potentially addition costs for the council, it is anticipated that there will be efficiencies through competitive tendering process for each job, more efficient contract controls, and less resources needed in internally manage the process, which will reduce the impact,

95. Estimated contract cost including and excluding VAT:

	System & Licensing	Works	Total	Total Including VAT
Year 1	£349,292	£2,687,500	£3,036,792	£3,644,150
Year 2	£304,300	£6,450,000	£6,754,300	£8,105,160
Year 3	£304,300	£6,450,000	£6,754,300	£8,105,160
Year 4	£304,300	£6,450,000	£6,754,300	£8,105,160
Year 5	£177,508	£3,762,500	£3,940,008	£4,728,010
Total	£1,439,700	£25,800,000	£27,239,700	£32,687,640

## Investment implications

96. The cost of these services will be allocated to the council's investment programme.

## Legal implications

97. Please see concurrent from the Assistant Chief Executive – Governance and Assurance

## Consultation

98. There were none.

## Other implications or issues

99. There were none.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Strategic Director of Resources**

100. This report seeks cabinet approval for the procurement strategy of a direct award to Plentific for their DMP for a period of three years, with an option to extend for an additional year at a total potential cost for the core system and all modules (for four years) of £1.43m. Additionally this report approves the process for placing orders for works up to £6.45m per annum (£25.8m over 4 years) through the platform. This will ensure that use of repairs and maintenance subcontractors is compliant with the council's procurement guidance, ensuring transparency and accountability.
101. The table in paragraph 41 outlines various risks associated with a project involving the Plentific platform. Key risks include:
- **Financial Viability:** Plentific's cumulative significant operating losses over the past three years pose a high risk although Plentific would dispute this. Mitigation includes a no-penalty break clause and maintaining existing systems as backup. Protection against Council financial losses in the event of Plentific failure must be in place.
  - **Integration:** Plentific must interface with multiple systems (Northgate, Service Connect, SAP). The service will collaborate with IT, finance, and legal teams to develop a robust implementation plan and ensure accurate information transfer.
  - **Governance risk:** Using Plentific will involve substantial changes to contract management practices. With variable pricing and a potential pool of 300-500 contractors, establishing robust governance structures is paramount. The platform must align with the council's scheme of delegation, ensuring that decision-making authority is appropriately distributed and documented. Additionally, it's crucial to establish protocols for handling disputes, managing contractor performance, and ensuring compliance with local government regulations and procurement policies. This includes management of the stripe account. Furthermore the council is seeking further assurance that funds paid out to suppliers through the stripe account system are protected.
  - **Pricing:** Whilst access to a competitive market place could drive down prices, there is no guarantee that Plentific will offer better value than direct award to current contractors. Contractors will factor in Plentific's fee (currently up to 10% of work costs, which could total £640k annually) into their rates. This percentage could change at any point without the knowledge of the council as this fee is not part of the Southwark's contract with Plentific. Additionally, contractors bidding for individual jobs rather than large volumes of work could result in higher average job costs. Any increase in the cost of works is particularly concerning given current HRA budget constraints.



- **Budget Management:** The Council should ensure that new budget management processes are established to support the Plentific implementation which ensures the HRA financial Recovery Plan is delivered.

102. For 2024-25, Asset management have a cash limit of £77.8m with which to deliver commitments. The service is therefore prioritising and rebasing all financial plans to ensure financial stability and sustainability of the HRA. All costs associated with Plentific, including set up costs, annual fee, contingency and resulting works ordered on Plentific, must be included within the HRA cash limited budget. Orders should be monitored carefully, and if necessary, the volume of work should be limited to ensure the programme does not overspend.

### **Head of Procurement**

103. This report seeks approval from cabinet for of a direct award from the Procurement for Housing's SHED (Social Housing Emerging Disruptors) Framework to Plentific Ltd for their supply chain and procurement management solution platform dynamic purchasing system (DPS) at a total cost of £497,500 for a period of three years contract commencing 1 November 2024 with an option for a one-year extension if required, making a total cost of £622,500 for four years. Approves a further option to purchase additional elements of software in the future, if and when required at a total value of £817,200, subject to a separate gateway approval. Notes that the Plentific Ltd solution platform is intended to be used in lieu of the council's approved list for repair works for the specific areas of spend covered by this gateway report.

104. Cabinet notes the procurement is detailed in paragraphs 38 to 52 and 59 to 61, the risks are detailed in paragraphs 53, the impact on equalities, health and climate change are detailed in paragraphs 64 to 66, confirmation of the payment of London Living Wage is detailed in paragraph 71, management and monitoring of the contracts is detailed in paragraphs 77 to 78 and there are NO social value commitments.

### **Assistant Chief Executive – Governance and Assurance**

105. This report seeks cabinet approval for the procurement strategy of a direct award from the Procurement for Housing's SHED (Social Housing Emerging Disruptors) Framework to Plentific Ltd for their supply chain and procurement management solution platform dynamic purchasing system (DPS) at a total cost of £497,500 for a period of three years commencing 1 November 2024 with an option for a one-year extension if required, making a total cost of £622,500 for four years. Cabinet's approval is also sought for an option to purchase additional elements of software in the future, if and when required at a total value of £817,200 (subject to a Gateway 3 report), making a total contract sum of £1.439,700 which includes the core system and all modules for the four year period.

106. Cabinet is requested to note that the Plentific solution platform is intended to be used in lieu of the council's approved list for repair works for the specific areas of spend covered by this GW report, as outlined in paragraph 54.

107. The CSOs stipulate that a GW1 report is required for all contracts over £100k. Rather than seeking separate GW1 reports for individual work orders that exceeds £100k, approval is being sought from cabinet to accept this report as the required GW1 report, as outlined in paragraph 52. In addition, cabinet is asked to approve the process for placing orders for works up to £6.45m per annum (£25.8m over four years) through the platform, once established, which will be monitored and reported as detailed in paragraph 51 to 53.
108. Cabinet's approval is further sought for the delegation of the GW 2 contract award decisions to the Strategic Director for Housing, in consultation with the Strategic Director of Resources for reasons stated in paragraph 59 of this report.
109. CSO 5.1.2 provides that any procurement involving the use of a third party's framework agreement is subject to usual Gateway 1 procedures. This report therefore seeks approval to the use of the Procurement for Housing's SHED Framework. As this framework agreement has already been tendered in accordance with the Public Procurement Regulations 2015, the council is not required to undertake a separate fully advertised tendering exercise. Instead, the procurement strategy proposes the carrying out of a direct award from for the reasons outlined in this report.
110. The business case/justification for the procurement are outlined in paragraphs 15 to 21 of this report and confirms that the Plentific system offers the council immediate contract compliance and a more competitive way of tendering the individual works. Paragraphs 31 to 34 highlights the payment process.
111. Cabinet's attention is drawn to the Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010, which requires public bodies to have due regard, when making decisions, to the need to eliminate discrimination, harassment, victimisation or other prohibited conduct, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. Cabinet is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 64 to 67 of this report setting out the consideration that has been given to these issues, which should be considered when approving the recommendation in this report.

### **Chief Digital and Technology Officer (For all contracts involving IT)**

112. The council's Technology & Digital Services department (TDS) have assessed the Plentific platform, as described by its vendor, against our cyber security and application standards.
113. For Cyber Security a checklist of security requirements was assessed, in accordance with the Software as a Solution (SaaS) policy. The SaaS policy covers the use (or potential use) of systems provided over the internet in the Cloud, SaaS that may be provided hosted in Council infrastructure and / or developed custom solutions. In the case of Plentific it is the cloud scenario that applies. The policy ensures that recognised best practice cloud management practices and certifications are in place, that data encryption and backup procedures are in place, data recovery practices can be evidenced, multi-factor authentication requirements can be met, and appropriate governance for third-party access to Council data is in place. All of the security requirements were

met by Plentific.

114. Based on this, TDS have concluded that the platform is secure enough and robust enough for its intended purpose. The Plentific vendor has proposed integrations with one existing council system (NEC) that the Housing department and TDS agree are necessary and viable.

### **Director of Exchequer (For Housing contracts only)**

115. The report does not identify how the individual repairs to each block and estate will be coded and captured to allow accurate variable service charge construction. Customer and Exchequer Services has been informed that initially no communal repairs will be processed through Plentific, and that safeguards will be put in place to ensure that no service chargeable repairs are raised to the system. It is important to ensure that not only are these safeguards put in place, but that they perform appropriately, as there is no suggestion that the additional cost per order to be paid to Plentific can be properly identified and captured. It has been indicated that Plentific will be integrated with the Council's housing management system (i-world) through APIs, and that works orders will still be raised via i-world, but this has yet to be agreed by the provider NEC. It is imperative that integration does happen, to allow any communal works to be identified for service charge purposes in the future. The report is unclear as to what work and for which geographical area Plentific will be used. Customer and Exchequer Services have been separately informed that initially the system will only be used for day to day (individual) repairs across the Borough and for disrepair cases. Should there be any consideration given to expanding usage of the system to communal repairs detailed consideration will need to be given to how subsequent service charge construction will be managed to ensure that homeowners are charged their due and proper proportion of the total cost of the works.
116. The cost of purchasing the system will not require statutory consultation as it is below the relevant financial limits for a qualifying long term agreement. However, should any communal works be raised through Plentific, the ongoing costs and the management of the system could be subject to a test of reasonableness by the First Tier Tribunal should any leaseholder challenge their service charge. The commission fee adds a layer of cost to each works order that would need to be justified in order to be able to resist any challenge on the grounds of reasonableness. The report does not make it clear whether this additional cost will lead to other costs efficiencies which would compensate, or how the system will provide an improved service to residents.
117. The spend will need to be authorised in line with the scheme of management and appropriate controls will need to verify vendors and comply with HMRC requirements for CIS. New processes will need to be designed so they are compliant with the Council's budget management frameworks.

## **BACKGROUND DOCUMENTS**

<b>Background Documents</b>	<b>Held At</b>	<b>Contact</b>
-----------------------------	----------------	----------------

None		
------	--	--

## APPENDICES

No	Title
None	

## AUDIT TRAIL

<b>Cabinet Member</b>	Councilor Sarah King, Council Homes	
<b>Lead Officer</b>	Hakeem Osinaike, Strategic Director of Housing	
<b>Report Authors</b>	Marc Cook, Customer Journey Lead - Southwark Repairs	
<b>Version</b>	Final	
<b>Dated</b>	5 September 2024	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Strategic Director of Resources	Yes	Yes
Head of Procurement	Yes	Yes
Assistant Chief Executive – Governance and Assurance	Yes	Yes
Director of Exchequer (For Housing contracts only)	Yes	Yes
<b>Contract Review Boards</b>		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
<b>Cabinet Member</b>	<b>Yes</b>	<b>Yes</b>
<b>Date final report sent to Constitutional Team</b>		5 September 2024