

## Draft Report to Cabinet

Cabinet meeting 30<sup>th</sup> April 2020

By the Leader

**DECISION REQUIRED**



### Not Exempt

**Appendix 1 and background papers** exempt under Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972

## Tender of the Council's contract for Planning and Regulatory Services Software

### Executive Summary

The Council currently has a contract with Idox for software (including support and maintenance) which is used by Planning, Land Charges, Building Control, Environmental Health and Licensing.

The current supplier of this software has been on a rolling annual contract which renews on 31<sup>st</sup> March each year. The contract has been in place since 2003. The current system needed to be reconsidered in line with the Technology Strategy and Business Transformation Needs.

The contract size is in excess of OJEU thresholds therefore a full OJEU compliant open tender process must be undertaken. This process has now been completed and a number of bids were received as detailed in exempt Appendix 1.

Cabinet is recommended to proceed with the contractor identified in Appendix 1 (exempt) and to delegate authority to the Director of Corporate Resources to enter into the contract on the Council's behalf.

### Recommendations

Cabinet is recommended:

- i) To award the contract to the successful Supplier as detailed in Appendix 1 on the terms recommended.

### Reasons for Recommendations

The procurement route has satisfactorily identified a single supplier for all three department's requirements, including achieving the Councils Business/Digital Transformation and Technology strategies identified within the project.

All three departments individually identified Supplier 1 as their highest scoring preferred bidder.

The proposed solution is within the budget outlined and agreed for the project.

## **Background Papers**

Background Paper 1: Supplier 1 – Financial Position and Risk

Background Paper 2: The design of the contract

**Wards affected:** All

**Contact:** Graham Shail 01403 215119 or Julie Abel 01403 215114

## Background Information

### 1 Introduction and Background

- 1.1 Horsham District Council currently has an on-site system called Idox Uniform which provides the application software for Planning, Building Control, Environmental Health and certain Licensing functions. Land Charges runs TLC (supplied by Idox). Documents are managed by Northgate Information @ Work, also on-site.
- 1.2 These systems require a degree of technical maintenance and security, provided by Technology Services. The Technology Services strategy is to move towards Hosted Managed services or SaaS (cloud hosted software as a service). Where the supplier is responsible for the system and its technical maintenance.
- 1.3 The arrangement with Idox is a rolling annual contract, which renews on March 31<sup>st</sup> each year. Owing to the financial scale of the contract, OJEU rules apply, which means that the contract must be advertised on an open tender basis in the Official Journal of the European Union.
- 1.4 In order to achieve digital and business transformation several key objectives were identified: to find Software as a Service or Hosted Managed systems fit for purpose in the specialist departments, to ensure fully integrated document management, to provide customer facing portals for digital transactions, and to provide mobile Apps for officer inspections and site visits.
- 1.5 A project team was established including representatives from each department: technology services, planning, building control and environmental health. Each department was heavily involved in writing a requirements document to ensure basic functions were covered and to also highlight the areas that could gain most benefit from digital transformation.
- 1.6 Before advertising the contract for tender, the Council's procurement team arranged market engagement 'soft demos' to gauge interest and discuss advances in technology and software with interested parties. There was interest in the contract and 6 suppliers provided demonstrations which helped inform the requirements documents with the aim of possible digital and business transformation opportunities.
- 1.7 During this process, three key factors became apparent (a) the market preference was for a term of at least 5 years (b) both the HDC and the market would prefer to bid on a 60/40 quality/price basis and (c) some suppliers were better at Planning than Environmental Health or Building Control. The decision was taken to advertise the project as three Lots that could be bid for individually or in any combination. Evaluation to be by individual Lot.
- 1.8 These results were reported to the Finance and Assets Policy Development Advisory Group with a proposal to proceed on the basis of a contract for a term of 5 years with an option to extend for a further three years; a quality/price assessment of 60/40 and the possibility of 1-3 separate contracts.

## **2 Relevant Council policy**

### **2.1 Corporate Plan:**

The replacement of these existing systems is necessary to support the modernisation and digitisation agenda of key theme 5 in the Corporate Plan. Enhancing our on-line presence, making systems easier to use and employing the latest technology to streamline processes are essential requirements in the tender document.

## **3 Details**

- 3.1 Officers prepared a comprehensive set of tender documentation, which included a full breakdown of the department requirements. This was completed in three Lots. Lot 1 – Environmental Health and Licensing, Lot 2 – Planning and Land Charges, Lot 3 – Building Control
- 3.2 A set of questions was also prepared which allowed the contractors to demonstrate their approach to a number of relevant issues, such as security, data migration, document management, implementation, support and development. Bidders were allowed an unlimited word count in order to give comprehensive replies to these questions which could then be evaluated with a scoring mechanism.
- 3.3 The tender documentation was uploaded onto the Council's e-tendering procurement portal. In addition to the evaluation methodology, the tender documentation included contract documentation in an approved form. This process ensures that all contractors are supplied with identical information and understand the nature of the contract that they will be expected to enter into.
- 3.4 During the tender preparation process a number of contractors raised clarification questions, which were answered.
- 3.5 At the tender return date, the Council received seven bids, the details of which are included in Appendix 1 (exempt).
- 3.6 The qualitative element of the tenders was reviewed and assessed by three teams, one for each Lot. The same two representatives from Technology services sat on all three teams. Lot 1 was led by the Head of Environmental Health, Lot 2 was led by the Head of Development and Lot 3 was led by the Head of Building Control. Each team was comprised of a manager, an officer and an admin manager, plus the Platforms Manager and Service Designer from Technology Services. These officers individually scored the submissions and then met as a panel to agree moderated scores individually for each Lot. There was a full discussion on the merits of the answers provided by the bidders and minutes were taken by the project manager. A set of moderated scores and comments were agreed.
- 3.7 The top three bidders for each Lot were invited to demonstrate their solutions under controlled conditions. These demonstrations were scored and used to validate claims made in response to the tender. The moderation process was repeated at this stage.

- 3.8 An analysis of the financial assessment was undertaken by officers from procurement and finance at the same time as the qualitative analysis. This work was undertaken independently, and the results were not shared with the qualitative team until the moderation exercise had been completed.
- 3.9 On completion of this process an analysis of the total scores was undertaken and a winning bid for each Lot identified. The details are included in Appendix 1.
- 3.10 Cabinet is recommended to approve the appointment of the recommended supplier as set out in Appendix 1.

## **4 Next Steps**

- 4.1 To enter into contract and start the implementation.
- 4.2 To start the business transformation reviews in line with the new technology available.

## **5 Views of the Policy Development Advisory Group and Outcome of Consultations**

- 5.1 The procurement methodology was considered by the Finance and Assets Policy Development Advisory Group and Informal Cabinet, who supported the proposals recommended
- 5.2 The Head of Finance raised concerns about the recommended supplier. These concerns are summarised as risks in paragraph 9.2 of this report and shown in full in background paper 1. Contractual mitigations have been explained by the Senior Contracts Solicitor in paragraph 9.2 and shown in full in background paper 2. Comments from the Director of Corporate Resources (s151 Officer) and the Head of Legal & Democratic Services (Monitoring Officer) are incorporated in this report. The Senior Leadership Team has reviewed the report, including risks and mitigations and support the recommendation.

## **6 Other Courses of Action Considered but Rejected**

- 6.1 The option of doing nothing is not an option as it is not compliant with our Technology Strategy or Digital Transformation goals. Due to the value of the project, even staying with our current supplier required an OJEU tender.

## **7 Resource Consequences**

- 7.1 The recommended contractor is within the forecast budget.
- 7.2 There will be a high level of personnel resource required during the implementation phase of this project June 2020 to end of 2023. This has been budgeted for by each department and within the Transformation Plan funded from the Transformation Reserve.

## **8 Legal Consequences**

- 8.1 The Council has complied with OJEU rules in undertaking this tender.

8.2 In house legal resources will be used to complete the legal documentation.

## **9 Risk Assessment**

9.1 There are risks when changing from one supplier and one system to another but there is adequate time to ensure a smooth transition and full information is available. It is therefore considered that this risk is controllable.

9.2 There are risks associated with the size of proposed preferred supplier. With any small provider, especially one on a rapid growth trajectory, there are concerns around the capacity to deliver to the contract, overstretching beyond their means, single points of failure should key staff leave, failure should key investors depart and withdraw their money, potentially a slower designed product and implementation delays and product enhancement delays. Ultimately a small less well established company carries a higher risk of dissolution and, if the company fails, the Council has to reinvest time and resources with a different provider, effectively paying twice. Mitigating these risks are the industry history of the owners in the local government IT business, the importance of us as a customer to a small business and the way the contract is constructed with milestones and phased payments.

These risks and the contractual mitigations are fully detailed in the exempt background papers.

## **10 Other Considerations**

10.1 Improving our on-line offering to customers will have a positive impact on most service users. However, our service design plans are ensuring that all our customers will be equally considered, making sure options remain open for those unable to access on-line services.