

AGENDA ITEM: 12 Pages 62 - 69

Meeting	Cabinet Resources Committee
Date	28 February 2012
Subject	Information Systems Contracts
Report of	Cabinet Member for Resources and Performance
Summary	The report seeks: (i) waiver of, relevant, rules within the Council's Contract Procedure Rules to enable regularisation of contractual arrangements within Information Systems; (ii) authority to regularise contracts; and (iii) authority to extend a number of Information System Contracts.

Officer Contributors	Andrew Gee, Acting Head of Information Systems Service Delivery
Status (public or exempt)	Public
Wards affected	All
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

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1. RECOMMENDATION

1.1 That the Committee authorise a waiver of Contract Procedure Rules as necessary to enable regularisation of the following contractual arrangements;

1.1.1 To enable regularisation of the contractual arrangements with BT who currently provide the council with network services and Internet connectivity, the contract to continue up to 31st March 2013 with an appropriate break clause to allow the new NSCSO partner to explore alternative solutions. Annual cost £411,000.

1.1.2 To extend the support contract for the Children's Service Case Management System ICS, up to 31st March 2013 whilst the Children's Service's complete a procurement exercise that may change the underlying system and the requirements of any future support arrangements. Estimated annual cost £110,000 (includes supplier Retail Price Index [RPI] uplift).

1.1.3 regularisation of contracts with Northgate that provide maintenance of both the hardware and software to support SWIFT until the end of 31st December 2013, whilst a procurement exercise is undertaken by Children's and Adult's services. Estimated annual cost £89,000 (includes supplier RPI uplift).

1.1.4 regularisation of the contract with Messagelabs for the provision of critical secure email and incoming mail scanning serviced up to the 31st March 2013, and to regularise payments for the year 2011/12. This will have an annual cost of £104,000 for all mail scanning and 500 secure mail users for 2011/12 (includes supplier RPI for 2012/13).

1.1.5 regularisation of the existing contractual arrangement with 2e2 for the provision of WISDOM support up to the end of the existing managed service support contract with 2e2 in June 2013. This will have an annual cost of £56,000 (includes supplier RPI uplift).

1.1.6 regularisation the existing contractual relationship with IDOX for Acolaid business systems, the contract to continue until 31st March 2013. Total annual cost for 2012/13 is £94,000 (includes supplier RPI for 2012/13).

1.1.7 regularisation of the existing contractual relationship with CAPITA for the provision of AXIS income system up to 31st March 2013. Total annual cost for 2012/13 is £19,000 (includes supplier RPI uplift).

1.1.8 regularisation of the existing contractual relationship with Tribal Solutions for the provision of Tribal business systems, the contract to continue up to 31st March 2013. Total annual cost for 2013 is £45,000 (includes supplier RPI for 2012/13).

regularisation of the existing contractual relationship with Norwel Legal Systems provider, the contract to continue until 31st March 2013. Total annual cost for 2013 is £13,000 (includes supplier RPI uplift).

1.2 That the Committee authorise the variation of the council's managed service support contract with 2e2 in order to include, within the contract, the provision of support for the WISDOM software referred to in Recommendation 1.1.5 (above).

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Audit Committee at its meetings on 16th June 2011 and 6th September 2011 reviewed and agreed the Procurement Controls and Monitoring Plan produced following the comprehensive review of the Councils contract monitoring arrangements.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The aim of the suggested regularisation of and extension to the IS Support Contracts and are sought is to ensure that Information Services (IS) does not hinder or impede the Council's 'One Barnet' objectives. Therefore, IS needs to secure that there are contracts in place to cover the period between now and until any new service provider agreement is fully executed.
- 3.2 The regularisation and extension of contracts, going forward, will progress with priority as per the Council's Corporate Plan: Better services with less money – through efficient procurement and contract management, including reduction of administration costs associated with placements.

4. RISK MANAGEMENT ISSUES

- 4.1 If the contracts, identified in this report, are not regularised and extended, the Council will lose the opportunity to bring together corporate support services from across the Council to create a better, more efficient service and looking over the long term, the potential to use this partnership to deliver services to others. The remaining estimated time for the NSCSO procurement process is 10 months to Contract award.
- 4.2 Unless the option to regularise and extend contracts is exercised the council will need to carry out costly tendering processes before January 2013, resulting in arrangements that may not deliver best value for money.
- 4.3 Some of the savings identified in 2012-13 budgets have been based on the re-negotiation of existing support contracts. If waivers are not granted then there is a risk that predicted savings may not be achieved.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The anticipated 2012/13 spend relating to these contracts is tabulated below and includes worst-case RPI uplifts to which the existing contracts are subject. These uplifts will be challenged but where suppliers enforce the uplift, or a lower percentage increase, the result will be a pressure on IS budgets. The contracts below are funded within the existing IS budget provision.

Contract	Anticipated 2012/13 spend
BT Pipe to the Internet and BT Network lines	£411,000
ICS Serco	Estimated at £110,000 (includes supplier RPI uplift)
SWIFT Northgate & Anite	Estimated at £89,000 (includes supplier RPI uplift)
Secure e-mail Message Labs	£104,000 for all mail scanning and 500 secure mail users (includes supplier RPI uplift).
Wisdom 2e2	Estimated at £56,000 (includes supplier RPI uplift)
Acolaid business systems	Estimated at £94,000 (includes supplier RPI uplift)
CAPITA Income Systems	Estimated at £19,000 (includes supplier RPI uplift)
The Tribal business systems	Estimated at £45,000 (includes supplier RPI uplift)
Norwel Legal Case management System	Estimated at £13,000 (includes supplier RPI uplift)

- 6.2 There are no issues related to Staffing and Property

- 6.3 There is less than 10 months remaining before outsourcing of the service as part of the NSCSO One barnet Programme Project, leaving a short period of time to address and implement major procurement projects

7. LEGAL ISSUES

- 7.1 In the event that the lifetime values of the contracts, dealt with within this report, exceed the, relevant, European Threshold, the Public Contracts Regulations 2006 (as amended) will apply. Any non-compliance with the Regulations carries a risk of legal challenge and the imposition of sanctions if successful.
- 7.2 With reference to the BT Pipe to the Internet and BT Network lines contracts which have values above the, relevant, EU threshold it is considered that reliance may be placed upon Regulation 14 of the Public Contracts Regulations 2006 (as amended), which implement the European Directive into domestic legislation. Regulation 14 enables a Contracting Authority to negotiate a contract with a particular supplier, without the publication of a contract notice, when, for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the public contract may be awarded only to a particular economic operator.
- 7.3 The Treaty provisions of equal treatment, fairness and non-discrimination must be complied with, by the council, in carrying out its functions and in exercising its powers.

7.4 With respect to the council's own Contract Procedure Rules, the Cabinet Committee has power to waive any one or more of those Rules if satisfied that waiver is justified on any one or more of the grounds set out in Section 8, below.

8. CONSTITUTIONAL POWERS

8.1 The Constitution, Part 3, Section 3.6 sets out the functions of the Committee, including the power, set out in contract procedure Rule 5.5 and Table 5-1, to Authorise and Accept contracts.

8.2.1 Section 5.8 of the Contract Procedure Rules enables a Cabinet Committee to waive the requirements of the Contract Procedure Rules if satisfied, after considering a written report by the appropriate officer, that the waiver is justified because:

8.2.2 the nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procedure Rules is justifiable; or

8.2.3 the contract is for works, supplies or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or

8.2.4 the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or

8.2.5 there are other circumstances which are genuinely exceptional.

8.2.6 Waiver of the Contract Procedure Rules is being sought, herein, on the basis of exceptional circumstances, in view of the complex nature of the contracts which require regularisation; the time which it would take to carry out full procurement process(es); and the impending externalisation of NSCSO to an private partner.

9. BACKGROUND INFORMATION

9.1 Historically, the procurement and management of contracts for IT were owned by the IT department and managed in line with corporate procurement guidelines. The set-up of IT within local government is very complicated and a number of interdependences between systems need to be effectively managed to run an effective operation. During periods of significant change, it is not prudent to change systems that are operating effectively as this introduces new risk into the delivery of the IT and this can lead to additional cost to resolve the impact of any failure from unnecessary technical changes.

9.2 Over the last 5 years, devolved IS teams and capability from across the business have been centralised into the corporate IS team. In creating this capability a number of additional contracts were inherited and many of these would now need to be re-procured. As the council is seeking to procure a new partner through NSCSO, it would be inappropriate to re-procure contracts at this stage as best value is usually obtained through longer term contracts, and novating long term contracts to a new supplier in January 2013, may introduce the risk of additional cost. The background for each contractual arrangement where IS are requesting a waiver of Corporate Procurement Rules is listed below.

9.3.1 **BT**

The Council's data Network infrastructure including our internet services were put in place with BT when the Modernising our Infrastructure (MOI) contract with 2e2 was awarded in 2005. Procuring a different provider at this stage would jeopardise budget savings and could result in a major project having to re-direct key resources and activities. An independent report was undertaken by Imerja dated 25th February 2011, and the identified savings that could be achieved through a new technology delivery model, providing the same level of service, have been proposed by the current supplier. Waiver of COPRs, in accordance with the Recommendations of this report, will enable an immediate cost saving of approximately 80k, subject to formal offer from the supplier.

9.3.2 **ICS Serco**

Children Service's main case management system is ICS. As part of their plan to replace SWIFT, the Children's Services have a live project in place to procure a replacement system. Permission is sought to extend the current support contract with Serco which comes to an end in March 2012 to the end of the financial year 2013 while Children Service's complete a procurement exercise and clarify the future of the system as this may significantly change the requirements of any future support arrangements.

9.3.3 **Swift Northgate**

SWIFT is a Northgate system which is the key case management application used by Children's and Adult's. Both services are currently in the process of procuring a replacement to SWIFT. As we are currently in a procurement process it is not appropriate for IS to enter into a further contracts for the support of SWIFT. Permission is sought to regularise our support arrangement up to the end of 2012/13 to enable the current system to be supported until the future of the current system is known and any replacement system commissioned.

9.3.4 **Message labs Secure e-mail**

Barnet currently spends approximately £104,000 a year with Messagelabs (Symantec) for incoming e-mail scanning and secure e-mail services. There is an urgent requirement for increased use of secure e-mail in the business. Specifying and procuring a new technology solution and supplier between now and the NSCSO outsource will introduce significant risk in terms of technology integration and IT security and delay the implementation of increasing use of secure e-mail into the business. The change activities associated with embedding a new secure e-mail method would also be significant as there would be user training required to effect the change. Permission is sought to regularise the contract with Message labs up to the 31st March 2013 allowing for up to an additional 500 users at an estimated £3 each per month. Permission is also sought to regularise our payments for the year 2011/12.

9.3.5 **2e2 WISDOM EDRMS**

The Wisdom EDRMS is the council's core electronic document and records management system. The system has been through a number of changes of ownership and now rests with 2e2, our current managed service support contractor. The 2e2 contract is due to end in June 2013 when IS transfers to the new partner. Ahead of the transfer there is still a requirement to continue to support the system. IS therefore propose to vary the contract with 2e2 to cover the support of WISDOM until the end of their existing contract. As system principles, they are the only providers of WISDOM licenses and support. Permission is sought to waive contract procedure rules and complete a change control with 2e2 to regularise our contract to include WISDOM support up to the end of the 2e2 contract in June 2013

9.3.6 **IDOX & Acolaid Business Systems**

The Acolaid business systems and peripheral applications were originally selected by competitive tender procedures. A robust procurement process was carried out which evaluated products from the leading suppliers with the result that Acolaid from Plantech (now acquired by IDOX) was chosen as preferred supplier and the system purchased and installed. The system was further upgraded, authorised by DPR 1372 in 2011 when the underlying time expired servers were replaced and online elements of the system, which are proprietary to IDOX, were upgraded. IDOX are the only providers of support for this system, and the business owner does not want to change the system at this time. The NSCSO partner will bring greater procurement leverage to ensure an appropriate long term solution.

Permission is sought to waive contract procedure rules and regularise our contractual relationship up to 31st March 2013. The estimated cost for 2012/13 is £94,000.

9.3.7 **CAPITA AXIS Income System**

The AXIS payment system which is proprietary to CAPITA PLC, was originally selected by competitive tender procedures. The procurement process was initiated at the beginning of 2007 to replace a legacy mainframe system and was introduced in June 2007. A robust procurement process was carried out which evaluated products from the leading finance system suppliers with the result that AXIS was chosen as preferred supplier. The AXIS system is embedded in the Finance service, forming an integral part of the service delivery. Annual cost for 2012/13 is £19,000. Permission is sought to regularise our contractual position up to 31st March 2013. CAPITA are the only providers of support for this system, and the business owner does not want to change the system at this time. The NSCSO partner will bring greater procurement leverage to ensure an appropriate long term solution.

9.3.8 **Tribal and Tribal Business Systems**

The Tribal business systems which are proprietary to Tribal Solutions were originally selected by competitive tender procedures. Procurement began as a replacement system to ESIS, the in-house developed Educational Services Information System. Permission is sought to regularise our contractual position with Tribal up to 31st March 2013. Spend for 2012/13 £45,000. Tribal are the only providers of support for their systems and the business owner does not want to change the system at this time. The NSCSO partner will bring greater procurement leverage to ensure an appropriate long term solution.

9.3.9 **Norwel Legal Case Management System**

The Norwel Case Management System which is proprietary to Norwel Computer Services was originally selected by competitive tender procedures. The procurement process was initiated in 2003 to find a replacement system to Datix, (an LBB bespoke system created for Legal Services), and is embedded in the Legal service, forming an integral part of the service delivery. Legal are currently following a process to enter into Shared Service with Harrow and therefore any resource spent tendering for a new contract with Norwel would be of minimal business benefit. Waiver is sought to regularise the existing contractual relationship with Norwell up to 31st March 2013 to enable the systems to be supported during the setting up of the Shared Service.

10 LIST OF BACKGROUND PAPERS

10.1 Imerja Infrastructure Review Report of 25th February 2011. Commissioned by Rod Matthews, Director of Resources

Legal – SS

CFO – MC