Cabinet report 8 July 2011

Vale of White Horse District Council

Report of Head of HR, IT and Customer Services

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Wards affected: (all)

Report no. 11/11

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To: SOUTH CABINET

DATE: 11 July 2011

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To: VALE CABINET

DATE: 8 July 2011

Decision to award a contract for a joint property based database system

Recommendation(s)

(a) That cabinet approve the award of a contract for property based database systems to Ocella Software Systems Ltd (Ocella).

(b) That cabinet authorise the head of HR, IT and customer services to arrange for officers to finalise terms and conditions and enter into a contract with Ocella.

Purpose of report

1. This report recommends that cabinet approves the award of a contract to replace the councils' two existing property systems with a single joint system serving both councils. This essential software supports core council functions including planning, building control, land charges, environmental health and licensing.

Strategic objectives

2. The proposed contract award contributes to the shared strategic objective of managing our business effectively by making a financial saving for the councils whilst also

delivering improved, harmonised IT systems that will enable council officers to work more effectively and efficiently at both councils.

Background

3. In September 2010, South Cabinet and the then Vale Executive approved an IT strategy and investment plan, which authorised the head of HR, IT and customer services to commence the procurement to replace the property systems for both councils with a single, harmonised system.

4. The head of HR, IT and customer services appointed a project manager from the service to run the procurement process, and organised an officers' board - comprising the heads of planning, health and housing, HR, IT and customer services, the performance and projects manager, the project manager and a contracts solicitor to check and challenge the process, communicate across the councils and make key recommendations.

5. The head of HR, IT and customer services also set up a project board to oversee the procurement, consisting of each Cabinet / Executive member with portfolio responsibility for IT at South and at Vale and the relevant strategic director.

6. At South, a system called Ocella is currently in use, while Vale uses a system called UNI-form. The two systems cover similar council functions, with some differences, as now briefly described.

The current South system

7. At South the following Ocella modules are in use:

- planning (such as management of planning applications, enforcement and appeals)
- building control (ensuring correct building construction and safety)
- environmental health (inspection and enforcement of public health issues)
- land charges (maintenance and searching of a register of local land charges)
- licensing (management of various licences such as those for taxis)

8. Additionally, South uses a separate gazetteer system (a directory of geographical addresses) called Acolaid.

9. Officers at South have built basic databases for housing grants and estates.

The current Vale system

10. At Vale the following UNI-form modules are in use:

- planning
- building control
- environmental health
- land charges
- housing grants (processing applications including Disabled Facilities Grants)

- estates (managing the council's property portfolio)
- gazetteer

11. Additionally, Vale uses a separate licensing system called LalPac.

Purchasing options

12. Officers had previously explored whether the councils could just extend one of the current systems to cover both councils. However, the councils had to run a formal procurement to tender this contract to comply with EU regulations and the councils' contracts procedure rules because the value of the contract over its lifetime of five years is in excess of the EU threshold (currently £156,442).

13. The project board considered an evaluation of the procurement options, finding that it did not look feasible to use a contract from another authority, nor to drawdown under an existing framework agreement, and agreed to use the competitive dialogue process as the procedure likely to deliver best value for money.

Scope and structure of the procurement

14. The project manager and IT applications manager undertook an analysis of the systems that could be covered by this procurement and met with officers that use the current systems across both councils to refine the scope of the procurement and draft a requirements specification. This included general technical and software requirements in addition to service-specific requirements.

15. The officers' board and project board agreed the systems that the procurement should cover and agreed to divide the procurement into eight lots accordingly, to enable us to make separate decisions about each discrete area of functionality, while still allowing suppliers to come up with a single system that would cover as much as possible in accordance with the principles of the councils' joint IT strategy.

16. Suppliers had to bid for lot 1 – which the project board considered to be the core functionality of systems for planning, environmental health, land charges and building control.

17. In addition, we encouraged suppliers to bid for any of seven discretionary lots covering the other modules as listed above (7-11), details of which are in Annex 1 to this report.

Procurement process

18. The first stage of the tender was to pre-qualify suppliers according to their technical capacity, professional ability, and their economic and financial standing. In total, 17 suppliers submitted a completed pre-qualification questionnaire (PQQ) in February 2011.

19. The evaluation panel of officers scored the PQQ responses and invited the five highest-scoring qualified bidders to participate in competitive dialogue. We provided these five suppliers with a descriptive document including a draft requirements specification, and invited them to submit a draft response to these requirements, including an indicative pricing schedule.

20. The project manager also invited representatives from the five suppliers to attend an afternoon supplier event to provide them with an opportunity to clarify our requirements with user representatives from the relevant services. Three suppliers attended and one submitted questions in advance. These suppliers gave us positive feedback that this event was a good way for them to understand our requirements.

21. Following the supplier event, four suppliers submitted draft responses and one supplier withdrew from the process, confirming that they did not wish to tender.

22. Officers reviewed the draft responses submitted and identified that two of the four suppliers stated that they could not meet a significant number of essential requirements.

23. The project team then invited the two remaining suppliers to participate in separate dialogue meetings on 24 March 2011. These meetings with each supplier were to discuss commercial, financial, legal and technical issues and to agree the best deal for the councils. Both suppliers gave us positive feedback that they found these meetings an efficient and effective way of tailoring their tenders to our requirements and that the dialogue process made tendering 'as painless as possible'.

24. The suppliers then had the opportunity to re-draft their responses and respond to any amended or additional requirements that the councils specified, and submit their final tender.

Tender evaluation

25. A user representative from each service area that uses the system evaluated each relevant section of the tenders. In addition, the head of HR, IT and customer services, and the IT applications manager also evaluated all sections of the tenders.

26. In accordance with the councils' tender evaluation policy, the project board agreed the following weighting of evaluation criteria for each lot:

- 25 per cent on response to requirement specification for that lot

- 5 per cent on ability to provide a comprehensive solution

- 10 per cent on compliance with the councils' IT strategy, method statement and implementation plan relevant to that lot

- 60 per cent on price for that lot as provided in their pricing schedule (calculated over the five year lifetime of the contract).

27. We specified that only the supplier that scored highest for Lot 1 may be awarded a contract for Lot 1 as this was the core functionality that we needed.

28. If the supplier that scored highest for Lot 1 also scores highest on the evaluation of any of the other lots (2-8) in the procurement, the councils may decide to include any of those lots in the contract.

29. The councils reserved the right not to award a contract for any of the lots in the procurement. For any lot which the councils do not award a contract during this procurement, the councils may decide to run further separate procurements for these

lots according to the councils' contracts procedure rules and all relevant legislation, or to run projects to develop existing systems if this is likely to deliver best value.

30. The scores were moderated by an evaluation panel and a recommendation for each lot was agreed by the officers' board, which the head of HR, IT and customer services and the project manager discussed and agreed with the project board.

31. Please see Annex 1 for a summary of the evaluation outcomes and recommendations for each lot.

Financial implications

32. The project board agreed that all costs would be split equally between the two councils.

33. The one-off cost of additional software licences is £10,000 which can be met from existing IT budgets. The one-off revenue cost of £48,800 for implementation and data migration is covered by growth bids which have been approved by the Cabinets for 2011/12.

34. The annual revenue cost for maintenance of the new system for both councils is £40,000, to be shared into equal sums of £20,000 at South and £20,000 at Vale.

35. The current revenue budgets for maintenance of the equivalent systems are £40,085 for Ocella at South, and £57,690 for Uniform at Vale.

36. The new contract will therefore save South £20,085 and Vale £37,690 per year. After implementation costs this adds up to a combined saving of £230,075 over the five-year contract, and a saving of £403,400 over eight years if the councils choose to take up the option to extend the contract for a further three years.

37. In a separate project we are comparing Ocella with Vale's current licensing system, LalPac. If the decision is to implement Ocella's licensing module at Vale, a further annual saving of £12,000 will become available at the time that LalPac is decommissioned.

38. In order to achieve clarity over software budgets and to ensure that the projected savings can be secured in practice, we propose to transfer the relevant revenue budgets to a new cost centre set up for this purpose.

Legal implications

39. The fully compliant EU procurement process has been overseen by the project board.

40. The risk of challenge should be low because the project team has at every stage complied with both the EU regulations and contracts procedure rules, and has worked closely with suppliers to make sure they understand the process throughout and are unlikely to dispute any stage of the process.

41. Though this contract will make a saving on ongoing revenue costs, the new contract value over five years exceeds the EU threshold, therefore contracts procedure rule 57.5 requires Cabinet approval.

42. The councils are required to enter into a formal contract with our preferred supplier.

Risks

43. There is a risk of under-performance of the supplier. This has to be managed by careful project management of the implementation of the new system across both authorities by the implementation project manager. Once the system is in place, the IT applications manager will act as the contract manager.

44. As with any software supplier it is possible that the successful supplier will cease trading or be taken over by another company, though there is no suggestion of any specific risk in this case. We plan to mitigate this risk by entering into an escrow agreement to lodge the source code of the system with a third party - which we can then access in an emergency.

Implementation / project management

45. The implementation of the system is a distinct project, for which the head of HR, IT and customer services has already appointed a project manager and established a project board of relevant officers to govern the project. We aim to launch the new system on 1 April 2012, subject to agreement of the project plan with the supplier.

46. Impact on service delivery – it will take time to train officers to use systems and there will inevitably be pockets of resistance to changing system. However, there will be officers who are pleased with the new system, as well as those who will find it significantly simpler to only have to use one system as they increasingly reap the benefits of efficiency while working across the two councils.

47. IT support and development were involved in evaluating the tenders and the maintenance of the proposed new joint system should be simpler than the arrangements for the separate systems currently in place at both councils.

48. Having a single system will enable front-line service teams to work to a single set of procedures, facilitating shared working and offering improved resilience. Any changes to systems, reports or letters arising from new legislation or policies will only have to be made once.

Conclusion

49. Ocella submitted the tender which is clearly the most economically advantageous to the councils. Awarding the contract to Ocella will result in significant financial savings for both South and Vale and enable both councils to achieve other efficiencies already identified as part of the Fit for the Future programme. Therefore I ask Cabinet to approve the recommendations of this report to approve the award of a contract to Ocella.

Background papers

- Joint Cabinet and Executive report on the IT strategy and investment plan (September 2010)
- Minutes of project board meeting (26 April 2011)

- **ANNEX 1 – EVALUATION OUTCOMES AND RECOMMENDATIONS SUMMARY**

Lot 1 - Planning, Environmental Health, Building Control and Land Charges
- Evaluation outcome: Ocella - 93%   Supplier 2 - 79%
- Total cost over 5 years: Ocella - £251,800   Supplier 2 - £359,350
- Recommendation: award contract to Ocella

Lot 2 - Gazetteer / Street Naming and Numbering
- Evaluation outcome: Ocella did not bid   Only Supplier 2 bid for this lot
- Recommendation: no award in this procurement – stay with current systems

Lot 3 - Licensing
- Evaluation outcome: Ocella - 87%   Supplier 2 - 42%
- Total cost over 5 years: Ocella - £3,250   Supplier 2 - £30,000
- Recommendation: award contract to Ocella at South, review LalPac at Vale

Lot 4 - Corporate Property
- Evaluation outcome: Ocella did not bid   Only Supplier 2 bid for this lot
- Recommendation: no award in this procurement – separate project

Lot 5 - Leisure and Technical Services
- Evaluation outcome: Ocella did not bid   Only Supplier 2 bid for this lot
- Recommendation: no award in this procurement – separate project if necessary

Lot 6 - Housing Grants
- Evaluation outcome: Ocella - 91%   Supplier 2 - 57%
- Total cost over 5 years: Ocella - £5,250   Supplier 2 - £16,400
- Recommendation: project to decide whether to use Abritas or Ocella

Lot 7 - Parks Maintenance
- Evaluation outcome: Ocella did not bid   Only Supplier 2 bid for this lot
- Recommendation: no award in this procurement – stay with current system

Lot 8 - Planning Policy Monitoring
- Evaluation outcome: Ocella - 91%   Supplier 2 - 46%
- Total cost over 5 years: Ocella - £1,000   Supplier 2 - £7,650
- Recommendation: award contract to Ocella