

**Report of: Chief Planning Officer, Chief Officer Environmental Action, Chief Officer Economy and Regeneration, Head of Licensing, Head of Digital Change, City and Community Hub**

**Report to: Chief Digital and Information Officer**

**Date: 6th March 2017**

**Subject: IDOX contract and procurement options – moving forward**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: A	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

### Summary of main issues

1. The current support and maintenance contract for the Idox Uniform system expires on the 31<sup>st</sup> March 2017.
2. Given this contract break point ideally it would have been an opportunity to undertake a competitive exercise and test the market to see what other solutions could meet our requirements but due to the significant organisational change that the Council is undergoing at the moment we are not in a position where we are clear about the future shape and structure of the organisation and consequently where accountabilities and responsibilities for some services may eventually reside and therefore it would not be prudent at this time to embark on a retendering exercise. It is estimated that this Council change programme will take a year to conclude.
3. Given this change - a modification to the existing contract is required in order to continue to support the delivery of all the business critical outcomes that the system underpins and also to ensure that a thorough exploration of alternative products in the market takes place.
4. As the value of the contract will be less than the 50% of the original contract – see Appendix A for details – we will be modifying the existing contract using the provisions of the Public Contracts Regulation 72.

## Recommendations

5. The Chief Planning Officer, Chief Officer Environmental Action, Chief Officer Economy and Regeneration, Head of Licensing and the Head of Digital Change, City and Community Hub request that the Chief Digital and Information Officer agree the contract with Idox PLC be modified to cover continued use of the system for a period of a further 34 months from the 1st April 2017.
6. A formal project has been set up to determine the future requirements of a new system and to establish a procurement approach and timeline. This project is aiming to be in a position that the procurement will be able to commence 1<sup>st</sup> May 2018. The project group is mobilising to:
  - Determine the Total Cost of Ownership of the current system
  - Identify the Business Case for change
  - Determine the Project Organisation
  - Determine the resources required and an indicative timeline

More details of this are set out in Appendix A.

### **1 Purpose of this report**

- 1.1 To seek the approval of the Chief Digital Officer to modify the contract with Idox Plc. to ensure continued use of the system for a further period of 34 months from the 1<sup>st</sup> April 2017.

### **2 Background information**

- 2.1 The IDOX Uniform application occupies a large footprint within Leeds City Council, being used by eight main business areas and underpinning key business outcomes and activities for the Authority. It is used by circa 600 users daily, plus Councillors, and also the public who look at information using the Public Access website.
- 2.2 A partnership agreement between Leeds City Council (LCC) and IDOX Plc was established in April 2009 and was signed for 5 years. (3+1+1).
- 2.3 This agreement was for the supply of Land and Property systems and business applications along with associated services.
- 2.4 The Idox PLC suite of applications are now fully bespoke and embedded in:
  - City Development (Planning & Sustainable Development, Building Control & Asset Management)
  - Environment & Housing (Environmental Services)
  - Citizens and Communities (Customer Access, Contact Centre, Licensing and Taxi Private Hire Licensing)

- Legal (Local Land Charges)
- 2.5 Following approval in February 2014 from the Chief Planning Officer to enter negotiations with Idox PLC using Regulation 14 (1) (a) (iii) of the Public Contracts Regulations 2006 – use of the negotiated procedure without prior publication of a contract notice, negotiations took place with Idox PLC, resulting in savings of £51,360 per annum over the then current on-going costs.
- 2.6 The outcome of that negotiation was that a contract for the support and maintenance of the Uniform system was established for a further two years until 2016, with the option of a further 12 months beyond that. This extension was invoked on 1<sup>st</sup> April 2016.

### **3 Main issues**

- 3.1 The IDOX suite supports the outcomes and operations of large parts of the Council.
- 3.2 The system is the main line of business application which supports the delivery of the following services:
- Planning & Building Control applications
  - Applications Enforcement & Appeals
  - Dangerous Structures
  - Land and Property Gazetteer & Street Naming and Numbering
  - Asset Management
  - Listed Buildings & Tree Preservation orders
  - Environmental Health including service requests, food safety, pest control, dogs and infectious diseases
  - Housing including Houses in Multiple Occupation
  - All requests relating to Environmental Health
  - Entertainment Licensing
  - Taxi and Private Hire Licensing
- 3.3 The business and citizen outcomes that the application supports and underpins are all high profile activities with the risk of severe economic, environmental, financial and reputational damage if not carried out correctly; the software has been tailored and developed over time to support these outcomes and the supporting business processes to deliver in Leeds.
- 3.4 The business and technical complexity of the system and the level of integration is detailed in the confidential Appendix A.

- 3.5 Due to the significant organisational change that the Council is undergoing at the moment including the movement of services into different and new Directorates - we are not in a position where we are clear about where responsibility and accountability will lie for some services.
- 3.6 This may lead to diminishing the provision of some services and is likely to result in different operating models and ways of working.
- 3.7 We expect these reviews to be completed within the next year and will conclude with a new operating model for the Council. The Digital and Information Service will be included in the service reviews that will take into account the opportunities that different information and technology options will bring. For the services that utilise the existing system, this means we will be in a position to go to the market with a requirement which reflects this new operating model by January 2018.
- 3.8 In addition a separate exercise called the 'IDOX Technical Review' has also been initiated to review the technical architecture, operational procedures and support arrangements pertaining to the application - as there has been significant staff turnover in recent years and a lot of experience has been lost.
- 3.9 Given this position we will require a modification to the existing contract from the 1st April 2017 for a period of 34 months while we build the case for change, determine timelines, and ensure that a thorough exploration of alternative products in the market takes place.
- 3.10 A formal project has been established to undertake this review and will be led by the Chief Planning Officer with representation from all of the other senior stakeholders as senior customers.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.2 Consultation has taken place between the lead business users, system administrators, ICT Strategic Sourcing, Chief Procurement Officer, Chief Officer Planning, Chief Officer Environmental Action, Chief Officer Economy and Regeneration and Head of Licensing whose services rely on the application.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 There are no specific issues relating to equality and diversity or cohesion and integration from this piece of work.

### **4.3 Council policies and City Priorities**

- 4.3.1 The system is embedded in a number of services across the Directorates and this will support Leeds City Council to achieve its vision of becoming the best City in the UK by supporting the delivery of the following objectives and priorities:

- Being more responsive to the needs of local communities
- Providing accessible and integrated services

- Strengthening local accountability
- Boosting the local economy
- Maximising housing growth to meet the needs of the city in line with the Core Strategy
- Generating income for the Council
- Ensuring a safe, efficient and reliable waste collection service

#### **4.4 Resources and value for money**

- 4.4.1 The system is fully embedded within LCC therefore no further resources are required (the system is supported by a group of module supervisors and also by staff in Information Management & Technology teams and the ICT team).
- 4.4.2 A modified contract in line with section 4.5.2 has been discussed in principle with the supplier and will see the total annual support and maintenance and managed service fee reduce by approximately £25,000 per annum with further review of the Managed Service element each year thereafter.
- 4.4.3 The Managed Service is the fee that we pay to Idox to administer and support the system on our behalf. We would expect this to diminish as the benefits of the Idox Technical Review will be an increased ability to manage this for ourselves.
- 4.4.4 The contact has been subject to regular review throughout its lifetime.

#### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 This is a significant operational decision which is subject to call-in. There are no grounds for keeping the contents of this report confidential (apart from the contents of Appendix A).
- 4.5.2 Under the Public Contracts Regulations 2015 (“Regulations”) the provisions of Regulation 72 (1) (c) state that a contract can be modified when all of the following conditions are met –
- “(i) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;  
(ii) the modification does not alter the overall nature of the contract;  
(iii) any increase in price does not exceed 50% of the value of the original contract or framework agreement”.
- 4.5.3 It is considered that all the above conditions are met due to the reasons set out at section 3 above. If this Regulation is used incorrectly, and it is subsequently determined that the above conditions are not met, the Council will be open to legal challenge that it has breached the procurement rules. Further, an aggrieved contractor could potentially argue that it has missed out on a competitive opportunity and thereby seek damages for that loss of opportunity.

- 4.5.4 It is also a requirement of Regulation 72 (3) that, when using Regulation 72 (1) (C), a notice to that effect must be published in OJEU to alert the market that such a modification to the contract has taken place (or is to take place). Once the notice is published it will start time running for bringing a claim for a breach of the Regulations, which must be brought within 30 days of the date that an aggrieved party knew, or ought to have known, that a breach had occurred.
- 4.5.5 Although there is no overriding legal obstacle preventing the use of this Regulation the above comments should be noted. In making their final decision the Chief Digital and Information Officer should be satisfied that the course of action chosen represents best value for money.

## **4.6 Risk Management**

- 4.6.1 The risk highlighted at 4.5.3 above is mitigated somewhat due to the requirement to publish a notice OJEU when using Regulation 72 (1) (c). However, it is recommended that the notice is published and wait for at least 30 days before the modification is actually actioned in order to see if any challenges are made.
- 4.6.2 The risk will be managed in accordance with the Contract Management Plan.
- 4.6.3 An assessment of the risks associated with this decision are found in Appendix A.

## **5 Conclusions**

- 5.1 The support & maintenance agreement is required to continue to support the application and support the delivery of essential services in the City.

## **6 Recommendations**

- 6.1 The Chief Planning Officer, Chief Officer Environmental Action, Chief Officer Economy and Regeneration, Head of Licensing and the Head of Digital Change, City and Community Hub request that the Chief Digital and Information Officer agree the contract with Idox PLC be modified to cover continued use of the system for a period of a further 34 months from the 1st April 2017.
- 6.2 A formal project has been set up to determine the future requirements of a new system and to establish a procurement approach and timeline. This project is aiming to be in a position that the procurement will be able to commence 1<sup>st</sup> May 2018. The project group is mobilising to:

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## **7 Background documents<sup>1</sup>**

7.1 None.

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

