

**Report to the Chief Officer (Highways and Transportation)**

**Date: 23 May 2017**

**Subject: Request to Waiver of Contract Procedure Rules 9.1 and 9.2 to renew the licence for Insight Enterprise Software with Symology Ltd without seeking competition.**

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|---|------------------------------|--|
| Are specific electoral Wards affected?<br>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 type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information?<br>If relevant, Access to Information Procedure Rule number: 10.4(3)<br>Appendix number: Appendix A | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

**Summary of main issues**

1. The Highways and Transportation service use the 'Insight Enterprise' software as a central element in the management and delivery of a number of service areas. It is important to the activities of the Highway Asset Management, Network Management and Highway Maintenance teams, and it performs a role in other areas such as processing customer contact, street gazetteer maintenance and financial management.
2. In line with common industry practice, the software is licensed for use by the payment of an annual licence fee. Renewal of the licence is required for continued use of the Insight Enterprise software beyond the annual renewal date of 1st June 2017.
3. If the licence is not renewed, the Council can no longer use the software, which will result in significant impacts to the business areas it supports and the services those areas deliver to Leeds.
4. A review carried out in 2016 identified significant change costs and resource requirements involved in a change in software supplier. The period of this waiver will permit the preparation of a procurement plan addressing the complexity of this highly embedded software, and provide the opportunity to assess how wider initiatives on shared services and Council change initiatives will impact the future requirements of the Highways and Transportation service.

## Recommendations

5. The Chief Officer (Highways and Transportation) is requested to:

- i) waive Contract Procedure Rules 9.1 and 9.2 – High Value Procurements - and approve continuation of the existing contractual licence agreement with Symology Ltd for the Insight Enterprise software licence until 31<sup>st</sup> May 2019, with an option to renew for an additional 12 months until 31<sup>st</sup> May 2020, in the sum of £48,695.32 per annum, without seeking competition;
- ii) approve the payment of the annual renewal for the Insight Enterprise software to the supplier, Symology Ltd;
- iii) confirm that a procurement plan for the services currently carried out by the Insight Enterprise software be developed before the 31<sup>st</sup> May 2020, to ensure the software used by the Service continues to be the most appropriate and cost effective.

### 1 Purpose of this report

1.1 The purpose of this report is to seek approval from the Chief Officer, Highways and Transportation, to waive Contract Procedure Rule 9 (High Value Procurement, contracts between £10k and £100k) to renew the licence for the Insight Enterprise software at a cost of £48,695.32 per annum to cover the period from 1<sup>st</sup> June 2017 to 31<sup>st</sup> May 2019, with an option to extend for a further 12 months, without seeking competition.

### 2 Background information

2.1 The Highways and Transportation service have used the Insight Enterprise software for a considerable period. The software is regularly updated by the supplier to meet changing requirements from legislation and business priorities, such as street works noticing rule changes and the development of asset valuation.

2.2 The Insight Enterprise software is used by a number of local authorities and utilities. Its leading strengths are in the highly specialised area of street works and as a flexible asset management tool. It also provides much of its value to Highways and Transportation through the integration between its modules, providing common resources, such as a shared street gazetteer, and simplifying support and development activities. The software is customisable using codes and other options, facilities which have been used over the long period of use, to create a bespoke system, adapted to closely match business processes.

2.3 The product is currently licensed under a Licence Agreement signed on 17th August 2004, which allows for an annual service charge for continued use of the product. The Applications Management team within Digital Information Service (DIS) review the annual service charge, and the ongoing use of the modules and facilities it covers each year on receipt of the annual renewal statement, to check that the licensed facilities are required and appropriately used.

2.4 In the last renewal period this review removed redundant features, resulting in a saving of £7,241.04 between the renewal figure for 2016 and 2017.

- 2.5 Insight Enterprise is widely used by staff within Highways and Transportation as part of their daily work flow. There were 160 individual active users in February 2017.
- 2.6 The Insight Enterprise software is an essential part of the business processes of a number of areas within Highways and Transportation. The Network Management, Asset Management and the reactive maintenance function of the Highway Maintenance team are particularly dependent on the software. It is responsible for managing customer contact through its interfaces with the corporate contact platform 'contact 360' and the distribution of those calls within Highways and Transportation. It also supports the maintenance of the Local Street Gazetteer.

### **3 Main issues**

#### **Reason for Contracts Procedure Rules Waiver**

- 3.1 Through its long and widespread use within the Highways and Transportation service, the Insight Enterprise software is heavily embedded within key business processes. A change in supplier will have significant impacts in resource requirements and disruption across the service, so any decision to make a change must consider the wider costs and benefits for the service and will require careful preparation.
- 3.2 A recent review of the software (Appendix A) identified the minimum costs of change of a supplier to be £300,000. This level of change costs outweighs any potential saving in licence costs, from a change in supplier, within a reasonable period.
- 3.3 The Insight Enterprise software is meeting the identified needs of the service areas where it is used. Any future needs for the service are not yet clearly defined.
- 3.4 The software is regularly updated to meet changing legislative and other demands.
- 3.5 There are a number of ongoing developments, for example around mobile working, that are built around the Insight software. There would be significant delays in these projects, and the loss of the benefits they will generate, if Insight cannot be assumed to be a component of the development.
- 3.6 The current deployment of the Insight Enterprise software within the systems architecture of the Council is producing some risks and limitations in the use of the software. While there is no immediate risk of failure, and reliability and availability are at a high level, the period of this proposed waiver would allow for a careful evaluation of the future needs of the service to inform a considered choice of future platform for software in areas currently using Insight Enterprise.
- 3.7 Technological and other organisational changes, such as a more regional approach (e.g. the introduction of the West Yorkshire Combined Authority), are supporting a move towards shared systems. The period of the proposed waiver will enable a more considered assessment of the potential impact of these trends on Highways and Transportation's computer system needs.
- 3.8 Significant resources will be required in identifying future requirements, planning and implementing a software change. Other software change programmes are currently underway with a result that resources are currently not available for an

Insight review. The proposed period of this waiver will allow for a planned approach to an evaluation of the existing software.

- 3.9 The high cost of change does not support a business case for a change of supplier at the present time. The underlying issues relating to the platform and current implementation of Insight Enterprise in the Council are a driver for a change in the medium term. This medium term driver, along with the potential for more shared services supports the recommendation of this report.

### **Consequences if the proposed action is not approved**

- 3.10 If the Insight Enterprise software licence is not renewed, we would no longer be legally entitled to use the software. This would have immediate significant disruptive impacts on a number of key business processes of the Highways and Transportation service, with consequent economic impacts. The street works noticing system and the flow of fault requests from the public are both particularly sensitive to disruption due to the time sensitivity of many of the transactions sent and received.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 This decision is primarily related to the support of service provision within Highways and Transportation, so no formal consultation has been undertaken.

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

- 4.2.2 The Insight Enterprise software renewal is currently not applicable for an Equality, Diversity, Cohesion and Integration Screening / Impact assessment to be undertaken at this time, as we are seeking approval to extend an existing contractual licence agreement which will have no effect on the end users; therefore there will be no impact on any of the equality characteristics.

### **4.3 Council policies and the Best Council Plan**

- 4.3.1 Use of Insight Enterprise software supports the Highways and Transportation service in its contribution to the Council's Best Council Plan 2015-20 objectives. For example 'Promoting sustainable and inclusive economic growth' in managing utility and other highway works and enabling monitoring and production of highway maintenance plans and 'Becoming a more efficient and enterprising council' through effective data management in a centralised, accessible and re-usable way, and efficient document storage and retrieval.

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

- 4.4.1 Provision has been made in the Highways and Transportation ICT budget for 2017/18 for the Insight Enterprise renewal.
- 4.4.2 The system is deeply embedded and retendering would be a costly and lengthy process, such a significant review will require time to prepare and carry out. This proposal represents value for money.

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

- 4.5.1 The report is a significant operational decision and is not subject to Call In. There are no grounds for treating the contents of this report as confidential with the Council's Access to Information Rules.
- 4.5.2 The Appendix to the report is Exempt/Confidential under Access to Information Procedure Rules 10.4 (3). The public interest in maintaining the exemption in relation to the confidential Appendix outweighs the public interest in disclosing the information and financial details which, if disclosed would adversely affect the business of the Council and the business affairs of Symology Ltd.
- 4.5.3 Awarding the contract directly to Symology Ltd in this way could leave the Council open to a potential claim from other providers to whom this contract could be of interest. In terms of transparency, it should be noted that it is a requirement of European case law suggests that the Council should always consider whether contracts of these values could be of interest to contractors on other EU member states and, if they could, the opportunities should be subject to a degree of European wide advertising. It is up to the Council to decide what degree of advertising is appropriate. In particular, consideration should be given to the subject-matter of the contract, the estimated value, the specifics of the sector concerned (size and structure of the market, commercial practices, etc.) and the geographical location of the place of performance.
- 4.5.4 The Chief Officer (Highways and Transportation), in approving this waiver acknowledges he has considered and that given the nature of the services provided, the software's current deployment within the Highways and Transportation and the relatively low value of the contract, and is of the view that only Symology Ltd can provide this software.
- 4.5.5 There is a risk of an ombudsman investigation arising from a complaint that the Council has not followed reasonable procedures, resulting in a loss of opportunity. Obviously, the complainant would have to establish maladministration. It is not considered that such an investigation would necessarily result in a finding of maladministration however such investigations are by their nature more subjective than legal proceedings.
- 4.5.6 Whilst making the decision, the Chief Officer (Highways & Transportation) should acknowledge the risks identified above.

## **4.6 Risk Management**

- 4.6.1 Although there is no overriding legal obstacle preventing the waiver of CPR 9.1 and 9.2. In making their final decision, the Chief Officer (Highways and Transportation) should be satisfied that the course of action chosen represents Best Value for the Council.

## **5 Conclusions**

- 5.1 The Insight Enterprise software has provided, and continues to provide, a valuable tool in supporting and developing service delivery within Highways and Transportation. It is heavily involved in key information flows within the service, with external partners and in the provision of function specific activities within teams, making it an essential element of key business processes.

5.2 Given that the software is currently meeting the service's needs, and there are no immediate drivers for change, the period of this waiver will permit a considered approach to the future needs of the service.

## **6 Recommendations**

6.1 The Chief Officer (Highways and Transportation) is requested to:

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

7.1 Appendix A: Review of the Insight software referenced in this document.

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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.