

ICT CONTRACT RE-NEGOTIATION

Submitted by: **Head of Central Services/Head of Customer and ICT Services**

Portfolio: **Resources and Efficiency**

Ward(s) affected: **N/A**

Purpose of the Report

To advise Cabinet of decisions taken to enter into a re-negotiated contract and waive Contract Standing Orders under the urgency procedures set out in the Constitution in order to reduce costs.

Recommendation

That the information be received.

Reasons

To ensure openness and transparency.

1. Background

- 1.1 The Council has for some time had a number of contracts in place in relation to the supply of the Council's Electronic Document and Records Management (EDRM) System across a number of service areas including Revenues and Benefits, Customer Services and Planning.
- 1.2 Your Officers keep the running of Contracts under review and where opportunities arise will seek to make savings to enhance value for money.

2. Issues

- 2.1 Through review and renegotiation by the Head of Customer and ICT Services, the supplier Northgate Information Solutions UK Ltd. offered the Council a contract whereby they would be paid £14,270 per annum (£71,350 over 5 years) to provide and maintain the 350 licences the Council needs.

Under the existing arrangement the Council pays £23,728 per annum, being made up of a contract with 4 years to run at £8,371.87 per annum for 250 licences (£33,487.48 over 4 years) and annual maintenance contracts in the sum of £15,357 for a further 250 licences.

Accordingly, the Council will save approximately £9,458 per annum (£47,290 over 5 years) on current rates. This will also have the added benefits of simplifying our relations with Northgate, of saving administration costs by simplifying billing to a single invoice, and providing for effective future procurement by terminating EDRM support and maintenance at the same date, allowing for a comprehensive procurement process at that time.

Northgate will also benefit from the simplifying of arrangements and the extension of the timescales (by one year in relation to the 5 year contract and by 4 years in relation to 100 annual licences).

- 2.2 The decision to waiver

For contracts over £50,000 as this is, Contract Standing Orders require the invitation of 4

tenders (Standing Order 8(f) of Section C) in accordance with the procedures set out within those Standing Orders, and that the form of contract and other formalities set out in Section D relating to terms and conditions be adhered to. However, Contract Standing Orders provide for exemptions where appropriate. In this case, Northgate own the intellectual property rights to the software and support and maintenance for the Council's existing system can only be provided by Northgate.

Migrating to a different system involves significant risks to the Council in relation to business impact and continuity of service. For example, the recent investment in a replacement Revenues and Benefits system has a significant dependency on the Northgate EDRM system. A replacement EDRM system would require substantial staff training with attendant costs.

The Northgate offer was based on their standard terms and conditions.

For those reasons it was considered that in this case, the waiver of Contract Standing Order C8(f) and its ancillary Standing Orders (the need to obtain 4 tenders) and Contract Standing Orders Section D (to accept Northgate's standard terms and conditions) was justified.

In addition, as this was a renegotiation of an existing contract, only Northgate was in a position to vary the terms of the existing contracts.

The offer from the supplier was time limited to the 28th October to fall in line with their half yearly accounting. As this was a case of urgency the Chief Executive, after consulting with the Cabinet portfolio Holder for Resources and Efficiency exercised his power to make the waiver decision in accordance with Contract Standing Order A2(ii).

2.3 The decision to enter into the Contract

Contracts over £50,000 require the approval of Cabinet. As this matter could not wait for a Cabinet meeting due to the above deadline and as the proposal was not contrary to any policy and within budget (being a saving), the Executive Director (Resources and Support Services) having consulted with the Cabinet Portfolio Holder for Resources and Efficiency exercised his delegated power to deal with the matter as one of urgency in accordance with paragraph 7 of the Miscellaneous section of the Council's Scheme of Delegations.

The Head of Central Services was also consulted and has confirmed that the processes for letting the contract including waiver of Standing Orders are appropriate in this case.

3. Options Considered

This is an information item.

4. Proposal

4.1 That the information be received.

5. Reasons for Preferred Solution

5.1 To ensure openness and transparency.

6. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

6.1 Transforming our Council to achieve Excellence – through managing our resources and maximising the use of its IT to drive through efficiencies.

7. **Legal and Statutory Implications**

7.1 The decisions taken are in accordance with the Councils internal rules set out in the Constitution and with the European Procurement Rules and the UK regulations.

8. **Equality Impact Assessment**

8.1 No differential impact has been identified.

9. **Financial and Resource Implications**

9.1 The Financial and Resource Implications are set out in the issues section above.

10. **Major Risks**

10.1 The major risks are to ensure that the Council is able to meet its requirements for EDRM to deliver its services in an effective efficient and lawful way delivering value for money.

12. **Key Decision Information**

This is not a key decision.

13. **Earlier Cabinet/Committee Resolutions**

There are none

15. **Background Papers**

There are none.