NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

REPORT TO CABINET

Date 7th June 2017

CONTRACT OPTIONS FOR THE COUNCIL’S DOCUMENT MANAGEMENT SYSTEM

Submitted by: Executive Director – Resources and Support Services
Portfolio: Finance, IT & Customer
Ward(s) affected: All Wards - Indirectly

Purpose of the Report

To seek approval for the renewal of the Council’s Electronic Document and Records Management System (EDRMS) maintenance contract with Northgate Public Sector for a further three year period.

Recommendations

a) The Council renew its support and maintenance contract for its EDRMS with Northgate Public Sector for a further period of three years.

b) The Council conduct a full re-procurement exercise for its EDRMS software to commence approximately one year before the renewed contract ends.

c) The Council procures additional licences for the Northgate Office Connect product.

d) The Council waives its own standing orders regarding procurements over £50,000.

Reasons

a) Northgate are the only economic operator who can provide a complete application support service for the Information@Work software.

b) The Council has a legal obligation to ensure that its software is appropriately licensed.

c) A three year contract will give ICT and the services it supports sufficient time to accurately specify and undertake a full re-procurement exercise.

d) The Council will continue to have access to the latest updates and technical support services.

1. Background

1.1. An Electronic Document and Record Management System (EDRMS) is a system used to track, manage and store documents. Newcastle under Lyme Borough Council has been an avid user of electronic document management software for more than 20 years, with the first system introduced to the Revenues and Benefits team in 1996.

1.2. The Council’s EDRMS, Northgate Images@Work, is used extensively to store digital copies of documents, images, sound recordings and videos in a secure, reliable and efficient centralised data repository. The EDRMS autonomously keeps a record of the various versions of created documents, any modifications made, controls access and provides workflow functionality.
1.3. Since its introduction, the EDRMS has grown significantly and now underpins the work of many services such as Planning, Environmental Health, Licensing and Human Resources to name but a few. It also serves documents to external users, being the primary mechanism for presenting redacted planning application information on the Council’s website and has the potential to underpin further digital delivery initiatives.

1.4. Usage of the EDRMS is growing rapidly as services prepare for the move to Castle House. Increasingly, the system is being seamlessly integrated with back office applications to not only handle bulk, repeatable, templated documents, but also bespoke, individual content. The integration of the EDRMS with common office tools such as Outlook and Word is altering how services store, search and retrieve information, in a very positive way.

1.5. At present, the Council maintains and develops its EDRMS using a maintenance contract with Northgate Public Sector Limited, the authors of the software. The agreement ensures that the Council has access to specialist support services and software updates, which are essential in maintaining our cyber security status. However, this is now outside of its initial contract period which exposes the authority to a number of potentially negative factors.

1.6. This report outlines the options the Council now has, how these may benefit services in the longer term, the potential costs and the possible impacts of not entering into a new agreement, together with recommendations for moving forward.

2. **Issues**

2.1. The Council’s contract for Northgate Images@Work is now outside of its initial five year term. Whilst this does not stop the Council from using the Images@Work software, it does mean that we are now subject to additional, variable charges when our maintenance is renewed each year. It also means that we receive less favourable discounts on any additional software or professional services.

2.2. A number of additional components and licences are required in order to ensure that the EDRMS can continue to effectively meet the requirements of the Council’s services. Opportunities exist to introduce technologies that would greatly assist both agile and mobile working, but this cannot be done if the Council does not make a firm commitment to its EDRMS platform.

2.3. The Council is under licensed for the Office Connect element of the EDRMS system. This is add-on software for the Microsoft Office suite that allows users to create, retrieve and save documents into the EDRMS in the same way as they would a normal file. This software has been key in securing departmental buy in, as it makes the process of storing documents with the EDRMS no more difficult than storing a regular file. Without it, staff have to use a manual interface which is difficult and slow.

3. **Options Considered**

3.1. **1. Do Nothing**

3.2. The Council could allow its EDRMS contract to run-on, as it is currently. However this means that the authority would be paying more each year for its licences at a time when fiscal resources are limited. It also makes the justification of any investment in EDRMS technology very difficult as this is typically both expensive and resource intensive; not something that should be undertaken on a system that could be retired.

3.3. Doing nothing would also mean that ICT would no longer be able to roll out further Office Connect licences. This could negatively impact the Council’s ongoing drive to get services using the platform as a means of controlling and managing information.

3.4. Whilst continuing with a run-on contract is unlikely to cause the Council any significant problems, it will not achieve best value and as such, this is not considered as the best option.
3.5. **2. Full Re-Procurement**

3.6. It would be possible for the Council to draw up a specification and go out to the whole of the market for a re-procurement exercise. It should be considered however that the Council has a number of systems that are deeply integrated with Images@Work and migration to an alternative platform would not be a simple, quick or inexpensive task. A number of our interfaces have been created especially for us and are not available "off the shelf".

3.7. Images@Work continues to have a significant presence within the marketplace and continues to be developed by Northgate. The potential benefits of procuring an alternative are unlikely to outweigh the costs and disruption. As such it is not considered that a full re-procurement to be the best option, at this time.

3.8. **3. Move to Cloud Based provisions**

3.9. The adoption of Cloud services within the public sector has been rapidly accelerated by central government’s “Cloud First” ICT policy. Cloud based EDRMS platforms are available, however, migrating to a cloud based solution would have the same implications as option 2; full re-procurement.

3.10. It is feasible (and probable) that a cloud hosted solution would actually increase revenue costs. In addition, the Council has recently refreshed its ICT infrastructure in preparation for the move to Castle House and there is no immediate need to migrate our EDRMS to a cloud service. Given the financial and resource implications, it is not currently consider a cloud replacement is the best option.

3.11. **4. Renew our Agreement with Northgate**

3.12. The Council has the option to renew its Northgate support contract for a further period of three years, without having to undertake a significant and resource intensive procurement exercise.

3.13. A technical exemption is available under Public Procurement Regulations 2015 - Regulation 32(2) (b) as detailed below:

"The negotiated procedure without prior publication may be used for ...public supply contracts and public service contracts in any of the following cases:
(b) where the works, supplies or services can be supplied only by a particular economic operator for any of the following reasons
(ii) competition is absent for technical reasons
(iii) the protection of exclusive rights, including intellectual property rights," but only, in the case of paragraphs (ii) and (iii), where no reasonable alternative or substitute exists and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement;"

3.14. The Council could legitimately enter into a new contract with Northgate to secure the future of our EDRMS platform and fix our costs for a suitable period. The Council could also procure the necessary Office Connects licences as part of the same exercise, which are only available directly from Northgate.

3.15. It is not recommended that the Council extend the contract beyond three years and it is also recommended that a full re-procurement exercise is undertaken at least 12 months before the renewed contract expires.

4. **Proposal**
4.1. In order to ensure the continued reliable and legal provision of EDRMS software, option 4 is recommended.

a) The Council renew its support and maintenance contract for its EDRMS with Northgate Public Sector for a further period of three years.

b) The Council conduct a full re-procurement exercise for its EDRMS software, to commence approximately one year before the renewed contract ends.

c) The Council procures additional licences for the Northgate Office Connect product.

d) The Council waives its own standing orders regarding procurements over £50,000.

5. Reasons for Preferred Solution

5.1. Northgate are the only economic operator who can provide a complete application support service for the Information@Work software, for both technical and intellectual property reasons. No other supplier can provide these particular services and there is no reasonable alternative.

5.2. The Council has a legal obligation to ensure that its software is appropriately licensed and entering into a replacement support and maintenance contract will help to fulfil this obligation. It also puts the Council in a very good position in the medium financial term as our pricing will be fixed for three years allowing greater budget control.

5.3. A three year contract will give ICT and the services it supports sufficient time to undertake a full re-procurement exercise. Renewing the agreement will also mean that our Images@Work contract expires at the same time as our Revenues and Benefits software (also Northgate); which is a key influencing factor in determining the platform the Council uses.

5.4. Critically, the Council cannot avoid using its EDRMS platform. It is integrated into a significant number of services and its usage is increasing. Having a fixed length support contract in place ensures that the Council is in a good position to continue benefiting from the systems development and that it has access to all the latest updates and technical support services.

6. Outcomes Linked to Sustainable Community Strategy and Corporate Priorities

6.1. A number of key services are either directly or indirectly dependent upon the EDRMS. As such, this proposal either directly or indirectly links to all corporate priorities, targets and strategies.

7. Legal and Statutory Implications

7.1. The Council would be entering into a new contract without consulting the whole of the market. This would normally be required by the Council’s own standing orders and the Public Procurement Regulations, 2015.

7.2. As outlined in 3.13, a technical exemption is available under Public Procurement Regulations 2015 - Regulation 32(2) (b) if there are no reasonable alternative providers. The Council would however have to waive its own standing orders with regards to contracts over £50,000 requiring a full tender.

7.3. This procurement approach has been discussed with the Council’s procurement officer, who has confirmed that under the circumstances, this is an acceptable use of the exemption.
8. **Financial and Resource Implications**

8.1. The expected agreement costs are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost Per Year</th>
<th>Cost over 3 year Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Images@Work Software Maintenance</td>
<td>£16,346.58</td>
<td>£49,039.74</td>
</tr>
<tr>
<td>Additional Office Connect Licensing</td>
<td>£5,800.00 (one off)</td>
<td>£5,800.00</td>
</tr>
<tr>
<td>Office Connect Support</td>
<td>£1,160.00</td>
<td>£3,480.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>£58,319.74</strong></td>
</tr>
</tbody>
</table>

8.2. The costs of the Images@Work software maintenance and Office Connect support can be met from ICT’s existing revenue budgets, as these are already accounted for. The purchase of the Office Connect software licensing and the first year’s support can be met from the Council’s Castle House budget as an allocation for EDRMS related activities has been included to cover this.

9. **Major Risks**

9.1. A complete risk assessment is held within the Council’s corporate risk management system. However, highlights include:

   a) *The Council does not renew its contract*
   
   This could result in additional financial costs or the disruption of Council services.

   b) *The Council does not procure sufficient licences*
   
   This will adversely affect services ability to use the EDRMS efficiently and could result in legal action being taken by the supplier if sufficient licensing were not in place.

10. **Earlier Cabinet/Committee Resolutions**

10.1. There are no earlier Cabinet/Committee Resolutions available within the last five years.