

EAST RENFREWSHIRE COUNCILCABINET30 JANUARY 2020Report by Deputy Chief ExecutiveEXEMPTION FROM TENDERING – EXTENDED USE OF ICT CONTRACTS**PURPOSE OF REPORT**

1. The purpose of the report is to seek exemption from tendering in accordance with Contract Standing Order 15 (ii), in relation to the award of support and maintenance contracts pertaining to software applications in use across the Council. The exemption will allow for continued use of incumbent solutions.

**RECOMMENDATIONS**

2. It is recommended that, in accordance with Contract Standing Order 15 (ii), the Cabinet approve an exemption from tendering procedures to allow the following contracts to be negotiated directly with the current supplier for the periods identified below (all commencing in the upcoming financial year). Total contract expenditure for the full period within this exemption is £430,000.

- (i) ORBIS (Revenues) – Contract with NPS for Contract Period 01/04/2020 to 31/03/2022 with value of up to £175,000.
- (ii) Tunstall ARC (Community Safety) – Contract with Tunstall for Contract Period 01/04/2020 to 31/06/2023 with value of up to £125,000.
- (iii) ESRI Geographical Information System (Environment) – Contract with ESRI for Contract Period 01/04/2020 to 31/03/2024 with value of up to £130,000.

The above periods are indicative and not compulsory committed terms, contract extensions will be negotiated to best suit the individual situation including annual reviews and commitment break clauses.

**BACKGROUND**

3. The consolidation of all large ICT contracts from Business areas into ICT commenced in 2017. This allowed for greater scrutiny, transparency and cohesion, along with the identification of organisational benefits and application lifecycle planning.

4. To effectively manage an ICT estate, the entire ICT portfolio needs to be aligned with national initiatives, ERC Strategic Outcomes and service specific requirements and objectives. As ICT solutions need to fulfil both the current and future needs of the business, there is an optimum strategic window to replace solutions. This window has multiple contributory factors requiring consideration to ensure the full scope of potential benefit is realised.

5. ICT change activity should only be undertaken when required to ensure that there is no unmanageable impacts caused by multiple concurrent changes, and that solutions deliver their maximum value and benefit prior to decommission.

6. This exemption is sought to ensure that the optimum utilisation of incumbent solutions is achieved, and subsequent change activity can be scheduled and undertaken at appropriate and least impactful times.

## REPORT

7. There are three solutions identified for exemption:

- (i) ORBIS (Revenues) – Council Tax and Benefits Management system. A new system has already been procured and exemption is to support the parallel running of the incumbent solution to ensure sufficient time to implement newly procured replacement solution without impacting critical service delivery.
- (ii) Tunstall ARC (Community Safety) – Telecare Call Handling and Recording system. Exemption is sought to provide support and maintenance to the existing solution while the service, along with HSCP and Housing, undertake the procurement and implementation on a new Digital-Ready Telecare solution.
- (iii) ESRI Geographical Information System (Environment) – used for Mapping and geographic planning. Exemption is sought to ensure this key information tool can continue to support the Environment Department through its transformation.

8. An appropriate review has been conducted of each of the above solutions that include one or more of the below:

- (i) Risk assessment of impact and resource requirements of change
- (ii) External market analysis
- (iii) Formal Fitness for Purpose Assessments
- (iv) Options Appraisals
- (v) Research with other Local Authorities and Scottish Local Government Digital Office

The output from the reviews have concluded that further utilisation of each of the current solutions is in the best interest of the Council as either the internal or external market conditions are not currently optimised for change.

9. Any change of contracts would not release benefits greater than the financial, organisational or reputational risk posed; and procurement activity at this time would pose significant and severe operational risk to the delivery of the relevant Council services.

10. The approval of this exemption will allow for continuity of service. This will ensure the Information Technology infrastructure and applications provides stability through the relevant periods, in meeting and delivering organisation wide outcomes.

## FINANCE AND EFFICIENCY

11. The cost of change to any large ICT solution is significant. Complex solutions can take up to 36 months to replace, and have significant resource demands above and beyond that provided by standard operations. There has been departmental scrutiny of the associated financial spend, budget allocation and fitness for purpose for the solutions included within this proposal.

12. For the identified solutions, contracts will be established to ensure that the Council secures best value. Significant work is underway to allow succession planning; however other internal and external factors continue to shape the opportunities available.

13. The contracts form part of larger scale Council projects, programmes and objectives and subsequently require continuity of the current service to ensure that there is no risk to operations or in-flight projects whilst further work is undertaken.

14. Efficiencies are achieved by retaining the current solution. Should we attempt procurement activity at this time, the negative financial and operational effect would be significant. The activity would manifest with demand for significant unscheduled unavailable resource, jeopardise operational capacity and detrimentally damage in-flight project activity and planned project delivery.

## **CONSULTATION**

15. Each solution has been subject to input and consultation with multiple parties (Service, ICT, Suppliers and other Local Authorities). This has allowed us to formulate the proposal for extension that would achieve the best outcome.

16. Legal services were consulted on the use of Contract Standing Order 15 (ii) for these contracts and confirmed that the exemption requests are justified and legally competent. Approved Exemption Forms are available Annex 1.

## **PARTNERSHIP WORKING**

17. There are limited opportunities currently identified however through collaboration with the Scottish Local Government Digital Office, the relevant services will continue to explore opportunities.

## **IMPLICATIONS OF THE PROPOSALS**

18. The continued use of the current solutions is required to ensure that continuation of service and resilience for these ICT and service applications for the identified periods.

## **CONCLUSIONS**

19. The exemptions being sought have been identified and selected to ensure that the ICT portfolio remains fit for purpose, whilst providing stability for key line of business applications through continuity of service during a period of significant technical change. It also ensures that opportunities provided by the National initiatives, programmes and technology landscape are best exploited by allowing the ICT estate flexibility with timing when conducting procurement activity.

## **RECOMMENDATIONS**

20. It is recommended that, in accordance with Contract Standing Order 15 (ii), the Cabinet approve an exemption from tendering procedures to allow the following contracts to be negotiated directly with the current supplier for the periods identified below (all commencing in the upcoming financial year). Total contract expenditure for the full period within this exemption is £430,000.

- (i) ORBIS (Revenues) – Contract with NPS for Contract Period 01/04/2020 to 31/03/2022 with value of up to £175,000.
- (ii) Tunstall ARC (Community Safety) – Contract with Tunstall for Contract Period 01/04/2020 to 31/06/2023 with value of up to £125,000.
- (iii) ESRI Geographical Information System (Environment) – Contract with ESRI for Contract Period 01/04/2020 to 31/03/2024 with value of up to £130,000.

The above periods are indicative and not compulsory committed terms, contract extensions will be negotiated to best suit the individual situation including annual reviews and commitment break clauses.

Caroline Innes, Deputy Chief Executive

**REPORT AUTHOR**

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Head of Digital and Community Safety  
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8 January 2020



## Exemption from Contract Standing Orders

In order to comply with Contract Standing Orders all requirements for goods, works or services which are not covered by a relevant contract/ framework must be subject to a quotation/ tendering exercise. Where the total value of the requirement is in excess of £10,000 for goods & services / £20,000 for works a Quick Quote exercise shall be conducted. Where the total value of the requirements for goods & services is in excess of £50,000 / £150,000 for Works a tendering exercise is required and your Category Manager should be contacted.

We do acknowledge that in some circumstances it may not always be prudent to carry out such exercises and this has been reflected in Standing Order 15 of Contract Standing Orders with the introduction of an exemption clause for contracts meeting certain criteria. Clause 15 i/ ii / iii - The Council may exempt from the need for competition, any contract for works, goods or services which, in the opinion of the Director of the procuring department is (i) urgently required to minimise risk of personal injury or damage to property, (ii) a contract to which special circumstances apply (iii) of a proprietary nature.

Please complete the table below regarding the reasons you are requesting an exemption. Exemptions will not be granted unless all information is completed and clear justification can be provided. Web addresses and search dates must be included along with any other relevant information which will demonstrate your findings. Please allow 5 working days for a response.

Supplier Name	Tunstall Healthcare (UK) Limited	
Total Cost <i>(all elements to be included for the period of the exemption with a clear breakdown of costs given showing split between goods, works and services)</i>	Goods	£ 125,000
	Works	£
	Services	£
	<b>Total</b>	<b>£ 125,000</b>
Description of the requirement	Exemption is sought to provide support and maintenance to the existing solution while the service, along with HSCP and Housing, undertake the procurement and implementation of a new Digital-Ready Telecare Alarm Receiving solution.	
Please confirm if this is a one off purchase or a recurring requirement	Recurring (£42k per annum)	
Please indicate the time period the exemption has to apply for all recurring requirements	01/04/2020 to 31/06/2023	
Supplier Code <i>(can be obtained from efinancial system)</i>	000124/00	
Supplier Address	Whitley Lodge, Whitley Bridge, Yorkshire	
Supplier Postcode	DN14 0HR	

15 i – is this exemption urgent in nature to minimise risk of personal injury or damage to property.	No
15 ii - Is this exemption for special circumstances (such as an urgent need to fulfil an ongoing Council function otherwise incapable of performance.	Yes
15 iii - Is this exemption for Proprietary works, goods or services. (e.g. goods manufactured and sold only by the owner of the patent, formula, brand <u>name</u> , or trademark associated with the product)?	No

Please note that if an exemption is provided there is still a requirement to enter into a written direct contract or a Service Level Agreement must be drawn up between the council and the contractor (where appropriate). An exemption may not be given until the direct contract/ SLA has been approved by your Category Manager. This is an audit action.	
Please confirm you have considered a direct contract/ SLA and if not please detail your reasons for this.	Confirmed. There is an identified route to implement a direct contract.

All change requests (2 week response) should be emailed to the process owner: Diane Pirie, Chief Procurement Officer [diane.pirie@eastrenfrewshire.gov.uk](mailto:diane.pirie@eastrenfrewshire.gov.uk)

Name of person requesting exemption:	Murray Husband A
Authorised signatory:	[REDACTED]
Date of request:	15/01/20
<b>Completed form should be returned as follows:</b>	
<ul style="list-style-type: none"> <li>• Requests under ii and iii above with value up to £50,000 to be emailed to Diane Pirie, Chief Procurement Officer.</li> <li>• Requests under ii and iii above with value exceeding £50,000 but less than £100,000 (goods &amp; services) or £150,000 and above but less than £200,000 (works) to be emailed to Gerry Mahon, Chief Officer Legal and Procurement.</li> </ul>	
<b>Please allow 5 working days for response.</b>	
<ul style="list-style-type: none"> <li>• Value of £100,000 or more (goods &amp; services) and £200,000 or more (works) must be reported to Cabinet or appropriate Committee for approval prior to entering into the contract.</li> <li>• Value in excess of the EU procurement threshold, (£181,302 for goods &amp; services / £4,551,413 million for works) an exemption cannot be given and you must contact your Category Manager to discuss the most appropriate tender route.</li> </ul>	



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Supplier Name	ESRI (UK) Limited	
Total Cost <i>(all elements to be included for the period of the exemption with a clear breakdown of costs given showing split between goods, works and services)</i>	Goods	£ 130,000
	Works	£
	Services	£
	<b>Total</b>	<b>£ 130,000</b>
Description of the requirement	Exemption is sought to ensure this key information tool can continue to support the Environment Department through its transformation. As a foundation for transformation, replacing this tool at this point would be disruptive to the Environment change programme.	
Please confirm if this is a one off purchase or a recurring requirement	Recurring  (£32.5k per annum)	
Please indicate the time period the exemption has to apply for all recurring requirements	01/04/2020 to 31/03/2024	
Supplier Code <i>(can be obtained from efinancial system)</i>	000831/00	
Supplier Address	Millennium House, 65 Walton Street, Aylesbury, Buckinghamshire.	
Supplier Postcode	HP21 7QG	

15 i – is this exemption urgent in nature to minimise risk of personal injury or damage to property.	No
15 ii - Is this exemption for special circumstances (such as an urgent need to fulfil an ongoing Council function otherwise incapable of performance.	Yes
15 iii - Is this exemption for Proprietary works, goods or services. (e.g. goods manufactured and sold only by the owner of the patent, formula, brand <u>name</u> , or trademark associated with the product)?	No

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Authorised signatory:	[REDACTED]
Date of request:	15/01/20

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- Value of £100,000 or more (goods & services) and £200,000 or more (works) must be reported to Cabinet or appropriate Committee for approval prior to entering into the contract.
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Supplier Name	NPS	
Total Cost <i>(all elements to be included for the period of the exemption with a clear breakdown of costs given showing split between goods, works and services)</i>	Goods	£ 175,000
	Works	£
	Services	£
	<b>Total</b>	<b>£ 175,000</b>
Description of the requirement	A new system has already been procured and exemption is to support the parallel running of the incumbent solution to ensure sufficient time to implement newly procured replacement solution without impacting critical service delivery.	
Please confirm if this is a one off purchase or a recurring requirement	Recurring (£87.5k per annum)	
Please indicate the time period the exemption has to apply for all recurring requirements	01/04/2020 to 31/03/2022	
Supplier Code <i>(can be obtained from efinancial system)</i>	000192/00	
Supplier Address	2 People Building Estate, Maylands Avenue, Hemel Hempstead, Hertfordshire.	
Supplier Postcode	HP2 4NW	

15 i – is this exemption urgent in nature to minimise risk of personal injury or damage to property.	No
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Date of request:	15/04/20

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