


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">8 OCTOBER 2018</p>	
<p style="text-align: center;">IDOX MANAGED SERVICE ICT SYSTEMS CONTRACT EXTENSION</p>	
<p>Report of the Cabinet Member for Finance and Commercial Services: Councillor Max Schmid</p>	
<p>Open Report</p>	
<p>Classification - For Decision Key Decision: Yes</p>	
<p>Consultation: Strategic Leadership Team Corporate ICT Legal Services Residents' Services departmental management team Growth and Place departmental management team</p>	
<p>Wards Affected: None</p>	
<p>Accountable Directors: Jo Rowlands, Strategic Director of Growth and Place</p>	
<p>Report Author: Iain McCord Business Manager</p>	<p>Contact Details: Tel: 020 8753 8256 E-mail: iain.mccord@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The Idox Group provide LBHF the land and property based IT system (Uniform) used by Planning Services, Environmental Health, Licensing, Trading Standards, Building Control and Land Charges together with a linked electronic document management system (EDMS) and web interfaces. Uniform also holds the Council's Local Land and Property Gazetteer (LLPG).
- 1.2. On 31st October 2013, the LBHF entered into a contract with the Idox Group via the Hammersmith and Fulham Bridge Partnership (HFBP) to provide a fully managed service for a period of five years from the service start date of 1st April 2014, with the option to extend at the option of the Council for a period of up to two years. This contract was novated from HFBP to LBHF in October 2016 along with all other ICT contracts.

- 1.3. The contract with Idox Group has been successful and resulted in tangible savings of £250,000 over the initial five year term together with a number of intangible benefits, such as quicker system upgrades and faster resolution of incidents. In addition, the move has enabled other benefits such as the introduction of the Enterprise workflow management tool to help managers better organise and track the allocation of work in their teams.
- 1.4. On the basis that LBHF extend the contract for a further two years, Idox will deploy a number of additional mobile applications worth £42,000 to front line officers within the contract price.
- 1.5. Officers recommend that LBHF extend the contract term in accordance with the provisions of the contract with Idox until 31st March 2021 and, in parallel, plan and carry out a procurement exercise to deliver a new contract to start from 1st April 2021 following a period of mobilisation.

2. RECOMMENDATIONS

- 2.1. That approval be given for the Council to extend the contract term between the Council and the Idox Group which commenced on 1st April 2014 by a further two year period in accordance with the terms of the contract at an estimated total cost of £548,500 for the period from 1st April 2019 until 31st March 2021. The contract is for the provision and support of the Uniform IT system and associated ICT software.
- 2.2. To note that the extended contract will be on the same terms as in the original contract with the addition of mobile 'on site' applications at no additional cost to the Council.

3. REASONS FOR DECISION

- 3.1. The Uniform ICT suite of products is embedded into Council's operating model and given the complexity that would be associated with a change in provider together with the significant amount of wider corporate ICT changes scheduled over the next 12 months, attempting to move systems now would be extremely high risk.
- 3.2. By extending the contract, LBHF will gain additional benefits within the contract price including as set out in 1.4.
- 3.3. Extending the contract by a further two years in accordance with the terms of the contract enables the Council adequate time to plan and execute a tender process for a new contract.

4. BACKGROUND

- 4.1. Uniform is a land and property based system provided by the Idox Group and is a key IT platform for multiple regulatory services across the Council including:
 - Building Control (including contraventions and dangerous structures);

- Planning (applications, appeals, enforcement, listed buildings, tree preservation orders, development condition monitoring);
 - Environmental Health (accident reports, commercial premises, service requests, infectious diseases, pest control, pollution prevention and control, private water supplies);
 - Land Charges;
 - Private Sector Housing (residential premises, housing assistance grants, service requests, licensing houses in multiple occupation (HMO's));
 - Trading Standards (business register, service requests, risk analysis, Consumer Direct interface);
 - Contaminated Land (register of land which has hosted uses that may lead to contamination);
 - Licensing (licensed premises and individuals covering alcohol, gambling and all other licensable activities);
 - Local Land and Property Gazetteer (LLPG).
- 4.2. In addition to the Uniform system, Idox also supply an electronic document management system (EDMS) as part of the contract which holds all records and directly interfaces into Uniform.
- 4.3. On 16th September 2013, the Cabinet agreed for the Hammersmith and Fulham Bridge Partnership (HFBP) to enter into a five-year contract commencing on 1st April 2014 with the Idox Group with the option of two additional one-year extensions for a fully hosted service.
- 4.4. The total value over the seven year term is £1,781,250. This included an initial £31,250 implementation cost, followed by seven annual payments of £250,000. This annual charge was comprised of a fixed fee of £150,000 for hosting, upgrade and patch management, and a variable fee of £100,000 per annum subject to inflation for product support and maintenance.
- 4.5. Since the implementation of the contract, the following additional services have been added at a cost of £12,250 per annum:
- Deployment of the Exacom Section 106 and Community Infrastructure Levy (CIL) management tool;
 - Additional data extracts for use with other application and services;
 - Automation of National Land Information Service (NLIS) submissions.
- 4.6. The move has resulted in savings of £250K in ICT support charges over the initial five year term along with a number of softer benefits including quicker upgrades and the deployment of additional functions, such as the Enterprise workflow management tool.

5. PROPOSAL AND ISSUES

- 5.1. The proposal is to enact the option in the contract to extend the current contract with the Idox Group until 31st March 2021.

Benefits of extending the contract

- 5.2. Key benefits of extending the contract with the Idox Group include:
- **Maintaining a well functioning system and service** – the hosted system has been deployed since 2014 and has offered a stable offering to both staff and the public, who interact with the system via the Public Access web portal. Extending the contract ensures that there is no major disruption to these service with the associated operational costs and reputational risks.
 - **Allowing adequate time to carry out a full procurement exercise** – by extending the contract until 2021, this enables the Council the time to develop a procurement strategy, assess the marketplace and ensure that decisions reflect the longer term aspirations of the Council.
 - **Avoiding immediate costs and risks of implementing and migrating to a new system for April 2019** - LBHF is going through a significant period of ICT related change over the next 12 to 18 months and therefore potentially changing systems in that timeframe would bring a significantly increased implementation risk.
- 5.3. In addition to the benefits outlined above, Idox will provide a number of additional mobile applications worth £42,000 at no additional cost to the Council. The additional mobile applications include:
- Planning Inspections
 - Planning Enforcement
 - Building Inspections
 - Commercial Premises Inspections
 - Service Requests
 - Licensing Enforcement
- 5.4. The deployment of these applications will help improve the efficiency of front line officers using Uniform through enabling them to:
- view, complete and create inspections on site and automatically sync these records with those in the back office;
 - obtain case details when on-site, take photos which automatically upload to the EDMS, and view and sort all inspections on a map;
 - avoid duplication by updating multiple inspections/plots at once where inspection details are the same or similar
 - reduce their travel to the office to pick up workloads and update the back office system;
 - reduced printing costs and administrative efforts as case work can be accessed directly via the mobile app.

Issues

- 5.5. The contract was originally entered into by LBHF's then strategic ICT provider, HFBP, on behalf of LBHF in 2014 before being novated back to the Council on the original terms in November 2016. The contract was not therefore let through an EU compliant public procurement process and is potentially subject to challenge from the marketplace.
- 5.6. To mitigate the risk, officers are preparing to carry out a full procurement exercise to award a new contract to start in April 2021.

Preparing for the next contract

- 5.7. As the current contract with the Idox Group cannot be extended beyond 31st March 2021, a procurement exercise will be planned and delivered to enable a replacement contract and set of services to be implemented by this date.
- 5.8. In order to achieve this, and to allow enough time to safely implement should an alternative system provider be successful, a project team and board will be set up in the autumn to begin developing a procurement strategy.
- 5.9. The table below outlines a potential timetable – this may change once the procurement strategy is developed and agreed.

Stage	Dates
Procurement options scoping and soft market testing	Sept 2018 – Mar 2019
Procurement strategy delivered to Cabinet	Apr 2019
Tender / procurement process	Apr – Aug 2019
Contract award and signing	Aug – Sep 2019
Implementation and exit management	Oct 2019 – Apr 2021

- 5.10. The objective is to bring the procurement strategy and business case to Cabinet in Spring 2019 for approval.

6. ALTERNATIVE OPTIONS CONSIDERED

6.1. Tendering for April 2019

The option of retendering services for April 2019 is not recommended by officers as:

- There is a significant amount of ICT related change over the next 12-18 months including the rollout of new desktop infrastructure, major office moves and the implementation of new finance, payroll and HR systems which will have a significant impact on resources and capacity. Adding a further major system change would not be a sensible decision at this time.
- The Idox managed service has bedded in over the last four years and is performing well. The Council also has a strong and positive relationship with the supplier. There is therefore no operational urgency for a change.

- There is uncertainty about the future operating model of the shared Environmental services with the Royal Borough of Kensington and Chelsea (RBKC), many of which use the Uniform system. Understanding the future model will help inform the procurement strategy. LBHF will therefore be better placed to develop this later in 2018.

7. CONSULTATION

7.1. This paper has been developed in consultation with the following groups:

- Strategic Leadership Team
- LBHF Idox user group
- Resident Services departmental management team
- Growth and Place departmental management team
- Corporate ICT
- Legal Services

8. EQUALITY IMPLICATIONS

8.1. It is not anticipated that there will be any negative impact on any groups with protected characteristics, as defined by the Equality Act 2010, from the extension of this ICT contract.

8.2. Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

9. LEGAL IMPLICATIONS

9.1. The original contract provides for an ability for the Council, at its option, to extend the term by a period or periods of up to 2 years. The recommendation is to approve the extension of the contract in accordance with these terms.

9.2. The Contract was novated to the Council on 21st October 2016. Legal advice was given to the Council generally on the novation of the ICT agreements at the time of the novation. Advice has been provided on the risks associated with the direct award of the Contract and subsequent extension.

9.3. Implications verified by: Sally Stock, Partner, Sharpe Pritchard LLP, on secondment to the Council, sstock@sharpepritchard.co.uk

10. FINANCIAL IMPLICATIONS

10.1. The applications budget at the beginning of 2018/19 is £2.648m. The majority of the Council's contracts with application providers are paid from this budget as a result of the novation from HFBP to LBHF in November 2016.

10.2. This budget is currently forecast on target for 18/19.

10.3. The annual cost of the contract with Idox is comprised of a fixed fee of £0.153m per annum, with an additional variable charge for maintenance and

support costs. In 2017/18, this variable charge amounted to £0.102m, and in 2018/19 will be £0.106m.

- 10.4. Should the recommendation to extend the current contract be implemented, it is anticipated there would be no financial impact on the applications budget as a result.
- 10.5. Implications completed by: Andre Mark, Finance Manager, Finance and Governance, tel. 020 8753 6729.
- 10.6. *Implications were verified by Emily Hill – Assistant Director (Corporate Finance), tel. 020 8753 3145.*

11. IMPLICATIONS FOR BUSINESS

- 11.1. No direct implications for local businesses.
- 11.2. Implications completed/verified by: Albena Karameros, Economic Development Team, tel. 07739 316 957.

12. COMMERCIAL IMPLICATIONS

- 12.1. This report seeks approval to extend contract the Council holds with Idox until 31st March 2021.
- 12.2. The original contract, due to expire on 31st March 2019, has provisions for extensions for up to 2 years.
- 12.3. The contract register shall be updated to reflect the decision of extending the contract in line with the current terms and conditions.
- 12.4. Commercial Implications provided by Andra Ulianov, Procurement Consultant, tel. 020 8753 2284.

13. IT IMPLICATIONS

- 13.1. Given the service is happy with the current Idox service and it has already achieved the benefits listed in the report, IT Services is supportive of the contract extension. There is a large volume of IT change being delivered over the coming 12-18 months and the contract extension will de-risk the impact of a reprocurement at this stage.
- 13.2. The current Idox contract already meets the council's strategy to have systems hosted externally where practical to reduce our internal infrastructure requirements. However, we note that their ISO 27001 accreditation is not validated by the UK Accreditation Service (UKAS) which is the UK government affiliated accreditation body. This issue was highlighted during the initial procurement.
- 13.3. The additional mobile applications which are being included free of charge as part of the extension also support the council's strategy to be more mobile and deliver services at the point they are needed.

- 13.4. IT Services will work with the service on the procurement to inform the requirement of the corporate IT strategy, including integration and information security.
- 13.5. IDOX is expected to function with open Application Programme Interfaces (APIs) and capable of interfacing with the council's Business Intelligence system if required. This will enable the council to use predictive data analysis in shaping its services. If data is required for this purpose then the council will ensure the Privacy Impact Assessment is reviewed accordingly and required information governance actions are carried out.
- 13.6. IDOX will be processing personal data on behalf of H&F (for example Planning applicant information, licence holder details etc) so a Privacy Impact Assessment is to be completed to comply with new statutory data protection requirements and to ensure all potential data protection risks are properly assessed with mitigating actions agreed and implemented. For example, a contract data protection and processing schedule plus a Supplier Security Checklist to ensure the systems used by the new contractor comply with H&F's regulatory requirements.
- 13.7. Implications completed by: Veronica Barella, Chief Information Officer, tel. 020 8753 2927.

14. RISK MANAGEMENT

- 14.1. The Idox systems support delivery of important regulatory services across the Council that contribute to the delivery of the H&F vision, Council priorities and corporate service delivery risk as referenced in 4.1 of the report.
- 14.2. The report proposals provide the Council with an important level of stability and continuity of service with the incumbent provider during changes covering how staff may be deployed in the future, the delivery of the IT Strategy and introduction of new IT kit enabling improved mobility of staff around key working areas.
- 14.3. Given the change risks that are coming on stream in the year, it is of benefit to the Council to extend current arrangements subject to a procurement phase commencing in September 2018. This would enable Members to consider a range of options that would be outlined in a procurement business case.
- 14.4. The Idox Group have confirmed they are compliant with the General Data Protection Regulations in accordance with the management of our corporate information management and digital continuity risk.
- 14.5. As a hosted service, responsibility for business continuity and disaster recovery rests with the service provider and are being considered as part of the Council's refresh of corporate and service business continuity planning needs.
- 14.6. Implications verified/ by: Michael Sloniowski Risk Manager, tel. 020 8753 2587.

15. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None