




Executive Decision Report

Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	Cabinet Member Decision by the Leader of the Council	
	Executive Director's Decision	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
	N/A	 City of Westminster
Report title (decision subject)	THE PROCUREMENT AND IMPLEMENTATION OF AN E-SOURCING SOLUTION TO SUPPORT EFFECTIVE TRIBOROUGH PROCUREMENT	
Reporting officer	Jane West, Executive Director of Finance and Corporate Governance, LB Hammersmith & Fulham Nicholas Holgate, Town Clerk and Executive Director of Finance	
Key decision	No	
Access to information classification	Public	

AUTHORISED BY:

The Cabinet Member has signed this report.

DATE: 8 July 2013.....

EXECUTIVE SUMMARY

- 1.1. The purpose of this paper is to seek approval to procure and implement an e-Sourcing solution comprising the following elements:
 - Spend analysis;
 - Contract authoring;
 - Electronic tendering and evaluation;
 - Contract management;
 - Vendor management.
- 1.2. Whilst H&F have implemented the Due North e-Tendering system and RBKC have the Procuretrak spend analysis system, neither borough has the full range of e-Sourcing tools.
- 1.3. Implementing a common e-Sourcing system will bring a tri-borough approach to procurement another step closer. It will ensure tri-borough Councils work more efficiently, reduce current complexities for tri borough working, promote greater collaborative procurement through joined-up working and encourage the greater alignment of systems and processes, Once Bravo Solutions has been implemented, the three borough will have more streamlined processes
- 1.4. Spend Analysis. The three boroughs, will be able to compare improved data on procurement spend for goods and services.. This analysis will highlight areas where spend is different and provide an opportunity for tri-borough collaborative procurement to ensure councils get the most economically advantageous contracts for their goods and services. The data will be refreshed on a quarterly basis to ensure all three councils can constantly benchmark their spend against each other. We will also be able to plot spend against contracted goods and services for the first time and areas where off contract spend occur can be highlighted and investigated.
- 1.5. Contract Authoring. This provides the councils with the ability to prepare and share documents prior and during the tendering process and will assist our legal departments in drawing up contracts at the time of award. This will assist with the standardisation of all three councils procurement documents which will greatly assist suppliers bidding to work with the councils.
- 1.6. Electronic tendering and evaluation This solution will enable, for the first time, our Adult Social Care and Children's Services Departments to procure goods and services electronically as one e-Tendering system will be available for all three councils. This will greatly cut down the time required to run tenders as EU Directives allow for reduced submission times when e-Tendering systems are used. The departments will be able to use standardised procurement documents. The tender evaluations can be undertaken online and at the evaluators chosen time and location as this is a hosted service, the system can be accessed wherever there is internet access. Local SMEs will also have greater visibility of the opportunities to

supply goods and services as the system will be interfaced to various contract opportunity sites and the websites of all three councils. Suppliers can be set up onto the system free of charge and receive e mail notifications when opportunities arise.

- 1.7. Contract Management. This module will enable contract managers to have greater support when monitoring their contract, The system will capture changes in prices and quality of service during the lifetime of the contract. It can hold copies of action points and remedies resulting from meetings with vendors. It can also flag up any potential failures of service that could be remedied before the event.
- 1.8. Vendor management, will ensure for the first time a supplier can be set up once and captured on the system from which all three councils can use. These suppliers will feed into the supplier data base held by Lot 1 outsourced Managed Services to ensure there is one definitive base of supplier that we can analyse spend against.
- 1.9. E-Sourcing will support standardisation, streamlining and help deliver value for money, improved services and savings for all three councils. The procurement of the framework agreement has now been concluded, with Bravo Solutions appointed as the successful bidder.

2. RECOMMENDATIONS

- 2.1. That approval be given to the call off of the Westminster Framework for the provision of an e-Sourcing software system with Bravo Solutions for a five year contract at an estimated cost of £51,250, with the option to extend for a further three years (estimated cost of £18,000).
- 2.2. That a Letter of Intent be received from Westminster to guarantee that they will cover the costs of the licenses to be used by RBKC and H&F throughout the lifetime of the contract.

3. REASONS FOR DECISION

- 3.1. Implementing a common e-Sourcing system across all Tri-Borough Councils will promote more effective procurement, help to deliver savings, improve efficiency, provide better management information and provide a more joined-up working approach by encouraging the greater alignment of systems and processes.

4. BACKGROUND

- 4.1. Whilst the tri-borough Councils are aiming to be more efficient through collaboration and joined-up working, the different systems that each have in place make this more difficult to achieve. Implementing an e-Sourcing system will help by encouraging the greater alignment of systems and processes, and reducing the complexity for tri-borough directorates.
- 4.2. For example, Tri-Borough working has led to numerous issues emerging in terms of using one borough's systems to run a procurement process on behalf of all three boroughs. To avoid any infringement of licence conditions neither RBKC nor WCC officers have been allowed to use the software owned by H&F, to manage a tendering opportunity, where H&F is not the Contracting Authority.
- 4.3. In order to standardise processes and systems as far as possible in procurement, WCC led on the procurement of Lot 2 (e-Sourcing) of the Tri-borough Managed Services framework agreement.
- 4.4. Following a Competitive Dialogue process, Bravo Solutions was determined to be the preferred supplier. Bravo is an established provider of e-Sourcing solutions to the public sector with a number of central and local government and NHS clients, including the Olympics although without any current London borough clients.

5. PROPOSAL AND ISSUES

- 5.1. It is recommended that Hammersmith & Fulham and RBKC call off the Westminster Framework for a five year contract, with the option to extend for a further three years.

6. PROVISION OF LICENCES

- 6.1. Westminster City Council (WCC) has guaranteed to fund the year 1 start-up costs and the stipulated number of licenses for the duration of the contract.
- 6.2. WCC guarantees that there will be no restrictions on the number of both core and casual licences used by either RBKC or H&F as stipulated in the contract. This is especially important because procurement practices in H&F and RBKC have been devolved to departments and there is consequently a higher demand for licences.
- 6.3. WCC have agreed to pay for an additional 50 core and 200 occasional Electronic Tendering and Evaluation Module? licences taking the total to 100 and 400 respectively if required. However WCC is unable to guarantee to cover the full cost of any excess licence costs above this number, incurred during the lifetime of the contract (5 + 3 years) Any additional licences needed over above these will be subject to shared costs between the three boroughs.

7. OPTIONS AND ANALYSIS

- 7.1. A detailed options analysis was undertaken and a summary is outlined below.
- 7.2. **Option 1 - Do Nothing**
- 7.3. This would involve the least change but would not support the delivery of effective tri borough procurement. Tri borough directorates would be adopting different systems and approaches for individual contracts. It is unsustainable and is not recommended.
- 7.4. **Option 2 H&F and RBKC both use the Due North System**
- 7.5. This would have the advantage of building on the current offering used by H&F of Due North which has a good track record. The downside however is it would not support tri borough procurement and again departments would be using different approaches and systems for individual contracts. It is again not recommended.
- 7.6. **Option 3 - Lot 2 of the Tri-borough Managed Services Framework Agreement**
- 7.7. This option is the most advantageous in terms of promoting tri-borough procurement through the use of a common system and approach across the tri borough community. Whilst there are issues relating to transition and a need to manage licences more actively, this is considered to be the most sustainable solution in the long term and is therefore recommended. WCC

have also agreed to support some of the start-up and transition costs which makes it more cost effective.

- 7.8. **Option 4:** Lot 2 of the tri-borough Managed Services Framework Agreement except for Spend Analysis which would be provided by the Lot 1 supplier, BT/Unit4

- 7.9. There are timing and cost implications with this option. There would not be a complete set of expenditure data available for analysis until April 2015 at the earliest. The considerable delay and lost opportunities to make procurement efficiencies means this recommendation cannot be recommended.

8. TRANSITION

- 8.1. To facilitate a smooth transition from the current supplier in H&F and to roll out an e-Sourcing solution in RBKC a Shadow Transition Project Group has been meeting fortnightly for the past few months.

- 8.2. This group is agreeing a standardised set of forms, processes and procedures to comply with each Council's Contract Standing Orders. This group is also liaising with the Lot 1 implementation team where there is co-dependencies i.e. reports of spend etc.

9. CONSULTATION

- 9.1. There will be a need to consult with key stakeholder and suppliers and this will be addressed in the implementation plan to be finalised.

10. EQUALITY IMPLICATIONS

- 10.1. There is little or no impact on equality as a result of the recommendations in this report

11. LEGAL IMPLICATIONS

- 11.1 The Bi-Borough Director of Law has been consulted on the report and supports the recommendations and confirms that the Council has the power of general competence contained in Section 1 of the Localism Act 2012 and the power to do "anything which is calculated to facilitate or conducive or incidental" to the exercise of functions under Section 111 of the Local Government Act 1972. The Council has the power to enter into the proposed

call-off contract by relying on the power of general competence and/or section 111 of the Local Government Act 1972. The reasons for adopting the recommendation are set out in the body of the report.

The direct award of any call-off contract will need to be made in compliance with Regulation 19(5)(a) of the Public Contracts Regulations 2006. This Regulation specifies that the call-off contract shall be awarded within the limits of the terms laid down in the framework agreement. Consequently the terms of the framework will have to be sufficiently clear and specific. The necessary contract documentation should be in place to govern the contractual arrangement between the tri-borough councils as well as between the supplier and the individual councils.

Legal Services will be available to assist the client department with preparing and completing the necessary contract documentation.

12. RISK ASSESSMENT

- 12.1 The proposal sets out a vision that clearly supports the development of lean and efficient procurement through the use of one system across the boroughs of WCC, RBKC and H&F. This has strategic, operational and project benefits for the services, corporate procurement and the customer and contributes positively to the Managing Business Objectives entry on the Enterprise Wide Risk & Assurance Register. The risk assessment coverage in the report makes reference to some of the rudimentary risks and benefits and highlights the potential missed opportunity of the council not joining the framework. The council's procurement team and services will need to consider what resilience arrangements it will require for the Bravo system and prepare a contingency plan in the event of system and or data non-availability

13. FINANCIAL AND RESOURCES IMPLICATIONS

- . 13.1 The estimated cost for procuring and implementing Bravo Solutions for LBHF for five years will be £51,250, and a further £18,000 if the option to extend is taken up. These costs will increase if the number of licences used exceeds the number allocated under the contract. This will require active management of licences
- 13.2 It will be necessary to keep a licence fee for archival purposes with the current supplier throughout the life time of this contract. This will cost approximately £2,400 pa totalling £19,200 over the 8 year period.
- 13.3 If the recommended option is selected then over Yrs. 1 – 5 of the contract, LBHF will incur a total cost of £63,250 (£51,250 for the Bravo contract and

£12,000 of Due North archiving) compared to a total cost of £63,500 if the Due North contract continued at current costs. However, if the contract is extended to 8 years then the cost of this recommended option increases to £88,700, compared to a total cost of £101,600 with Due North. Thus a small saving would be realised by the Council if they undertook the recommended option for 8 years.

- 13.4 The costs of the Bravo contract would not however be incurred evenly across the years, and so the costs in Year 1 of £27,250 would be higher than the existing budget. Provision will therefore be needed to cover this additional cost in Year 1, before savings are released in future years. This additional cost in year 1 can be funded from the existing Managed Services budget.
- 13.5 It is understood that, as per the framework agreement, LBHF will contract with Bravo directly and pay the deployment fee for year one and the enrichment fee for years two onward. There will be a Letter of Intent signed by Westminster to ensure that LBHF licences are funded for the life of the contract by Westminster, as no funding is being provided by LBHF to cover licensing costs.

14. COMMENTS OF THE DIRECTOR FOR PROCUREMENT AND I.T. STRATEGY

- 14.1. The tendering of this Lot was led by WCC using a Competitive Dialogue process. 5 companies were initially invited to take part in the process. Through the dialogue process two suppliers were invited to place a “Best and Final” offer and as a result Bravo solution, accompanied by the support offered by WCC, offers the best value for money to H&F and K&C. Therefore the Director of Procurement and I.T. Strategy supports the recommendation to call off the framework, subject to legal approval.

Jane West
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Local Government Act 1972 (as amended) – Background papers used in the preparation of this report

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