


<p style="text-align: center;"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p style="text-align: center;"><b>CABINET</b></p> <p style="text-align: center;"><b>27 MARCH 2017</b></p>	
<p><b>MOVING CONFIRM TO AN EXTERNAL HOSTING SOLUTION (CONFIRM ON DEMAND)</b></p>	
<p><b>Report of the Cabinet Member for Environment, Transport &amp; Residents Services: Councillor Wesley Harcourt</b></p>	
<p><b>Open Report</b></p> <p>A separate report on the exempt part of the Cabinet agenda provides exempt information</p>	
<p><b>Classification - For Policy &amp; Advisory Review &amp; Comment</b> <b>Key Decision: Yes</b></p>	
<p><b>Consultation:</b> ICT, PROCUREMENT, FINANCE &amp; LEGAL</p>	
<p><b>Wards Affected:</b> None</p>	
<p><b>Accountable Director:</b> Mahmood Siddiqi</p>	
<p><b>Report Author:</b> Eustace Dunkwu Highways Systems Manager</p>	<p><b>Contact Details:</b> Tel: 020 8753 3010 E-mail: eustace.dunkwu@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1. Confirm is the current Highways Asset Maintenance application used by Transport and Highways at the London Borough of Hammersmith and Fulham to: a) maintain a historic record of all roadworks in the borough; and b) identify which highway assets are nearing the end of their serviceable life and require maintenance or replacement. It is invaluable for the network management team for keeping track of utility works on the highway and enables officers to pursue utility companies to rectify defects resulting from shoddy reinstatements. Confirm is also used by other teams in Environmental Services, Housing department and by the Contact Centre as a service monitoring and incident management tool.
- 1.2. The highways maintenance team uses the data held on Confirm to draw up their annual maintenance programme taking account of the age of a particular stretch of highway and the number of times that it was dug up in the past.

- 1.3. Pitney Bowes were previously providing support for the Council's Confirm setup via Hammersmith & Fulham Bridge Partnership while Agilisys were hosting the Confirm server. In July 2017, the data held on the Confirm server is due to be hosted by BT as part of the corporate IT migration programme. This gives the Council the opportunity to review the current arrangement and weigh up options to bring savings and improve efficiency.
- 1.4. This report recommends that we commission Pitney Bowes Software Europe Ltd to host the Council's Confirm system from July 2017 bringing an annual saving of £43K (compared to the current costs) and a saving of £30K compared to the cost of migrating to BT.

## **2. RECOMMENDATIONS**

- 2.1. To agree the Procurement Strategy set out in Appendix 1 (contained in the exempt report on the exempt Cabinet agenda).
- 2.2. To agree for the Council to enter into a contract with Pitney Bowes to become licensed users of Confirm on Demand and for the software to be hosted by Pitney Bowes. The contract to be externally drawn down from the Crown Commercial Services G-Cloud 7 framework at a total cost of £306,535.00 from 1 July 2017 until 30 June 2019.

## **3. REASONS FOR DECISION**

- 3.1. The Procurement Strategy usually sets out the approach to the procurement, building a business case for the Cabinet's consideration. However, soft market analysis indicates that the most economical, efficient, and effective approach in this instance would be to call off from a framework agreement established by Crown Commercial Services' ICT G-Cloud arrangement rather than the Council managing its own stand-alone procurement procedure.
- 3.2. Using a framework set up by Crown Commercial Services as a procurement vehicle is an efficient procurement method and is compliant with the relevant Regulations and the Council's Contracts Standing Orders.
- 3.3. In practical terms, migrating from the existing Confirm software to Confirm on Demand services will realise savings for the Council, increase system reliability and reduce down time, and bring about more efficiencies (the system will be hosted by the software vendors who are best placed for managing the system).

## **4. BACKGROUND**

- 4.1. The Confirm licence contract between Hammersmith & Fulham Bridge Partnership and Pitney Bowes ended on the 31st of October 2016. A new one-year contract was signed between LBHF and Pitney Bowes in December 2016. The Confirm sever is currently hosted by Agilisys and will be moved to BT as part of the Council's IT data migration project. Confirm is scheduled to be moved in July 2017.

- 4.2. We have experienced disruptions and system failures in the past due to connectivity issues between Confirm and Agilisys. One such example has been the sporadic loss of connectivity between Confirm and external networks which prevents inspectors on site from receiving up to date information. It is estimated that this issue alone has cost the Council around £40k last year due to loss of productivity

## **5. OPTIONS**

- 5.1. There are two options available. Option 1 is to move Confirm to a BT server and Option 2 is to move Confirm to a hosted solution provided by Pitney Bowes.

### **Option 1 – Move Confirm to BT**

- 5.2. This is the default position if we take no action. The Confirm data will be migrated to servers hosted by BT. We would continue to pay Pitney Bowes for the software licence with minimal support from the software providers and upgrades at cost.
- 5.3. BT have little knowledge of the software package and experience has shown that we can expect frequent periods of downtime with reduced productivity and income.

### **Option 2 – Move Confirm to Pitney Bowes and upgrade to Confirm on Demand**

- 5.4. Moving to Confirm on Demand is more cost effective and provides a much improved software platform

## **6. CONSULTATION**

- 6.1. Having discussed this with other stakeholders/Confirm users (users from Environmental Services, Housing, and Contact Centre), they are all fully on board.
- 6.2. This is a technical software product that provides back-office support to the Council's operatives who have been consulted about possible upgrades to the software. Wider consultation with non-users (e.g. members of the public) is not appropriate

## **7. EQUALITY IMPLICATIONS**

- 7.1 There are no equality issues

## **8. LEGAL IMPLICATIONS**

- 8.1. From the basis of the information provided in this report, the proposed award of this contract to Pitney Bowes is compliant with the requirements of the Public Contracts Regulations 2015.

- 8.2. The value of the proposed contract is above the relevant EU procurement threshold and so the full procurement regime applies. Calling off from the G-Cloud Framework Agreement in the manner described herein is a compliant route under this regime for the Council to source commoditised cloud-based services such as Confirm on a direct-award basis, provided the call-off procedure set out in the G-Cloud Framework Agreement is observed. Pitney Bowes is a listed supplier under Lot 3 of the G-Cloud Framework (Software as a Service).
- 8.3. The estimated value of this contract means that, to fulfil compliance with the Council's Standing Orders, the award of the contract must be subject to a Cabinet Key Decision and the finalised contract must be executed as a deed and published in the Council's Contracts Register.
- 8.4. Implications completed by: Raj Shah, Solicitor (Tri-Borough Shared Legal Services, seconded from Sharpe Pritchard LLP)

## **9. FINANCIAL IMPLICATIONS**

- 9.1. Option 1 is the default position as it has already been decided that as part of the data migration from Agilisys to BT Confirm on Demand will be transferred to BT at a cost of £367,229 over the next two years. Also, a move to BT could well mean that the current poor service would continue at an estimated cost to the Council of £40,000 per year. These costs are already covered by existing revenue budgets.
- 9.2. Option 2 would reduce the cost of Confirm by £60,694 over the next two years and would achieve better service
- 9.3. Option 2 would be implemented mid way through the financial year so the saving in 2017-18 would be approximately £30,400
- 9.4. A detailed cost breakdown of both options is in Appendix 1 at paragraph 3.5.3
- 9.5. These costs are not additional costs and have been covered from existing revenue budgets. There are therefore no financial implications.
- 9.6. Implications verified/completed by: Gary Hannaway, Head of Finance, 0208 753 6071.

## **10. IMPLICATIONS FOR BUSINESS**

- 10.1. There are no relevant business implications.

## **11. COMMERCIAL IMPLICATIONS**

### **Procurement**

- 11.1. The Council's Contract Standing Orders require the cabinet to approve the Procurement Strategy before the procurement process begins. As part of developing the strategy the service department will undertake soft market

testing of the available procurement options that the Council should be considering.

- 11.2. Occasionally, the most economic, efficient, and effective option arising out of the soft-market testing/market analysis will be to call-off from a specialist framework agreement, thus rendering it impracticable for the Council to manage its own procurement exercise. In this instance the Procurement Strategy has identified this as the best option. This means that approval of the Procurement Strategy and the award of a contract can be contained within a single report rather than two.
- 11.3. By calling off from a framework the costs to the Council in terms of carrying out a procurement exercise are significantly reduced. This G-Cloud framework was established by Crown Commercial Services so the Council has the assurance that it has been let in accordance with the requirements of the Public Contracts Regulations 2015 (as amended). The risks of a challenge for non-compliance with the Regulations is extremely low, providing the call-off has been carried out in accordance with the way it was established.
- 11.4. Implications completed and verified by: Alan Parry, Interim Head of Procurement (Job-share). Telephone 020 8753 2581.

## **12. ICT IMPLICATIONS**

- 12.1. ICT have carried out a high level investigation of requirements and overall solution for moving Confirm from the current hosted solution to Pitney Bowes and the costs provided for this migration are indicative only and are subject to risk of upward variance. Sign-off and approval of the final solution and cost of migration is subject to a fully approved solutions proposal.
- 12.2. Implications verified/completed by: David Stoneman, Project Management Team Leader, 020 8753 3036.

## **13. OTHER IMPLICATION PARAGRAPHS**

- 13.1. There are no other implications

## **14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

- 14.1 None

## **LIST OF APPENDICES:**

**APPENDIX 1: BUSINESS CASE AND PROCUREMENT STRATEGY REPORT - (contained in the exempt report on the exempt Cabinet agenda).**