Procurement Board (PB)
Contract Award Report

Date of meeting	*23/09/2021*
By	Jon Martin, Consultant, Croydon Digital Service
Title	Contract Award for Idox IT Solution
Project Sponsor	Heather Cheesbrough Director of Planning, Building Control and Strategic Transport
Executive Director	Sarah Hayward, Executive Director of Place
Lead Member	Cllr Young, Cabinet Member for Resources & Financial Governance
Key Decision	*n/a*

1. Recommendations

The Contracts & Commissioning Board (CCB) recommends to the Director of Commissioning and Procurement to:
1. Approve a waiver under Regulation 19 of the Tenders and Contracts Regulations against the requirement under Regulation 8.1 for a strategy report.
2. Approve a waiver under Regulation 19 of the Tenders and Contracts Regulations against regulation 23.3 (a), 23.3(g) and 23.4 (standard contract clauses)
3. Approve a waiver under Regulation 19 of the Tenders and Contracts Regulations against regulation 14 (Social Value

The CCB is asked to recommend to the Leader the recommendation below:

Leader of the Council

The Leader of the Council to make the decisions set out in the recommendations below:

The Leader is recommended by the Contracts and Commissioning Board to:

1. Directly award a contract to Idox as a compliant call off from Crown Commercial Services framework RM3821 DATA AND APLICATION SOLUTIONS Lot 2b for a period of 5 years at a contract value of £550k for the supply and support of Idox IT solutions for the reasons set out in the report.

2. Background & strategic context

Idox are suppliers of the suite of IT applications referred to as Uniform that is used by the following service areas at Croydon:
- Development Management (i.e., planning)
- Building Control
- Food and Safety
- Commercial Licensing
- Trading Standards
- Pollution
- Neighbourhood Safety
- Housing Renewals

Uniform has been used in some capacity at Croydon for over 20 years with the current contract arrangements for licensing and support expiring on 30th October 2021.

A GPS framework call off contract was awarded on 21st November 2012 CCB0636/12 (B)), approved through Corporate Services Committee on 21st November 2012 (Award minute reference A122/12) and entered on 29th November 2012.

The contract was varied up to a value of £559,954 in 2014 CCB0748/13-14 and the Regulatory Services contract was added CCB1280/17-18 and varied CCB1450/18-19 bringing a total aggregate value of 660k.

An RP1 Make or Buy paper was submitted and approved by CCB on 12th March 2020 - this recommended that we should look to the market rather than develop something internally due to the breadth and depth of functionality, whilst recognising that there were several short-comings with the current solution. An RP2 Procurement Strategy paper was later submitted and approved by CCB in May 2020 – this recommended we should conduct an open tender, splitting the application into three service-focused lots. However the drive for contract savings led to entering into negotiations with the supplier to secure the outcomes of reducing the contract charges for the future in exchange for a long term commitment and at the same time avoiding the cost of reprocurement and the change costs associated with a change of solution in the event Idox either did not bid if the tender outcome were to identify a different supplier and solution.

The funding to undertake the re-procurement process and implementation of the preferred solution(s) had secured £4.2M from capital funds. £3.6M of this has now been returned to finance though extending the support on the current system from Idox. This avoids the interest on these funds and the effort across multiple services to both run the project and change ways of working to adapt to new systems at a time of great financial strain.

A dedicated project team, funded from capital, conducted a discovery and requirements gathering exercise in parallel to the CCB approvals process. This was progressing to create the baseline tender documents when Croydon entered section 114.

The Uniform Programme Board discussed the steer from procurement to review whether it was essential to continue, or whether the current contract could be extended to avoid the cost of the tender and potential implementation of new system/s. Board agreed to postpone the tender phase and review options for renewing/extending the current system.

. In return for a 5-year term Idox have offered to reduce annual support charges from £125k pa to £110k pa. This elicits a saving of 15k pa (75k total saving on core charges over the 5 year term). This is a 12% saving over the current annual support charges.

Renewing Croydon
The scope of the current system supports multiple service areas, most of which exist to ensure Croydon's statutory obligations are met in the areas of public safety, building compliance and the permitted development of the borough

Keeping our streets safe :
Uniform covers multiple service areas. As a result, there are a number of disparate user groups including, but not limited to:

Residents/Citizens
- Enquire and make planning applications
- Notifications about planning applications impacting them
- Enquire and make building control applications
- Report/make complaints about noise, environmental health issues, graffiti, abandoned cars
- Freedom of Information requests

Businesses
- Enquire and make planning applications
- Enquire and make building control applications
- Commercial license applications, including alcohol and food, street trading, skips, scaffolding and specific business-type regulations
- Food standard inspections
- Trading standards investigations
- Information about running events within the Borough

Internal officers/users of the system - in addition to those already mentioned:
- Spatial planning
- Corporate Anti-Social Behaviour team
- Other Housing teams who view residential property history information
- Landlord licensing teams who view residential property history information

- GIS mapping team to share location-based data, LLPG and Gazetteer
- Information to support economic development and regeneration teams

Councillors:
- Planning applications by ward
- Common complaints by ward
- Responses to questions

Croydon Community Partners: (Consulted on planning applications and commercial licences.)
- Metropolitan Police
- Fire Service
- British Transport Police
- Public Health

Statutory Bodies:
- MHCLG
- HMRC
- Food Standards Agency
- Health and Safety Executive
- Environmental Agency
- Planning Inspectorate

We will live within our means, balance the books and provide value for money for our residents:
The proposed contract will save 12% compared to existing contract charges.

3. Contract Providing for a Statutory Requirement

The IT systems that this Idox contract covers supports several service areas, primarily within Place department, who are governed by the following statutory legislation:
- **Building Act** (1984, latest version 2010) defines statutory obligation for building works in England and Wales.
- Multiple acts including **Planning Act 2008, Town and Country Act** covers the obligation of work carried out by the Planning team.
- The **Licensing Act 2003** defines obligation for the following types of premise licences:
  - Sale or supply of alcohol
  - Provide regulated entertainment
  - Late night opening
- **Environmental Protection Act 1990** legislation includes the control of emission into the environment.
- **Food Safety Act 1990, Health and Safety Act work Act, Pollution prevention and Control Act, Public Health Act** includes a list of legislation enforced by Commercial Environmental Health.
- **Public Health (Control of Disease) Act**
- **Clean Air Act 1993**
- **Housing Act** defines mandatory licensing of Houses in Multiple Occupation (HMO)
- **Consumer Protection Act** covers the remit of Trading Standards

The services which the current system supports are both statutory (public protection, planning, building control). It is therefore vital that the system is able to reliably support residents.

- Planning – This is a highly political topic affecting all wards. Councillors are often involved in escalations and complaints so the system needs to be transparent, accurate and easy-to-use.

- Building Control – a revenue generating service which polices compliance against standards. Following the Grenfell Tower disaster, this area is subject to additional scrutiny and pressure to have accurate data and efficient processes in place.
- Public Protection – Health and safety issues can quickly escalate in to high profile, negative media scenarios. It is vital that robust processes are in place to provide the necessary evidence that Croydon is on top of its statutory obligations.
- Food Safety – Same implications as public protection, with the additional pressure that the Food Standards Agency have the power to take-over Council functions should they consistently fail to achieve the required performance standards.
- Commercial Licensing – A revenue generating service aimed at ensuring businesses and events are run safely and comply with all necessary legislative requirements so public safety is not put at risk, and partner organisations, such as the Police are aware of the activities being conducted within the borough.
- Neighbourhood Safety – A presence on the streets monitoring complaints and offences which can be policed through issuing fixed penalty notices.

4. Financial implications

Budget Available	**Yes** / No		Cost Centre (Internal/External)	Various – see below
In-year Pressures on Budget	Yes / **No**		Future Pressure on Existing MTFS Budget	Yes / **No**

Details	Internal		Period of funding	External		Period of funding
	Capital	Revenue	funding	Capital	Revenue	
Annual Support due 1/11		109,639	21/22			
Annual Support due 1/11		109,639	22/23			
Annual Support due 1/11		109,639	23/24			
Annual Support due 1/11		109,639	24/25			
Annual Support due 1/11		109,639	25/26			

Previous contract comprised two separate but co-terminating contracts plus several small additional amounts as modules were added to the base over time. The total annual value was £125k paid initially by CDS cost code C14095 with a recharge to service cost codes.

New contract annual value is £110k pa , a reduction of 12%. Over 5 years this represents a contract value of £550k.

In parallel to entering this new contract CDS needs to work with finance from the services to agree a baseline for going forward. Uniform Programme Board preference is that monies from service budgets are transferred to CDS to simplify the need for journal transfers.

NOTE The funding to undertake the re-procurement process and implementation of the preferred solution(s) had secured £4.2M from capital funds. £3.6M of this has now been returned to finance though extending the support on the current system from Idox. This avoids the interest on these funds and the effort across multiple services to both run the project and change ways of working to adapt to new systems at a time of great financial strain.

Essential Spend Criteria

The requirement is considered to meet the essential spend criteria *Expenditure to prevent the financial situation getting worse:*

This is because:
As a result of contract negotiations contract charges will be reduced and will bring a saving of 12% compared to previous annual charges.

5. Supporting information

	Required Input	Details
5.1	Procurement Process followed: Incl. details of the competition, advertisement, tenders received and any clarifications or issues.	Due to the section 114 notice, the previously agreed approach from the RP2 paper to undertake a formal tender was postponed saving the short-term project costs of the tender process and implementation of new solutions. This report recommends a direct award to Idox as a compliant call off from Crown Commercial Services framework RM3821 DATA AND APLICATION SOLUTIONS Lot 2b underpinned by the Framework terms and conditions is a compliant route to contract and offers a call from the government e-marketplace as a direct award provided two conditions are met: Call offs can be completed where: • The requirement must be intrinsically linked to a system already within the customers organisation **The system is already in use at Croydon** • The products they are looking to award must be present on the Government eMarketplace **Idox already publish a catalogue entry for the solution on the government e-marketplace on line catalogue and will publish an updated entry to match the Croydon requirements** based on agreeing an offer to the Council following detailed discussions. This is in accordance with what is allowed under the framework. External legal have previously provided advice in respect of using this framework route to market and the council has used this framework to award contracts on other major IT system contracts.
5.2	Evaluation results: Incl. each providers scores in accordance with the published criteria. Winning providers VFM offer	The proposed contract award is based on a direct award to the existing provider via a framework call off. Idox are the only providers of their proprietary IT solution. There is no change to the solution, previous project activity identified the solution meets requirements therefore there is no evaluation or scoring criteria. The preferred option of the 5-year contract provides VFM since it is a 12% discount on previous annual charges and costs of change as set out in section 4 are avoided.
5.3	Any compliance issues with PCR or TCR?	A PCR compliant framework call off is recommended. A waiver under regulation 19 is requested in respect of regulation 8.1 of the TCRs requiring a tender to be conducted. The call off for a direct award is in accordance with what the framework allows as mentioned in S5.1 above. Note the discount offered is predicated on the following terms therefore a waiver to Regulation 23 (standard contract clauses) is requested: There are no service credits – these are typically only offered by Idox where they also host the solution. The Croydon solution is hosted in the Councils Azure cloud. Annual indexation based on RPI is included. Payments are 6 months in advance. Idox usually charge 12 months in advance.

		Termination for convenience cannot be implemented during the 5 year term but thereafter is 90 days.
		Best Value: Idox require LBC to keep the level of discount offered confidential as it is unprecedented and therefore represents the best value. Note previous benchmarking and cost estimates
		There is no social value offer, a waiver to Regulation 14 is requested
		Previous performance of supplier: LBC have been a customer of Idox Software Limited for over 20 years. They are the UK market leader for most of the modules in use and we have had no issues with non-performance against the services provided under the support contract.
5.4	Contract Management: Please detail how this will be delivered and by who?	The Idox solution is hosted on LBC-owned infrastructure so performance of the day-to-day running of the application is dependent on several factors outside of the control of Idox. CDS is establishing improved governance arrangements for all critical business systems including Idox and this includes oversight of contract monitoring and having a minimum of two contract management reviews per year. Service representatives are a key part of these governance arrangements. The category manager is also involved with supplier performance meetings. Measures for a successful service: • Performance against SLA to resolve problems/faults. • Contract Performance mechanism linked to termination triggers Measures for a successful ongoing operation Is the application available to applicants? • Is the application available to staff? • Is there sufficient monitoring of system resources adequate to enable pro-active management of the environment? • What are the processes for reporting incidents, how are they prioritised and what are the SLAs?
5.5	Risks: Incl. how they will be managed	Refer to table in Annex of this paper. 1. The current contract term ends on 30th October 2021 we will be out of contract and will not be able to enter into a new contract until after that date. It has taken much longer than expected to conclude negotiations with Idox. Idox need a signed contract at least 2 weeks before expiry so they can enter into the various sub-contracts with their supply chain for components relying on 3rd parties. 2. The PO needs to be raised before current contract expires 3. The 12% discount is taken off the table if we can't achieve this It is therefore a priority to approve the award as a matter of urgency.
5.6	Mobilisation plan How will it be managed?	The direct award is a new contract; however, it is in effect extending the use of the current systems and infrastructure. There is nothing to mobilise as part of entering the new agreement apart from updating the licence keys issued by Idox.
5.7	Decommissioning plans:	The direct award is a new contract; however, it is in effect extending the use of the current systems and infrastructure. There is nothing to decommission as part of entering the new agreement.

	How will they be managed between providers?	
5.8	TUPE: If applicable, how will it be managed?	There are no TUPE implications associated with this contract.
5.9	Interdependencies – If any: Incl. details of any arrangements i.e. Landlords, Consortiums, Assets connections and how they will be managed	There are no external dependencies associated with this direct award.
5.10	GDPR implications: Has an assessment been completed, do legal know to include in t&cs?	*Further information and support can be found at the link below:* https://intranet.croydon.gov.uk/resources/information-management/gdpr/gdpr-overview Attached DPIA hasn't changed to the version included with and reviewed by Information Management as part of the RP2 paper. Key points to note are: The attached DPIAs primarily covers how the current IT solution effects GDPR. The DPIAs for each service area are the responsibility of the service. The current privacy notice has been reviewed as part of each service's ongoing compliance with GDPR. Personal data is already collected and is used to carry out our obligations for the current scheme The council only use the data for the purposes of processing an application or service request The system will enable us to deal with Data Subject Requests and retrieve the information held on our database.
5.11	Equalities: Please confirm how the proposed contract will support the EQIA?	Attached Equalities Assessment hasn't changed to the version included with and reviewed by Yvonne Okiyo on 17th March 2020 The solution will comply with Croydon's accessibility standards and web design guidelines which adheres to the Government's Service Standard. This states that the services provided must be accessible to everyone who needs it both online and offline. The technical section of the proposed tender will define these standards and how they will be evaluated. We expect the system to store primarily the name and address of the various stakeholder groups identified within various piece of legislation. For some services, we may additionally include date of birth and answers to questions about convictions pertinent to their assessment of being 'Fit and Proper' to hold a licence. We don't expect the new or upgraded solution (s) to store information around any of the following protected characteristics: disability, gender, gender reassignment, marital status, religion/belief, race, sexual orientation, or pregnancy/maternity.

5.12	Social Value: Please confirm how the provider will deliver the 10%?	Idox were asked to propose social value deliverables but they did not offer anything to the Council. A waiver to regulation 14 is requested.
5.13	London Living Wage (LLW): Please confirm the provider pays LLW?	Idox are an accredited Living Wage employer https://www.livingwage.org.uk/accredited-living-wage-employers
5.14	Premier Supplier Scheme (PSP): Please confirm this is included in the requirements	Idox have selected not to join the PSP however we should continue to invite the supplier to join the scheme during the contract period.

Other options previously considered

Option 1: A contract extension of current arrangement for a further 5 years

Focus on delivering a series of "Quick Wins" to improve the current system. This will require having to extend our contract with Idox for up to 5 years to allow time to implement and benefit from any "quick win fixes".

Contract will require variation in order to extend beyond allowable extensions. Total spend will exceed the 50% threshold highlighted under PCR Regulation 72. There is a risk of challenge but this is considered low

1. Is there a benefit to the services using Uniform by delaying going to tender

Some current performance and functional issues could be addressed by in house developments, enhancements by the incumbent supplier and acquisition of other third party tools.

2. Impact and likelihood of challenge due to Croydon being in beach of PCR 72,1,c

The risk is considered low. We have already established that the market isn't large which limits the number of competitors able to challenge. We have recently spoken to two competitors as part of soft market testing so there is some expectation that Croydon may be going to tender. There have been no FoI requests received in the last couple of years specifically for IT systems in these service areas, other than more generic requests about all the IT systems in use at Croydon. Should a challenge be forthcoming, apart from any reputational issues this may pose, it would likely force Croydon's hand at that time rather than wait for any agreed delay period. This suggests there is a low likelihood of challenge and the impact would be inconvenient but not significant.

3. Impact of total contract value this extension may have on any modified contract

This would add a further *contract value* £628,040.00 to the current contract value not just for the extended period but also for acquisition from the incumbent of additional modules and software to allow for the enhancements and fixes needed to address some of the current issues.

Option 2: Go to tender split into multiple Lots

Option to go to tender with the procurement being split into the following 4 Lots:
1. Development Management,
2. Building Control,
3. Public Protection and Licensing; and,
4. Housing Renewals.

Having a single lot encompassing all service areas would restrict bidding to the larger companies only. Having service-specific lots should encourage more competition as more suppliers will be able to respond to the tender. Requirements will include that any separate systems must be able to interact where required with the others and will other council systems.
We would also allow "packaged" bids so that a supplier could bid for multiple lots if they wished. By adopting this strategy, we could phase the implementation more easily if required.

Routes to Market

Option 1 : Use GCloud

Different procurement frameworks have been considered and the one which most closely targets the Software as a Service (SaaS) solution for the service areas concerned is the latest G-Cloud framework.

This framework was used as part of the soft-market review which identified a number of suppliers able to provide a single solution. A limitation of G-Cloud is that it is limited to a maximum contract term of 4 years.

The framework approach does not allow sufficient flexibility, although a contract variation to extend the contract could be considered, as the contract length comes to term.

Option 2: Use DAS framework

Supplier prequalified on framework. Any contract adheres to the framework's terms and conditions.

(NOTE THE DASS FRAMEWORK DIRECT AWARD OPTION IS RECOMMENDED FOR THIS AWARD REPORT)

Option 3: Use an Open Tender Process

A number of the suppliers on the G-Cloud framework are relatively new players in the market (last three years) and whilst they are on G-Cloud, they are not on more traditional service frameworks.

Therefore, to ensure Croydon could benefit from the widest possible pool of bidders, an open tender would best fit that requirement and we can dictate the terms of the contract and award a contract over a longer period of up to 10 years

This is to be considered as part of the exit strategy.

6. Conclusion and reasons for recommendations

A summary of the purpose of the report and reasons for recommendations

This paper outlines the work done with the current supplier, Idox, so Croydon can continue to use and get support for this IT application. The recommendation is to directly award a new contract to Idox for a period of 5 years at a cost of £110k p.a. as this was the best option Idox provided to achieve the extension and saved the most money over the current arrangements.

7. Outcome and approvals

Outcome		Date agreed
Insert outcome of PB discussion	Service Director *(to confirm Executive Director has approved the report)*	*15/9/21*
	Cabinet Member for Culture & Regeneration	15/9/21
	Cabinet Member for Resources and Financial Governance	*14/10/21*
	Cabinet Member for Homes	30/9/21
	Legal Services	*06/10/21*
	Head of Finance	*23/9/21*
	Human Resources (if applicable)	*report/a*
	C&P Head of Service	*13/9/21*
	Cllr Young *(for contract award over £500k)*	*14/10/21*
	PB	CCB1698/21-22 23rd September 2021

8. Comments of the Council Solicitor

The legal considerations are as set out in this report.

Approved by Kiri Bailey on behalf of the Director of Law and Governance

9. Chief Finance Officer comments on the financial implications

Approved

Approved by [Matt Davis] on behalf of the Chief Finance Officer

Risk Log

RISK ID	RISK DESCR	RISK IMPACT	ASSIGNED TO	EXISTING CONTROLS	RISK SCORE
1	Contract with Idox expires 30th October: Croydon legal; procurement, and lead member sign-off requirements may take longer than this.	Current system is unlicensed. Could mean system access is turned off or we lose the discount offer. (Prob 4 * Impact 5)	Programme Board	Achieve internal approvals to allow council to enter into contract before the end date	20
2	Personal Information is accessible to officers who do not need this information to perform their duties	Increased risk of security breaches Non-compliance with data protection laws (Prob 1 * Impact 4)	Programme Board	Existing access controls fit for purpose	4
3	Legal challenge caused by a direct award without continuing the tender.	Additional costs and reputational harm to the council (Prob 1 * Impact 4)	Programme Sponsor	Use of a PCR compliant framework which allows for direct award resolves the risk	4
4	System may become outdated over life of contract	May not meet statutory requirements or new business needs (Prob 1 * Impact 4)	Programme Sponsor	Contract to oblige supplier to update software as legislation changes. Idox proposal includes option to migrate to their newer cloud-hosted solution over the contract term.	4
5	Current contract financing and recharge is messy and time-consuming	Needs better control to manage expectations over life of contract (Prob 3 * Impact 2)	Programme Board	Working with finance to agreed a better baseline position.	6