

Cabinet	 TOWER HAMLETS
8 September 2021	
Report of Kevin Bartle, Corporate Director of Resources	Classification: Partially Restricted (Appendix 1)
Recurring IT Contracts Procurement Approval – Northgate and Bell Mitel/Wavenet	

Lead Member	Cllr Candida Ronald, Cabinet Member for Resources and the Voluntary Sector
Originating Officer(s)	Adrian Gorst
Wards affected	All wards
Key Decision?	Yes
Reason for Key Decision	Financial threshold
Forward Plan Notice Published	14 May 2021
Strategic Plan Priority / Outcome	<p>All Priorities but mainly Priority 3 - A dynamic, outcomes-based council using digital innovation and partnership working to respond to the changing needs of our borough</p> <p>People say we continuously seek innovation and strive for excellence to embed a culture of sustainable improvement.</p>

Executive Summary

The Council recommends entry new contract terms under a Crown Commercial Services (CCS) framework to continue support and maintenance for:

- 1) Northgate Housing Rents and Benefits applications pending the outcome of wider revenues and benefits project that is commencing now. Without these systems, the Council will not be able to collect rent or process housing benefits for the vulnerable.
- 2) Bell Mitel/Wavenet the telephony systems, pending the agreement of new ways of working and requirements for the planned town Hall move. Without this service, there will be no telephone system for Councils' staff, contact centre, residents, businesses, suppliers, and partners putting the Council's reputation at risk.
- 3) Eighteen applications and solutions with contract costs below £189K mostly for up to 3 years of extension using frameworks or renewals as advised by

procurement. Without new agreements, the Council is exposed to multiple system failures, with no software updates, fixes or enhancements being available.

Recommendations:

The cabinet is recommended to:

1. Approve the proposed procurement of:
 - a. Northgate housing, rents and benefits application support and hosting, starting from 01 April 2022 for 3 years, through a direct award or via a Crown Commercial Service (CCS) framework, aligning this with the wider housing and revenues project that has recently been approved and is commencing now to gather requirements and will take a considerable time get to the tender stage, award, implementation, and transition.
 - b. Bell Mitel/Wavenet telephony solution starting from 01 May 2022 for 3 years, through a direct award or via the Network Services 2 Framework.
 - c. The renewal of 18 further recurring IT contracts each with a total contract spend below £189K for direct renewal routes or via a procurement framework as applicable.
2. Authorise the Divisional Director of IT Service to award the 20 new contracts referred to above. The total annual value of these contracts is £1.682M and their lifecycle value over next 3-5 years with extensions is £5.307M.

1 REASONS FOR THE DECISIONS

- 1.1 **Introduction** – This section will outline the imperatives to pursue the recommended routes.
- 1.2 **Funding** - For all contracts in the scope of this paper, funding has been approved by the Corporate Director of Resources as part of the IT revenue budget forward plan, including indexation.
- 1.3 **The Council's Bell Mitel/Wavenet telephony solution** - contract expires in April 2022. In the absence of capital funding or the resources to run a tender and project manage a transition from one supplier to another makes renewal of the current via a framework the least risky option. This service is a critical piece of infrastructure for communications externally and internally. With the transfer to the new Town Hall, there is a need to ensure continuity of provision for communications, both internally and externally.

- 1.4 **The Council's Northgate application support** - agreement expires in March 2022, whereas the Council's Northgate hosting agreement runs to 2024. Capital funding has just been approved to enable a programme of work to consolidate housing, rents, benefits, and revenues systems and processes. Renewal of the Northgate support agreement to 2025 is recommended as IT Service cannot project manage procurement and a transition any earlier than before 2025 without significant risks. Without the system, the Council would not be able to fulfil its statutory obligations.
- 1.5 **For the remaining 18 contracts** - individually the total recommended term value is below £189K, the proposed approach is to renew the agreements. The intent is to use the CCS frameworks or undertake a direct award, as advised by procurement, to renew with existing suppliers to maintain business continuity until such time that a strategic plan for the change or upgrade to these solutions is approved and funded.

2 ALTERNATIVE OPTIONS

- 2.1 **Do nothing** – If the Northgate application contract is allowed to expire, this would affect the collection of housing rent and the disbursement of Council housing benefit - the latter is a statutory responsibility for the Council. Similarly, if the Bell/Mitel service is allowed to expire, this risks the Council's ability to communicate both internally and externally. The Council would not be able to fulfil its core statutory responsibilities.
- 2.2 **Tendering through market competition** – this is not a feasible option, since capital funding for tendering has only been agreed for the housing revenues and benefits project over the next three years as detailed in point 1.4, hence the recommendation is that the Council renews the existing contract before they expire. With the telephony contract, new ways of working and Town Hall moves will inform new requirements for future tender.
- 2.3 A competitive exercise would likely be ineffective for both housing and telephony solutions, since for a 3-year tender typically only the existing bidders would bid, as there is huge investment needed upfront for both solutions.

3 DETAILS OF THE REPORT

- 3.1 Renewal of the Northgate support agreement for 3 years from April 2022 to March 2025 is recommended to allow requirements definition of housing and revenues, covering both Northgate and Civica applications, specification, tendering, evaluation and implementation and a transition by 2025.
- 3.2 The Bell/Mitel agreement needs renewal for 3 years from May 2022 April 2025 through framework before the move to Town Hall as new ways of working get established and the Council can define new telephony requirements.

- 3.3 The council is setting up and resourcing an in-sourced vendor management function that will develop a 5-year roadmap to enable us to maximise leverage from our strategic vendors through competition. It is not resourced to do this currently, having only taken full responsibility for the management of IT contracts since April 2021 after the end of the nine year contract with Agilisys through which Agilisys managed the portfolio of IT contracts for the council.
- 3.4 Appendix 1 - Table 1 (partially restricted) shows the current Bell Mitel/Wavenet, and Northgate contract spend (including sub-contractors) for which Cabinet approval is sought due to threshold levels. It also shows the proposed contract term. The potential value of these contracts exceeds £189K, which is the current minimum threshold (as set out in the Public Procurement Regulations) for public contracts to be tendered. The proposal is to use a CCS framework procurement route to purchase a support and maintenance agreement that is compliant with the regulations. Using this procurement route will ensure business continuity while programmes (housing, revenues, and benefits) and business change (Town Hall move) are in development.
- 3.5 Appendix 1 - Table 2 (partially restricted) shows the anticipated contract spend on the invocation of renewals or using frameworks that were available for cost-effectiveness.

4 EQUALITIES IMPLICATIONS

- 4.1 No equality implications are arising from the proposal as it is related to spending on IT applications and solutions support and maintenance.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 As detailed in previous sections, the loss of service would put at risk a range of services to Council inability to make or receive contact with citizens to provide services, collect rent or process benefits with a resulting failure in its statutory duty, putting most vulnerable in the community at risk and risking penalties and reputational damage.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 The cost of these contracts will need to be contained within approved IT budgets.

7 COMMENTS OF LEGAL SERVICES

- 7.1 Appendix 1 includes information that relates to one or more businesses and this constitutes exempt information. The businesses commercial position would be significantly prejudiced by the release of such information. Therefore, following due consideration, the public interest in knowing the information contained in Appendix 1 is outweighed by the public interest in maintaining the exemption.

- 7.2 The Council has the legal power to undertake the actions referred to in this report.
- 7.3 The Council has just completed the exit of its previously procured external strategic partner model of ICT services delivery and is currently undergoing a transformation in the way it delivers the service. Part of the exit required the transfer of the partners subcontracts to the Council in order to allow the Council to directly manage the providers of the existing ICT infrastructure. Unfortunately, the Council needs to regularise these contracts to allow for a structured series of procurements over the next few years.
- 7.4 The position is further complicated by the Council's move to its new town hall which is currently under construction. Amongst other things this will significantly impact on the Council's future requirements and therefore necessitate short term continuations of existing contracts.
- 7.5 Also it is anticipated that any replacement for the telephony and revenues systems will require significant up-front investment by a contractor and therefore make any new contract uneconomic while ever the Council is only able to offer to the market such a short term contract. Therefore, regulation 32 is satisfied in respect of the proposed extension of the contracts referred to in this report on the grounds that competition is frustrated as a result of the subject matter of the contracts.
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Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices - Exempt

- Appendix. 1 IT Recurring Contracts includes information that relates to one or more businesses and this constitutes exempt information