

OFFICER DELEGATED DECISION 08 APRIL 2020

Report title: Software Managed Service to Support Contract Management and Dynamic Purchasing Systems

Wards: All

Portfolio: Councillor Andrew Wilson: Cabinet Member for Finance and Performance

Report Authorised by: Bayo Dosunmu: Strategic Director for Resident Services

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REPORT SUMMARY

Procurement currently manages a software licence that supports the corporate electronic contract management application (eCMS) and Resident Services is about to develop an application for a bespoke dynamic purchasing system (DPS) using the same software platform. The eCMS supports day to day management and corporate monitoring of the Council's key contracts. The DPS is an electronic system that will enable interested suppliers to register to be qualified any time, to compete for contract opportunities and will be focussed on the major works category to support the Council's Total Asset Solution. The DPS will establish a flexible and agile mechanism for procuring and awarding contracts for the management of the Council's assets, delivering the planned programme and major works – in compliance with the Public Contracts Regulations.

This report recommends the Direct Award of a three-year managed service contract, with an option to extend for a further 12 months that will provide the software platform and associated technical assistance to support the eCMS and establish the DPS for a duration of time that aligns with the Total Asset Solution and delivery of the Council's Asset Management Strategy.

FINANCE SUMMARY

The estimated cost of the contract over the three-year term is £284,000. If extended to a fourth year, the contract cost will be subject to negotiation towards the end of year three, although this is projected to be £103,950, making the total estimated contract value £387,950. This will be funded from existing budgets.

RECOMMENDATIONS

1. To award to an initial three-year Managed Service contract to Axians Limited for the OutSystems software platform and associated technical assistance, starting 1 April 2021 to 31 March 2024 at a cost of £284,000, with the option to extended for a further 12 months to the 31 March 2025 at a total contract cost of £387,950.

REASONS FOR EXEMPTION FROM DISCLOSURE

The accompanying part II report is exempt from disclosure by virtue of the following Paragraphs of schedule 12A to the Local Government Act 1972:

3. Information relating to the financial or business affairs of a particular person (including the authority holding that information).

1. CONTEXT

Dynamic Purchasing System Capability

- 1.1 Resident Services recently obtained Procurement Board and Strategic Director approval to design, develop and implement a DPS capability for major works, to support the Council's Total Asset Solution. The DPS will be developed by Axians Limited (Axians), the same company that developed the eCMS using the same software platform. The eCMS was implemented in September 2020 as a key tool to support contract managers and enable corporate visibility that contracts are being managed effectively. Although the development work and the software platform are provided by two separate companies, both work in commercial partnership, to offer low code technology services.

Procurement Improvement

- 1.2 The software platform is a low code technology solution that provides the Council with an innovative means of developing bespoke corporate digital applications to meet Lambeth's specific needs. A base capability has been established through the eCMS and the Council is looking to expand the application footprint, where it is sensible and feasible to do so and subject to business case approval, such as the case for the DPS for major works.
- 1.3 Through the development of additional procurement applications, the software solution provides a key mechanism to deliver procurement process improvement across the Council, with the prospect of creating an end-to-end digital solution to support the whole of Lambeth's procurement lifecycle. This also provides a strategic platform to deliver against and monitor the Council's social, economic and environmental priorities/responsibilities through the procurement process
- 1.4 The software owner, OutSystems Limited (OutSystems) and Axians have agreed a strategic partnership whereby Axians can manage and provide technical support for the software and offer local authorities a Managed Service Contract (MSC), Lambeth will therefore be able to benefit from the award of a MSC to the development company for the delivery management and technical assistance of the upgraded software needed to manage the DPS.

2. PROPOSAL AND REASONS

- 2.1 Prior to the development of the eCMS, Council officers researched the market for possible contract management system solutions, looking at both off the shelf and bespoke products using low code technology. Following consultation with ICT (who were reviewing the same technology for other Council applications), it was concluded that the advantages of a bespoke solution, considered in the wider context of procurement improvement, would best meet Lambeth's needs and using low code technology could bring benefits to other aspects of the procurement lifecycle.
- 2.2 The low code software platform is unique to OutSystems Limited, the software owner and although there are a small number of suppliers that can provide low code development services, the licensor has elected to capitalise on Axians' technical and sector knowledge and partner with them to deliver a managed services solution. This will enable Axians to offer a managed service to local authorities encompassing application development management and technical assistance of the low code software.
- 2.2 The current software licence supports the eCMS and needs to be upgraded to accommodate the new DPS application and its additional users. A recent assessment of the Council's software platform requirements determined that the Council would get better value for money by waiting until completion of the DPS development before arranging the upgrade. However due the commercial arrangement agreed between the software owner and the DPS development provider, the Council

can make substantial savings by changing its licensing arrangements by not renewing the current licence, in exchange for awarding an MSC to the development provider Axians - who can offer the required, upgraded software capacity and associated technical support. To benefit from this arrangement, the MSC award will be required by the end of March 2021, to coincide with the anniversary of the current licence, whilst ensuring continuity of service.

- 2.3 Both providers offer services through the Government's G-Cloud technology framework (G-Cloud) and based on previous proposals, the OutSystems and Axians solution was deemed the best technical and most economically advantageous solution for Lambeth. Axians has confirmed that the Managed Service arrangement is available via G-Cloud.
- 2.4 Lambeth is already using the OutSystems software and is likely to continue to do so over the next few years, therefore, there is an opportunity for the Council to benefit from the new commercial partnership. Following a Public Contracts Regulations 2015 compliant procurement exercise, Resident Services therefore recommends the delegated approval to award the contract via G-Cloud to Axians for the MSC, whilst ensuring continuity of service.
- 2.5 The contract will enable the Council to make a significant saving on its procurement system costs. If no action is taken, the savings will not be available to fund other important Council process improvements.

Contract Management

- 2.6 Responsibility for management and maintenance of the eCMS resides within the Contract Management Business Partner team within Procurement. It is therefore recommended that Procurement continue to manage the software contract, whilst Resident Services manage the DPS development and implementation contract and liaise regularly with Procurement throughout the project.

3. FINANCE

- 3.1 The estimated cost of the upgraded software licence to support the eCMS and DPS capability across the three-year term is £284,000. If extended to a fourth year, the contract cost will be subject to negotiation towards the end of year three, although this is projected to be £103,950, making the total estimated contract value £387,950. This cost will commence in 2021/22 and will be borne from the existing procurement and Housing Revenue Account budgets. Additional costs will only arise if the number of users needing to register and access applications, exceed 10,000 external and 300 internal users.

4. LEGAL AND DEMOCRACY

- 4.1 The authority to approve the recommendations in this report is delegated to the Strategic Director Resident Services.
- 4.2 The proposed contract with Axians is subject to the procurement regime of the Public Contracts Regulations (the 'Regulations') Calling off contracts from a framework procured in compliance with the Regulations such as the G-Cloud Framework will comply with the Regulations and with the Council's contract standing orders, so long as the framework rules are followed.
- 4.3 Under the Public Services (Social Value) Act 2012, the Council must consider before starting the process of procurement, how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area and how, in conducting the process of

procurement, it might act with a view to securing that improvement. This social value duty is balanced by obligations to ensure fair and open competition as set out in the Public Contracts Regulations which state, inter alia, that award criteria must be 'linked to the subject matter' of the contract in question and must be contract-specific and not aimed at assessing the business or corporate policies of the tenderer. Paragraphs 9.5 – 9.10 outline how the council has met its social value duty in this procurement.

- 4.4 The Council's Constitution requires that all key decisions, decisions which involve resources between the sums of £100,000 and £500,000, and important or sensitive issues, must be published on the website for five clear days before the decision is approved by the Director or Cabinet Member concerned. Any representations received during this period must be considered by the decision-maker before the decision is taken.

5. CONSULTATION AND CO-PRODUCTION

- 5.1 The development of the eCMS followed consultation with all relevant internal stakeholders who supported the award of the initial contract and the bespoke DPS solution has been coproduced and stems from a collaborative journey with residents, members, officers and independent experts/advisors.

6. RISK MANAGEMENT

- 6.1 The main risks that could impede on the successful delivery of this procurement and contract are:

Table 1: Risk Register

Item	Risk	Likelihood	Impact	Score	Control Measures	Risk Owner
1	<p>Covid-19:</p> <p>Adverse impact on market.</p> <p>Delay in development timetable.</p> <p>Extending interim arrangements will create further operating pressures.</p> <p>Availability of internal specialists.</p>	1	4	4	<p>The software is a Cloud based solution therefore minimal disruption is anticipated.</p> <p>Timescales can be met using virtual technology.</p> <p>External expertise is necessary to support internal teams.</p> <p>Early engagement and communications plan to enable effective planning.</p>	London Borough of Lambeth (LBL)
2	Lack of engagement from service areas to design system requirements	2	1	2	To date the key services (Housing, Procurement and Finance) have shown considerable interest and provided material to help with the process.	LBL

3	Risk of supplier failure.	2	4	8	Both providers are subsidiaries of larger organisations and therefore this risk is low, Dunn and Bradstreet reports have been conducted to verify their financial standing. Axians will be contracted to implement a Business Continuity Plan within 30 days of contract award and ensure it aligns with Lambeth's framework.	LBL
4	Risk of not achieving council social, environmental and sustainability targets.	2	2	4	Axians have agreed to contracted action plans to ensure delivery of Responsible Procurement commitments	LBL
5	<p>Post Brexit Issues</p> <p>This service has some reliance on European Union relationships Potential risks identified:</p> <p>Axians staff offshore</p> <p>ICT/ data held in the EU/ issues relating to GDPR</p> <p>Financial issues due to currency fluctuations</p>	3	2	6	<p>Where the Software is held</p> <p>ICT data is held on LBL's SharePoint site</p> <p>Axians has a UK registered arm</p> <p>The Software will be set such that Pound Sterling is the default currency that all suppliers will bid against.</p>	

Key:

Likelihood	Very Likely	4	Likely	3	Unlikely	2	Very Unlikely	1
Impact	Major	8	Serious	4	Significant	2	Minor	1

7. EQUALITIES IMPACT ASSESSMENT

- 7.1 Equalities Impact Assessments (EIA) specific to the DPS and eCMS have been conducted and approved by relevant Heads of Service. Both were found to represent no adverse impact and no change required.

8. COMMUNITY SAFETY

- 8.1 Not Applicable for the software, however the aim of the Total Asset Solution is to strategically manage the Council's assets more effectively and drive down instances of housing disrepair, which can cause significant safety, health and environmental issues. This award will support a more agile and efficient procurement process to manage repairs quicker, thereby protecting the community and satisfy these safety obligations.

9. ORGANISATIONAL IMPLICATIONS

Environmental

- 9.1 Although the contract does not require specific environmental commitments to support the Council's targets for reducing emissions and carbon neutrality, all development work Axians undertakes will focus the project business requirements analysis work on processes and design functionality that optimises resources and effectiveness of the system. This will also seek to avoid printing and promote the use of digital signatures where required.

Health and Safety

- 9.2 The provider is not required to be on site during delivery of the contracted services

Corporate Parenting

- 9.3 N/A

Staffing and accommodation

- 9.4 Under the proposed award, there will be no transfer of staff or new accommodation requirements – the existing operational workforce will continue delivering the service.

Responsible Procurement

Social Value

- 9.5 Axians has been encouraged to consider making an appropriate contribution to the Council's Social Value Fund and has proposed an Apprenticeship opportunity (see below).

Good Quality Jobs with Fair Pay and Decent Working Conditions

- 9.6 The provider has confirmed their commitment to paying National Living Wage.

The Council's Modern Slavery Act (2015) conditions will be incorporated into the conditions of contract, as will compliance with the Equality Act and an unfettered employee right to join a trade union and not be treated unfairly for belonging to one.

Quality Apprenticeships (NVQ Level 2 or above), Targeted Employment & Lambeth Priority Group

- 9.7 The provider has committed to implementing two Apprenticeship posts for the duration of the contract and has welcomed the opportunity to discuss this in greater detail and make the necessary commitments, as part of the contract award.

Reduce Emissions: Lambeth Council has a commitment to being Zero Carbon Neutral by 2030

- 9.8 Vinci, the Group company that owns Axians has a target to achieve Carbon neutrality by 2050. Whilst not as ambitious as Lambeth's target, they have agreed that in line with their Group strategy, in delivering the DPS project, they will focus attention on contributing to Lambeth's carbon neutral targets by ensuring their corporate initiatives are applied to the way the contract is supported.

Examples of these initiatives (which shall remain in place irrespective of the impact of the COVID-19 pandemic) include: (1) reduce commuting to a minimum, travelling only when strictly necessary, (2) zero printing of project documentation (3) use of project support team's IT equipment with higher energy efficiency.

Single Use Plastics, Reducing Packaging and Plastics

9.9 Not pertinent to the contract, or the ongoing support.

Positive Health and Wellbeing

9.10 Axians has an established wellbeing programme in place within their company however, they have committed to analyse the Time to Change Employers Pledge and Suicide Prevention Strategies against their company's existing, extensive wellbeing provision and adopt the Strategies if their corporate provision falls short. The supplier management provider has fewer than 250 employees and therefore unlikely to sign up at this stage.

Innovation

9.11 All the above are the minimum requirements the provider will be expected to provide in delivering the contracts. Further work will be done to enable innovative delivery solutions in response to the council's Responsible Procurement objectives.

10. TIMETABLE FOR IMPLEMENTATION

10.1 The table below details the stages and deadlines for implementing the recommendations:

Activity	Proposed Date
Publication on Decisions online	29 March 2021
Officer Decision	8 April 2021
Execution of Contract	8 April 2021
Commencement of Contract	8 April 2021

AUDIT TRAIL

Consultation

Name and Position/Title	Lambeth Directorate	Date Sent	Date Received	Comments in paragraph:
Councillor Andrew Wilson	Finance and Performance	24.03.21	24.03.21	
Bayo Dosunmu, Strategic Director	Resident Services	24.03.21	25.03.21	
Andrew Jacques, Assistant Director, Repairs and Maintenance	Resident Services	17.03.21	19.03.21	
Andrew Ramsden, Assistant Director, Finance	Finance and Property	17.03.21	18.03.21	3
Nisar Visram, Assistant Director Corporate Finance	Finance and Property	17.03.21	18.03.21	3
Malcolm DeVela	Finance and Property	17.03.21	17.03.21	Whole document
David Thomas, Legal	Legal and Governance	17.03.21	23.03.21	4
Nazyer Choudhury, Democratic Services	Legal and Governance	23.03.21	24.3.21	Whole document
Paul Keenlyside, Sustainability	Sustainable Growth and Opportunity.	23.03.21	23.03.21	9

REPORT HISTORY

Original discussion with Cabinet Member	15.03.21
Report deadline	N/A
Date final report sent	N/A
Part II Exempt from Disclosure/confidential accompanying report?	Yes
Key decision report	No
Date first appeared on forward plan	N/A
Key decision reasons	N/A
Background information	G-Cloud Framework Non-Functional Requirements Document Procurement Contracts Regulations
Appendices	Equalities Impact Assessment Reports

APPROVAL BY CABINET MEMBER OR OFFICER IN ACCORDANCE WITH SCHEME OF DELEGATION

I confirm I have consulted Finance, Legal, Democratic Services and the Procurement Board, and taken account of their advice and comments in completing the report for approval:

Signature: _____ **Date:** _____

Post: Cordelia Asamoah
Project Lead

I approve the above recommendations:

Signature: _____ **Date:** _____

Post: Bayo Dosunmu
Strategic Director for Resident Services