

Gateway Three

Officer Delegated Decision Report - Procurement

For all procurement awards including waivers, contract extensions and variations

Anite@Work Electronic Document Management System licence and support one year extension Contract

Contract Requisition Number

Contract Register Number: C001705

Wards

All Wards

Report authorised by: Mike Suarez Executive Director, Finance and Resources

Report Prepared and Submitted by:

Lead officer's name Ben Morton
 title, address and Applications Support Team Leader
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PB Date: 14\01\09

SPB Date:

N/A

Department: F & R

Cost centre No. 136.1361

Business unit: Application Support

Name, phone and Ben Morton
 mobile numbers of 0207 926 6466

Presenter: 07958017910

Executive Summary

- Anite@Work is a key system used for electronic document management across a number of critical services including: Housing; Benefits; ACS; CYPS; Planning; LSC, Customer Centres; Council Tax; HR.
- Lambeth holds the licence to use the Anite@Work system in perpetuity.
- The current corporate support and maintenance contract with Anite is due to expire in Jan 2009.
- Without an extension of the current contract the council would be exposed to serious risk to a number of its public facing services.
- On these grounds we propose a waiver of one year to continue the current contract during which time support and maintenance services for this system will be tendered.

Summary of Financial Implications

The invoices for Anite licences are currently paid by the ICT Services division but there is a gap between the budget that was transferred from other business areas when this was centralised and the annual cost of the licences. ICT Services currently cover this shortfall on a temporary basis but the future retender will need to consider appropriate funding arrangements. There are no capital implications.

The current cost of the annual license is £100,215.46 which will increase by 5% next year. Total cost over the 1 year will be £105,226.23

In the event that this waiver is not granted we would be unable to call on automatic support from Anite in the event of system failure. This would significantly increase risk to the council's finances, especially as it is not possible to process benefits without a functioning EDMS system.

Recommendations

- The Anite Support and Maintenance contracts to be extended for the year from January 2009 – January 2010
- That a waiver of one year is signed to continue the current contract during which time support and maintenance services for this system will be tendered

Approvals

I have seen this report and approve it for onward submission to PB and or SPB:

Signature _____ Date _____

Rob Miller
Business Unit Manager

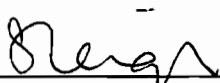
I approve the above recommendations:

Signature _____ Date _____

Jonathan Williams
Chair of the Departmental Procurement Board

Delegated Authority

I / We approve the above recommendations:

Signature  Date 27/1/09

Sally Leigh
Chair of the Strategic Procurement Board

Signature _____

Date _____

Mike Suarez

Executive Director, Finance and Resources

Scheme of Delegation Note:

For total contract values within the thresholds listed below, the relevant signatories must sign this report.
(For variations consider the total contract value including the variation amount.)

Value of Waiver	Authorising Officers
Up to and including £25,000	Business Unit Manager and Divisional Director of Resources
More than £25,000 and up to and including £500,000	Business Unit Manager, Departmental Procurement Board Approval, Departmental Executive Director
More than £500,000 and greater	Business Unit Manager, Departmental Procurement Board Approval, Strategic Procurement Board Approval, Departmental Executive Director

Declarations of Interest (or exemptions granted): Yes None

Interest or Exemption	Declaring Officer's Name
(Add or subtract rows as needed)	

Consultation

Name of person consulted	Department or Organisation	Date sent	Date response received	Report section reference
INTERNAL				
Ed Garcez	ICT Services	16\12\08		
Hamant Bharadia	Finance and Resources Department	06\11\08	06\11\08	3.0
Owen Barclay	Department of Legal and Democratic Services	10\11\08	10\11\08	4.0
David Ashmore	Divisional Director, Revenues and Benefits (Chair of Anite User Group)	30\09\08	30\09\08	All
Linda Ughera	Equalities and Diversity Officer, Finance and Resources	08\10\08	08\10\08	EIA
EXTERNAL				

Report History

Is this a Key Decision (£500k+), a Non-Key Decision or For Information? Key Decision Non-Key Decision
 For Information
 If a Key Decision (£500k+), enter the date it was N/A

first entered into the Forward Plan:

If a Key Decision (£500k+), a copy of this report must be sent to the Lambeth Head of Scrutiny after the Board recommends this report for approval. Will this be done?

Yes No

If the answer to the above is 'No', state the reason at right:

The value of the contract is below the threshold..

Background Documents

- Equality Impact Assessment (attached)
- Summary of Anite@Work main and subsidiary support and maintenance contract costs and dates (attached)
- Original ODDR and Contract Variations are available on the Contract Register
- Contract Documents are available on the Contract register

1.0 Context

- 1.1 Anite@work is the council's corporate Electronic Document Management System (EDMS). It is used for the storage, transmission and workflow of scanned documents in many areas of the council. The current 5yr corporate contract took effect in Jan 2004. In addition there are a number of subsidiary contracts which are associated with the main contract, some of which have end dates that differ from the main contract end date.
- 1.2 The Anite@Work EDMS is key to the following services:
- Revenues & Benefits
 - Housing
 - ACS
 - CYPs
 - Planning
 - Customer Services
- 1.3 The Office Solutions project which is currently being scoped (reporting to the Transforming & Supporting the Organisation, Theme Delivery Board) is also including evaluation of electronic access to documents for staff working flexibly and at remote locations, which may result in further requirements from the Anite@Work system.

2.0 Proposals & Reasons

- 2.1 It is proposed that a waiver is granted to allow the support and maintenance contract for Anite@work to be extended for one year from the end date of the current contract, starting January 2009.
- 2.2 A one year extension to January 2010 will allow us to retender for support and maintenance of the Anite@Work system, without compromising existing business operations.

Waiver

- 2.3 A waiver is required in order to avoid risk to the council's finances and services to the public
- 2.4 On-going support and maintenance is only available from Anite as they manage all upgrades and bug fixing activities for Anite@Work. The underlying code is owned by Anite and as such can only be updated by the supplier. Anite will only support the latest two versions of the software. As new versions are released with added functionality we have to ensure our application is also upgraded to the latest release.
- 2.5 The corporate Office Solutions project is currently reviewing the use of the councils EDMS system and the opportunities to use further aspects of EDMS in the future. The project is led by the Strategic Transformation team.
- 2.6 The Anite application is connected to the following systems:
- Academy
 - Uniform
 - Onyx Oneserve
 - SAN storage system
 - SPOCC
 - Framework
 - SX3
- 2.7 The system integrations have been developed as our businesses have evolved and the application has changed to meet our needs. A year will be needed in order to map the IT and business work required as part of Anite support and maintenance and to initiate and carry out a tender process. The

implementation of the chosen solution will not require much additional time as we will be retaining the existing EDMS system.

- 2.8 The work needed to write a successful ITT will be managed within Lambeth and will be supported by ICT Services for the integration work. Recruitment to lead this activity has been initiated and this work will be included in the 09/10 service plan.

Risks

- 2.9 Anite@Work is a core component of business processes across a number of council services (defined in section 1, above) and is a wholly owned product of Anite. If this software was not available a number of critical council services, in particular across Revenues & Benefits and Housing would be unable to deliver customer facing services.
- 2.10 Failure to renew the support contract with Anite would mean that the council would need to negotiate with Anite to provide time and materials based support on an incident by incident basis, may not be able to obtain immediate support in the event of a serious system emergency, would not be eligible for software upgrades to provide fixes for common faults and enhanced functionality, and would be unlikely to secure Anite support for the delivery of new projects
- 2.11 Not renewing the Anite@Work application support contract might result in the application being unavailable to the council to the detriment of its local residents and businesses. The council does not have an alternative system or process which can be used if the system were to become unavailable.
- 2.12 Not renewing the Anite@Work application support contract will also mean the council may not be in a position to undertake its legal duty to process Benefits claims or investigate complaints and queries from councillors as the Anite system is essential for these processes.

Value for Money

- 2.13 This proposed extension will enable the council to ensure that best value for money is achieved by supporting priority services while work to tender a support and maintenance solution that best fits the council's strategic requirements is carried out.

2.14 No savings

No savings will be achieved as a result of this proposal as they are a continuation of the current arrangements.

3.0 Comments from Executive Director of Finance & Resources

- 3.1 The funding for the support and maintenance of Anite is within existing budgets held in Applications Support Business Unit (136) within ICT Services, a division of Finance and Resources. The 5% price increase is above the standard budget uplift and will need to be contained within overall ICT Services budgets. Approval of the extension will not create additional funding requirements and there are no capital implications.

4.0 Comments from Director of Legal and Democratic Services

- 4.1 The Executive Director has the delegated power to negotiate this contract. The Council has adopted the Commissioning Manual and the matters set out therein shall apply to the purchase of all works, goods and services purchased by the Council and as such would apply to the proposals set out in this report. The Commissioning Manual requires that all contracts with a value in excess of £25,000 should be competitively tendered. As this contract has been negotiated the award should be treated as a waiver. The Executive Director must before using his delegated powers obtain the consent of his Departmental Procurement Board. Each Department must maintain a register of waivers.
- 4.2 The EU procurement regime applies to the proposed tendering exercises by virtue of Public Contracts Regulations 2006. Under these Regulations where the services are set out in Schedule 3 part A the full application of the Regulation applies and the Council has a duty to publish a contract

notice in the official journal if the estimated value of the contract exceeds £139,893. In calculating the threshold is account must be taken of any renewal of the contract. Anite own the intellectual property in the software and any person maintaining the product must be authorised by them. Anite have not authorised third parties access to the product and the Council may only have them provide maintenance, however, it may be argued that there are products with similar functionality on the market and there is nothing preventing the Council from calling for tenders for this services notwithstanding its ownership of a perpetual license for the Anite product.

- 4.3 If the argument for there being only one supplier of the service is not persuasive then The Council would be in breach of its obligations under the provisions of the Regulations if it exceeded the threshold without first publishing a contracts notice in the official journal
- 4.4 The possible enforcement actions that may be brought against the Council for a breach of the Regulations may lay either against the national government or the Council itself depending on whether the complainant enlists the aid of the Commission or seeks independent action. If action is sought against the government then the remedies available to the complainant are in the European Courts. They would make a preliminary ruling before referring the matter to the local courts who would have to apply the law to the facts in question. A complainant is more likely to seek an independent remedy in the UK courts.
- 4.5 The remedies available depend on the stage at which a tendering process has reached. Where a contract has not been awarded the court may make an interim order suspending the award process. Where a contractor has been appointed a court may only impose a financial remedy. Damages in these circumstances would be difficult to assess as potential complainants have only been put to the cost of tendering and therefore the loss would be speculative based on the likelihood of winning a competition exercise and then making a profit out of the contract. To achieve this the complainant must prove, on the balance of probabilities, that it would have won the contract and thus be entitled to their loss of profit. If the loss of profit was calculated at say £10,000 and the chances of winning the contract was held to be one in four then damages could be awarded 25% of the loss or £2,500. In addition action may be taken by the District Auditor or a complaint may be made to the Local Government Ombudsman. The risk of a successful challenge are regarded by legal officers to be low to medium in consideration of the market, the current appetite for issuing such challenge and the uncertainties over the ownership of the intellectual property issue. The impact would be dependent of the findings if a court and the level of damages ordered. The risk of not entering into this arrangement is set out in the body of the report. Offices make the decision should consider such risks and the legal advice contained herein.

5.0 Results of Scrutiny and Consultation views

Not necessary as below required value of contract

Users have been consulted via the user group and are happy to proceed as outlined in the ODDR report. Other consultation is listed on p3

6.0 Organisational Implications

Risk Management

- 6.1 This report proposes the extension of the current support arrangements which have been in place since 2004. As such, there are no new risks which arise as a result of the recommendations. However if is not granted there are significant risks to the council as outlined in section 2.

Equalities Impact Assessment

- 6.2 An EIA has been drawn up and the rating is assessed as LOW as the waiver would provide for the extension of existing arrangements. This has been check and approved by the equalities and diversity team.

Community Safety Implications

6.3 None – this report relates to a technical product.

Responsible Procurement Implications

6.4 Social: The Anite@Work system has been used by customer facing services since 2004 so there are no new social implications of the recommendations

Environmental: If we do not have this waiver there will be a significant increase in the use of paper based systems

Economic: The Anite@Work application is exclusively provided by Anite Public Systems Ltd. No Lambeth based supplier is able to supply these support and maintenance services.

Staffing & Accommodation Implications

6.5 None – this product has been in use since 2004 and staffing arrangements for the services which use the system will not be affected by the proposed extension

Any Other Implications

6.6 None

7.0 Timetable for Implementation

7.1 The table below shows the stages, milestones and deadlines for extending the current agreement and implementing the new support and maintenance contract.

No.	Item Description	Due Date
1	Extension of current support and maintenance contract in place	Jan 09
2	New support and maintenance contract in place	Jan 10

8.0 Contract Management & Monitoring

8.1 The Anite contract is managed and monitored internally via internal user group meetings which are held bi-monthly, as well as regular meetings between ICT Services staff and key business users

8.2 The contract is managed externally by bi-annual meetings with our Anite account manager, as well as through ad-hoc meetings and workshops with the suppliers.

8.2 Set out below a list of the KPIs or measurable aims and outcomes of the contract with the date by which they should be achieved and the reference number of the KLOE to which they contribute.

No.	Item Description	KLOE	Due Date
1	Council to manage and improve value for money in the extension for the Anite contract	5.2	Jan 09