

Name of Committee:	Cabinet		
Committee Date:	20 December 2023		
Report Title:	Procurement of new IT system for Planning, Environmental Health, Licensing and Grants		
Responsible Officer:	Alex Robinson – Executive Head for Place		
Cabinet Lead:	Cllr Elizabeth Lloyd - Cabinet Lead for Planning, Environment and Water Quality		
Status:	Part-Exempt		
Urgent Decision:	No	Key Decision:	No
Appendices:	Appendix 1: 'Place' Service Software Procurement Full Business Case - November 2023 (Exempt)		
Background Papers:	Future of ICT Infrastructure and Security Provision Options Paper (18 January 2023)		
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Report Number:	HBC/063/2023		

Corporate Priorities:

The Council's Corporate Strategy is made up of the following three themes: Wellbeing, Pride in Place and Growth. The Council's Planning, Environmental Health and Licensing functions are central to delivering key components of the Corporate Strategy as well as delivering essential public services. These functions cannot operate without functioning software and systems.

Executive Summary:

The Council's current IT systems and a range of other supporting software packages are hosted as part of the Capita 5Cs contract which is due to end in September 2025. This covers a number of essential services such as Environmental Health, Planning, Licensing and Grants.

The Council needs to ensure replacement systems are in place before this date to ensure high profile and critical public services continue to be delivered. Following a full open tender process exercise the Council is proposing to select ARCUS GLOBAL LIMITED to deliver two separate systems – a Generic Case Management system to support Environmental Health, Licensing and Grants and the Arcus Platform to support the Council's Planning Service.

Recommendations:

Cabinet is requested to:

1. Award a contract to Arcus Global Limited to provide the replacement software for the Council's Planning Service for a period of five years at a cost of no more than £245,000.
2. Award a contract to Arcus Global Limited to provide the replacement software for the Council's Environmental Health, Licensing and Grants services for a period of five years at a cost of up to £225,000.
3. To delegate authority to the Executive Head of Place in consultation with the Monitoring Officer and Section 151 officer to finalise and enter into a contract with the preferred supplier.

1.0 Introduction

1.1 This report sets out to Members the need to replace the Council's existing legacy IT software systems that are currently used by the Council's Planning, Environmental Health, Licensing and Grants services. The Council currently uses a combination of legacy systems as outlined below:

- Planning (Acolaid)
- Environmental Health (Acolaid)
- Licensing (Lalpac)
- Grants (Acolaid and Enterprise)

1.2 These systems are currently hosted by Capita through the 5Cs programme which is due to expire in September 2025. Replacement systems are required and need to be fully operational by this date to ensure the Council is able to operate key public services after the termination of the Capita 5Cs contract. Moreover, these systems are legacy and are inhibiting the Council's ability to be efficient and innovative. Their replacement provides the Council with the opportunity to significantly modernise existing business operations across the Place directorate, improving efficiency and delivering better outcomes for customers.

1.3 The report seeks approval to enter into contract(s) with the preferred supplier of the new system and confirms changes to the Council's Capital Strategy.

2.0 Background

2.1 The Planning, Environmental Health, Licensing and Grants teams provide essential services to the community and to businesses and continuity of service is critical. These systems are currently hosted by Capita through the 5C's programme which is due to expire in September 2025. If these systems are not replaced and operational by the time the Capita 5C's contract expires there is significant risk that the Council will be unable to deliver core services and/or secure separate short-term agreements with existing suppliers to continue to host services at significant cost.

2.2 In addition, the Council is embarking on a period of digital investment that will improve how our front-facing services are delivered through more efficient processes with greater emphasis on automation, digitisation and data availability.

2.3 The Council currently spends £120,842.90 per annum or £604,214.50 over the last five-year period. This is broken down by system as follows:

Row Labels	Sum of Total Annual spend
Generic CM SaaS	£36,385.54
Environmental Health/Grants	£16,554.79
Land Charges	£5,449.45
Licensing	£14,381.30
Gazetteer SaaS/Small App	£5,620.42
Gazetteer	£5,620.42
Planning CM SaaS	£78,836.94
Planning/Planning Enforcement	£78,836.94
Grand Total	£120,842.90

2.4 Both Land Charges and the Gazetteer are excluded from the procurement of the IT system for Planning, Environmental Health, Licensing and Grants. The procurement of these systems will be undertaken separately.

3.0 Options

3.1 The Council has prepared a Full Business Case (FBC) based on the Office of Government Commerce Five Case Model for Business Cases. The FBC is appended to this report, but the following summary is provided:

3.2 **Option 1 – Do nothing and let the contracts run out / automatically renew.** Acolaid is an aging product and allowing it to expire/renew is delaying the inevitable replacement of a server-based system the Council has used since 1999. The decision would also incur a substantial future exit cost and onboarding/data migration and support/hosting cost from both the current infrastructure provider, Capita, and a future infrastructure provider at the end of the 5C's contract. In addition, the Council would incur additional costs for server and maintenance to support this arrangement under Capita at £120,842 per annum until September 2025. Under this option it is likely that the service would continue to experience operational difficulties and the quality of the product deteriorating with the Council needing to purchase additional updates at significant cost given the product is a legacy system with no further development being carried out by the provider. Its continued use is likely to result in an unreliable service which will damage organisational performance and outcomes for customers.

3.3 The costs of this option over the contract period are estimated at £1,730,000. Coupled with the issues this option is likely to have on service delivery, this option is not favoured. Unless the Council takes action Option 1 is the default position once the Capita contract comes to an end.

3.4 **Option 2 – Council builds its own software solution.** The FBC has considered the option of the Council developing its own in-house system from scratch. However, the Council does not have the in-house skills or

capacity to develop a bespoke software system, and this is estimated to cost £2,693,000 over the next five years.

- 3.5 This option has been ruled out as the Council does not have the capacity or knowledge to create this or maintain this going forward as well as requiring a support resource dependency that may not be replaceable within the market. Moreover, a bespoke system will rule out any future cross authority working that may be required.
- 3.6 **Option 3 – procure replacement software package from provider.** This involves approaching a number of specialist software and systems providers to deliver the service. The FBC sets out the benefit of utilising specialist and experienced software providers to provide proven software for the service. This is against a backdrop of the significant risk of reputational damage to the Council if it is unable to smoothly transition from one system to another and to deliver front line services continuously.
- 3.7 The FBC also highlights the existing capacity issues facing the Council, the need to protect frontline services and the need for specialist skills to deliver the project. The FBC also identifies a number of other benefits of a new system including generating efficiencies, improving operational delivery and creating capacity to increase income; all of which are detailed in the FBC. It is estimated that once the system is operational it will allow 1 x FTE write in full planning officer time to be redeployed to undertake commercial work at a rate of £500 per day. Furthermore, from year two 1 x FTE of technical / admin support time will be saved allowing this resource to be redeployed.
- 3.8 Option 3 was originally estimated to involve a c.15 - 20% uplift on existing licensing costs over the lifetime of the contract.
- 3.9 The Council has embarked on a full open tender exercise inviting bids from the market for the replacement systems. Tenders were evaluated to determine the Most Economically Advantageous Tender taking into

consideration the award criteria. Bids were assessed in accordance with the following weighting: 40% Price & 60% Quality.

3.10 The full tenders received were assessed in detail based on the criteria set out above. The following table provides the cost of the preferred organisation:

New Costs	24/25	25/26	26/27	27/28	28/29	Total
Case Management	£131,485	£28,114	£28,114	£28,114	£28,114	£243,941
Planning System	£140,786	£21,086	£21,086	£21,086	£21,086	£225,130
Total	£272,271	£49,200	£49,200	£49,200	£49,200	£469,071

4.0 Funding Rationale

4.1 The total cost to the Council of the new software will be £469,071 over contract term (January 2024 – January 2029). If the Council were to retain the existing licenses this would cost the Council at least £549,214.50. The new contract represents a saving of £80,143 over the lifetime of the contract (this takes into account honouring the existing costs of providing the Land Charges and Gazetteer services). However, given the termination of the Capita contract the baseline costs of providing the existing licenses would be significantly higher given the expected hosting and 5C exit costs and infrastructure provision as outlined in paragraphs 3.2 - 3.3 of this report.

4.2 It should be noted that the costs outlined above exclude the project management and other implementation costs needed to fully transfer the Council to the new systems. The resource for this, and the implementation of the other ICT infrastructure has been previously approved by Cabinet (8 November 2023 – Report Reference HBC/055/2023).

4.3 Having said this the FBC demonstrates that in years 3 - 5 the costs of the licenses will be covered by the potential for savings in administration costs but also in potential income growth through redeployment of officers to more commercial activities.

5.0 Programme and Resourcing

5.1 This is a four-phase programme – Initiation, systems / data integration, system testing, staff training and legacy system - with a projected planned go live date of April 2025. This is outlined below:

Activity	Duration (weeks)	Complete by
Council Approval	1	January 2024
Finalise and enter in contract	4	January 2024
Appoint Resource	4	January 2024
Project Initiation	2	February 2024
Systems / data Integration	24	August 2024
Develop new system processes	6	October 2024
System Testing	4	December 2024
Staff Training	6	January 2025
System Sign off	1	March 2025
System Go-Live	1	April 2025

5.2 Whilst the resources required to implement the software have been secured there will inevitably be an impact on Business as Usual as existing staff will be drawn into the project throughout to ensure a seamless transition to the new system.

6.0 Relationship to the Corporate Strategy

6.1 The Council's Corporate Strategy is made up of the following three themes: Wellbeing, Pride in Place and Growth. The Council's ability to deliver most of the Corporate Strategy's priorities is contingent on having operational and effective organisational systems and processes. If the Council's key services do not have operational IT and software systems then many aspects of the Council's Strategy will not be delivered, including essential public services.

6.2 In particular the Council aims to become a responsive Council by improving our customer services and all the services we deliver. In addition, the Council is also committed to becoming a digital council by implementing in full our Digital Strategy.

7.0 Conclusion

7.1 The Council's software for Planning, Environmental Health, Licensing and Grants is currently hosted as part of the Capita 5C's contract which is due to end in September 2025. The Council needs to ensure replacement systems are in place by this date to ensure these essential services can remain operational after this date and reduce the cost of a new Infrastructure and Security provider contract from September 2025.

7.2 The Business Case demonstrates there is a compelling case for replacing this aging software and expects to realise a number of benefits including generate efficiencies, reducing costs and creating capacity to increase income.

8.0 Implications and Comments

8.1 S151 Comments – Members can be assured that the process to procure the new IT system has followed financial thresholds and procurement regulations. Whilst there is an upfront element to the costs, the full lifecycle costs will see a reasonable budget saving. Even if the annual licence fees were a minimal saving, the upfront costs would be expected via any new supplier. A more modern, efficient and user-friendly system will also help to support speed and accuracy of process. Given the new conditions attached to the national changes in planning fees, this will help to support better retention of planning funding as well as delivering a more efficient and professional service.

8.2 Financial Implications - the financial implications are set out in the body of the report and in the s151 comments.

- 8.3 Monitoring Officer Comments – The Council’s internal governance procedures have been followed to ensure due diligence and consideration has been given to the proposal to award the contracts and obtain best value.
- 8.4 Legal Implications - The Council is empowered to enter into contracts to support its core functions, including the procurement of the supply of support and technical services, by virtue of s.1 Localism Act 2011 (Power of General Competence). Any procurement process must comply with UK procurement legislation and the Council’s contract standing orders as set out in its Constitution as amended from time to time. Any supplier will be contractually required to ensure their product and services fully comply with the requirements of the Equalities Act 2010 with regards the accessibility of the goods and services to end users (internal and external as appropriate).
- 8.5 Equality and Diversity - it is not considered that there are any equality or diversity implications from the report.
- 8.6 Human Resources - It is not considered that there are any Human Resource implications arising from the report.
- 8.7 Information Governance - A DPIA will be completed to identify and mitigate risk, particularly in the migration of data. The DPO will be part of the project team to ensure consultation throughout the project.
- 8.8 Climate and Environment - It is not considered that there are any climate and environment resource implications arising from the report.

9.0 Risks

- 9.1 The following risks have been identified for the project:
- 9.2 Capita Migration Deadline – Not completing migration by the end of the 5C’s contract would result in the necessity for either an extension of the current

hosting contract, or migration to another infrastructure leading to significant cost increase. This is being mitigated by pursuing option 3 but it still remains a risk despite mitigations.

- 9.3 Data Migration - The time required for data migration may be underestimated or there may be additional complexities in the data migration. The Business Case includes dedicated officer resource for this but given the scale of records that need to be converted this remains a high risk of not being completed in time.
- 9.4 Delays in Procurement – The Council has acted quickly to procure suppliers ensuring full compliance with the Council’s procurement rules. This risk has now been addressed.
- 9.5 Insufficient Internal Capacity - The Business Case includes dedicated officer resource to minimise the disruption to business as usual. However, there is still likely to be pressures placed on existing staff as the new system is onboarded. There is a high likelihood of service disruption with a medium to high impact.
- 9.6 Failure of Market to Deliver – A number of other local authorities are currently moving to new systems and there is only a relatively small number of suppliers. Whilst the Council has been careful to ensure the preferred supplier can deliver in the Council’s timescales there is a medium likelihood that this will be delayed with a high impact on service delivery.
- 9.7 Cost escalation – Although the Council has secured a fixed price contract for the work it is possible that unforeseen matters arise throughout the project that increase costs. This risk will be managed at the project level and reported through the Council's usual escalation processes.
- 9.8 Reputational damage for the Council – failure to deliver front line services and the potential for the loss of historic data will lead to significant organisational and political reputational damage. If the Council is unable to deliver future services because it lacks very basic information about previous

claims, applications of prosecutions the Council will be unable to perform basic service operations.

10.0 Consultation

10.1 No external consultation has taken place.

11.0 Communications

11.1 No external communication has been undertaken.

Agreed and signed off by:		Date:
Cabinet Lead:	Elizabeth Lloyd - Cabinet Lead for Planning, Environment and Water Quality	12/12/23
Executive Head:	Alex Robinson – Executive Head of Place	12/12/23
Monitoring Officer:	Jo McIntosh – Monitoring Officer	12/12/23
Section151 Officer:	Steven Pink - S151 Officer	12/12/23