

Executive Decision Report

Decision maker and the earliest date the decision will be taken	Councillor Elizabeth Campbell, The Leader Date of report: 17 July 2017 Key Decision Reference Number: KD05088/17/P/AB	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
Report title (decision subject)	Procurement of IT Asset Management and Street Works System	
Reporting officer	Mahmood Siddiqi, Director for Transport and Highways	
Key decision	Yes	
Access to information classification	Appendix is confidential	

1. EXECUTIVE SUMMARY

- 1.1 This report seeks your approval for Transport and Highways to procure a new IT system that will act as the Council's formal Asset Management System and Street Works database.
- 1.2 Currently, the division uses two different systems to manage on-going highway maintenance and reactive works and a different system for street works. The maintenance engineers use Geowork to raise works orders for highway contractors and this involves a lot of manual activities (data input) by highways officers. The Exor system is used to manage Street Works activities which includes receiving and responding to permits from utility companies and carrying out site inspections.
- 1.3 This report will look at the potential benefits of having an integrated highways system which will be used across the division. It will focus particularly on Confirm asset management database provided by Pitney Bowes which is used by both Hammersmith & Fulham and Westminster City Council.
- 1.4 Confirm is an asset management database widely used across local authorities in the UK and by over 12 local authorities in London. Confirm provides a degree of flexibility allowing various departments to use the system with each section tailoring

the system to suit their business needs. Confirm On Demand is an enterprise module which means all the modules will be available to all users. Geoworks which is currently used by Highways is not used in any other local authority. Exor only have a very small percentage of the Street Works market across the country (only used by about 12 organisations) and since being acquired by another company they have failed to invest in improving the product and more importantly engaging with their customers to see what they want.

- 1.5 This report recommends that Pitney Bowes Software Europe Ltd be commissioned to host the Council's highways asset management database (Confirm system). The Procurement Strategy usually sets out the approach to the procurement, building a business case for the Cabinet's consideration. However, soft market analysis indicates that the most economical, efficient, and effective approach in this instance would be to call off from a framework agreement established by Crown Commercial Services' ICT G-Cloud arrangement rather than the Council managing its own stand-alone procurement procedure.
- 1.6 While other systems are available on the market, the soft market analysis exercise has revealed that the Confirm system is the only system that provides the necessary functionality that is needed.
- 1.7 Using a framework set up by Crown Commercial Services as a procurement vehicle is an efficient procurement method and is compliant with the relevant Regulations and the Council's Contract Regulations.
- 1.8 Pitney Bowes will provide all the necessary technical knowledge required in setting up the database, this will include data migration and training. They will work alongside the Council's Information Services Department (ISD).

2. **BACKGROUND**

- 2.1 The proposed new IT system will help support the work of the Network Management team, the Highway maintenance team (reactive and planned maintenance) and Street Lighting team. This report will look at the current processes used by these teams to carry out their various activities and will be comparing them with the proposed process with the introduction of Confirm.
- 2.2 Network Management
 - 2.2.1 The Network Management team use Exor to manage and register all Street Works activities in the Borough. The system is not used across Transport and Highways division and as such is classed as a stand-alone system. Exor is currently provided as part of a fully managed package which means all maintenance, hosting of servers and upgrades to the system are the responsibility of the software providers (Bentley).

2.2.2 There are other modules available from Exor like Network Manager and Information 4 which provide enhanced reporting facilities and functionality which is lacking in the module that the team use. These are available to purchase at an extra cost but have limited functionality when compared to Confirm.

2.2.3 Permit applications are received via Electronic Transfer of Notice (EToN) from utility companies and inspection of works and site management information are carried out using paper based records which need to be inputted into the system manually. The Network Management team have repeatedly asked Exor to develop a mobile working application but they have failed to deliver a solution that is able to support the way in which we work.

2.2.4 Council contractors carrying out general maintenance works and project engineers carrying out engineering project works apply for a permit via Exor. Permit requests are manually entered into the system and automatically uploaded to the Network Management Team to allow them to coordinate works across the borough.

2.3 Highways Maintenance

2.3.1 The Highway maintenance team uses Geoworks to manage and maintain highway assets. Highway inspectors walk the Borough's streets, inspecting the condition of the roads, where a defect is identified it is manually noted by the inspector. At the end of the day, the inspector returns to the office and manually collates all the data collected. These are grouped into work orders and entered into a spreadsheet where they are batched into the different batching bands. The batched orders are subsequently manually entered into the Geoworks system and printed copies are passed on to the contractors. The contractors don't have remote access to Geoworks so they must either come into the office to pick up the work orders or have them sent to their offices.

2.3.2 A spatial record of highway assets is held on the Council's GIS. Updated records of highways assets are not regularly updated on the GIS and this makes the process of retrieving asset history information quite challenging.

2.4 Street Lighting

2.4.1 The Street Lighting team also use Geoworks as their asset management /maintenance system. Although it's the same system used by the highway maintenance team it's a different module with different functionalities. The module used by Street Lighting team has the capability of carrying out night scouting regime (regular street lighting inspections on mobile devices).

2.4.2 The Street Lighting team carries out their cyclic maintenance inspections at night (night scouting). Inspectors inspect assigned areas using handheld devices to collect information such as the condition of lamp columns and bulbs not on, amongst other things. At the end of the shift, the device is plugged into the computer and all the information gathered out on site is transferred into Geoworks.

If any defect was picked up a works order is raised for the works to be carried out and then passed on to the contractors. Similar to highway maintenance contractors, street lighting contractors also do not have remote access to the system.

3. REASONS FOR DECISION

- 3.1 Currently, the Network Management inspectors carry out inspections using a manual paper based system. The introduction of handheld devices will increase the number of inspections each inspector will carry out by ensuring they spend less time in the office and more time out on site. This will ultimately lead to increased income being generated from identifying more defective reinstatements.
- 3.2 Despite repeated attempts to engage with Exor to help develop a mobile working solution that supports the way in which the Council should be working in line with the legislation, Exor have been unwilling to invest the required resources and money to do this. As a consequence, we have been left in a position where we have to look at procuring another system if we want to improve the way in which we work.
- 3.3 Highway inspectors carry out cyclic inspections of the Borough's roads, assessing the condition of the road sections. Presently, the inspections are carried out manually and the outcomes also recorded manually. The introduction of handheld devices will reduce unnecessary time spent inputting data into the system.
- 3.4 Highway inspectors raise works orders where they have identified a defect. Presently they must wait until they return to the office before the orders can be raised. With a fully functional handheld device, works orders can be raised as soon as they are noticed on site.
- 3.5 There is real time connection to the host database. Highway assets can be updated readily with accurate data/information once noted on site. This will result in dangerous defects being reported quickly and a possible reduction in the number of insurance claims received.
- 3.6 From 1st October 2017 a new code of practice for highways maintenance will be introduced which will be based on a risk based approach. One of the key elements of this new code is the use of an asset management I.T. system. Failure to have such a system would mean defending insurance claims could become less effective because of not using a system to record inspections, works carried out and decisions made. An insurance claim settlement can cost anything from a few thousands to tens of thousands of pounds.
- 3.7 Internal Audit have recommended that the maintenance team needs to invest in a robust asset management system as the current system is only a basic information system that doesn't record assets.

- 3.8 DfT are requesting as part of their funding approval package that local authorities have in place an asset management system to deliver their Highways Asset Management Plan. In London, TfL are likely to assess what funding councils are granted for their principle roads on Councils Highway Asset Management Plans. If we did not have a robust asset management system in place this could potentially lead to £300,000 of funding per year being at risk.

4 BENEFITS / SAVINGS

- 4.1 If we were able to use mobile working facilities where inspectors are able to enter, record and transmit information in real time on site it is likely this could generate in the region of £52,000 of savings.
- 4.2 Improved reporting facilities and functionality offered by the Confirm system will also provide some efficiencies. Currently a great deal of officer time is spent on compiling and analysing data produced by Exor which Confirm can produce automatically in a more workable format. It is difficult to predict exactly how much could be saved but this could be in the region of £8,000 per annum.
- 4.3 If we have a robust asset management system in place we will be able to defend insurance claims more rigorously which in turn could see the number of insurance claims made against the Council drop. It is difficult to predict how much could be saved through this as the amount of insurance claims varies but a reasonable estimate would be £40,000 per annum.
- 4.4 There is a real risk of potentially losing up to £300,000 of TfL funding if we do not have a robust asset management system in place that is able to clearly demonstrate the need for investing in our principal road network.

5. OPTIONS AND ANALYSIS

- 5.1 There are two options available.

Option 1

Stay as we are using two bespoke systems (Exor and Geoworks) that are not joined up, offer limited functionality and are not fit for mobile working and;

Option 2

To procure Confirm on Demand through the ICT G-Cloud arrangement that will provide a fully hosted system that will enable more effective working through mobile working and provide a fully integrated asset management system across Transport and Highways. Replacing the system would also enable the Council to meet the requirements for up to £300,000 of LIP funding and improve the quality of health and safety checks and help reduce accident claims, which are currently running at around £40,000 p.a.

5.2 The table outlining the two options and the respective costs and savings associated to each one is in Appendix 1.

6. CONSULTATION

6.1 The relevant people within Highways and Transportation have been consulted as part of this exercise and are supportive of procuring an IT system that is more fit for purpose than the current ones they use.

7. PROCUREMENT

7.1 The intention, subject to Cabinet Member approval is to call-off a two-year contract from the G-Cloud framework which has been made available by the Crown Commercial Services (CCS). The terms and conditions of the framework only allow for a two year fixed term. The use of framework agreements is encouraged by the Council's Contract Regulations (regulation 2.13 refers).

7.2 CCS is a central purchasing body (cpb) within the meaning of the Public Contract Regulations 2015 providing centralised purchasing activities such as concluding framework agreements. Other public sector bodies are able to use those frameworks provided they have been clearly identified in the call for competition. That applies in this case.

Where, as in this case, the cpb has had sole responsibility for the conduct of the procurement leading to the conclusion of the framework agreement, the cpb is solely and directly responsible for the legality of the procedures.

Users are responsible for the conduct of call-off procedures. Where it is possible for the user to identify the provider of the most economically advantageous solution, using the objective criteria that were used to conclude the framework agreement, the user may make a direct award of contract to that provider rather than undertake a further competition between providers.

There is one provider on the framework agreement:

Pitney Bowes Software Europe Ltd

The award criteria that were used to conclude the framework agreement (and the weightings) were:

- Streetworks Requirements
- Highway Maintenance

- Mobile Working compatibility

The Council's full technical requirements were outlined and a desk based exercise was carried out against the requirements.

Confirm on Demand (Provided by Pitney Bowes Europe Ltd) met all the requirements set out at the initial stage. See appendices 1& 2

The provider of the most economically advantageous solution has been identified as Pitney Bowes.

There is no need to send a Contract Award Notice to the Publications office of the EU, in the case of call-off contracts.

The Council will need to execute a re-procurement of the system before the expiry of the two year fixed term. Consideration will have to be given as to the best procurement strategy to adopt. Depending on the value of the contract and the performance of the supplier, this may entail either a further call-off from the CCS framework agreement or (a replacement thereof), an open competition in the market or a direct award to the incumbent.

8. ICT IMPLICATIONS

8.1 The ICT Vision for Kensington & Chelsea and Westminster Councils sets out six strategic principles which are used to measure the strategic fit of IT projects. We would support this proposed procurement as a reasonable strategic fit in the following areas:

- Simplification and consolidation of the technology and application infrastructure

The proposed procurement is seeking to consolidate existing systems and replace them with the Confirm system that is already used within the councils' business application portfolio. Simplification and consolidation reduces the overall cost of ICT.

- Focus on digital delivery

Reference is also made to the departments desire to make use of the replacement system to implement a mobile working solution. Use of mobile working to deliver streamlined and more effective services is a component part of digital delivery.

- Leveraging our investment

Making use of the G-Cloud framework will minimise procurement costs for what is a known solution and helps make best use of our investment in technology.

We would propose that, as part of the procurement process, a number of technical issues are explored further to ensure that the investment supports future developments.

9. LEGAL IMPLICATIONS

- 9.1 The procurement strategy described in the report does comply with the Council's Standing Orders in so far as it relies on a direct call off from a lawfully procured framework.
- 9.2 We have not reviewed the call-off contract terms and conditions at this stage but we note the maximum term of two years referred to above.

(Andre Jaskowiak, Shared Legal Services, Contracts and Procurement Team)

10. FINANCIAL IMPLICATIONS

- 10.1 The 2017/18 Capital budget includes a provision of £298,723 for the Highways IT System The actual first year cost, which includes full implementation and the purchase of mobile devices is estimated to be £154,000.
- 10.2 The annual support costs of the new system have been quoted at £99,000 p.a. against the current budget of £57,000 p.a. However, the implementation of the new system is anticipated to generate savings of £65,000 p.a. and there would therefore be an overall revenue budget savings of £23,000 p.a. The savings will be incorporated in the 2018/19 revenue budget

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