



**Executive**  
15<sup>th</sup> January 2007

**Report from the Director of  
Finance and Corporate Resources**

For Action

Wards Affected:  
ALL

**Authority To Award Contract For A Client / Business Index System**

Forward Plan Ref:

**Appendices 2 & 3 of this report are Not for Publication**

**Appendix 2 and Appendix 3 are not for publication as they contain the following category of exempt information as specified in Schedule 12A to the Local Government Act 1972, namely:**

**“Information relating to the financial or business affairs of any particular person (including the authority holding that information)”.**

**1.0 Summary**

1.1 This report requests authority to award the contract for the Client / Business Index system as required by Contract Standing Orders Numbers 88 and 89. This report summarises the process undertaken in tendering the contract and, following the completion of the evaluation of the tenders, recommends to which supplier the contract should be awarded.

**2.0 Recommendations**

2.1 That the Executive award the Contract for the Client / Business Index system to Northgate Information Solutions (UK) Ltd subject to Northgate Information Solutions (UK) Ltd withdrawing proposed amendments to the terms and conditions of the contract which are unacceptable under the Public Procurement Regulations 2006.

- 2.2 That the Executive authorise the Director of Finance and Corporate Resources, in consultation with the Borough Solicitor, to decide whether or not Northgate Information Solutions (UK) Ltd's proposed amendments have been withdrawn to an extent which makes their tender acceptable under the Public Procurement Regulations 2006 and agree the outstanding contractual issues with Northgate Information Solutions (UK) Ltd .
- 2.3 That the Executive note that if Northgate Information Solutions (UK) Ltd's proposed amendments are not withdrawn to an extent which makes their tender acceptable under the Public Procurement Regulations 2006 officers will approach all 7 short listed Tenderers and give them an opportunity to bid against the amended terms and conditions of contract.
- 2.4 That the Executive note that if the course of action outlined in recommendation 2.3 above is followed, officers will report back to the Executive in due course for award of the contract.

### **3.0 Detail**

- 3.1 The 13<sup>th</sup> March 2006 Executive granted the Director of Finance & Corporate Resources the authority to invite tenders for the supply of a Client / Business Index.
- 3.2 A Client / Business Index system concerns the use of customer and business data. Currently, customer and business data are held across a number of different corporate and/or departmental systems. Most of these systems specialise in the processing of council services and are effectively "silos" of data with each system potentially holding different details on the same person. There is little consistency to the format or the quality of the information.
- 3.3 The Client / Business Index is a key component of our proposed corporate IT Strategy forming part of the proposed Brent "I-Hub". Sitting at the centre of our IT architecture the I-Hub will link our systems and information together. Crucially it will enable us to automatically pass information from one part of the organisation to another. Through being able to access the information we hold, the hub will be able to collate and present the data that is needed by staff and residents.
- 3.4 An additional benefit of the Client / Business Index is that it will enable the council to meet the DfES requirements for the National Children's database.
- 3.5 A further benefit of the Client / Business Index is that by linking our customer information together, we will be able to help substantiate the true population levels of Brent. Having the statistical information will support the Council in its grant funding negotiations with central government.

- 3.6 On 27<sup>th</sup> March 2006 a notice was placed in the Official Journal of the European Communities inviting expressions of interest for a procurement being conducted under Section 16 of the Public Contracts Regulations 2006 (the Restricted Procedure). In response to the notice a total of 54 organisations 'expressed interest' and were all sent pre-qualification questionnaires to complete and return by 4<sup>th</sup> May 2006.
- 3.7 A total of 16 completed pre-qualification questionnaires were received. Pre-qualification short-listing was carried out by a panel of appropriately qualified and experienced individuals who assessed the contractors' financial viability, technical ability and a number of other matters including quality assurance. On 22<sup>nd</sup> May 2006, this exercise resulted in 7 Tenderers being short-listed and invited to take part in the Invitation to Tender process. VisionWare could not provide their accounts as a part of their response to the pre-qualification questionnaire as they were in the process of having their accounts audited and they were granted an extension of time within which to provide the accounts.
- 3.8 The short-listed Tenderers were sent Invitation To Tender documentation on 2<sup>nd</sup> August 2006 containing contract documentation including a Service Specification, Pricing Schedules, Conditions of Contract, Business Requirement Questionnaire, Demonstration Scenarios, Instructions to Tenderers and evaluation criteria. Responses were requested and received from the Tenderers by 13<sup>th</sup> September 2006 as a starting point for the selection process.
- 3.9 The Tenderers were:
- Axon Solutions Ltd
  - Mass Consultants Limited
  - Northgate Information Solutions (UK) Ltd
  - Oakleigh Consulting Ltd
  - Oracle Corporation UK Limited
  - Steria Limited
  - VisionWare plc
- 3.10 Tenders were received from Northgate and VisionWare . The two tenders received were opened by Democratic Services at the Town Hall. Both tender returns did not include adequately completed price sheets for the Council to evaluate under Evaluation Criteria 6.2(g) [ the Contract Price and its component parts, the running costs and an evaluation of these sums during the Contract Period] and (h) [ period for completion and delivery] and VisionWare did not include its outstanding accounts. The Tenderers sought clarification meetings with the Council so that the Council's requirements could be explained in more detail, so enabling the Tenderers to submit the outstanding price sheets. In the meantime, the evaluation of the submitted element of the Tenders was undertaken.

- 3.11 The meetings, system demonstrations, reference feedback and site visits took place during the evaluation period with periodic evaluations of solutions by the Evaluation Panel. The Northgate site visit took place outside the evaluation period. The result of the visit was satisfactory, and the recommendations of this report remain unchanged after the visit.
- 3.12 All final form of Tenders (the submitted elements of the Tenders plus the now completed price sheets and VisionWare's accounts) had to be submitted to the Council no later than 12.00pm on 4<sup>th</sup> December 2006. The two Tenders received were opened by Democratic Services at the Town Hall. Northgate submitted a price sheet and changes to the contact terms and conditions and VisionWare submitted a price sheet and accounts (" the Pricing Element").

### Evaluation Process

- 3.13 Evaluation was carried out by a specially appointed panel consisting of the Head of IT, three officers from the IT Unit, two officers from the Housing & Community Care department, an officer from the Children & Families department and an officer from the Environment and Culture department with advice from the Council's Procurement department and Sharpe Pritchard who were appointed as legal advisors on the project. An Officer from the Financial Services department was commissioned to perform a financial review of the two Tenderers. The project was managed by the IT Unit.

### Quality/Technical Evaluation

- 3.14 The Instructions to Tenderers stated that the contract would be awarded on the basis of the most overall advantageous tender and listed the following criteria (approved by the Executive) upon which the tenders would be evaluated:
- The Tenderer's experience of providing comparable services
  - The Tenderer's technical merit/capacity to deliver the services
  - Completeness of proposals in terms as set out in the Tender / adherence to procurement / contract requirements
  - The appropriateness and effectiveness of the Tenderer's proposed solution and working methods as set out in its Method Statements / Aesthetic and Functional Characteristics, including Design and Usability
  - Ability to meet the stated requirements and achieve continuous improvement and any consequential qualitative improvement for financial savings
  - Understanding of and commitment to the Data Protection Act 1998
  - The Contract Price and its component parts
  - Period for completion and delivery
  - The quality of the solutions, systems or products offered
  - The After Sales Service and Technical Assistance set out in the Tender

The criteria were broken down under the Business Requirements Questionnaire and weighted to provide the evaluation scores in Appendices 1 and 2 of this report.

Submissions were given to each member of the evaluation panel who read them individually and used evaluation sheets together to score and note down their comments on how well each of the award criteria was addressed.

- 3.15 The panel met on 19<sup>th</sup> October 2006 to agree the Evaluation and Scoring procedure as documented under the Evaluation Model document and each tender was marked by the whole panel against the “Quality/Technical” award criteria.
- 3.16 The panel, together with interested parties, came together again on 1st November 2006 and 6th December 2006 to evaluate demonstrations and interview the Tenderer’s. The two Tenderers attended interviews with the panel where questions relating to their tender submissions were put to them.
- 3.17 Reference questionnaires were sent to two reference sites for each of the Tenderers. Responses were received from one client each and evaluated according to the “Quality/Technical” criteria.
- 3.18 VisionWare’s accounts were submitted on 29 November 2006 and were evaluated in accordance with the Pre-Qualification criteria which give a pass/fail for financial viability. VisionWare passed the financial evaluation. However, there were some reservations as noted in Appendix 2 of this report.
- 3.19 As set out in 3.10 above, the Tenderers were invited to further interview sessions so that the Council could clarify its requirements, the Tenderers could clarify their Tender proposals and to clarify the financial position of the Tenderers. Tenders were completed by noon 4<sup>th</sup> December and used by the evaluation panel to finalise scores for the “Quality/Technical” submissions. The final scores are detailed in Appendices 1 and 2 of this report. The evaluation under 6.2(g) and (h) of the Pricing Element for each tender was confirmed and combined with the quality/technical scores, and the panel came to a decision regarding the recommendation for award of the contract.
- 3.20 Reference site visits were arranged to seek feedback on the two Tenderers. The visit to Northgate took place on 19<sup>th</sup> December 2006, which was undertaken outside the evaluation period because the contact officer for the site visit was on leave during the evaluation period. Prior to the site visit, Northgate had come out of the process as recommended Tenderer and this remains unchanged after the site visit.
- 3.21 Both of the bids were from experienced suppliers and of good quality with all Tenders being scored above the acceptable threshold in evaluation. However, the panel was unanimous in concluding that the

Northgate solution using the Identity Hub product would provide the most advantageous solution for the Council. The Northgate solution scored higher than VisionWare in almost every criterion apart from the cost. It was considered that the additional cost of the Northgate solution will be more than offset by the extra efficiency gains, quicker implementation timeframes and the provision of more robust support when compared to the VisionWare product and as indicated by the analysis of Brent's customer data.

- 3.22 Unfortunately, Northgate's tender is a qualified tender as it requests certain amendments to the terms and conditions of contract. The legal implications arising from the qualified tender are dealt with Section 5 of this report. Northgate has been asked to withdraw the proposed amendments to the conditions of contract which are problematic in terms of the Public Procurement Regulations and a telephone conference to discuss this has been arranged for Friday 5<sup>th</sup> January 2007. Officers will update members on the outcome of the discussions at the Executive meeting as the outcome will not be known in time for despatch of this report.
- 3.23 If Northgate will not agree to withdraw the proposed amendments which are problematic then officers will approach all 7 short listed tenderers and give them an opportunity to bid against the amended terms and conditions of contract. If this course of action is followed then officers will report back to the Executive for award of the contract following receipt and evaluation of bids.
- 3.24 It is intended that the contract will commence on 1 February 2007 or soon as possible thereafter subject to resolving the contractual issues.

#### **4.0 Financial Implications**

- 4.1 The Council's Contract Standing Orders state that contracts for services exceeding £500k shall be referred to the Executive for approval of the award of the contracts.
- 4.2 The estimated value of this contract is £452,102 on the award of the contract and a total of £458,100 for 3 years including maintenance.
- 4.3 The total budget currently available is £600,000 and the estimated value of the contract being tendered is £460,000. Therefore the recommended award of the contract to Northgate at a three year cost of £458,100 is affordable within the current budget.

- 4.4 The RSe-Brent Return on Investment model was completed to estimate the potential savings. Potential savings of £667,000 non-cashable and £166,000 cashable across the council have been estimated based on a 5 year projection and to be achieved by savings on staff time across all service areas as a result of becoming more efficient in the:
- processing of changes to customer circumstances (e.g. 30,000 household changes per annum),
  - searching of customer information,
  - retrieving of customer information,
  - the enabling of more pro-active council services.
- 4.5 There may be some additional start-up costs, or additional costs for some small items which may need to be done in-house under the new contract.

## **5.0 Legal Implications**

- 5.1 Whilst the estimated value for this contract is below £500k, the total project cost is in excess of £500k, and Officers consider it appropriate to treat this contract as High Value services contract (over £500,000 over the life of the contract) as such, in accordance with the Council's Contract Standing Order 90, Executive approval is required for the award of the Contract.
- 5.2 The estimated value of the Client / Business Index contract is higher than the EU threshold for Services, and the tendering of the contract is therefore governed by the European Public Procurement Regulations embodied in English Law by the Public Contract Regulations 2006.
- 5.3 As advised in the Executive Report requesting authority to tender this contract dated 1<sup>st</sup> February 2007, the Council must observe the EU Regulations relating to the observation of a mandatory minimum 10 calendar days standstill period before the contract can be awarded.

Therefore, once the Executive has determined which Tenderer should be awarded the contract, all Tenderers will be issued with written notification of the contract award decision. A minimum 10 calendar days standstill period will then be observed before the contract is concluded – this period will begin the day after all Tenderers are sent notification of the award decision – and additional debrief information will be provided to unsuccessful Tenderers in accordance with the regulations.

- 5.4 Northgate's Tender sought variations to the contractual terms and conditions on which the Council called for the tenders. These changes are summarised in Appendix 3. These changes have been submitted on the basis that they are solely as a consequence of Northgate's technical solution and are not an attempt by Northgate to alter any of

the commercial terms in their favour. A high-level table of implications for the Council is contained in Appendix 3. As these changes formed part of the Pricing Element (i.e. Northgate could reduce their price if the changes were made) they were evaluated as part of the evaluation of the Pricing Element. If the changes sought by Northgate to the contractual terms and conditions are solely as a consequence of Northgate's technical solution, then the basic features of the call for Tenders are not changed as they are merely a tailoring of the terms to reflect the technical solution. However, it looks like the proposed amendments may go further than this, and the Executive should be aware that accepting them may constitute a breach of the Public Contracts Regulations. Under the Restricted Procedure, if a public authority were to accept purely commercial post-tender return amendments to the contract terms then the other Tenderers should be given the opportunity to submit bids on the basis that they could make similar amendments.

- 5.5 If the Council was to proceed with the recommendation to award to Northgate, then it should note that it would not be in a position to award the contract until these contractual issues had been resolved. The recommendation to award is therefore subject to satisfactory resolution of the outstanding issues.
- 5.6 As soon as possible after the standstill period ends and the outstanding contractual issues are resolved to the satisfaction of the Council, the successful Tenderer will be issued with a Letter of Acceptance and the contract can commence.
- 5.7 It will be essential that the Client/Business Index is operated in accordance with the Data Protection Act 1998. Failure to do so could lead to substantial court or Information Commissioner challenge, whether in respect of individual cases or to Brent systems generally.
- 5.8 Of the ten "data protection principles" set out in the 1998 Act the following are perhaps of particular relevance:
  - The Second Principle – Personal data shall be obtained only for one or more specified and lawful purposes and shall not be further processed in any manner incompatible with that purpose or those purposes.
  - The Third Principle – Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.
  - The Fourth Principle – Personal data shall be accurate and, where necessary, kept up to date.
  - The Fifth Principle – Personal data processed for any purpose or purposes shall not be kept longer than is necessary for that purpose or those purposes.



- 5.9 The aims of the Index are very much in line with the requirements for accurate and up to date information. However, there is a significant issue as regards the Second Principle. A member of the public (the Data Subject) provides information to the Council (the Data Controller) for a particular purpose, be it housing, social services, council tax or whatever it may be. In line with the second principle different sections of the Council are not entitled, or at least not automatically entitled without the clear consent of the data subject, to transfer that information to other different sections of the Council. Use of council tax databases for purposes other than council tax has been a particularly problematic issue. An important aim of the Index is to counter this "silo" structure of information gathering and holding and facilitate data sharing. Guidance from the Department of Constitutional Affairs on Public Sector Data Sharing of November 2003 indicates that, with regard to the Second Principle a broad definition of the word "incompatible" can be taken and provided that further processing is for a purpose not contradictory to the originally specified purpose or purposes then it will probably not be incompatible with the purpose for which it was originally obtained.
- 5.10 Particular care would need to be taken when data being shared is "sensitive" personal data as defined in the Act which includes information relating to the racial or ethnic origins of data subjects and information about the physical or mental health or condition. This could apply, for example, to the aims set out in the report to target services for ethnic minority and vulnerable people.
- 5.11 It will further be necessary to ensure that the sharing of data and the activity around the Client/Business Index generally is in line with the European Convention on Human Rights and in particular its Article 8 which guarantees the right to privacy and family life.
- 5.12 The above principles will be closely borne in mind when implementing the Client/Business Index.

## **6.0 Diversity Implications**

- 6.1 The proposals in this report have been subject to screening by officers.
- 6.2 The Client/Business Index will enable profiling of the needs of clients so that the right services can be targeted at the right people. The Index will be able to hold the special needs of customers and any disability. Service provision could be proactively initiated according to the profile of the customer.

## **7.0 Staffing/Accommodation Implications (if appropriate)**

- 7.1 This implementation will be provided by an external contractor and will require assistance from Brent Staff.

- 7.2 After the Client/Business Index is implemented, council staff will need to take on the responsibility for addressing any data discrepancies or changes in circumstances identified by the new software for their service area.

## **8.0 Background Papers**

8.1 Procurement files

8.2 Executive Report dated 13<sup>rd</sup> March 2006

Any person wishing to inspect the above papers should contact Rajesh Seedher, ITU, Room 103, Town Hall Annex, Forty Lane, Wembley, HA9 9HD.

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Director of Finance & Corporate Resources