

SOUTH THAMES GATEWAY BUILDING CONTROL JOINT COMMITTEE

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SOUTH THAMES GATEWAY BUILDING CONTROL SOFTWARE PROVIDER

Report from: Tony Van Veghel, Director, South Thames Gateway
Building Control Partnership

Summary

This report seeks agreement from Members to invest the Partnership's potential income surplus into the procurement of a new software back office system. This would improve service to customers, which is essential to deliver the business plan objectives.

1. Budget and Policy Framework

- 1.1 This report updates the Joint Committee on the process for procuring a new software provider for the Partnership's back office system in line with government procurement rules.

2. Background

- 2.1 The Partnership's current IT provider for the back office system is MIS. The arrangement for using MIS is based on an extended contract through Swale's Planning department and has been in operation since October 2007. That contract expired in November 2011 and the current arrangement is that their engagement is based on a yearly payment of their annual invoice.
- 2.2 A paper was presented to Members on 9 June 2011 informing them of an options appraisal that had been carried out to determine interest from MIS and other suppliers in supplying a system that would deliver the improvements to the service identified in the business plan objectives.
- 2.3 Members requested that the process be taken forward following the necessary procurement rules and that a further report be brought back when tenders were submitted. However, following a meeting with the procurement manager at Medway it was evident that before any such exercise was carried out, funds had to be identified that would be available to take the process forward. This was similar to the

discussion that Members at the June meeting as they advised there were no funds available for this IT development which would place an additional burden on the contributions from the three authorities.

3. Director's comments

- 3.1 Whilst numbers of building regulation applications remain low, building regulation fee income is approximately the same as last year's figures as at the end of February and income from other streams has increased. The drop in applications has allowed for a movement of resources from the building regulation fee earning account into the consultancy and decent homes programme. Additional work has also been generated by targeting greater enforcement activity, which has generated more regularisation applications than, was expected. Although we can only report the situation at the end of February it is quite possible now that we may be able to generate a small overall surplus in income over expenditure if current trends persist.
- 3.2 In considering the procurement process the initial set up costs of each provider have to be taken into account along with the annual maintenance, licenses and various package costs when preparing a contract price. Currently there is provision for £25,000 in the budget for software provision that covers the annual maintenance cost of the MIS system (£23,000) plus other software payments for our structures and thermal packages. Any ongoing annual cost would have to be contained within existing budgets as these have been agreed within the Business Plan. However there is no provision in the budget to meet the initial set up cost and further contributions from the three Partners to meet this cost would be unacceptable at this time.
- 3.3 It is forecast that given current trends a surplus of up to £40,000 could be generated this year. Presentations by perspective bidders following their earlier documentation have indicated that initial set up costs of three of the four suppliers could be contained in this figure.
- 3.4 Medway provide IT support for the Partnership and it is their procurement process that would have to be undertaken, although the rules for the process affect all Councils. The process involves a gateway procedure that requires in gateway 1 to have the funds identified, which would allow the process to begin. There are strict guidelines as to what route the procurement follows dependant on the contract price and it is likely that the contract to be offered would be just over the threshold that would require a tendering process rather than a quotations procedure to take place but would avoid the need to go to a full exercise involving European bids.
- 3.5 Members will be aware that the business plan calls for further reductions in contributions over the next three years and these are based on improvements in IT, so as to be able to redirect resources into other income stream areas. The procurement of a new system is

likely to take a year, so commencement of the process now would enable us to keep on track with the business and financial plan objectives without compromising delivery of service.

- 3.6 One of the areas of development of the IT system is that of mobile working. As reported in June 2011 the current system does not lend itself to mobile working because of problems of data transfer, bandwidth and the COCO regulations, which protect personal information but hamper easy access. A move to an off site provider with access via the web would overcome many of these restrictions. However, issues would persist in relation to the computers now being used by the surveyors. These are nearly five years old and do not have the capacity to work effectively with today's advanced programmes.
- 3.7 A small contingency sum of £2,000 was identified in this year's budget as an IT renewals fund. Further investment would be required to ensure a rolling programme of funding using savings made against other budget heads, which have been subject to a moratorium on spend since last October.
- 3.8 It is intended that a contribution be made to the IT reserve of £7,000 this year, and again next year, to allow sufficient funding to renew surveyors' computer equipment.

4. Financial Implications

- 4.1 It is anticipated that the Partnership will be able to contain the £7,000 IT reserve within the final outturn for 2011/12.
- 4.2 The building regulation fee earning account is effectively ring-fenced and any surplus should be re-invested, if appropriate, into the service in line with the Charges Regulations 2010. In agreeing to re-invest a surplus of up to £40,000 into a new software system, the Partners would forego any reimbursement at this stage of the 2010/11 deficit from the fee earning account so as to develop the objectives in the business plan. Re-imburement of £40,000 would equate to Gravesham £8,000, Medway £21,200 and Swale £10,800.

5. Legal Implications

- 5.1 Any procurement process must be completed to legal requirements so as to avoid any challenge to the selection process and will follow Medway's procurement procedure.

6. Risk Management

- 6.1 The Business Plan 2011-2014 relies heavily on improvements in IT to deliver remote working, self-service and application tracking. The current system is not able to provide this and therefore if Members decided to recoup this surplus we would not be able to carry out service improvements which are needed to mitigate the planned reduction in contributions.
- 6.2 Investment in a new system would allow the business plan objectives to be delivered but the process must facilitate vigorous testing of a new system to ensure it is fit for purpose and delivers an improved service.
- 6.3 Withdrawing from our current supplier may affect relationships which may in turn result in a less than satisfactory response to IT related problems in the short term. Any risk of this would be mitigated through close working with the current supplier.

7. Recommendations

- 7.1 The Joint Committee is asked to agree the investment of up to £40,000 surplus including contingency into the provision of a new software system which will allow the objectives of the business plan to be met and to agree the increase of the IT contributions budget into a reserve for renewal of existing inadequate equipment.

8. Suggested Reasons for Decisions

- 8.1 The Joint Committee has a key role in ensuring suitable systems are in place to deliver a first class service to customers and that adequate funding is provided. This should be achieved without adding to the contributions from each authority.

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Background papers

South Thames Gateway Partnership Software Provider

- 9 June 2011