

Decision Maker: Resources Portfolio Holder

Date: Wednesday 29 November 2017

Decision Type: Urgent Non-Executive Non-Key

Title: REVIEW OF HOSTING SERVICE FOR CORPORATE WEBSITE

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Chief Officer: Mark Bowen – Director Of Corporate Services

Ward: All Wards

1. Reason for report

- 1.1. Approval is sought to award a further contract via exemption to competitive tendering to Blue Sky Hosting Ltd to continue to provide a hosting service for the corporate website and associated systems for a period of 2 years commencing 1 April 2018. The report is late as there were late clarification of figures and the need for a decision to maintain prices and notice periods.

2. **RECOMMENDATION(S)**

- 2.1 **The Portfolio Holder is requested to approve the award of contract, via exemption to competitive tendering, to continue the current arrangements for IT hosting for the corporate website and associated systems to Blue Sky Hosting Limited. The proposed contract award is for a period of 2 years with a commencement date of 1 April 2018, at a total cost of £88,818 which is recovered from Liberata UK Ltd through the Customer Services contract.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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Corporate Policy

1. Policy Status: Existing Policy
 2. BBB Priority: Excellent Council
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Financial

1. Cost of proposal: Estimated Cost: Net nil as the additional £89k will be recovered from Liberata
 2. Ongoing costs: Recurring Cost
 3. Budget head/performance centre: Customer Service Centre
 4. Total current budget for this head: £998k
 5. Source of funding: Existing revenue budget 2017/18
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Personnel

1. Number of staff (current and additional):N/A
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Non-Statutory - Government Guidance
 2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: Continuation of existing arrangements with an existing supplier via an exemption to competitive tendering
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 4 million annual web visitors
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 Bromley Council's main corporate website is a priority system for Bromley Council used across the organisation to promote services and information to customers and is a cost effective channel for transacting with them.
- 3.2 Blue Sky Hosting Limited provides Bromley Council with IT hosting services which are the key infrastructure used to host the Corporate Website (www.bromley.gov.uk) and a variety of other associated systems, such as the 'Housing registration eform' used by members of the public to join the common housing register. The environment provided by Blue Sky Hosting Limited is the underlying platform for the Council's website and without that environment, or its equivalent, the website would not exist.
- 3.3 The current contract with Blue Sky Hosting Limited is due to expire on 31 March 2018. Officers recommend it is necessary to extend this for a two year period via the use of the modification arrangements identified in clause 32 of the Public Contracts Regulations to coincide with the new end date of the current Customer Services contract with Liberata. The Council's requirements in this respect are identified in clause 13.1 of the contract procedure rules and the necessary exemptions and waivers for this requirement will be obtained.

3.4 Contract history

3.4.1 General contract background

In 2010 a competitive tender exercise was undertaken to provide a hosting service for the corporate website. Blue Sky Hosting Limited were awarded a three year contract that expired on 31/12/2013. Subsequent to letting this contract, a further virtualised e-forms server was added to host the Housing Registration eform.

3.4.2 Contract extension 01/01/2014 – 31/12/2014

A one year extension was awarded to Blue Sky Hosting Limited in December 2013 covering the period 01/01/2014 through to 31/12/2014. The key reasons for this extension are explained, and details of the renewal cost arrangements are outlined in the following paragraphs.

Blue Sky Hosting Limited were unique in their position to provide continued cost effective service to Bromley Council, in that a migration to another supplier would incur significant additional setup charges that were not present with continued service with Blue Sky Hosting Limited.

A major upgrade to the corporate website to provide a responsive website that is compatible with mobile and tablet devices was planned for 2014, which required temporarily running a parallel (pre-production) environment with upgraded database and web servers. The physical elements of the environment, such as the virtual host servers and firewalls did not need to be duplicated. The one year extension to the hosting contract allowed for these changes to the environment in a cost effective manner without the disruption and increased complexity of a change to the provider of the hosting services. This arrangement provided good value, since despite increasing the specification of the infrastructure, Bromley Council were successful in negotiating a 1.12% reduction of the standard hosting charges.

3.4.3 Contract extension 01/01/2015 – 31/12/2015

A further one year extension was awarded to Blue Sky Hosting Limited in December 2014 covering the period 01/01/2015 through to 31/12/2015. The key reasons for this extension

are explained, and details of the renewal cost arrangements are outlined in the following paragraphs.

LBB worked with Liberata UK Limited during 2014 on two major projects: the upgrade and responsive redesign project referred to during the justification for the previous year's extension; and also the implementation of a customer portal with Liberata UK Limited in order to further Bromley's channel shift agenda and the efficiencies it must deliver. Whilst the upgrade and responsive redesign project completed in 2014, the portal project remained in flight through to its go live in March 2015. Both of these projects introduced significant change to the services hosted by this contract and any further change to migrate to a new hosting services provider would have risked jeopardising the schedules associated with these projects.

Blue Sky Hosting Limited remained unique in their position to provide continued best value service to Bromley Council, for the same reasons outlined in the reasons given for the previous year's extension.

3.4.4 Award of Contract via Exemption 01/01/2016 – 31/03/2018

Bromley Council had planned to retender the contract for hosting of the corporate website and associated systems prior to the expiry of the current contract on 31/12/2015; however, the following matters arose during 2015 which prompted a change in approach.

i) Replacement of Housing systems

A project was established to undertake a major retender for the Housing systems and sufficient progress made during 2015 to confirm it would have implications for the hosted environment. Firstly, a proportion of the website environment which hosts the 'Housing registration eform' is included within the ITT for the replacement Housing systems and so will no longer be required after they go-live. Secondly, the timescales for the replacement of the Housing systems were planned to happen late 2016 through to early 2017. This complicated retendering for the hosted environment, since any contract with a new supplier would have to accommodate a flexible term for the server hosting the Housing Registration eform, whilst having a longer fixed term for the remaining environment.

ii) Upgrade to Jadu website content management system.

Jadu is the main software platform used by Bromley Council which underpins the corporate website. Jadu Limited, which develops and markets the Jadu platform, ceased support for version 1.12 of the platform used by Bromley Council and the Council is currently undergoing an upgrade to this system, due for completion in June 2018.

Officers negotiated a discount scale with Blue Sky Hosting Limited, who agreed to a flexible arrangement for the renewal of the hosting contract, with the option to decommission the Housing Registration eform server to coincide with the go-live of the new Housing system. This was intentionally aligned to the expiry of the Liberata contract, which has now been extended to 31/03/2020.

3.5 In considering contract arrangements from April 2018, in addition to the extension to the contract with Liberata, officers considered a number of other key issues before recommending placing a further contract via exemption with Blue Sky Hosting Ltd.

- The current hosting arrangements for the Housing Registration e-form will be required until at least June 2018, as the deployment of the new system has been delayed.

- The website upgrade project is also scheduled to complete in spring/early summer 2018. Given the requirements of additional temporary hosting capacity to allow the technical activities to complete the upgrade, it is essential the hosting service remains consistent, otherwise it could jeopardise the smooth transition to the new platform.
- In light of the two key variables highlighted above, it is almost impossible to describe the requirements of a new contract to test the market at this stage. Additionally, changing providers now would interrupt the delivery of these projects and add costs to them. Clause 32 of the Public Contract Regulations 2015 applies where competition is absent for technical reasons, and applies in this case.
- Synchronising the end of the Blue Sky contract with the of the Customer Services contract with Liberata, would be sensible, as the service is recharged to Liberata on a pass-through basis, therefore, the hosting services should be incorporated into the new Customer Services contract from April 2020.
- Any savings the Council makes on the costs of hosting services is absorbed as the recharge to Liberata fluctuates according to the charges from the provider.

For these reasons, officers recommend awarding a further contract to Blue Sky Hosting via an exemption to competitive tendering for a two year period. If efficiencies can be found by novating this contract then officers will explore that with BT and Liberata.

3.6 Cumulative spend to date: -

| | £ |
|--|-----------------------|
| 2010-2013 first 3 year contract | 122,400 |
| 2014 first 1 year extension | 44,610 |
| 2015 second 1 year extension | 47,760 |
| 2016-2018 new contract (2 yrs 3 months) | 98,505 |
| One-off items | 32,985 |
| Total current cumulative contract value | <u>346,260</u> |

3.7 Consultation with Liberata UK Limited

As noted in section 3.4.2, Liberata UK Limited is a key stakeholder in respect of this contract. Liberata UK Limited has been consulted regarding this report's recommendation and are in agreement with the proposed extension.

3.8 Terms of the new contract with Blue Sky Hosting Ltd

Blue Sky has agreed a flexible arrangement for the renewal of the hosting contract as follows:

The term of the contract will be for two years, with the option to decommission the Housing Registration form server at a point to coincide with the launch of their new system. The exact date of which is still to be determined, however, there is an option to give 1 month's notice to terminate this particular server.

Blue Sky has agreed to include this flexibility that would not be feasible to include with a new contract with an alternative supplier and be cost effective to the Council. Furthermore, moving to a new supplier is likely to impact the web system upgrade project significantly with delays and is likely to create additional cost.

The officer view is that the proposal made is the route most likely to provide value for money to the Council.

The proposed contract will cost £88,818 for the two years.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

None

5. POLICY IMPLICATIONS

None

6. FINANCIAL IMPLICATIONS

- 6.1 The cost of this service is fully recovered from Liberata, in the form of a credit on the monthly invoice.
- 6.2 This report is recommending that a further contract is awarded to Blue Sky Ltd for £89k, to continue to provide a hosting service for the Council's website for a further two years to 31 March 2020, to enable the hosting services to be included in the new Exchequer contract.
- 6.3 The table below summarises the cumulative spend with this contractor should the proposed contract be awarded: -

| | £'000 |
|---|--------------|
| Original 3 year contract (2010 to 2013) | 122 |
| One year extension to 31.12.14 | 45 |
| One year extension to 31.12.15 | 48 |
| New 2.25 year contract to 31.3.18 | 98 |
| One-off spend | 33 |
| Cumulative value to 31.3.18 | 346 |
| Value of further 2 year contract to 31.3.20 | 89 |
| Total cumulative value | 435 |

- 6.4 It should be noted that this service has not been market tested since 2010.

7. PERSONNEL IMPLICATIONS

None

8. LEGAL IMPLICATIONS

- 8.1 As is set out in the Procurement Implications below Regulation 32 applies where competition is absent for technical reasons. There is always a residual risk of challenge where competition isn't sought – however given the circumstances here that risk is considered negligible. The necessary contract documentation will need to be completed if approval is given

PROCUREMENT IMPLICATIONS

- 9.1 Regulation 32 of the Public Contract Regulations 2015, provides for the use of a negotiated process, without the need for a OJEU Tender Notice, where competition is absent for technical reasons, in this case a specialist IT System used to manage the Council's Public facing Web site. This is a negotiated contract with an existing supplier, known for their reliability and quality of services provided.
- 9.2 The Council's Contract procedure Rules cover the use of a Negotiated process in these circumstances, at CPR 13.1 , which require the Approval of the Portfolio Holder for the intended action following agreement by the relevant officers listed.

9.3 Provision is made within Contract Procedure Rule 13.1 to obtain exemption from competitive tender subject to the agreement of Director of Corporate Services, Director of Commissioning and Director of Finance, and approval of the relevant Portfolio Holder, with a subsequent report being made to audit sub committee on their use of this exemption arrangement.

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| Non-Applicable Sections: | 4, 5, 7 |
| Background Documents: (Access via Contact Officer) | None |