

Notice of Non-key Executive Decision containing exempt information

This Executive Decision Report is part exempt and Appendices [A] is not available for public inspection as it contain(s) or relate(s) to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. It is exempt because they refer to information relating to the financial or business affairs of any particular person, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Subject Heading:	Procurement & Contract Management Software
Decision Maker:	Kathy Freeman
Cabinet Member:	Councillor Paul Middleton - Cabinet Member for Digital, Transformation and Customer Services
SLT Lead:	Kathy Freeman
Report Author and contact details:	Euan Beales Head of Procurement and Contract Management Ex. 1342
Policy context:	Corporate plan priority – To manage our systems and data well and be a data driven organisation.
Financial summary:	The total cost is £220,778.40 inc VAT (£172,738.80 for the initial 3 years and £48,039.60 + RPI for the 1 year extension)
Relevant Overview & Scrutiny Sub Committee:	Resources Overview and Scrutiny Sub Committee

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Is this decision exempt from being called-in?	The decision will be exempt from call in as it is a Non key Decision
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The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents

Place - A great place to live, work and enjoy

Resources - A well run Council that delivers for People and Place. X

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

This report seeks the approval from the Strategic Director of Resources to;

- a) Award a contract for a procurement and contract management system software to Atamis Ltd via the Crown Commercial Services (CCS) G-cloud 14 Digital Software Framework Lot 2 for a period of 3 years + 1 year extension option at a total cost of £220,778.40 inc VAT (£172,738.80 for the initial 3 years and £48,039.60 + RPI for the 1 year extension)
- b) To note the Atamis contract module will in the first instance be used for contract monitoring on all Council contracts £1m and over

AUTHORITY UNDER WHICH DECISION IS MADE

Havering Constitution:

Scheme 3.3.3:

Powers common to all Strategic Directors

2. Expenditure

2.1 To incur expenditure for their allocated directorate within the revenue and capital budgets as approved by the Council, or as otherwise approved, subject to any variation permitted by the Council's contract and financial procedure rules.

4. Contracts

4.2 To award all contracts with a total contract value of below £1,000,000 other than contracts covered by Contract Procedure Rule 16.3.

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STATEMENT OF THE REASONS FOR THE DECISION

1. The Havering Procurement Team moved to an in-house function from OneSource on 4th December 2023. The team manage and oversee the procurement of contracts across the Council, currently 68 lead procurements and 22 self-service procurements.
2. Since 2019, all above threshold tenders have been managed via the Fusion tendering portal and self-service RFQs (request for quotes) via the Fusion RFQ tool. This software is an off the shelf SaaS (software as a solution). It is not feature rich as a functional focused procurement solution which has been specifically tailored to sourcing and procuring. Limitations of the system have hindered the Procurement Team and Officers using the RFQ from efficient procurement project delivery. The software can be configured to meet some customer needs, however this comes at a large cost and the configurations remain inadequate.
3. On 24th February 2025, the Procurement Act 2023 (PA23) will come into force, superseding the current Public Contract Regulations 2015 (PCR15). The new legislation will transform public procurement and represents a big change for all public bodies, this includes increased transparency requirements for public bodies so that taxpayers' money can be properly scrutinised. There will also be tougher action on underperforming suppliers. Additionally, the Council must be capable of managing and reporting on three distinct sets of legislative requirements (PCR2015, PA23 and PSR), which increases the complexity of the overall requirements.
4. Contract management across the Council is managed locally and records are held within the service areas or on Verto, the Council's project management tool. Currently, the Procurement Team have no oversight of the performance of suppliers/contract delivery and there is no link between the contracts register and contract management as Fusion does not have contract management functionality. Under the PA23, there will be additional requirements to publish contract termination notices, poor supplier performance and KPIs performance for contracts over £5m with copies of redacted contracts.
5. A full assessment of the Fusion tendering and RFQ portal has been conducted to see whether it can meet the new requirements. This assessment has concluded that the system does not meet the legislative requirements. Consideration has been given to customer development, however, the system capabilities are still limited and Procurement Officers would be required to complete tasks manually and have increased reliance on off-system tracking/reporting; this puts the Council at risk. Table 1 – Procurement System Capability, provides an overview of the Fusion system capability compared to the Atamis solution.
6. A soft market test exercise has been conducted with extensive reviews and demonstrations of four other e-tendering systems. During this review, consideration was given to system capability, compliance with PA23, the ability to manage three pieces of procurement legislation, costs and additional enhancements that would drive efficiencies and transparency throughout the procurement/contract lifecycle. An overview of the key benefits and disadvantages is shown at Appendix A.

Following this review, a search was performed on the G-Cloud framework with the key system requirements. The search generated one supplier which met the Council requirements, this was Atamis. It was concluded that Atamis offers the Council the best value for money with the maximum enhanced features.

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7. The Atamis solution meets all the capability requirements as outlined in Table 1 – Procurement System Capability, and these features will bring the following benefits to the Council:

Compliance with PA23 Transparency Notice Requirements

The system will be fully compliant with the PA23 and will have automatic feed into the new government Central Digital Platform. The system project flow incorporates prompts for essential required actions to publish notices and will ensure Officers adhere to the legal requirements. All notice history will be trackable on Atamis against individual projects for complete audit transparency.

Pipeline Management

The system will generate and manage the Council's Procurement Pipeline and meet the PA23 transparency and pipeline notice requirements. Effective Pipeline management will support the procurement team to create long-term category plans and develop strategies to support the drive for cost efficiencies.

Contract & Supplier Management

The system provides a fully functional contract management tool which will enable the Council to centrally monitor and meet the PA23 transparency notifications. The system will provide enhanced oversight of active contracts, offering valuable insights into supplier performance and diary planning functionality to schedule review meetings for the lifetime of the contract.

Additionally, the system features capabilities for recording Social Value, KPIs, risks and tracking performance against them. This allows for centralised monitoring of supplier performance and contract activities across the Council, as well as the development, maintenance, and management of risk and issue logs, enabling a proactive response to potential warnings. The Social Value tracking will enable the Procurement Team to have full oversight and generate reports on Social Value promises and deliverables from suppliers across all contracts. This will enable the Council to see the Social Value benefits.

It is recommended that the use of Atamis for contract management is rolled-out across the Council in stages. Initially to be mandated for the contract management of all contracts £1m or over. This is currently 50 contracts. If proven successful, the next phase would be for contracts that are £500,000 or above, and the final stage for contracts under £500,000. Currently, there is license capability within the costs outlined for the first phase. There may be additional licensing costs if the number of users are increased for phases 2 and 3, however, this will be outweighed by the benefits of effective contract management and cost efficiencies.

Emissions Tool

The emissions tool from Atamis integrates DEFRA data to provide emissions data at the category level. This tool is designed to help organisations track and manage their emissions more effectively. By rolling out the DEFRA data, the tool allows users to analyse emissions across different categories, providing a view of their carbon footprint. The integration of DEFRA data ensures that the emissions tool is equipped with accurate and relevant information, enabling the Council to make informed decisions about its sustainability efforts.

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Spend Analysis

The spend analysis tool provides a view of spend across the organisation to enhance our understanding of spend against contracts and non-compliant spend. We will be able to extract relevant data from the Fusion system and upload it into Atamis, to further analyse spend and highlight spending patterns to help identify and reduce overspend.

As a standard, this is a monthly upload of Fusion data, but Atamis have agreed a weekly upload of the data, using a CSV. File at no extra cost.

Core Procurement Processes

Atamis has been designed specifically for sourcing and procurement project management. It features project management functions that will aid Procurement Officers to be more effective and reduce the reliance on manual tracking. The system has advanced capability in managing different procurement types and provides the ability to build process flows for projects that encompass all required activity for the whole procurement and contract management lifecycle.

8. Costs

Costs for the 3 year contract and 1 year extension are broken down as follows;

- Year 1 - £76,659.60 (inc implementation costs)
- Year 2 - £48,039.60
- Year 3 - £48,039.60
- Year 4 - £48,039.60 (+RPI when extension taken)

Overall contract value: **£220,778.40 (inc VAT).**

9. Implementation

The implementation period, including the design and build to our specification as well as onsite training, will take 5 working weeks.

10. Social Value Offering

Atamis will provide a consultant for 1 day free of charge to help with a Supplier Open Day within the borough to support local SMEs to register onto the procurement portal.

OTHER OPTIONS CONSIDERED AND REJECTED

1. Do nothing – not recommended
The Council will be non-compliant with the PA23
2. Invest in Developing Fusion – not recommended
The investment costs are too high and is without guarantee that the development would enable Officers to have a fully compliant system for PA23 without the need for

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heavy manual intervention. This option would also not provide the additional enhancements: Project Management Functionality, Contract Management Tool, Social Value Tracking, Carbon Emissions Data

3. Award to alternative suppliers – not recommended
Other market contenders have been considered but these do not offer the best value for the Council due to limited capability, higher costs and/or uncertainty of their readiness for the PA23
4. Develop our own system – not recommended
Developing our own system was not considered a viable option due to unknown timescales and costs. Given the time constraints for the PA23, this approach is not currently feasible. However, it should be considered further during the initial term with Atamis.

PRE-DECISION CONSULTATION

No formal consultation required.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Euan Beales

Designation: Head of Procurement and Contract Management

Signature: *Euan Beales*

Date: 23/01/2025

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has the power to award the contract under s111 of the Local Government Act 1972, which permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Council also has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual may generally do subject to any statutory limitations. The recommendation sought within this report is in accordance with this power.

The estimated contract value of £220,778.40 (inclusive of VAT) exceeds the threshold for services under the Public Contracts Regulations (PCR) and as such, is caught by the full PCR regime.

As set out in this report, the contract was procured via the CCS G-cloud 14 Digital Software Framework Lot 2, in accordance with Regulation 33 of the PCR. This is a PCR compliant framework. Officers must ensure that the express provisions of the framework for selecting a supplier have been followed.

The Council's Contracts Procedure Rules (CPR) confirm that all subsequent purchases under a framework shall either not require further competition (if a single supplier) or, if there are two or more suppliers for those goods or services on the framework, follow the express framework provisions for choosing a supplier.

The G-Cloud framework only allows for direct awards. As set out in this report, Officers have followed the framework process for selecting a supplier and a direct award to Atamis Ltd therefore complies with the requirements of the PCR 2015.

In line with the Council's CPR, a Contract Award Notice must be published on Contracts Finder.

For the reasons set out above, the Council can award the contract.

FINANCIAL IMPLICATIONS AND RISKS

The costs for the 3 year contract plus 1 year extension is broken down as follows:

- Year 1 - £76,659.60 (inc implementation costs)
- Year 2 - £48,039.60
- Year 3 - £48,039.60
- Year 4 - £48,039.60 (+RPI when extension taken)

Overall contract value: **£220,778.40 (inc VAT).**

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The cost will be funded from the Operational Procurement cost centre. Provision for this additional cost has been made within the 2024/25 budget setting assumptions. There are no other internal costs associated with the implementation of this system.

Officers are exploring the possibility of decommissioning systems currently in use which offer elements of, but not all of the functionality provided by Atamis, with a view to potentially offsetting some of the additional cost impact.

Investigations into the cost of developing Fusion determined this option was likely to cost more and provide an inferior outcome at this stage. The current Fusion contract expires in March 2029; the Council will continue to monitor and review Fusion, sourcing module features, as well as conducting a full ERP review prior to re-tendering processes which will include a reassessment of Fusion's procurement offering, in case the supplier has made developments in the intervening period.

The risk of not implementing this system includes failing to adhere to new legislative requirements placed on the authority as a result of the Procurement Act 2023. It is hoped that the Atamis system will improve contract management and procurement processes, provide better data and reporting, and ultimately deliver better value for money from contracts across the Council.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations made in this report do not give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under Section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

The Council seeks to ensure equality, inclusion, and dignity for all in all situations. There are no equalities and social inclusion implications and risks associated with this decision.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

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The emissions tool within Atamis will enable Council services to better understand and implement working practices that ensure future contracts reflect environmental and climate change considerations, as well as other social values.

This software tool will support the Council's carbon reduction ambitions by reducing the reliance on paper and utilising cloud based software, leading to a decrease in overall energy consumption.

IT IMPLICATIONS AND RISKS (if necessary)

Atamis is a cloud-based system, which aligns with the Council's technology road map and does not meet the Council's target architecture.

IT will only assist with access to the system but will not be involved in day-to-day support, as Atamis will provide this.

BACKGROUND PAPERS

None/List here the background papers taken into account in the preparation of this executive decision.

APPENDICES

Appendix A	Market Test Summary
Appendix B	Central Digital Platform Factsheet
Appendix C	Table of Transparency Notices Factsheet

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

Details of decision maker

Signed



Name: Kathy Freeman

Cabinet Portfolio held:

CMT Member title: Strategic Director of Resources

Head of Service title

Other manager title:

Date: 22.01.25

Lodging this notice

The signed decision notice must be delivered to Committee Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____