

Agenda Item No:

Report No:

Report Title:

Locally Sorted – evaluation

Report To: Cabinet

Date: 29th September 2014

Cabinet Member: Cllr. R. Maskell

Ward(s) Affected: All

Report By: Nazeya Hussain, Director of Business Strategy and Development

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Purpose of Report:

On 24th April 2014, Cabinet received a report on the potential to develop an innovative digital platform to foster opportunities for community activities and encourage wider participation in democratic activities across all parts of the District.

Cabinet authorised a procurement process to define the costs of developing the platform and community engagement work associated with it, because it was recognised that it was difficult to estimate costs for such a cutting edge and collaborative project.

Officers were asked to return to Cabinet with an analysis of the costs and benefits of the tenders received, so that a decision could be made whether to proceed to award contracts.

Officers Recommendation(s):

- 1** To note the tenders received and officer recommendation not to proceed to award contracts;
- 2** To note that lessons learnt from work on the Locally Sorted project will be used in future as part of the Council's website redevelopment plans.

Reasons for Recommendations

- 1** The work required to deliver Locally Sorted was split into two parts, and tenders were invited through the SE Business Portal. The parts were:

- 1.1 Part 1 - developing, testing and delivering the Locally Sorted digital platform collaboratively with the community, with ongoing maintenance, support and development.
- 1.2 Part 2 – stakeholder engagement; funding; optimization / training; promotion / publicity and project evaluation.

2 Invitation to Tender

- 2.1 Potential providers were invited, individually or in consortium, to bid for work specified in either or both Parts of the invitation to tender. Each Part was evaluated separately, so there was the option to use one supplier for both Parts, or two different suppliers.
- 2.2 Potential providers were informed in the Invitation to Tender that:
 - (a) the Council is under no obligation to accept any tender.
 - (b) should the winning bid not meet the requirements of the cost-benefit analysis, the project will not progress and no contract will be awarded.
 - (c) if there is no contract awarded for Part 1 then no contract will be awarded for part 2 either.

3 Response to the Invitation to Tender

- 3.1 Although the invitation to tender attracted 31 expressions of interest on the SE Business Portal, only one tender for Part 1 and two tenders for Part 2 were received. The receipt of only one tender for Part 1 made its evaluation difficult because there were no comparators.
- 3.2 Feedback received from companies that expressed an interest but did not proceed to tender indicates that the tight timescales for the project; the combination of features specified for Locally Sorted (so that it required a number of “off the shelf” and bespoke elements to be combined in a fresh way) and the aspiration to share intellectual property between the successful tenderer and the Council (in order to help defray costs) may have discouraged some from tendering.

4 Tender Evaluation Process

- 4.1 Tender evaluation was carried out by a panel of officers with Councillors I Eiloart, C R O’Keeffe and A X Smith, who had been asked by Cabinet (Minute 151.2 refers) to provide assistance with steering the project.
- 4.2 The tender evaluation process involved three stages:
 - (a) Stage 1 – officers’ evaluation of the tenderer’s financial and business standing and insurances.
 - (b) Stage 2 – officers’ initial evaluation of the responses to the Requirements Specification and Price Schedule using the criteria and weighting shown below.

- (c) Stage 3 – clarification interview (conducted by Councillors and officers). No new criteria were used at the interview; however initial scores were reviewed based on written and verbal answers provided to clarification questions asked by Councillors and officers.

4.3 The award criteria were:

- (a) Most economically advantageous price (30%)
- (b) Ability to meet this requirement specification (30%)
- (c) Experience of providing the service (30%)
- (d) Overall quality of proposal (10%)

5 Tender Evaluation Results

5.1 The results of the tender evaluation are described in detail in Appendix A. The overall scores, following the clarification interviews and weighted according to the award criteria, were:

- (a) Part 1 – the tenderer’s score was 52%.
- (b) Part 2 – the scores for both tenderers were similar: 78% and 82%.

6 Analysis of the Evaluation Results

6.1 The score for each tenderer may be seen in the context of confidence bands widely used in evaluating IT tenders:

- (a) Band 1 – green – tenderer’s overall moderated score is within the range 70 – 100% of total possible score;
- (b) Band 2 – amber - tenderer’s overall moderated score is within the range 40 – 69% of total possible score;
- (c) Band 3 – red - tenderer’s overall moderated score is within the range 0 – 39% of total possible score.

6.2 Overall, the Part 1 score (52%) is not high enough to support a recommendation to award a contract. This is particularly because of issues around timings and costs set out in the tender, including:

- (a) the way in which the technical solution was offered means that only core functionality would be delivered prior to the intended launch date of March 2015. Many of the more sophisticated features necessary to deliver the intended benefits of the platform as a vehicle for building up community and democratic activity within the District would be delivered in a subsequent extension phase;
- (b) the intention in the tender is that the costs of the extension work will be met by funding bids, but if these are not successful there is a risk that an

unquantified additional financial contribution would be required from the Council;

- (c) there is a risk that the proposal for stepped delivery of the features of Locally Sorted would not be attractive to local residents and organisations, with the result that the platform would not attract the mass-participation required to deliver the community and democratic benefits intended;
 - (d) it is difficult to assess the tendered price for developing the core functions of the platform in the absence of comparators, and there is a risk that it does not represent good value for money. In addition, it is noted that the tendered price is close to the European Union procurement threshold;
 - (e) in addition, there is a significant lack of detail to support evaluation of the costs for core services, extended services and ongoing running costs even after a round of clarification questions requesting that this detail be provided.
- 6.3** As a result of this analysis, it is recommended that a contract is not awarded for Part 1, and consequently, it is recommended that no contract should be awarded for Part 2 either.

7 Recommendations of Councillors

- 7.1** All three Councillors providing assistance to the Locally Sorted project had the opportunity to read the tenders and attended the Stage 3 clarification interviews. Afterwards they agreed by a majority that they did not recommend that Cabinet award the tender.
- 7.2** All of the councillors had given careful consideration to the justification for the project; its scope, feasibility and potential cost, as well as the tender evaluation process, and the majority view is that the costs and risks involved in moving the project forward outweigh its potential benefits.

8 Lessons Learnt

- 8.1** Locally Sorted was a project to optimise the potential of digital technology to bring together residents, businesses, the voluntary sector and local authorities, including the Council, to enhance democratic participation and support community initiatives. In the course of the project, officers listened to the views of residents, local businesses, voluntary sector representatives and councillors (at venues in Seaford, Newhaven, Peacehaven and Lewes) about the project and the benefits and challenges it could bring. The views expressed helped to develop the specification.
- 8.2** The thinking and research required to undertake the tender exercise has made officers more aware of the latest trends in technology; best practice in other authorities; and off-the-shelf products that will be useful in making the most of technology in the future.

- 8.3** Although it is recommended that Cabinet does not move forward with the project, the formal and informal engagement exercises undertaken produced useful insights into customer expectations that could be used to develop our website and digital services in the future. For example:
- (a)** Digital communication should be designed for mobile devices and then scaled upwards;
 - (b)** The ability to customise content is very important to customers in an age of information overload;
 - (c)** Customers would value being directed to more than one public service through a single site;
 - (d)** The idea of being able to access crowd-funding or to come together more easily on community initiatives would be helpful, and
 - (e)** People like to be consulted informally on a range of issues, but some find open forums off-putting because of the potential for bullying.

9 Financial Appraisal

- 9.1** As reported to Cabinet on 24th April, the cost of the inaugural workshop has already been funded through the Strategic Priority Fund. No budget had been allocated to fund the development of a Locally Sorted platform or stakeholder engagement, pending the outcome of the tender process.
- 9.2** If Cabinet agrees not to proceed to award a contract, there will be no further costs.
- 9.3** The costs of implementing Locally Sorted, as indicated in the tenders, would be approximately £250,000 for the development of the core functionality of the digital platform and associated engagement, training and publicity work. This figure is for the work set out in Part 1 and Part 2 combined. Further expenditure would then be required to deliver additional functionality, especially in the areas of personal customisation features and extension of the content to cover a wider range of public services and consultation/engagement opportunities. The tenderers indicated that there is a possibility that this expenditure could be partly covered by funding applications or contributions from other bodies. However, from the information supplied, it is not possible to assess the full cost of this additional functionality, the level of potential third party funding, or its timing.

10 Legal Implications

- 10.1** The Legal Services Department has made the following comments:
- 10.2** The procurement process was conducted in accordance with the Council's contract procedure rules. The estimated cost of these procurements was below the EU procurement threshold, so did not require advertisement by way of an OJEU notice. The legal issues are covered in the body of the report.

11 Sustainability Implications

11.1 I have completed the Sustainability Implications Questionnaire and there are no significant effects as a result of these recommendations.

12 Risk Management Implications

12.1 In the event that Cabinet does not proceed to award, risks will not arise. However, in the event of award, a summary of the main areas of risk and their mitigations is presented below:

Risk	Mitigation
Wrong technical choices for the platform will add costs to future developments.	The Head of IT has advised on the specification for the tender and would continue to support the client function if contracts were awarded.
LDC information security will be compromised.	The platform would be hosted externally and would initially not exchange information with LDC systems – only a link to the website would be provided. Any future developments would comply with statutory and regulatory requirements, and ensure that customers' information and the Council's website and internal systems were protected.
Contractor does not meet contracted service standards.	Contract management procedures would be put in place.
Council staff are diverted from services and the Council's Transformation programme to deliver contract management or develop content and stakeholder liaison.	The specification includes elements for project management of stakeholder relations; content production and building the digital platform, but this only reduces rather than eliminating the likely workload on staff and so management action would be required to mitigate the impact on other work.
There is a lack of engagement with the project from residents, businesses and the voluntary and community sectors.	The contract for Part 2 would include engagement work which would build on existing links with all sectors of the community.
Some residents will be excluded from participation because they are not digitally connected.	Widening digital participation and skills is one aspect included in the Locally Sorted Part 2 specification.
Costs of developing the digital platform beyond the core functionality will escalate and not be met by external funding	The contractors would actively pursue funding and contributions from other public sector bodies, but this would not provide sufficient mitigation of this risk to justify a recommendation to award the contract.

13 Equality Screening

- 13.1** An equality analysis screening report has been completed and no additional issues have been identified in addition to those addressed through the specification of a collaborative approach to the project and the requirement for the contractor to take steps to mitigate the risk of some residents being excluded because they are not digitally-connected.

14 Background Papers

Report to LDC Cabinet, 7 September 2011, Democratic Conversation in Lewes District (Report 144/11)

Report to LDC Cabinet, 20 November 2012, Principles for Local Participation (Report 190/12)

Report to LDC Cabinet, 24 April 2014, Locally Sorted – A Digital Platform for Collaboration in Lewes District (Report 64/14)

15 Appendices

- 15.1** Appendix A – Tender Evaluation (Exempt)