Committees: Port Health & Environmental Services Committee Planning & Transportation Committee Project Sub Committee	Dates: 13 July 2021 20 July 2021 23 July 2021
Subject: Gateway 5 Planning & Regulatory Services Casework Management System (PRSCMS) Project **Unique Project Identifier:** 11967	**Gateway 5:** **Regular** **Authority to start work**
Joint Report of: Director of the Built Environment Director of Markets and Consumer Protection **Report Authors:** Tony Macklin & Richard Steele	**For Decision**

NOT FOR PUBLICATION

By virtue of paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972. Specifically, paragraphs 1, 2, 3, 4 & 5 of the report contain sensitive information which may be exempted under the Act, and as this cannot be presented to Members as a separate appendix this report needs to be considered in closed session. It is considered that information falling under the following paragraphs outweighs the public interest in disclosing information:

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

1. Status Update	**Project Description:** To procure a single cloud-based, browser-accessed solution which supports cross-functional working across the two departments with mobile working access.
	RAG Status: Amber at last report to committee (Gateway 4 to Project Sub (P&R) Committee - June 2018). Currently Red due to delay in implementation.
	Risk Status: Medium at last report to committee (Gateway 4 to Project Sub (P&R) Committee - June 2018). Currently Medium.
	New Total Estimated Cost of Project (excluding risk): £1.42M (See Appendix 1)
	Change in Total Estimated Cost of Project (excluding risk): Increase £0.12M
	This increase is because of a change in accounting practice between the approval in 2018 (when IT server costs were not included) and today (when they are included). Compared with the actual current annual revenue spend this project will result in a reduction.
	Spend to Date: Nil
	Costed Risk Provision Utilised: Nil
	Funding Source:
	Current Approval: £1.3M comprising £0.5M Capital & £0.8M revenue (over 10 years)
	Requested in this report: £1.42M comprising £0.24M Capital & £1.18M revenue (over 10 years)
	Slippage: There were severe delays to the project caused by having to go out to tender twice; in autumn 2019 and again in spring 2021. In 2019 there was only one bidder and they were subsequently excluded due to financial matters.

2. **Requested decisions**	**Next Gateway:** Gateway 6: Outcome Report **Next Steps:** 1. Award contract to Idox Software Ltd 2. Implement the solution. **Requested Decisions:** 1. Note the change in the project cost calculation methodology between 2018 and 2021 to include the full cost of servers and their management and the corresponding increase in revenue costs attributable to projects. 2. Approve a capital budget of £240,410. 3. Delegate authority to the Chief Officer to adjust the approved capital budget as necessary to deliver the project. 4. Approve an INCREASE in the total estimated cost of the project from £1.3M to £1.42M. 5. Note that the revised project cost assumes that the revenue costs are fixed for 5 years and are then subject to renegotiation but, in the absence of better information, it is assumed that the renegotiated revenue costs for Years 6-10 are the same as years 1-5. On this basis the total (10 year) revenue cost is £1.18M. 6. Approve CRP of £38,250 to be funded from capital and the Chief Officer to be able to authorise draw down should the event occur.
3. **Budget** **(see also Appendix 1)**	**Original Approval in 2018** In 2018 this project was approved with a total estimated cost of £1.3M for 10 years. This included £500,000 capital and was based on £80,000 pa revenue. The £80,000 pa revenue estimate was based on the actual spend with software suppliers (£60,000 pa) and an extremely rough estimate of staff time committed by the IT Division (£20,000). At that time there was no expectation that the cost of servers and their management would be included in costings like this. **Costing calculation changes since 2018** Since 2018 there has been a change in the way projects are costed and the full cost of servers and their management are now included in the calculations. Inclusion of these costs adds about £0.66M to this project.

Had the full IT costs been included in 2018 the amount Members would have been asked to approve would have been £1.98M. This would have been made up of £500,000 capital and £148,000 pa revenue for 10 years (see the green table in Appendix 4 for the revenue calculation).

It is important to stress that the 2018 estimates were made using the standard practice at the time and that the £0.66M relates to actual expenditure by the City that was not allocated to the project but formed part of the general recharge costs across the organisation, it does not indicate any additional actual expenditure.

Current Position

In 2021, following migration of servers to Azure, IT provided an updated estimate of revenue costs and this included £40,000 for staff time and £45,595.44 for server costs.

Following tender we expect the capital costs to be £240,000 and the revenue costs £117,779.50 pa (see the purple table in Appendix 4 for the breakdown). The total estimated project cost over 10 years is therefore £1.42M and this report requests authority to increase the total estimated cost from £1.3M to £1.42M (see Appendix 1).

In summary:

(i) The expected capital spend is REDUCED from £500,000 to £240,000.

(ii) The expected revenue expenditure is REDUCED from £148,482.82 pa (the current *actual* revenue cost) to £117,779.50 pa

(iii) Based on these estimates the savings in revenue will exceed the capital costs of this project.

Costed risk provision

No CRP has been requested prior to this report.

If the implementation is delayed beyond the planned retirement date of one or both of the project leads (on 31 Dec 21 and 31 Mar 22) there is a risk of the project faltering or being still further delayed. **CRP of £38,250 is now requested from Capital to mitigate this**.

It should be noted that the bidder has fixed the revenue costs for years 1-5 but is silent (as allowed) for years 6-10.

4. Design summary	This is a managed service which will be hosted in the City of London Azure Tenancy. The solution will follow the same infrastructure design as used for the existing Uniform system with additional modules and document management categories added to replace M&CP's existing Northgate system.	
5. Delivery team	The system will be implemented by a joint project team drawn from: • The City of London (staff from both DBE and M&CP who are familiar with both the present systems and the functional requirements of all areas of the services affected as well as IT who will appoint a project manager with specific responsibility for delivering the operational IT elements); and • Idox Software Ltd.	
6. Programme and key dates	The intention is to begin work as soon as possible and complete the implementation by the end of December 2021. This <u>may</u> be unduly optimistic – this is addressed in the Risk Register.	
7. Risks	1. The risks and mitigations are listed in the Risk Register (Appendix 3). The risks are: a. That the cost of building the API between the system and the iAuditor software currently used by Public Protection is excessive and beyond the existing provision. b. That the project overruns therefore incurring additional implementation / officer costs. There is a particular risk if the project over-runs beyond the retirement date(s) of the project lead(s) (31st Dec 2021 and/or 31st Mar 2022). This risk is the subject of a CRP request. c. That CoL IT (or their contractor Agilisys) cannot devote the appropriate amount of resource (PM or technical) to the project in an acceptable timescale without additional costs. d. The bidder has included insufficient PM/consultancy days.	
8. Success criteria	1. Implement a single system to replace two systems that meets the needs the business units, enables closer working in line with the TOM, improves mobile working and meets the public facing needs. 2. Complete the work within budget. 3. Complete the work before 31 Mar 22.	

9. **Progress reporting**	• Monthly Project Vision progress reports. • Matters requiring a decision will be brought back as an Issue Report.

Appendices

Appendix 1	Financials – 2018 & Now
Appendix 2	Project Coversheet
Appendix 3	Risk Register
Appendix 4	PT8 Procurement Form

Contacts

Report Authors	Richard Steele (DBE) Tony Macklin (M&CP)
Email Addresses	richard.steele@cityoflondon.gov.uk tony.macklin@cityoflondon.gov.uk
Telephone Numbers	07525 617 411 07767 497 121