

Report to: Council Functions Committee
Date of Meeting: 1st March 2007
Report of: Director of Finance
Title: Document Management System

1. **SUMMARY**

This report seeks the Committee's approval to the principle of harmonising ICT systems with those of other councils in any Shared Services partnership. This is in connection with the consideration by Cabinet on 26th February 2007 of a report on the scope for sharing the provision of some services with other councils. The immediate requirement, for a Document Management System, can be achieved within the existing Contracts Procedure Rules but Members' approval to the general principle is sought for future systems.

2. **RECOMMENDATIONS**

- 2.1 That the Committee agrees the principle of harmonising ICT systems
- 2.2 That the use of the OGC S-Cat process to purchase a Document Management System be noted

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3.0 **DETAILED PROPOSAL**

- 3.1 The Council currently has no corporate Document Management system (DMS), This is increasingly unusual in local councils, particularly in the Revenues and Benefits service. This function handles a lot of paperwork and the use of paper files and manual filing is time-consuming, risks loss of documents and requires considerable storage space. Delay in introducing an electronic solution in Revenues and Benefits has hindered the scope for improvement in this service.
- 3.2 Implementation has been deferred for two reasons: firstly, because of the need to ensure that any solution is compatible with the Council's overall ICT strategy and secondly pending consideration of the long-term options for service provision as any proposal for outsourcing or for shared services carried the risk that we would implement a system and then need to replace it early, which could be a costly waste of money.
- 3.3 The work done to establish the scope for sharing service provision with Three Rivers DC (TRDC) and Dacorum BC (DBC) was reported to Cabinet on 26th February, has already been approved by Dacorum BC and will be considered by Three Rivers DC in the near future. In the course of this work, it has become clear that maximising the savings from joint working will require harmonisation of IT systems. As it happens, TRDC and DBC both already have DMS and use the same supplier. This provides an opportunity to make progress with DMS in Watford BC, with relatively little risk.
- 3.4 Normally the purchase of a DMS would require officers to specify requirements, seek competitive tenders, evaluate proposals and then appoint a provider based on the best overall solution. This should get the best solution, at a competitive price. It also ensures compliance with EU tendering requirements. The recommendation is that this process should not be undertaken for the DMS purchase. However, in this case an alternative EU-compliant process is available.
- 3.5 If all three councils agree to progress with Shared Services, moving straight to a common system for DMS would enable us to learn from the experience of the other councils, including seeing at first hand how it works in practice, and should shorten the lead-in time. Implementation would start with Revenues and Benefits, as work has been done previously to identify the benefits and this is the service most likely to show results quickly. Within the shared services package, Human Resources and Accounts Payable might be the next services

to be included but this will need to be confirmed by considering priorities across the Council as a whole.

- 3.6 Officers also wish to explore how the service would best be provided. There may be an option to purchase a totally managed service from the supplier: this would minimise the impact on the council by avoiding the need for additional servers and BIS support and the need for scanning equipment and staff to undertake the scanning on council premises. This would be an innovative solution but would involve some loss of control by the council and a greater potential risk of lost documentation, with corresponding impact on service performance. Discussions with the other councils will clarify the issues.
- 3.7 If progress can be made swiftly, there is the possibility of using arrangements put in place by the Office of Government Commerce (OGC) to negotiate with the preferred supplier. This would comply with EU tendering requirements and protects the Council's interests through the work done by the OGC. This would require the contract to be let before mid-May. Use of OGC contracts is permitted under the Contracts Procedure Rules but normally officers would undertake a simplified form of tender among listed suppliers to ensure competition. If the Committee agrees the recommendation, officers will negotiate directly with the preferred supplier.
- 3.8 Members should note that the Planning service uses a different system. However, this is linked to their use of the Uniform system and it is thought that continuing this arrangement has operational benefits. Whether this is retained in the long-term may be affected by any further shared services initiatives.
- 3.9 Other systems will need to be harmonised – for the current Shared Services programme this particularly means the Financial Management System and the Revenues and Benefits System. The report to Cabinet assumes harmonisation on one of the three existing systems but this will be dependent on ensuring that it is fit for purpose.
- 3.10 Large systems will be subject to EU tendering requirements. Providing the Committee agrees the principle of harmonisation, OGC tenders will be used where applicable. Under current EU guidance, it is extremely difficult for one council to justify adopting the system used by another without competition. There are potential mechanisms to achieve this but they are not without risk. It is hoped that the Government will address this issue as it wishes to see more shared service provision across the public sector. In the meantime, officers have been advised to seek formal approval of the principle of harmonisation from Members.

4.0 **IMPLICATIONS**

4.1 Financial

The Director of Finance comments that there is provision of £438,000 in the Capital budget to fund the purchase of a Document Management System for the whole Council. Part of this sum would fund the scanning of existing documents but this will only be undertaken where a business case justifies it.

Where a tender is let without competition, the Contract Procedure Rules include various requirements to ensure that good value for money is obtained and that the decision is properly recorded.

4.2 Legal Issues (Monitoring Officer)

The legal implications are contained in the body of the report

4.3 Potential Risks

If the three Councils do not all agree to progress the shared service project, it would not be advisable to progress this initiative. Alternatively, if soft market testing was to suggest that involvement of an external provider was a preferred option, there is some risk that the provider might wish to use an alternative system; however, the proposed system is a market leader. There is some risk that the proposed supplier might seek to take advantage of being outside the normal competitive process but officers will seek to benchmark prices by comparison with other councils.

Background papers:

No papers were used in the preparation of this report.