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**REPLACEMENT COSTING SYSTEM**

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**Responsible Cabinet Member - Councillor Stephen Harker, Resources Portfolio**  
**Responsible Director - Cliff Brown, Director of Community Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To seek Council approval to waive Contract Procedure Rules to allow officers to use the Negotiated Procedure to purchase proprietary software to upgrade the costing system in Community Services.

**Summary**

2. The Community Services costing system will no longer be supported by Capita from April 2009. A business case has been produced which has identified three replacement systems, however further analysis is required to determine which system will best meet the specification needs. All products identified are linked to the current Council ICT systems, ContractorPlus, Agresso and Orchard.
3. Depending on which system is chosen, the cost of system replacement including the ongoing licensing, implementation and training could exceed the EU Directives threshold for advertising in OJEU.
4. Due to the limited timeframe for procuring and implementing the system the report seeks agreement to waive the Council's Contract Procedure Rules to allow officers to use the Negotiated Procedure if the system replacement cost exceeds the EU threshold.

**Costing System Replacement**

5. The Community Services costing system ContractorPlus needs to be replaced as the current software is becoming obsolete. In order for ICT to maintain the service and to preserve the financial information required by the Building Services Division the system needs to be upgraded or replaced.
6. The software for all the systems identified is proprietary and can only be purchased from Capita, Agresso or Orchard respectively. The three systems vary in cost and resources required for implementation and development. These elements along with the specifications of the systems will be taken into account when assessing which is the most appropriate system for the needs of the department.

7. A decision on which system to use needs to be made at the beginning of December 2008 to ensure an implementation by April 2009.

### **Recommendation**

8. It is recommended that Council waive Contract Procedure Rules to allow the use of the Negotiated Procedure for the procurement of an ICT System upgrade.

### **Reasons**

9. The recommendations are supported to allow officers to purchase proprietary software to enable the upgrade of the Community Service's Costing system.

**Cliff Brown**  
**Director of Community Services**

### **Background Papers**

No Background papers were used in the preparation of this report.

Elizabeth Davison : Extension 4447  
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S17 Crime and Disorder	This decision will not have an impact on Crime and Disorder.
Health and Well Being	This decision will not have an impact on Health and Wellbeing.
Sustainability	This decision will not have an impact on Sustainability.
Diversity	This decision will not have an impact on Diversity.
Wards Affected	This decision will not affect any wards.
Groups Affected	This decision will not have an impact on any groups.
Budget and Policy Framework	This decision is within the current framework.
Key Decision	This is a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	The services procured contribute to delivery of the Community Strategy.

## MAIN REPORT

### Information and Analysis

10. The ContractorPlus costing system used in Community Services primarily by the Building Service Division was originally implemented in 1997. The system has not undergone development by the owner company Capita for a number of years and they are now concentrating on its successor OPENcontractor.
11. Although the department was made aware support for the system would cease sometime during 2009 we have now had official communication from Capita stating this will cease on the 1 April 2009. There is therefore, now an urgency to ensure an upgraded or new system is in place for the beginning of April 2009.
12. A costing system is required as it is fundamental to the full costing of Building Maintenance, Construction, Highways and Street Lighting works which in totality have a turnover in excess of £20m per annum. Without a costing system it would be impossible to identify income and expenditure to individual jobs/contracts and subsequently the profit or loss on these works. The costing system carries out three main functions, job entry, allocation and completion; secondly the costing of operatives' timesheets, stores issues and direct charges and finally the billing of completed works.
13. A business case has been prepared and identified three potential options for the replacement system. Further work is required to ensure the appropriate system is procured to meet the needs of the Building, Finance and Technical Services divisions of the department. Due to the time constraints now imposed upon us it is necessary to request Council to waive Contract Procedure Rules at this point so when an agreement has been reached we can move ahead and procure the system for an April 2009 implementation.

### Options for Replacement

14. The three options for replacement are, OPENcontractor, Orchard costing and PCB Agresso, OPENcontractor being the successor to ContractorPlus. All three systems are linked to current financial systems used by the Council but have significant differences with regard to the specifications and development time required to produce a workable model.
15. Demonstrations of all the systems have been arranged which will be followed by visits by officers to other user sites that are successfully running the software.
16. The values of the systems vary; the quoted costs for the PCB Agresso system and Orchard system including licensing, implementation and training fall under the £75,000 limit for tendering purposes.
17. The Opencontractor system including software, implementation, training and licensing over five years is above the EU Directives threshold for advertising in OJEU. However, this system upgrade cannot be purchased from any other provider as it is a proprietary product. The most appropriate procurement route for the system upgrades is through the Negotiated Procedure.

18. The Contract Procedure Rules do not allow for officers to make a decision to use the Negotiated Procedure. Officers must seek agreement for the Contract Procedure Rules to be waived to allow the use of this procurement route to purchase the upgrade, once the most appropriate product is identified following further detailed investigation. The system chosen will be based on the basis of price and ability to meet the required specification.

### **Outcome of Consultation**

19. No consultation has been carried out in relation to the content of this report.