

**Forward Plan reference number:** Not applicable

<b>Report title: Procurement and implementation of a new Highways and Infrastructure Planning Solution</b>	
<b>Report to:</b> Councillor Christopher Whitbread, Chancellor of Essex and Cabinet Member with responsibility for Finance	
<b>Report author:</b> Paul Crick – Director for Highways and Transport and Steve Evison – Director for Sustainable Growth	
<b>Date:</b> 21 September 2023	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## 1. Everyone's Essex

- 1.1 Essex County Council (ECC) has ambitious infrastructure targets to 'deliver and maintain high quality infrastructure to improve opportunities for people living in Essex as well as supporting a growing economy and the delivery of new homes and communities by investing in the region of £1 billion by the end of this council.'
- 1.2 To achieve this, ECC requires an appropriate technology solution to be able to store, manage, monitor and report on Highways and Infrastructure requirements associated with planning applications and meet its strategic ambitions. The capabilities of the existing operational system to carry out these activities is no longer fit for purpose and needs replacing.
- 1.3 This report recommends a single cross service IT solution is procured and implemented for ECC and Essex Highways to manage county planning responses and infrastructure planning through to delivery and adoption including management of developer contributions. As a result of implementing the new solution, the cost of monitoring s106 agreements will increase. The report therefore proposes that once costs are known a further decision is taken to increase s106 monitoring fees to cover the additional costs and ensure full cost recovery.
- 1.4 This decision supports delivery of many of the commitments set out within Everyone's Essex due to the work the teams undertake including:
  - Strong, Inclusive Sustainable Economy: delivering infrastructure and future growth and investment.
  - High Quality Environment: delivering transport and built environment, net zero targets and levelling up the environment
  - Health Wellbeing and Independence for all Ages: supporting levelling up health
  - A Great Place for Children and Families to Grow: delivering education outcomes.

## **2. Recommendations**

- 2.1 Agree procurement of an IT system to manage ECC's interactions with the wider planning process, from dealing with consultation responses to supporting monitoring of developments and delivery of infrastructure funded through section 106 agreements.
- 2.2 Agree that the contract length will be 5 years with the opportunity to extend for up to a further 4 years in 2 yearly increments.
- 2.3 Agree that the solution will be procured using a compliant procurement route determined by the Executive Director of Economy, Investment and Public Health in consultation with the Executive Director, Climate, Environment and Customer Services and approved by the monitoring officer with the high-level evaluation criteria.
- 2.4 Agree that the Executive Director of Economy, Investment and Public Health in consultation with the Executive Director, Climate, Environment and Customer Services is authorised to agree the terms and award a contract to the successful bidder, subject to the outcome of the procurement being within the financial constraints in this decision.
- 2.5 Agree the drawdown of £450,000 from the Transformation Reserve, to fund 50% of the upfront implementation costs of the new solution for Infrastructure Planning, with the remaining funds to support ongoing running costs for the 1<sup>st</sup> year. The phasing of the required funding is contained in section 6 below.
- 2.6 Agree to drawdown £500,000 previously set aside from Highways Services in the Technology and Digitalisation Reserve, to fund 50% of the upfront implementation costs for the new solution, with the remaining funds being used to support ongoing running costs. The phasing of the required funding is contained in section 6 below.
- 2.7 Note that a future report will be brought to the Cabinet Member to agree an increase to S106 monitoring fees requested by ECC to cover the ongoing costs of the new IT solution.
- 2.8 To note that any over recovery of costs in a financial year may lead to a reduction of fees in future years and/or mitigate any under recovery in prior financial years.

### **3. Background and Proposal**

- 3.1 Essex County Council aims to 'deliver and maintain high quality infrastructure to improve opportunities for people living in Essex as well as supporting a growing economy and the delivery of new homes and communities by investing in the region of £1 billion by the end of this council.' In addition, the scale of planned new growth across Essex will deliver thousands of new homes and jobs and the associated developer funded infrastructure this needs.
- 3.2 To deliver these ambitions, officers wish ECC to have in place appropriate technology solutions to be able to store, and report on Highways and Infrastructure requirements associated with planning applications. ECC has responsibility to deliver infrastructure to support new development but, in the current two-tier system, it is the 12 Local Planning Authorities (LPAs) who determine planning applications for most such new development. ECC is consulted on applications to seek to ensure that impacts are mitigated.
- 3.3 Section 106 agreements are entered into by ECC when the local planning authority requires financial contributions or restrictions on work to mitigate impacts on developments.
- 3.4 It is obvious that delivery of development must be monitored to ensure that the promises made by developers are delivered. In the last 5 years alone, more than 180 agreements have been entered into by ECC, securing over £100m for infrastructure projects including education, highways and transport.
- 3.5 At present we are using a Microsoft Access database to track circa £100m of investment. The software is business critical and at high risk of failure and data loss that will significantly impact on service delivery should it arise. It is over 10 years old, built inhouse by the planning service and not formally supported by anyone. It is reliant upon the IT skills of planning staff when issues arise. ECC's internal audit identified the current database as a major issue.
- 3.6 There are other issues with the database. The system cannot be used by highways staff that creates duplication. Existing ECC teams who use the system have sometimes struggled, leading to double handling of information using other systems. It lacks the mobile working and self service requirements for ECC and its customers.
- 3.7 The way officers recommend that these issues are resolved is to procure and implement a single cross service IT system for managing county planning responses and infrastructure planning through to delivery and adoption including management of developer contributions.
- 3.8 The solution will span Highways Strategic Development and Development Management, Sustainable Transport, Infrastructure Planning, Education,

Finance and Investment. There is considerable scope to improve process, data sharing and efficiency by implementing a shared solution between ECC and Essex Highways, removing organisational barriers, although it will be necessary to have barriers in place to ensure that no unauthorised amendments are made to the system.

- 3.9 This new solution should benefit Essex residents. It will have a self-service portal that Essex residents, developers, consultants and planning officers can access reports directly, reducing the number of enquiries and officers time spent on handling these enquiries. It will also remove the duplication of information and processes, improving service delivery and efficiency.
- 3.10 Four potential options have been considered from mitigating risks around or upgrading the current solution through to either developing either a bespoke solution or procuring off the shelf software.
- 3.11 A set of high-level requirements were developed, incorporating the key needs of the sponsoring business areas. A detailed financial evaluation of the funding requirements was prepared and an assessment of advantages and disadvantages for each option was developed.
- 3.12 The four options were then assessed against how well they met the high-level requirements, the financial evaluation, the advantages and disadvantages and the strategic technology alignment.
- 3.13 The conclusion of this options appraisal is the recommendation to move forward with procuring and implementing the Software as a Service (SAAS) solution. It is a tried and tested off the shelf solution, meets all functional requirements and resolves the corporate level risks against the current database. This route is more likely to succeed at a known, lower cost with reliable timescales and will deliver value for the business areas involved. It also falls in line with ECC's technology strategy.
- 3.14 Given that LPAs across Essex are also responsible for monitoring of their own S106 obligations in a similar way to ECC, the possibility of a shared procurement exercise was considered, as was the possibility to recoup costs through sharing the solution once procured. However, LPAs generally already have systems in place already and timescales for moving to a new system would be difficult to co-ordinate and would take significant time.
- 3.15 There are 'Software as a Service' solutions on the market that will address ECCs requirements, that are tried and tested and used by other local authorities such as Leicestershire and Oxfordshire.
- 3.16 The cost of monitoring s106 agreements incurred by ECC is a combination of staff costs/time and any resources needed to support the management of information. They are currently set out in the Essex Developers Guide. A

move to a new system to support monitoring will incur costs and ECC will seek to pass these onto developers.

- 3.17 It is proposed that s.106 agreement monitoring fees for new planning applications will be increased once the new system is in place. It is proposed that the Cabinet Member agrees the increased costs once the final ongoing costs of the new SAAS solution are known.
- 3.18 As the number of new s.106 agreements signed in any one year is variable (linked to the number of new developments where the LPA has resolved to grant planning permission), the amount of income received each year from s.106 monitoring fees will vary from year to year. The s.106 monitoring fees would need to be set with a view to achieve full cost recovery such that the income received would cover the ongoing running costs. Due to the variations in activity levels there may be variations in recovery each year, which will be managed via existing accounting processes. There will need to be regular review of the s.106 monitoring fees to ensure that they are set at an appropriate level. Should there be insufficient recovery of the costs of the SAAS solution, additional funding would need to be provided by Highways Service and Planning Service. Similarly, should there be over recovery, costs will need to be reduced for future years.
- 3.19 The route to procurement of the new solution and the award criteria will be through a method to be determined by officers.

#### **4. Links to our Strategic Ambitions**

- 4.1 This report links to the following aims in the Essex Vision:
- Enjoy life into old age
  - Provide an equal foundation for every child
  - Strengthen communities through participation
  - Develop our County sustainably
  - Connect us to each other and the world
  - Share prosperity with everyone
- 4.2 The new solution will be used to manage planning applications and S106 contributions for new infrastructure (such as highways, schools and libraries) that support all aspects of communities in Essex.
- 4.3 Approving the recommendations in this report will not have a direct impact the Council's ambition to be net carbon neutral by 2030. However: the solution will be used by ECC services and Essex Highways to support them in delivery, who have their own net carbon neutral targets to deliver against.
- 4.4 This report links to the following strategic priorities in the emerging Organisational Strategy 'Everyone's Essex':

- A strong, inclusive and sustainable economy
- A high-quality environment
- Health wellbeing and independence for all ages
- A good place for children and families to grow

## **5 Options**

### **5.1 Option 1: Procure and implement a 'Software as a Service' (SAAS) solution' to provide a single cross departmental solution for managing county planning responses and infrastructure planning through to delivery and adoption including management of developer contributions and increase the S106 agreement monitoring charge for new planning applications to reflect the overall cost of monitoring (Recommended).**

Some other authorities use this model.

The council will specify a solution which allows Local Planning Authorities and Developers to review the status of their applications and access information on spending and delivery of infrastructure.

Whilst it is anticipated that the annual costs can be met through developer contributions, there is a risk that a low number of S106 agreements in a year would lead to insufficient cost recovery to meet the financial commitment and this would need to be mitigated from other service revenue budgets, if there is no over recovery from a previous year to mitigate the shortfall. This variation risk is no different to the current recovery of the costs of officers employed to monitor development.

### **5.2 Option 2: Do Nothing (Not Recommended).**

This would leave us with a sub-optimal system which does not offer the benefits above. The current system is not performing well as set out above.

## **6 Issues for consideration**

### **6.1 Financial implications**

6.1.1 The procurement of a new Software as a Service (SAAS) solution requires investment to introduce a single cross departmental resolution for managing county planning responses and infrastructure planning. This solution is to replace the current Microsoft access database, which is outdated but currently has no associated budget.

6.1.2 A total investment of £950,000 is sought from the Transformation Reserve and the Technology and Digitalisation Reserve to fund the implementation and initial running costs of the solution. No other external funding is required. Agreement is also sought to enable additional income to be realised through increased S.106 fees to recover the ongoing cost.

6.1.3 Funding has been set aside in the Technology and Digitalisation Reserve by Highways Services for £500,000. This will fund 50% of the upfront implementation costs of £397,000 for the new solution, with the remaining funds £103,000 to support ongoing running costs.

6.1.4 Funding for £450,000 is requested from the Transformation Reserve, to fund 50% of the upfront implementation costs of £397,000 for the new solution for Infrastructure Planning, with the remaining £53,000 to support ongoing running costs for the 1st year, after which these will be generated from new S106 agreements.

6.1.5 It is recommended that s.106 monitoring fees are increased when the new SAAS solution goes live in 2026/27 to cover the additional ongoing costs and ensure full cost recovery. This will be subject to a future decision.

6.1.6 As the number of new s.106 agreements in any one year is uncertain, the amount of income received each year from s.106 monitoring fees cannot be predetermined and will vary from year to year. The s.106 monitoring fees would need to be set to ensure full cost recovery is maintained. Due to the irregular activity levels this may not be achieved in each financial year. There will need to be regular review of the s.106 monitoring fees to ensure that they are set at an appropriate level. Should there be insufficient cost recovery to cover the costs of the SAAS solution, additional funding would need to be provided by Highways Services and Infrastructure Planning.

6.1.7 Table 1 below provides a summary of the costs anticipated to be required to implement this decision, with most of the costs for additional short-term resource to support the programme. In addition, there are third party costs to support delivery and data migration in the implementation of the new SAAS solution.

Table 1: Estimated Implementation Costs of the Recommended Option	New Funding Required				Total £'000
	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	
<b>Total New Resource Implementation Costs</b>	60	228	173	45	506
<b>Third Party and Other Non-Resource Costs</b>					
Licenses		23	23		47
Supplier Implementation Costs	91				91
Hardware Purchases		11			11
Third Party Implementation & Data Migration Support		61			61
Recruitment Fees	34	5			40
<b>Total Third Party Costs</b>	125	101	23	-	250
<b>Total One-Off Costs</b>	186	329	197	45	756
Additional On-going Costs in Implementation Phase	-	-	-	-	-
<b>Total Implementation Funding Required</b>	186	329	197	45	756
<b>Contingency</b>	9	16	10	2	38
<b>Total Including Contingency</b>	195	345	206	47	794

6.1.8 The implementation costs are to be split equally between Highways Services and Infrastructure Planning. Tables 2 and 2a below provides a breakdown of the new implementation resource costs included in Table 1.

Table 2: Comparison of estimated Resource Costs	Funding Required £	Opportunity Cost £	Total £
<b>Solution Design</b>	130,236	186,566	316,802
<b>Testing</b>	-	46,917	46,917
<b>Business Change and Transition</b>	89,847	84,484	174,331
<b>Programme Management</b>	-	186,040	186,040
<b>Data Transformation and Reporting</b>	131,264	39,601	170,864
<b>Tender and Decommissioning</b>	-	81,180	81,180
<b>Solution Owner</b>	154,152	-	154,152
<b>Total</b>	<b>505,499</b>	<b>624,788</b>	<b>1,130,286</b>

6.1.9 The breakdown of the resources requiring funding by role is shown in the table below.

Table 2a: Summary of New Funding Resources Costs		2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
<b>Solution Design</b>						
Business Analyst	Technology Services	32,826	97,410	-	-	130,236
<b>Business Change and Transition</b>						
Change Practitioner	OD&P	14,699	48,971	26,178	-	89,847
<b>Data Transformation and Reporting</b>						
Data Migration Analyst	Technology Services	-	33,466	97,798	-	131,264
<b>Solution Owner</b>						
Planning Solution Analyst	Infrastructure Planning	12,740	48,132	49,094	44,185	154,152
<b>Total - New Funding Resources</b>		<b>60,265</b>	<b>227,979</b>	<b>173,070</b>	<b>44,185</b>	<b>505,499</b>

6.1.10 Table 3 shows the ongoing costs to be managed and recovered by Highways Services and Infrastructure Planning during the first five years following implementation:

Table 3: Summary of Estimated On-going Costs	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
<b>On-Going:</b>					
Support & Maintenance of Application	59	59	59	59	59
Hosting	37	37	38	38	38
Intelligent Client Function	6	6	6	6	6
<b>Total</b>	<b>102</b>	<b>102</b>	<b>102</b>	<b>102</b>	<b>102</b>
<b>Contingency</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>Total Including Contingency</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>107</b>

## 6.2 Legal implications

6.2.1 Planning obligations are legal obligations entered into to mitigate the impacts of a development proposal.

6.2.2 Local planning authorities are required to keep a copy of any planning obligation together with details of any modification or discharge of the planning obligation and make these publicly available on their planning register. Any local authority that has received developer contributions is required to publish an infrastructure funding statement at least annually. To collect data for the infrastructure funding statement, it is recommended that local authorities monitor data on section 106 planning obligations and the levy in line with the government's data format.



6.2.3 ECC is able to charge a monitoring fee through section 106 planning obligations to cover the cost of monitoring and reporting on delivery of that 106 obligation. Government guidance states that fees could be a fixed percentage of the total value of the section 106 agreement or individual obligation; or could be a fixed monetary amount per agreement obligation (for example, for in-kind contributions). Authorities may decide to set fees using other methods.

6.2.4 In all cases, monitoring fees must be proportionate and reasonable and reflect the actual cost of monitoring. Authorities could consider setting a cap to ensure that any fees are not excessive. The Council should not set a fee that is excessive.

6.2.5 The procurement of the IT solution must be carried out in accordance with the Public Contract Regulations 2015 and ECC's internal procurement policies and procedures.

## **7 Equality and Diversity Considerations**

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The Equalities Comprehensive Impact Assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## **8 List of Appendices**

Equalities Comprehensive Impact Assessment

## **9 List of Background papers**

None

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b>
<b>Councillor Chris Whitbread, Chancellor of Essex and Cabinet Member with responsibility for Finance</b>	<b>01.11.23</b>

**In consultation with:**

<b>Role</b>	<b>Date</b>
<b>Councillor Lee Scott, Cabinet Member for Planning a Growing Economy</b>	<b>30.10.23</b>
<b>Executive Director, Corporate Services (S151 Officer)</b>	<b>05.09.2023</b>
<b>Stephanie Mitchener on behalf of Nicole Wood</b>	<b>4</b>
<b>Director, Legal and Assurance (Monitoring Officer)</b>	<b>September 2023</b>
<b>Paul Turner</b>	