Wards Affected: *ALL WARDS*	DELEGATED DECISION 10 APRIL 2012

Registrars Online Certification System - Approval to offer the product to other Authorities

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Executive Summary:

Through the Strategic Partnership with Mouchel, the Council has developed a system for the storage and retrieval of historic Registrars documents. This system replaces the current system used by the Registrars team, which is no longer supported by its provider. Through the links that the Council has with Registrars Teams across England and Wales, an opportunity has been identified to offer this product to other authorities. The project team predict the product could be sold to approximately 40% of Local Authorities in England with total revenue for the Council of £399,683 over 5 years. This paper seeks approval to proceed with this activity.

1. **Recommendation(s)**

1.1 That Milton Keynes Council proceeds to sell, support and maintain the Registrars Online Certification Software for other Local Authorities in England and Wales.

1.2 That Mouchel plc is appointed as the exclusive agent of Milton Keynes Council to offer the Registrars Online Certification Software to other Local Authorities.

   (a) That a 50/50 profit share arrangement be agreed with Mouchel in regards to the net profit (or loss) of any sale. Based on a 40% market penetration rate, the income to the Council is anticipated to be £399,683 over the next 5 years.

   (b) That Milton Keynes Council and Mouchel plc agree to equally share the costs associated with providing this product to other Authorities, subject to Mouchel plc being able to evidence the costs incurred on behalf of the Council. All costs will be deducted from the income generated before the profit is shared.

   (c) That the agreement with Mouchel to act as exclusive agents run until the end of the current PPP arrangement (31st December 2015).

2.   **Issues**

2.1   The Registrars Online Certification System was initially developed under the strategic partnership in response to a request from the Registrars Team to replace ageing software that was no longer fit for purpose.

The system has been running in Milton Keynes without issue for almost one year and as such can be considered to be stable.

After implementation, other authorities have expressed an interest in using the software to replace the same ageing system in their Registrars departments.

2.2   Following a request from Buckinghamshire County Council, a version of the software was made available to them on a trial basis to test the feasibility of providing this product to third parties. The software has proven itself to be stable, and support can be provided within existing ICTS structures. This trial has resulted in a further 15 authorities expressing an interest in purchasing the solution.

3.   **Alternative Options**

3.1   Two alternative delivery models were considered to take this product to market:

(a)   Option 1 – Milton Keynes Council offers the product for sale directly to Local Authorities:

The possibility of Milton Keynes Council setting up its own internal team to sell and support the product was considered. To achieve this would require the transfer of specialist knowledge held by Mouchel, and the creation of a new team. This team would need to understand the product, be able to proactively market the product and provide ongoing support to users for up to five years. It was felt that the time and costs involved in this would unduly delay the release of the product meaning that the opportunity could be lost as competitors deliver their own products. It would also result in the Council incurring additional operational cost with no guarantee of income to offset these. Linking support with Mouchel means current ICT support arrangements can be used to reduce set-up and running costs.

(b)   Option 2 – Engage a separate third party to act as agent

A further option of engaging different third party to sell and support the software on behalf of Milton Keynes Council was also considered. However, given that the software was developed and continues to be supported by the members of the ICT development pool it was felt that the level of technical retraining required would be detrimental to the Council's desire to take the product to market as quickly as possible. It was also felt that the level of knowledge and depth of contacts within the Registrars community developed by Mouchel staff was a significant asset to the venture.

It was also feared that entering into a competitive tender process would unduly delay the sale of the product, handing a strategic advantage to our competitors.

4. **Implications**

4.1 Policy

The Policy is that this proposal pursues is OTP Strand 6 – Identifying Business Opportunities.

4.2 Resources and Risk

Annex A sets out the detailed financial implications and risks of this proposal for the Council. This shows that the costs will only increase as the system is sold to other authorities. This means that the maximum financial risk for the Council is the revenue of £9,793 from the sale of the system to Bucks County Council.

Any additional costs for the development of the system will be evaluated through a business case, before being made. These costs will be part of the profit share arrangement with Mouchel.

The Council will put in place professional indemnity insurance which will provide cover of £1,000,000 at a cost of £3976 + Insurance Premium Tax.

N	Capital	Y	Revenue	N	Accommodation
Y	IT	N	Medium Term Plan	N	Asset Management

4.3 Carbon and Energy Management

The software supports the Council's Carbon and Energy Management Policy by providing electronic copies of paper documents reducing the need for storage and transportation cost from the archives with Iron Mountain.

4.4 Legal

The legal team of the Council have been involved in drawing up a collaboration agreement between the Council and Mouchel. The legal team have also drawn up a licence and support agreement between Milton Keynes Council and Local Authorities who purchase the software.

The software is fully compliant with Data Protection Requirements.

4.5 Other Implications

There are no implications other than those outlined in this document.

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder