

Report to the Council

Report of Returning Officer: I Willett

Date: 21 February 2006

Item: 7

1. DISTRICT COUNCIL ELECTIONS (MAY 2006)- ELECTRONIC ELECTORAL PILOT

Recommending:

- (1) That, in accordance with the requirements of the Department for Constitutional Affairs, the Returning Officer be authorised on behalf of the Council:
 - (a) to sign a contract with Demsoft (the Government's approved contractor) for the delivery of all elements of the pilot including technical development and support, equipment and systems development;
 - (b) to agree staged payments to Demsoft as set out in the contract to meet the Company's costs of the pilot, namely £92,700;
 - (c) to advise Demsoft and the Department for Constitutional Affairs that the actions under (a) and (b) above are subject to:
 - (i) written agreement by the Department for Constitutional Affairs to reimburse the total cost of the pilot to this Council, less the Council's standard election costs, including all payments to Demsoft; and
 - (ii) final approval of the pilot by the Department for Constitutional Affairs;
 - (2) That the Council notes that if any of the conditions set out in (1) (c) above are not met, the Council will be unable to proceed with the pilot; and
 - (3) That the Council notes that as Demsoft is the Government's approved contractor, there has been no competitive tendering exercise in respect of this contract and, with that in mind, the Council's own contract standing orders have been deemed to be waived.
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- 1.1 The Council has gained provisional approval from the Department for Constitutional Affairs (DCA) to conducting an electronic electoral pilot in May 2006. The DCA's final approval is awaited at the time of writing.
- 1.2 In participating in the pilot, the Returning Officer is required to work with the Government's approved contractor, Demsoft. The Government will undertake to fully fund the additional cost of the pilot, which primarily fall on Demsoft. A proportion of the costs of the pilot are reimbursed to the Council.

1.3 The breakdown of costs between the Council and Demsoft is as follows:

Demsoft: £92,700

EFDC: £26,000 less £16,000 standard election costs, e.g. standard print costs, savings on number of count staff, savings from having only one count centre.

1.4 Demsoft is responsible for all technical aspects of the contract and also participates in a project board, chaired by the Returning Officer.

1.5 Previous pilots have been conducted by means of contracts between the approved contractor and the Government directly. This year the DCA has now indicated that it wishes the contract to be between councils and contractor. This means that the Council must fund Demsoft up to the agreed figure in the contract on the understanding that the DCA will reimburse the Council in full. The document to be used is the Council's own standard service contract.

1.6 The following payment schedule has been agreed with Demsoft in recognition that the company will need to acquire hardware and develop software at an early stage in the process:

- (a) 50% on contract signature
- (b) 25% on acceptance of system
- (c) 15% on completion of count
- (d) 10% on delivery of project review report.

1.7 The DCA have advised that their funds for the pilots in May 2006 are included in their budget for 2006/07 so that they will be unable to distribute money to local authorities until April at the earliest. To achieve the above payment schedule it will be necessary, therefore, for the Council to fund the money internally for the interim payments.

1.8 The DCA has accepted joint liability for any costs incurred in the pilot in the event that it has to be abandoned for any good reason. Payment will be made for work completed up to the point of cancellation. The DCA will not be liable for any default by the contractor and Demsoft will be liable for the costs to re-run the election should any cancellation be their fault. The DCA expect any delivery failure on the part of the contractor to be offset against the money paid to them.

1.9 The DCA is taking this line on the contractual arrangements so as to highlight the role of local authorities in leading democratic innovation rather than the private sector.

1.10 The purpose of this report is therefore:

- (a) to outline the contractual arrangements required;
- (b) to seek approval of the Council funding the work of Demsoft and its own additional costs in advance of DCA reimbursement;

(c) to authorise the Returning Officer to sign the contract on behalf of the Council to reflect these arrangements;

(d) to draw the attention of the Council to the potential risk that the reimbursement of costs are contingent on a decision by DCA at a later stage and need for a separate agreement with DCA that addresses this concern;

(e) to ask the Council to note that contract standing orders will not apply to this contract as the Government has approved Demsoft making competitive tendering by the Council redundant; and

(f) to note that the future of the pilot is dependent on (i) final DCA approval and (ii) publication of statutory orders by the Government to render the legal basis sufficient to withstand challenge.

1.11 An update on the position will be given at the Council meeting.