

## REVENUES AND BENEFITS IT SYSTEM PROCUREMENT

Summary: The existing supplier contract for the Revenues and Benefits IT system ends in October 2020. A number of options around re-procurement of the system have been explored, with a direct award under a framework being the preferred option. This balances value for money and risk. The value of the contract over 5 years exceeds delegated decision making levels.

Options considered: The following options have been considered and are dealt with in more detail in the body of the report.

1. Extending the contract with the existing supplier.
2. A full procurement for a new system.
3. Using a framework agreement to procure a new system.

Conclusions: The direct award of the contract through a framework provides the most cost effective and lowest risk option for the authority.

Recommendations: **That Cabinet;**

- 1) agree the procurement of the Revenues & Benefits IT system through a Direct Award via the Crown Commercial Framework (RM3871) to Civica (Open Revenues) for a contract period of 5 years from October 2020 at a total cost of £301,000 and;**
- 2) make a capital provision of £101,000 for the software licences to be financed from capital resources.**

Reasons for Recommendations: A direct award balances the need to achieve value for money for the Council, with a system that is suitable for the needs of both services, with minimal risk of disruption and additional cost in implementation.

### LIST OF BACKGROUND PAPERS AS REQUIRED BY LAW

*(Papers relied on to write the report, which do not contain exempt information and which are not published elsewhere)*

Revenues and Benefits System Specification
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Cabinet Member(s) Cllrs Sarah Butikofer/Eric Seward	Ward(s) affected  All
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## 1. Introduction

- 1.1 In June 2012, following a full OJEU procurement exercise, North Norfolk District Council (NNDC) Revenues and Benefits Services started an 8 year contract with Civica (Open Revenues) to deliver its ICT systems, having previously been in partnership with Civica (ARB). The current contract expires in October 2020 for all parts of that service.
- 1.2 The current operating model provides Council Tax, Non-Domestic Rates, Housing Benefit (including overpayment recovery), and Council Tax Support, full administration, collection and reporting functionality for the caseloads.
- 1.3 The current Civica system is fit for purpose but due to the ending of the contract, an opportunity existed to review whether it still represented value for money and met the services needs in the light of the new Corporate Plan. This alignment focused on the potential to realise business efficiencies and the customer focus aims, whilst balancing any additional cost. Key outcomes were identified as improving the way in which the two services operated together including enhanced customer service delivery, improved performance, increased flexibility and speed of introducing changes, the potential for reduced running costs, and the ability to better utilise specialist technology to improve key areas of performance.
- 1.4 There was also an opportunity to undertake a fundamental review of internal processes for the two service areas, to better understand customer needs to feed into the selection of the most appropriate software systems, functionality, and modules to support this.
- 1.5 A Project Team was established to represent the key council teams involved throughout this process. The scope of the Project Team's work was looking at the selection, procurement and implementation of an appropriate system which supported the work associated with the council's Revenues and Benefits services, whilst aligning the procurement process to support the objectives of the corporate plan and to make a recommendation on an award to Cabinet.

## 2. Specification and business case

- 2.1 The Project Team identified the following outcomes as a result of procurement:

- Improved Customer Satisfaction which will be measured through appropriate mechanisms prior and post implementation of the new system
- Improved efficiency of processes to meet customer demands and to reduce demand failure so that staff can focus on value added activities and customer satisfaction
- Improved key performance measures which will be monitored prior and post implementation of the new system
- Limited downtime (3 months maximum)
- Staff confidence in the new system processes and data

2.2 A specification was subsequently drawn up to cover the following areas;

- Functionality of the existing system which the Revenues and Benefits Service does not wish to lose going forward.
- Functionality and modules which are not in use and can be removed (reducing initial contract costs as well as ongoing maintenance costs).
- Functionality and modules that have not been purchased under the existing contract but are ones which the Revenues and Benefits Services would like to procure as they offer value for money in the future delivery of the two service areas.

### **3. Discovery work and alignment with Corporate Plan**

3.1 Technology within the Council continues to develop and over the past couple of years and it has made process in delivering online services to residents of North Norfolk and providing flexible working opportunities for our staff. Our future approach will continue to build on ensuring we have the right technology which is capable of providing a flexible and efficient service, which can evolve to meet local challenges and maximise the opportunity for innovation.

2.2. The Project Team agreed, in scoping the project, that a vital part of the process was the engagement with our customers, understanding their needs and improving our processes to enable us to meet these, reducing failure demand and increasing customer satisfaction in line with the emerging Corporate Plan which aims to put the customer at the heart of everything we do.

2.5. In order to engage with customers, the Project Team chose to launch a Customer Service survey which looks at how customers were contacting the services, their reason for contact, and their preferred method of contact. The survey went live in October 2019 and runs up to the end of March 2020.

2.2 In order to ensure the council has the most appropriate ICT system to support and enable the Revenues and Benefits Services, the Project Team have undertaken a review of the market providers, the latest and future demands of the service, and areas of the service that are not meeting the organisation's needs ("the Discovery Phase").

2.3 There are three leading IT providers on the market, these being Civica, Capita (who have taken over Academy), and Northgate. All three systems are used by neighbouring authorities. Over the summer 2019, Revenues and Benefits

Services visited Norwich City Council, Anglia Revenues Partnership (Thetford), Broadland District Council, Kings Lynn Borough Council, and South Norfolk District Council.

- 2.4 Representatives from Revenues, Benefits, ICT, and Systems Administration teams attended the site visits with key areas to consider such as usability, reliability, customer accessibility and self-serve, auto processing, workflow, reporting, and specialist functionality.
- 2.5 Following consideration of the site visits it was agreed by the Project Team that Civica (Open Revenues) was the council's preferred supplier, being the system that met the Council's needs and aspirations most effectively.

#### **4. Procurement**

- 4.1 The Project Group considered a successful procurement is one which provides a system which:

- Allows the council to meet its statutory obligations
- Gives improved customer service delivery
- Meets customer expectations
- Gives value for money
- Provides a resilient service
- Integrates with other council services
- Involves minimum downtime

- 4.2 In 2012 the Council had experienced considerable difficulties in migrating systems and resulting in service delivery delays and difficulties and the need to commission an additional £200k of temporary staffing and consultancy support and learning from this officers explored a full range of procurement options to mitigate that risk;

#### **4.3 Extending the contract with the existing supplier.**

The current contract with Civica had already been extended for one year. There was the potential to extend this contract further but only if a procurement process was already in progress, otherwise the council ran the risk of challenge through not conforming to Public Contract Regulations. Consequently this was not a viable standalone option without a longer term procurement.

#### **4.4 A full OJEU procurement for a new system.**

Consideration was given to an OJEU procurement process. This could potentially have a financial benefit in terms of costs however the selection of a new supplier introduced significant risks in terms of data transfer, as had been experienced in 2012, that affected customer experience and had significantly increased costs.

The officer view was that this was outside their risk appetite on the basis of the impact on customers, the risks to reputation and the financial risk that this represented if there were other viable alternatives.

#### **4.5 Using a framework agreement to procure a new system.**

In order to mitigate risks around a re-procurement, the Council's Procurement Officer explored the possibility of awarding a further contract to the existing supplier through a framework arrangement.

Framework arrangements are OJEU compliant and have already been through a competitive process to ensure value for money.

It was confirmed that the Crown Commercial Framework (RM3871) could be used and the Council could go to a Direct Award to a preferred supplier. The length of the contract awarded would be 5 years with a 2 year extension. This is the maximum allowed under a Direct Award.

If a Direct Award was made, the council could only procure a system that is like for like compared to the existing system. Some of the functionality and modules put forward under the specification may not be available under the Direct Award and potentially may need to be purchased from the marketplace.

The Council's Procurement Officer advised that should Northgate be our preferred supplier, a Direct Award could not be made, as they are not included under the Framework.

Where a Direct Award is made there can be no negotiation to the cost of the software.

After reviewing the procurement options and the evidence gathered from the discovery Phase, the Project Team felt that a Direct Award represented a potential balance between value for money, functionality and risk.

Exploratory discussions were then held with Civica to understand potential costings. Civica quoted a basic price of Open Revenues for Revenues and Benefits of £364k (total) (plus RPI) for a 5 contract. The same functionality through the CCF achieved a total contract price of £301k.

Based upon the open market assessment, the Project Team felt that this represented good value for money for the authority and recommend a direct award.

## **5. Corporate Plan Objectives**

- 5.1** The procurement of a new Revenues and Benefits software system is a business necessity as the current contract terminates in October 2020. The Revenues and Benefits service areas must ensure they have fit for purpose ICT systems, which are aligned to the organisations and district's needs. Technology within the council continues to develop at pace and provides significant opportunities to assist the council and the community. Processes

must provide a flexible and efficient approach which can evolve to meet local needs and maximise the opportunity for innovation.

## 5.2 Financial Sustainability

The procurement of the IT system along with new functionality and modules provided scope for the two service areas to have increased financial stability by allowing an increased focus on daily workloads and realising easier transitions and processes. The need to reduce costs across the council remains a given. Finding efficiency savings is vital but we must also focus on reducing, avoiding and diverting demand.

## 5.3 Customer Focus

Procurement of the system has presented the opportunity to better understand our customers' needs so that we can then get the most appropriate software, functionality, and modules to support this aim.

Relationships with our internal and external customers will improve by embedding better communication channels and allowing enhanced accessibility to council services. Customers will be able to use mobile devices, access and update their accounts through 24/7 self-serve and automation, allowing customers the freedom to get what they want, at the moment they need it, where they need it.

Significant efforts are being made to reduce the process costs of managing customer contact in the front and back office. Services need to become automated end-to-end, with little or no additional work required, and processes need to be designed so that they are completed in a single transaction. The procurement of the system will allow the council to do this.

## 5.4 Quality of Life

The Welfare Reform Act 2012 provided for the introduction of a 'Universal Credit' which replaced a range of existing means-tested benefits and credits for people of working age. Digital access and inclusion are of fundamental importance to the successful roll-out of Universal Credit in that all applications are to be made online.

With this in mind the council has an opportunity to increase digital inclusion and adopting a digital by default approach in the Benefits service area, where such an approach could be embedded with working age groups. This will provide working age customers similarity and ease across government departments. With procurement of the system we can promote a self-sufficient service where we can engage with our customers to publicise channel shift and to encourage online usage through assisted support and training.

## 5.3 Climate, Coast and Environment

With services being moved to digital solutions, there will be environmental benefits of going paperless. Service areas will significantly reduce their paper trails which in turn will provide environment protection and will reduce the council's carbon footprint.

## **6. Conclusion**

- 6.1 The officer recommendation is for a Direct Award as this balances the need to achieve value for money for the Council, with a system that is suitable for the needs of both services, with minimal risk of disruption and additional cost in implementation.

## **7. Implications and Risks**

### **Legal**

The Procurement Officer has confirmed the council is able to make a Direct Award to Civica under the Crown Commercial Framework Agreement.

A member of East Law was part of the Project Team.

## **8. Financial Implications and Risks**

The total cost of the new 5 year contract is just under £301k and this is broken down between the new licensing costs (£101k – one off) and the annual ongoing revenue costs of £40k (these are subject to annual inflation at RPI but total £200k excluding this).

There are two elements to the contract award for the procurement of the new system in terms of revenue and capital provision. The Council's policy is to capitalise initial licence costs which have been quoted at £101k. There is therefore a recommendation that a capital budget of £101k is made available for the software procurement.

The second element covers the ongoing annual revenue costs, as outlined above these are priced at £40k pa. The current provision within the 2020/21 budget is £56k so this represents an annual ongoing cashable saving of £16k for the same system which supports our drive for financial sustainability.

The basic price of Open Revenues for Revenues and Benefits is a total of £364k (plus RPI) for a 5 contract. However, using the software framework the Council has managed to achieve a new contract price of £301k which is £63k less than the original price.

Overall the procurement of the new system has been beneficial, by using the marketplace there is a reduced cost of £63k compared to the initial prices. We are also paying a lower cost for the system that we currently have. In addition to this there are significant savings in terms of officer time. By continuing with the current system we will not incur any conversion costs which previously cost the authority an additional £200k in back filling of posts and consultancy support.

To summarise in financial terms the original quoted price for the new 5 year contract was £364k, the Council has however managed to achieve a reduction of £63k on this price by using the framework contract via the marketplace so that potential cost increase has been avoided. We have also avoided the need to allocate £200k for consultancy costs and backfill incurred previously when moving over to a new system. In terms of the actual cash saving within the revenue budget, the new annual cost of £40k is £16k lower than the current 2020/21 budget provision.

In terms of risks, this is probably the lowest risk option as the current system effectively just continues with none of the risks associated with changing systems and testing etc that would come with changing supplier. As discussed elsewhere within the report the assessments undertaken on what else is currently available within the market have resulted in the officer recommendation to continue with the present system so officers are confident that this will be able to support ongoing improvements to customer service.

**9. Sustainability**

**Please see section on Corporate Objectives**

**10. Equality and Diversity**

**Please see section on Corporate Objectives**

**11. Section 17 Crime and Disorder considerations**

**None**