

**REPORT TO:** Cabinet Member for Corporate Services  
Cabinet

**DATE:** 9 December 2009  
17 December 2009

**SUBJECT:** Pericles Revenues and Benefits System  
replacement

**WARDS AFFECTED:** All Wards

**REPORT OF:** Finance & Information Services Director  
Paul Edwards Tel:0151 934 4082

**CONTACT OFFICER:** Assistant Finance & Information Services Director  
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0151 934 4339

**EXEMPT/CONFIDENTIAL:** NO

**PURPOSE/SUMMARY:**

To advise the Cabinet Member / Cabinet of the outcome of the procurement exercise to replace the Pericles Revenues & Benefits system, and to seek approval for a preferred supplier.

**REASON WHY DECISION REQUIRED:**

The Cabinet Member for Corporate Services is the portfolio holder for Revenues Services and Benefits Services.

**RECOMMENDATION(S):**

It is recommended that the Cabinet Member / Cabinet:

- 1) Notes the contents of this report
- 2) Approves the selection of Northgate Information Solutions as the preferred supplier
- 3) Notes that the contract for the new revenues and benefits System will be between arvato Government System (Sefton) Ltd and Northgate Information Solutions.
- 4) Costings will be presented to the Cabinet Member meeting in January 2010.

**KEY DECISION:** Yes

**FORWARD PLAN:** Yes – included in the Forward Plan published on 11 November 2009

**IMPLEMENTATION DATE:** Following the expiry of the “call-in” period for the Minutes of the Cabinet meeting.

**ALTERNATIVE OPTIONS:**

After March 2011, the current Pericles system will not be supported and therefore the Council must procure a replacement system before then.

**IMPLICATIONS:**

**Budget/Policy Framework:** None

**Financial:**

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2009/ 2010 £</b>	<b>2010/ 2011 £</b>	<b>2011/ 2012 £</b>	<b>2012/ 2013 £</b>
Gross Increase in Capital Expenditure	0.00	0.00	0.00	0.00
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

**Legal:** There will be new contract between arvato and Northgate for the purchase of the replacement system.

**Risk Assessment:** Risk assessments will be documented in Project Plans relating to the system implementation and conversion.

**Asset Management**

None

**CONSULTATION UNDERTAKEN/VIEWS** NONE

**CORPORATE OBJECTIVE MONITORING:**

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability		√	
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

None

## 1. **Background – Anite Pericles system**

1.1 The Council's current Revenues & Benefits system was procured from Anite Public Sector in 2002 following a full OJEU procurement exercise.

1.2 Following that procurement, the Pericles system was implemented on a phased basis as follows:

Business rates	January 2003
Council Tax	October 2003
Benefits	June 2004

1.3 Members are aware that, following the live implementation (particularly of the Benefits system), there was a significant period of difficulty experienced as a result of the system not performing as it should. This led to backlogs of benefit assessments, poor performance generally and enhanced monitoring of the Benefits Service by the Department for Works and Pensions (DWP).

1.4 Since the initial implementation of Pericles, Anite and the Council have worked closely together to bring about improvements to the system. This joint working resulted in significant improvements to performance, an end to the monitoring of the service by the DWP and improved CPA scores for the Benefit Service. The last CPA assessment of the Benefits service in 2008 was a score of 3 out of a possible score of 4 (equating to a "good" service). The Pericles system is now providing the functionality and responsiveness required to deliver a good Revenues & Benefits Service.

## 2. **Background – acquisition of Anite Pericles by Northgate plc.**

2.1 In late 2008, the Anite Public Sector business was purchased by Northgate plc, and that business included the Pericles customer base. Since this acquisition, Northgate Information Solutions (Northgate) have taken the decision to end support of the Pericles Revenues & Benefits system, and have advised customers, including Sefton, that the product will not be supported after March 2011.

2.2 Northgate already had their own Revenues & Benefits product prior to the acquisition of Anite Public Sector, and that product (formerly known as SX3) is a current market leader in use in over 160 local authorities. Northgate are encouraging their Pericles customer base to migrate to the Northgate system.

2.3 However, officers are mindful of the need to ensure that any replacement system is properly procured and will provide the Council with the most cost-effective solution; it is known that there are other suppliers of Revenues & Benefits systems to local government in the marketplace.

## 3. **Procurement process**

3.1 The Cabinet Member Corporate Services meeting on 16<sup>th</sup> September 2009 considered a report entitled "Pericles Revenues and Benefits System

replacement” which proposed that a competitive tender procurement exercise be carried out using the Office of Government Commerce (OGC) Catalyst arrangements. That report also advised that, following the procurement exercise, a detailed report would be brought to the appropriate meetings, advising the outcome of the tender exercise and recommending a successful supplier.

- 3.2 The procurement exercise has now been completed, and the remainder of this report provides information in relation to the tender process, responses received, and a recommendation in relation to the preferred supplier.

#### 4. **The tender process.**

- 4.1 The tender process was carried out within the ICT framework put in place by the Office of Government Commerce (OGC). Such frameworks are put in place by central government bodies such as the OGC in order to make the procurement process more efficient and to help authorities meet UK/EU legislative obligations in contracting activity.

- 4.2 Invitations to Quote (ITQ) documents were issued to all suppliers under the terms of the relevant framework. The only bid received in respect of the solution sought was from a company named Northgate, a specialist provider in the field of Revenue and Benefits system solutions.

#### 5. **Functional Evaluation**

- 5.1 The Northgate response was considered and evaluated by a team of experienced officers drawn from the service areas affected as follows: -

Client Manager, Finance Transactional Services  
Client Support Manager, Finance Transactional Services  
Head of Benefits, arvato government services  
Revenues Manager, arvato government services  
System & Compliance Manager, arvato government services  
Project Manager & Leader (ICT), arvato government services  
Systems Implementation & Support Manager (ICT), arvato government services

- 5.2 The answers from Northgate were evaluated against the Council’s specification. This resulted in a number of questions requiring clarification, which was fed back to Northgate for a response. Northgate provided detailed answers to the majority of questions, together with a meeting to define processes and clear up misunderstandings. Northgate are currently in dialogue to clarify the remaining issues.

5.3 The evaluation exercise also considered the following areas of assessment: -

5.4 The number of authorities using the Northgate system, together with comparable size of authority & systems, and which interface systems the authorities use with their core system.

Performance of authorities using the Revenues & Benefits system.

Site visits to Halton MBC, Knowsley MBC and arvato's other site at East Riding of Yorkshire.

5.5 The evaluation was based on a scoring system using the following criteria:

- Total Life Cycle Costs
- Delivery Capacity & Capability.
- Quality of the Goods & Associated Services.

5.6 Scoring Matrix

<b>Rating</b>	<b>Value</b>
Included as standard in the software and can be seen operating satisfactorily at other customer sites.	<b>6</b>
Currently under development and can be demonstrated in a test environment to Sefton MBC (qualify with details of expected availability/costs).	<b>5</b>
Not included as standard but can be added at no extra cost.	<b>4</b>
The supplier cannot provide the functionality as specified but offers an alternative approach (qualify in comments column).	<b>3</b>
Not included as standard but can be added subject to a small charge/additional module (provide costs/delivery timescales).	<b>2</b>
Not included as standard and would require significant cost/additional module to introduce (provide reasoning/indicative cost).	<b>1</b>
The software is not capable of meeting this requirement.	<b>0</b>

5.7 The above scoring matrix was used to identify the differences between the functionality available within the core application and that functionality that is not yet complete, would be at an additional cost or was not in fact available within the product.

5.8 The suppliers were asked to mark their product against over 500 functional requirements using the above scoring matrix of 6 to 0.

- 5.9 Northgate scored their application predominantly at the level 6 for the key functional requirements. The evaluation team reviewed this score and agreed with Northgate's assessment.
- 5.10 The Northgate system is an Oracle database system supporting a web-browser interface. It is a market-leading product and is in use by 163 local authorities including Liverpool and Birmingham. 61% of the Northgate users were assessed under CPA as 'excellent' for the Benefits service. This is a higher proportion than other software applications.
- 5.11 Arvato's other Revenues and Benefits site (East Riding of Yorkshire) is also a user of the Northgate software and it has been assessed as an 'excellent' service.
- 5.12 Northgate is the low-risk option for the conversion of the Council's data as they also own the Pericles software.
- 5.13 The target date for live running of the replacement software is 1<sup>st</sup> October 2010 and Northgate have the expertise and resources in relation to both systems to assure the Council of success.
- 5.14 The Council has received a letter from Jo Bradley, the Managing Director of Northgate Information Solutions, guaranteeing that should the project not achieve a successful conclusion by March 2011, they will continue to support the Pericles software until such time as the implementation of the new product is complete. This gives the Council the assurance that the project is protected and the customer service will be maintained.
- 5.15 The Council will continue to use the existing FIMS software for Fraud management and detection; Northgate also now owns this software.

## 6. **Financial Evaluation**

- 6.1 We are still in the process of negotiating the full financial cost of this project. Arvato are contracted to deliver the Revenues and Benefits service although the costs of replacing the software remain the responsibility of the Council. Roles, responsibilities and contractual details will be progressed and a statement regarding the Council's share of the costs will be submitted to the Cabinet Member – Corporate Services.

## 7. **Summary**

- 7.1 The only tender received was from Northgate Information Solutions.
- 7.2 The key functional requirements of the Council are 'Included as standard in the software and can be seen operating satisfactorily at other customer sites i.e. a score of Level 6.
- 7.3 Northgate is the current provider of the existing Pericles software and is best placed to undertake the data conversion exercise.

7.4 A further update on progress will be presented to the Cabinet member in January 2010.

8. **Recommendation(s)**

8.1. It is recommended that the Cabinet Member / Cabinet:

- 1) Notes the contents of this report
- 2) Approves the selection of Northgate Information Solutions as the preferred supplier
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