

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	25 July 2019
<b>Subject:</b>	Revenues & Benefits - Procurement of Software Solutions		
<b>Report of:</b>	Head of Corporate Resources	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member - Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	Yes	<b>Included in Forward Plan:</b>	Yes
<b>Exempt / Confidential Report:</b>	No		

**Summary:**

This report sets out the background to the Council's current arrangements for software and services for the Revenues and Benefits Service. It also seeks authority to commence a procurement exercise for the provision of a new contract for the Revenues and Benefits software solution.

**Recommendation(s):**

**Cabinet is requested to:**

- (1) That the Director of Corporate Resources be authorised to conduct a procurement exercise for Software Solutions for the Revenues and Benefits Services, with a view to entering into a contract for a maximum of 7 years comprising of an initial 5 year period with an option to extend for up to 2 periods of 12 months; and
- (2) That the Head of Corporate Resources in consultation with the Cabinet Member for Regulatory, Compliance and Corporate Services be granted delegated authority to award the contract resulting from the procurement exercise and to award any extension thereof.

**Reasons for the Recommendation(s):**

- (1) To have appropriate and best value contractual arrangements in place for the Revenues and Benefits service
- (2) The functional requirements for the Revenues and Benefits service are evolving due to channel shift and a move towards greater automation. The future software solution should deliver the highest level of self-service and achieve the Council's needs for service performance and cost reduction in line with the overall Customer Strategy

- (3) Undertaking this process will comply with all procurement legislation and ICT contract management strategy.
- (4) There is a risk that any transition to a new software solution would disrupt Revenues and Benefits service delivery. The Council must avoid interruption to service delivery and a key requirement for any proposed replacement or enhanced software solution would be a smooth transition. Suppliers will be asked to confirm how a transition to new solutions will be achieved to minimise disruption to service delivery.

**Alternative Options Considered and Rejected:** (including any Risk Implications)

There is the option for the Council to continue to operate with the existing software solution in the Revenues and Benefits service. The current software systems have been in place for many years, although various software upgrades and new modules have been implemented to incorporate legislative changes or additions to functionality. Continuing with existing software systems would not allow the Council the opportunity to test the market for the most modern and cost-effective solutions for Revenues and Benefits.

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

It is anticipated that the contract for the Revenues and Benefits software system will be within the current budget available.

Providing that Cabinet agrees the proposed procurement route detailed later within this report, the maximum contract call off length is five-years with an optional extension period of up to maximum of two additional twelve-month periods.

**Implications of the Proposals:**

**Resource Implications (Financial, IT, Staffing and Assets):**

Staff from Revenues and Benefits, the ICT Client Team and the Procurement Team will be required to develop a specification and tender detailing the Council's requirements for the Revenues and Benefits software solution. Legal colleagues will provide specific advice throughout the procurement exercise.

Depending on the outcome of the procurement exercise, there is the potential requirement for staff from Revenues and Benefits and the ICT Client team to develop and implement transition plans, e.g. to manage data migration, local configuration, user acceptance testing, staff training and the development of new operational working procedures.

**Legal Implications:**

Revenues and Benefits software systems enable the Council to meet its statutory obligations in terms of service delivery and statutory reporting requirements.

The Council must also comply with procurement legislation and associated legal terms

and conditions.

**Equality Implications:**

Accessibility standards will form part of the procurement to ensure that software solutions provide equality of access for all residents.

**Contribution to the Council's Core Purpose:**

Protect the most vulnerable: The Benefits Service administers help to low income and vulnerable residents and has an important role in supporting those households. It is essential that the Service has software solutions in place to deliver the highest-level of service whilst achieving the Council's needs for performance and cost-reduction.

Facilitate confident and resilient communities: The Revenues Service is central to the Council's revenues; Business Rates and Council Tax are the largest items of revenue to the Council. It is essential that the Service has software solutions in place to maximise income collection whilst achieving the Council's needs for performance and cost-reduction.

Commission, broker and provide core services: Robust, effective Revenues and Benefits software solutions are essential for the Council to deliver these core services.

Place – leadership and influencer: Not applicable

Drivers of change and reform: The requirements of the Revenues and Benefits service is evolving because of channel shift and a move towards greater automation. The current systems have had some level of enhancement to incorporate some on-line functionality and self-service options. The future approach must deliver the highest level of self-service to achieve business needs for performance and cost reduction. In addition, software solutions must retain essential functionality in respect of Housing Benefit during the introduction of the Department for Work and Pension's Universal Credit scheme.

Facilitate sustainable economic prosperity: The potential for added Social Value, including the economic wellbeing of residents and businesses using the Council's Revenues and Benefits service, will be considered as part of the procurement exercise.

Greater income for social investment: Not applicable

Cleaner Greener: Not applicable

**What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Head of Corporate Resources (FD5704/19) and the Chief Legal and Democratic Officer (LD4828/19) have been consulted and any comments have been incorporated into the report.

**Implementation Date for the Decision**

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting.

<b>Contact Officer:</b>	Diane Turner
Telephone Number:	0151 934 3481
Email Address:	diane.turner22@sefton.gov.uk

## **Appendices:**

There are no appendices to this report.

### **1. Introduction/Background**

- 1.1 Cabinet is aware that the Council outsourced a number of services, including Revenues and Benefits, supplied by an external provider for a 10-year period between 1<sup>st</sup> October 2008 – 30 September 2018.
- 1.2 During the period that the external provider managed the Revenues and Benefits service, contracts for software systems were renewed on an annual basis.
- 1.3 At the end of this contract, 267 ICT contracts were transferred from the external provider to the Council, including those contracts for Revenues and Benefits service software systems, i.e. the core financial processing system and the electronic document records management (EDRM) and workflow system.
- 1.4 It is likely that the existing contractual arrangements may not represent the best value for money as they have not been subject to market testing for many years.
- 1.5 The contracts that transferred to the Council for Revenues and Benefits software systems are currently in place until 31<sup>st</sup> March 2020 and until now have been renewed on a rolling-basis. These systems are complex and will have been the subject of major council led implementation projects that spanned a number of years, required significant development and upfront capital costs. Typically, these systems are replaced ‘once in a generation’ e.g. every 15 years and would be the key systems that require business continuity plans and are used by many local authorities with similar responsibilities.
- 1.6 It is therefore proposed to commence a procurement exercise for a Revenues and Benefits core processing system and a document management and workflow system to comply with the Council’s contract procedure rules, to offer value for money and ensure that service delivery remains efficient and effective. A small project team of key officers from the Revenues and Benefits service, the ICT Client Team, Legal and the Procurement Team will oversee both the procurement exercise and the transition to the new solution.
- 1.7 Revenues and Benefits service delivery is governed by complex legislation which requires that software systems are fully compliant; there are only a small number of

suppliers in this specialist market area.

## **2. Proposed Procurement Route**

- 2.1 Following discussions with the Council's Procurement Team and initial discussions with Revenues and Benefits software suppliers, the recommendation is that a Crown Commercial Services (CCS) framework is used for this procurement.
- 2.2 The CCS framework is Agreement RM3821 – Data and Application Solutions, Lot 2a, Business Applications, Revenue and Benefit systems, payment processes, civil enforcement systems.
- 2.3 The Data and Applications Solutions framework agreement is available to public sector organisations. The maximum contract call off length is five-years with an optional extension period of up to maximum of two additional twelve-month periods.
- 2.3 The framework offers two purchasing options:
  - 1) Option 1: run a further competition
  - 2) Option 2: Use the Government eMarketplace to complete a direct award.
- 2.4 Following a review of the framework guidance and terms, it is proposed that the Council's approach will be to conduct a further competition in line with Option 1 to identify the most economically advantageous tender taking into consideration a balance between quality and cost.
- 2.5 This approach will provide officers with the opportunity to fully specify the Council's requirements, invite quotations and compare offers and prices to identify a supplier who can provide high-quality services at a competitive cost.