

Committee: Cabinet

Date: 16 October 2023

Wards: All

Subject: Revenues and Benefits System Contract

Lead officer: Roger Kershaw – Finance and Digital

Lead member: Councillor Billy Christie – Cabinet Member for Finance & Corporate Services

Contact officer: Sara Murtagh – Head of Revenues

Exempt or confidential report

The following paragraph of Part 4b Section 10 of the constitution applies in respect of information within this appendix and it is therefore exempt from publication:

Information relating to the financial or business affairs of any particular person (including the Authority holding that information).

Members and officers are advised not to disclose the contents of the appendix.

Recommendations:

- A. That Cabinet award a contract for the provision of Revenues and Benefits System to Civica UK Ltd
- B. That Cabinet approve a 7 year +2 contract with the existing supplier, Civica UK Ltd, to facilitate moving to a Cloud based solution.
- C. That the authority to take up the optional extensions on the contract be delegated to the Chief Officer and Executive Director **Finance and Digital**.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to detail the reasons for remaining with the current software supplier and not tendering for a new contractor, for the provision of the revenues and benefits system.

2 DETAILS

- 21. The contract is for the provision of a software solution to enable Merton to fulfil its statutory duties regarding billing and collection of council tax and business rates, and Civica Open Revenues provides an IT solution to enable the billing, collection and recovery of council tax, business rates, housing benefit overpayments, BID levies and payment of housing benefit, council tax support and other discretionary payments. It also provides a customer portal for residents and businesses to access their accounts and claims.

2.2 The contract is required to:

- Fulfil our statutory obligation to administer and collect council tax, business rates, BID levies and overpayment of housing benefit,
- Fulfil our statutory obligation to pay housing benefits, council tax support and discretionary housing payments.

And enable the council to:

- Collect £150 million in council tax
- Collect £89 million in business rates
- Award and pay £85 million in housing benefit
- Award and pay £12 million in council tax support
- Administer and collect £6 million in housing benefit overpayments
- Administer and collect three BIDs
- Administer and pay £500,000 in discretionary awards
- Administer and pay local welfare support

There is also an urgent need to move to a Cloud-based system because of the current high risk of a potential cyber-attack / hacking, which has affected many organisations recently (including local authorities).

The benefits in retaining the present supplier include reduced risk of cyber-attack resulting which may result in:

- the inability to administer and collect council tax, business rates, affecting the council's cash flow and ability to run services
- the inability to pay housing benefit and council tax support, affecting the lives of our more vulnerable residents
- loss of data vital to collecting revenues and paying benefits
- loss of confidence in the council's ability to keep residents' data safe.

Additionally, the implementation of a new system from a new supplier would be a challenging and time-consuming process. The estimated implementation period would be 9 to 12 months, during this period existing experienced key staff would have to work on the implementation and the day-to-day business which is a risk for business as usual.

3 ALTERNATIVE OPTIONS

Option	Advantages	Disadvantages
1. Do not enter into a contract / withdraw service	Save system costs.	Outsource service to private contractor, TUPE staff, loss of control over major financial income to the council.
2. Try to engage an external consultant for an independent	Possibly may identify a better solution.	Additional costs involved here, plus the availability of suitable consultants is limited.

review of systems available and our current arrangement.		
3. Roll-on existing contract without going out to the market	No change to current working arrangements.	Not adhered to contract standing orders.
4. Direct award from framework	Current system works well including interfaces with other systems such as E5 and Civica Enforcement. There could be a potential saving on IT costs and resources.	Not obtaining alternative quote.
5. Undertake a bespoke tender exercise	Potential to see what else the market can offer	Cost of continuing with existing rolling 1 year contract are considerable compared with moving to a longer term contract. Moving to a new system at this time would be extremely challenging. The staffing requirements to deal with "business as usual" and implement a new would be prohibitive.
6. Do nothing	None	Cost of continuing with existing rolling 1 year contract are considerable compare with moving to a longer term contract

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. The direct award from a framework approach for this procurement was discussed and approved by Operational Procurement Group (OPG) in June 2023, due to resourcing constraints in implementing a new system, the lack of competition for this sort of contract (only 3 suppliers in the market), and the need to move to a Cloud based platform urgently.
- 4.2. The approach was approved by Procurement Board on 22 August 2023.
- 4.3. IT teams were involved in the decision to proceed in awarding the contract directly, especially in view of the urgent need to move to a Cloud based platform.

5 TIMETABLE

Milestone	Target Date
GW1 to Procurement Board	22 August 2023
GW2 to Procurement Board	19 September 2023
Leaders Strategy Group	2 October 2023
Cabinet	16 October 2023
Call – in period	1 week

Award contract	24 October 2023
Contract start	To be advised

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. A credit check was carried out and the recommended contract value is £1m. The recommended total value of contracts for this supplier is unlimited.

Comments from Head of Accountancy :

“Equifax have recommended a £1m limit for a single contract and unlimited for total value of all contracts.

I know the proposed contract value is going to be over £1m in this case as it spans 7 years but given the unlimited recommendation for total contracts and that they appear to be in good financial standing I don't have any major concern with the value of the proposed contract from this point of view. “

- 6.2 The current revenue budgets are insufficient to match the new contract value.

- 6.3 There will be some additional costs moving to the new platform:
 ITSD costs - assuming no client, if in cloud it will be browser based – assume 5 days at £500 per day, total £2,500.
 BST costs - managing ,updating and testing interfaces including PTC, PlanetPress, cash files, SharePoint and penetration testing for new hosted open portal and some help with data migration. 8 weeks at grade ME11 £5,800.

Revenues and Benefits costs - staff will be involved in testing, process review and data cleansing. 2 FTE for 1 month, approx. £12k
 Existing staff within Revenues and Benefits will be available for additional testing and move over to the Cloud based platform as required.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The Council has a statutory duty to collect council tax and business rates and to administer housing benefits and the council tax support scheme.
- 7.2 Approval is sought for the recommendations at paragraphs A-C of this report. As to recommendations A and B, it is recommended to approve the direct award of a contract to the Council's preferred supplier under the CCS (Crown Commercial Service) framework RM6194 (**the Framework**). The details of the selection process set out in the related Appendix evidence full compliance with the guidelines laid down in the Framework for making a direct award and has therefore satisfied the requirements of Regulation 33 of the Public Contracts Regulations and by extension the Council's Contract Standing Orders (CSOs) 12.4. Accordingly, it would be lawful to award the contract to the preferred supplier.
- 7.3 Information about the award of the Contract must be published on Contracts Finder and the details of the completed contract entered onto the Council's Contracts register.
- 7.4 As to recommendation C, Section 9E of the Local Government Act 2000 permits this delegation. The Responsible Officers must be able to

demonstrate that any extension will offer the Council value for money and will continue to meet the Council's requirements.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None

9 CRIME AND DISORDER IMPLICATIONS

9.1. None

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. There is an urgent need to move to a Cloud-based system because of the current high risk of a potential cyber-attack / hacking, which has affected many organisations recently (including local authorities).

11 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

11.1. N/A

12 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

- Appendix A - TDA – Technical design authority

13 BACKGROUND PAPERS

13.1. Procurement review 2022

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