

DRAFT

To: City Executive Board

Date: 06 October 2010

Item No: 13

Report of: Head of Customer Services

Title of Report: Revenues and Benefits Software Project. Request for project approval and award of contract.

Summary and Recommendations

Purpose of report: This report seeks project approval for software to support and maintain a system to process Council Tax, Business Rates, income management and housing and council tax benefits. It also seeks delegated authority for the Executive Director, City Services to accept the most economically advantageous tender and that the contract is let for up to 5 years.

Key decision? No

Executive lead member: Cllr Ed Turner

Report approved by:

Finance: Emma Burson

Legal: Lindsay Cane

Policy Framework:

Recommendation(s):

That project approval be given;

That the contract be let for a new software solution for the Revenues and Benefits Service for up to 5 years; and

That delegated authority be given to the Executive Director of City Services to accept the most economically advantageous tender.

1. Background

- 1.1 The Council is currently party to a contract with Capita Business Services for them to provide, support and maintain a system to process Council Tax, Business Rates, Income management and Housing/Council Tax Benefits. This is one of the Council's key systems and it is an essential part of the delivery of an effective service to our customers.
- 1.2 The current five year contract is due to expire on 31 March 2011. The Council has carried out a review of options for replacing the system and an assessment of the technical improvements that can now be provided within the system to streamline the processing required and improve the service to our customers.
- 1.3 The current value of this contract over five years is approximately £250,000 and therefore in accordance with the Constitution the award of a new contract requires that City Executive Board considers a written report before a new contract can be awarded.
- 1.4 Since the last contract was awarded, the technology and range of applications make it possible for the Council to source a new contract at a similar budget value, but with the advantage of additional modules and functionality being provided. It is therefore anticipated (from informal market discussions) that we will be able to award a new contract which provides the additional modules and functionality at a similar price to our existing contract.

2. Current System Provision

- 2.1 The current system provides the Council with all of the necessary applications to fulfil its legal requirements and deliver the service. The current system in use is Academy and is provided by Capita. The system enables prompt billing and the recovery of Council Tax and Business Rates plus the accurate assessment of Housing & Council Tax Benefits and timely billing and recovery of Housing Benefit overpayments.
- 2.2 The system is kept up to date with regular releases so that officers can use the system to its best effect. Staff are all trained in the use of the system.
- 2.3 In addition, the system integrates well with other applications, namely, the Document Imaging System (provided by Northgate)

and the Customer Relationship Management System (provided by LAGAN).

3. Options appraisal

- 3.1 The current contract with Capita Business Services expires in March 2011 and there is no option to extend the current contract beyond this date. There are only two main suppliers of systems able to fulfil the functionality able to support delivery of this service. In addition there are new modules available which will enable amongst other things customers to view their council tax and business rates accounts and their benefit award online, as well as being able to perform transactions such as a notification of change of address or a change in circumstances for benefit claimants. There will be opportunities for customers to receive electronic council tax bills and benefit notifications. This supports the aspirations of the Customer Contact Strategy to improve the accessibility of our services for customers, whilst also enabling customers to take advantage of least cost access channels.
- 3.2 Both of these systems can be purchased via a national framework open to local authorities, removing the requirement to carry out a full EU tender.
- 3.3 The Council has considered the following alternatives as the way forward:
- 3.3.1 Carry out a full EU tender: As there is limited competition the cost of the tender process and the opportunity to leverage savings are limited. If a different supplier successfully wins the contract the Council could incur switching costs at an estimated cost of £590,000 over five years. This cost does not include the risk of service disruption that might also take place.
- 3.3.2 Use the OGC framework: This offers an EU compliant solution and the ability to obtain the best pricing as set within the framework to enter into a new contract with the added benefit of the new modules.
- 3.4 The project team has therefore recommended that the most effective procurement route to refresh this contract within budget and purchase the new enhancements is to use the OGC framework.

4. Procurement and achieving best value.

- 4.1 The procurement team has worked closely with the project team and ICT to produce a robust technical and service delivery specification and has placed this on the OGC tender portal. (www.ogc.gov.uk)
- 4.2 The tender will be fully evaluated in accordance with the Procurement Strategy. As part of the evaluation exercise reference sites will be checked and where suitable, officers will attend those sites to verify the functionality is delivered as in the tender submission.
- 4.3 Provided that the current provider is able to provide a tender price and proposal that is within budget and can commit to deliver the functionality and demonstrate value for money over the life of the contract, the officer panel will recommend selection and award of a new contract to the current provider.

5. Risk

- 5.1 The risks associated with the award of this contract are shown in Appendix 1 attached.

6. Climate Change/Environmental Impact

- 6.1 A benefit from moving to a solution that provides e-billing and e-notifications is that we expect to see a reduction in the volume of paper bills, supporting documents and benefit notifications being issued, thereby contributing to the Council's Carbon Management Programme.
- 6.2 A further benefit will be that the improved ability of customers to resolve queries on line will also lead to a reduction in paper use.

7. Equalities Impact

- 7.1 The sought after solutions will have a positive impact in that it will enable the Council to offer more services to a wider number of customers, who would otherwise not be able to access Council Services outside of the traditional "office hours" and means of service delivery.

8. Financial Implications

- 8.1 At the time of writing the report the final costs involved will not be known until the outcome of the tender exercise via the OGC Framework, an update will be provided at the meeting. However, the Council is working to the following conditions:

- 8.1.1 The current budget (2010/11) covering IT software rental and maintenance is £101,707.
- 8.1.2 The expected outturn for 2010/11 is £87,000. It is anticipated that this budget should therefore more than cover any additional costs.
- 8.2 The new software is expected to bring business process improvements to the service, such as the automatic update of rents using data from Housing Associations. In some cases there is also potential to realise savings, for example a 10% take-up for e-billing could result in savings of circa £7,200 in postage and printing costs.

9. Legal Implications

- 9.1 The OGC Framework is fully EU compliant and will enable the Council to obtain full tender submissions from pre-approved providers. This will reduce the time and cost in tendering in this specialist market.
- 9.2 As it is not known if there will be future legislative changes that might affect the way that local taxation is collected, it is proposed that any new contract provides the opportunity for termination or assignment during the life of the contract if required.

10. Recommendation

- 10.1 That project approval be given;
- 10.2 That the contract be let for a new software solution for the Revenues and benefits Service for up to 5 years; and
- 10.3 That delegated authority be granted to the Executive Director of City Services to accept the most economically advantageous tender.

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List of background papers: Appendix 1 – Risk Register

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