

<b>REPORT TO</b>	<b>DATE OF MEETING</b>
Cabinet	7 <sup>th</sup> September 2016

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<b>SUBJECT</b>	<b>PORTFOLIO</b>	<b>AUTHOR</b>	<b>ITEM</b>
Revenues and Benefits Software Support Agreement - Waiver of Contract Procedure Rules	Finance and Resources	Peter Haywood	9

## SUMMARY AND LINK TO CORPORATE PRIORITIES

### Efficient, Effective and Exceptional Council

#### 1 BACKGROUND

- 1.1 Capita Revenues & Benefits Software is a back office software package utilised by South Ribble Borough Council to process and store all aspects of its work involved in the billing, collection and administration of Council Tax and Non Domestic Rates. In addition the system also calculates and processes all payments of Housing Benefits and entitlements to Council Tax Support.
- 1.2 The council undertook a full procurement exercise in 1998 to procure this software solution and entered into an agreement where the council was provided with a perpetual licence to use the software. The council has subsequently entered into software support and maintenance agreements with Capita and the purpose of this report is to seek approval to waive Contracts Procedure Rules (CPRs) to allow a further maintenance agreement to be directly awarded to Capita on a rolling agreement with 12 months' notice being required by either party.
- 1.3 The processes involved in calculating Council Tax/Business Rate Liabilities and Housing Benefit/Council Tax Support entitlements are hugely complex. In addition changes have and continue to be made to the legislation affecting Revenues & Benefits. Therefore system conversion would be extremely complex, costly and will impact upon the levels of service provided to residents.
- 1.5 South Ribble Borough Council pays Capita a support and maintenance agreement fee to ensure that the software being used remains legislatively compliant. Additionally, this fee also provides Helpdesk assistance to the Council to deal with any issues that may arise with the software and limited system enhancements. Furthermore, the agreement that is in place for Capita to supply the software prevents anyone other than Capita from providing software maintenance.
- 1.5 The cost of the maintenance agreement is currently £39,234.64 per year and is subject to annual inflationary rises.

## **2 RECOMMENDATIONS**

- 2.1 That Cabinet approves, in accordance with paragraph 39 of the CPRs, the waiving of paragraph 11 of the Council's CPRs to allow a further maintenance agreement to be directly awarded to Capita on a 12 month rolling agreement (12 months' notice required by either party), for the reasons outlined in this report.

## **3 DETAILS AND REASONING**

- 3.1 Capita Revenues & Benefits Software has been installed in the Council for 18 years. It is regularly upgraded to ensure that it meets new legislative requirements with several software releases being issued each year. The Council is satisfied with the service provided by Capita with the software being robust and providing excellent levels of availability.
- 3.2 In accordance with the original software supply agreement maintenance can only be carried out by Capita; therefore no alternative supplier is available without the wholesale replacement of the back office systems. As such, these circumstances are exceptional in that the council may not permit anyone other than Capita to provide software maintenance.
- 3.3 Wholesale replacement and conversion of the back office system would result in a contract value significantly in excess of the current EU procurement threshold of £164,176, thereby incurring significant additional costs over and above the proposed solution. The process of data, software and hardware conversion would be also extremely protracted, costly and affect the level of service provided to residents.
- 3.4 The council has a hardware platform in place which will enable the current system to continue without any significant additional cost. This would not be the case if an alternative software supplier was chosen.
- 3.5 The resources to undertake any procurement/evaluation/implementation would be significant. It is likely these would exceed the cost of maintaining the current systems.
- 3.6 Most councils only ever change software suppliers when there is an imperative need to do so. For example, when councils which merge are on different software systems, this may result in one of the original councils being required to convert to a system that is used by one of the partner councils.
- 3.7 In addition to the cost of changing software suppliers, all local authorities experience a dip in collection rates and processing performance when any change is undertaken, which would have a negative effect upon the council's finances.
- 3.8 The current software is on a platform which South Ribble Borough Council has considerable skills and expertise in maintaining. This is not the case for some of the alternative suppliers, therefore extensive retraining may be required or additional skills would need to be bought in.
- 3.9 Any new software system would require expensive training for all Back and Front Office staff. This would have a substantial cost attached and would also impact upon performance.
- 3.10 Maintaining the status quo with an on-going support and maintenance agreement would have no revenue expenditure impact beyond RPI Inflation increases.

## WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

<b>FINANCIAL</b>	<p>The annual maintenance costs are included in the ICT revenue budget. The current maintenance charges are £39,234.64 and this extension will see these charges rise by inflation during the period of the agreement.</p> <p>Paragraph 8.2 of the CPRs states that where the duration of a contract is for an indefinite period the contract value should be taken to be the estimated value of the contracts over four years which is £156,938.56 in this case and which is below the EU procurement threshold.</p>
<b>LEGAL</b>	<p>Paragraph 39 of the CPRs detail the circumstances in which a waiver of these rules may be granted. Waivers shall only be given in exceptional circumstances.</p> <p>In particular there are two paragraphs which are relevant here which can be relied upon to justify a waiver.</p> <p>Firstly that “the nature of the market for the works to be carried out or the goods and services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of the Rules is justifiable.”</p> <p>Secondly that “there are other circumstances which are genuinely exceptional and not of the Council’s own making.”</p> <p>The specific factors which have been taken into account in reaching the conclusion that it is appropriate to waive the relevant Contract Procedure Rules are set out in the report and include:</p> <ol style="list-style-type: none"><li>1. In accordance with para 8.4.2 of the original system supply agreement, the council is not permitted to allow anyone other than Capita to undertake software maintenance</li><li>2. The wholesale replacement of the back office system would be extremely time consuming, expensive and would impact on the service provided to residents</li><li>3. All councils tend to experience a dip in collection rates and processing performance when any change is undertaken, which would have a negative effect upon the council’s finances</li><li>4. The services currently being provided are of a high standard</li><li>5. In the circumstances it is considered that a further agreement with Capita on a rolling basis is the most practical and cost effective solution.</li></ol>

<b>RISK</b>	If the Council does not proceed along the lines suggested in this report then this would necessitate a full procurement exercise that would be both time consuming and disruptive. It is considered that waiving the relevant Contract Procedure Rules is the best practical solution.
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<b>THE IMPACT ON EQUALITY</b>	There are no adverse implications on equality issues
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<b>OTHER (see below)</b>	
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<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

**BACKGROUND DOCUMENTS**

None