



ADUR & WORTHING
COUNCILS

WBC Executive Member for Digital &
Environmental Services &
ADC Executive Member for Resources
23 November 2020

Decision to be taken on or after
1 December 2020

Key Decision: Yes

Ward(s) Affected: N/A

Award of Contract - Revenues & Benefits system

Report by the Director for Digital Sustainability & Resources

Executive Summary

1. Purpose

- The Council's Revenues and Benefits system, which underpins management of council tax, business rates and benefits is hosted in the data centre in Worthing Town Hall.
- As part of the Council's digital strategy it is proposed to migrate the system to a cloud hosted Software as a Service (SaaS) solution.
- The proposed upgrade will also include the introduction of E-forms to provide self service options for customers who want to and are able to transact with us online.
- The migration will also improve the resilience of the service, including for remote working, which is critical as part of the Councils' WorkspacesAW project.
- This report seeks approval from the Executive Members for the award of the contract for migration and E-forms with our current supplier.
- Once implemented the procurement will improve the resilience of the service, improve accessibility to the service and realise efficiencies across the Revenues & Benefits, Digital and Customer Service Teams.

Recommendations

- 2.1 The Executive Members are recommended to approve the award of the contract for cloud migration of the Capita Revenues and Benefits System and the procurement of Capita E-forms on the terms set out in this Report.

3. Context

- 3.1 The Revenues and Benefits system is one of the largest and most complex business critical software systems the Councils rely on. It is used to administer council tax payments, business rates payments and to manage the benefits process. The Councils use Capita's Academy System, which is one of only two systems predominantly used across the industry.
- 3.2 The system is currently hosted in the data centre in the Town Hall. The servers on which the system is hosted will go out of support in November 2021 and a new solution needs to be in place before that date.
- 3.3 As part of the Councils' Effortless programme there is also a requirement to implement e-forms for transactions with the Revenues and Benefits Service to improve access for people who can and want to interact with us online, improving efficiency and creating capacity within our teams to support people who are not digitally enabled. The Revenues and Benefits service accounts for over half the contact of customers with our contact centre.
- 3.4 The advantages of introducing e-forms will include
 - Improved levels of customer service and satisfaction by allowing customers to supply details electronically in place of emails or paper forms.
 - Ensuring that all the required information is captured from customers, thereby eliminating the need to contact customers for missing data. In turn it is anticipated that this will reduce contacts from customers who have been asked to supply additional information.
 - The potential to implement more efficient internal processes.
- 3.5 If introduced, e-forms will become the preferred method of contact for customers to utilise. Their use will create capacity in the customer facing teams to support customers who are not digitally enabled, or those who are more vulnerable or have more complex needs.
- 3.6 The Councils are also embedding more remote ways of working as part of the Workspaces Project building on the lessons learnt and opportunities

generated during lockdown. Ensuring staff can effectively work remotely is key to the success of that project, and the way the Revenues & Benefits System is currently accessed by staff presents a risk to business continuity.

3.7 To address these issues a number of options have been evaluated which are summarised below.

3.8 *Option 1: Do Nothing*

3.9 This is not a viable option as it would not maintain a resilient system. If the platform failed or there were hardware failures the system could be inaccessible for an extended period, paralysing the service, with the potential risk of data loss.

3.10 *Option 2: Contract with Capita for a managed hosted service*

3.11 The advantages include:

- A fully managed service that would cover all system and database upgrades, backups and support
- Integrated e-forms would be deployed as part of the package
- High system availability & resilience
- Supports “cloud first” strategy
- System available from any location without reliance on Town Hall as single point of failure
- Improved accessibility and resilience to support flexible/ remote working as part of councils’ *Workspaces* project.
- Delivery of efficiencies across Digital, Customer Service and Revenues & Benefits.

3.12 The solution would require an upfront capital investment for a new licencing agreement in addition to an annual revenue cost.

3.13 *Option 3: Retain on premise Academy System, replatformed in a new server environment with appropriate backup facilities in place.*

3.14 This option is at odds with our cloud first strategy and has a number of disadvantages. We would need to make significant investment in our data centre and incur costs associated with re-platforming and back ups. The data centre would continue to be a single point of failure with limited in-house technical support. It would also not provide the resilience needed as part of our Work Spaces project, with more people working remotely.

3.15 The Revenues and Benefits system is one of our highest profile systems, and one of our biggest risks if it is unavailable. To retain a system of this nature in our data centre is not the preferred option.

3.16 This option would also require significant investment to upgrade the data centre.

3.17 Option 1 is not viable, and Option 3 does not meet all our requirements in terms of functionality and resilience and therefore Option 2 is the preferred Option.

4. Issues for consideration

4.1 It is proposed to procure the service by accessing the KCS Professional Services Framework. A direct award will be made to Capita via Managed Services for Business Solutions Framework Y16018, which is a compliant procurement route to market.

4.2 This is the recommended route which would see the service stay with the existing supplier for the next contract period. The market for suppliers of Revenues and Benefits Systems are very limited, and given the complexity of the systems and the data held within them, the process to change suppliers is costly and time consuming.

5. Financial Implications

5.1 The current costs associated with the Capita Academy contract are:

Annual revenue costs:	Joint services £	Worthing £	Total £
Annual Capita contract costs (including Proprint)	64,698	48,800	110,489
Digital support costs	100,720	0	100,720
Total current cost of service	165,418	48,800	211,209

5.2 The proposed contract commits the contract to a set up cost and one off licencing cost of £332,500 and an annual maintenance and hosting costs of £189,000 for 5 years. A total contract value of £1,277,500.

5.3 There is a capital budget of £831,340 in 2020/21 with a further budget of £125,000 allocated in 2021/22 for the delivery of the digital strategy which is sufficient to fund the one-off licencing and implementation costs allowing for other commitments against the budget.

5.4 Members should be aware that in committing to the contract the Council will become committed to additional costs, although these will be partially offset by savings elsewhere within the service.

	£
New licence cost (including proprint and new e-forms module)	189,000
Less: Current licencing cost	-110,500
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Increased costs of Academy	78,500
O365 licencing costs to support Academy users	26,400
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Total additional cost	104,900
Less: Customer Services staffing reduction	-36,240
Less: Digital Team staffing reduction	-44,980
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Net additional budget required	<u>23,680</u>

- 5.5 The budget update report due to be considered at the Joint Strategic Committee on the 1st December recommends releasing additional budget from 2021/22 onwards to fund these additional costs.

6. Legal Implications

- 6.1 Under Section 111 of the Local Government Act 1972, the Council has the power to do anything that is calculated to facilitate, or which is conducive or incidental to, the discharge of any of their functions.
- 6.2 s1 of the Localism Act 2011 empowers the Council to do anything an individual can do apart from that which is specifically prohibited by pre-existing legislation
- 6.3 Section 3(1) of the Local Government Act 1999 (LGA 1999) contains a general duty on a best value authority to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 6.4 s1 Local Government (Contracts) Act 1997 confers power on the local authority to enter into a contract for the provision of making available assets or services for the purposes of, or in connection with, the discharge of the function by the local authority
- 6.5 Under the Public Contract Regulations 2015 where a Public Authority is to enter into a contract for the supply of goods & services, and the value of those goods and services exceeds a financial limit of £189,330.00, any procurement exercise to contract for those goods and services must be conducted in accordance with the Regulations and a failure to do so may be declared upon receipt of a procurement challenge, anti-competitive and in breach of the Regulations. A direct award under a Framework is within the Regulations, providing the Framework terms and conditions allow for it.

Background Papers

- Previous Reports - particularly where related decisions were made.
- Strategy / Policy Documents
- Guidance Documents

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Sustainability & Risk Assessment

1. Economic

- Having an effective and resilient Revenues & Benefits system is critical to managing Business Rates across Adur District and Worthing Borough Councils

2. Social

2.1 Social Value

- Having an effective and resilient Revenues & Benefits system is critical to managing benefits applications and issuing benefits payments. It is also critical to managing council tax billing and collection processes.

2.2 Equality Issues

- The Councils are working towards a Good Service standard which includes a commitment to ensuring services are accessible to all customers. This investment will provide a self service solution for customers who are able to and want to self serve and will give them the opportunity to do that at any time they please, not being limited by our office hours.
- A reduction in transactional contact will free up staff to help those customers who are not digitally enabled or who are more vulnerable and have more complex needs, improving our service accessibility.

2.3 Community Safety Issues (Section 17)

- Matter considered and no issues identified.

2.4 Human Rights Issues

- Matter considered and no issues identified.

3. Environmental

- Increased self service will reduce reliance on paper based processes.

4. Governance

- The project will be a significant step migrating business critical systems to the cloud, moving away from on premise solutions and reducing reliance on the Data Centre. It will improve resilience and reduce cyber security risks.
- The project will provide new access channels for transactional processes and improve accessibility for service users, in line with our Good Service standard.
- A cloud hosted system will be more resilient and improve remote access, supporting the move to more home-based working.