



Report for: Cabinet

Date of Meeting:	24 January 2024
Subject:	Procurement of a Software licence, Support and maintenance for revenue and benefits software applications.
Key Decision:	Yes
Responsible Officer:	Sharon Daniels - Interim Director of Finance & Assurance
Portfolio Holder:	Councillor David Ashton – Portfolio Holder for Finance and Resources Councillor Stephen Greek - Portfolio Holder for Performance, Communications and Customer Experience
Exempt:	No, except for Appendix 1 which is exempt by virtue of Paragraph 3 of Schedule 12A of the Local Government Act 1972 because it contains information relating to the financial and business affairs of the Council.
Decision subject to Call-in:	Yes
Wards affected:	All Wards
Enclosures:	Appendix 1 – Statement of requirement (exempt)

Section 1 – Summary and Recommendations

This report requests authorisation to procure and award a Services contract for a Software licence, Support and maintenance for the Council's revenue and benefits software applications.

Recommendations: That

1. the procurement of a service contract for a Software licence, Support and maintenance for revenue and benefits software applications be approved.
2. the award of contract to NEC Software Solutions UK Limited be authorised for a Software licence, Support and maintenance for revenue and benefits software applications to commence on 01/04/2024 to 31/03/2029 for a period of 5 years. The total value of the contract including any options to extend is £787,000.

Reason: (for recommendations)

This is a critical system for income collection, not procuring an external partner for support and maintenance, would potentially leave the authority with limited ability to collect approximately £260m per annum in relation to unpaid Council Tax, Business Rates, Benefits and unpaid Housing Benefit overpayments, which would impact adversely on the Council's budget.

Section 2 – Report

Introductory paragraph

2. This report proposes to accept the NEC Remote Revenues, Benefits and NNDR Processing offer from the CCS Framework Vertical Application Solutions RM6259, Lot 1 "Business Applications Solutions".

Options considered

3. **Option 1: To not replace the existing contracts and continue with the current supplier of the detailed in this report.**

This means the Council would purchase these Software services on a spot/ad hoc basis, leaving the Council open to potential legal challenge by not meeting its statutory obligations pursuant to The Public Contracts Regulations 2015 regarding the selection of suppliers and the award of contracts.

4. Option 2: Use of a Framework to procure a Software licence, Support and maintenance for the Council's revenue and benefits software applications.

This means the Council would facilitate a call off process with pre-appointed providers, awarded onto a Framework. CCS Framework Vertical Application Solutions RM6259, Lot 1 "Business Applications Solutions" has been identified which can cover all the required areas of the service. All the Framework documents can be downloaded via [Vertical Application Solutions - CCS \(crowncommercial.gov.uk\)](https://www.crowncommercial.gov.uk)

5. Option 3: To procure a replacement Software licence, Support and maintenance for the Council's revenue and benefits software applications. following the "Open Procedure" to facilitate a full tender exercise.

The council would issue an ITT and Selection Questionnaire (SQ) on the London Tenders Portal and Contracts Finder.

The SQ and Tender responses would then be submitted and assessed in a single stage.

Option 2 is the preferred option because only a limited number of organisations can provide this type of Software service. **Option 3** is not financially viable currently due to the capital costs of migrating to an alternative. NEC Software Solutions UK Limited are only the only provider who can support to their software application. This option allows the Council to continue its current systems arrangements.

The IT Team support this procurement, and continued use of the existing NEC application, hosted and supported within the corporate Azure platform. IT staff have been involved in the options appraisal and are satisfied that the new contract scope aligns with good practise and offers value for money. The IT Team will continue to work closely with the service throughout the life of the contract, aligned with the wider approach to Integrated Applications.

Background

Currently NEC Software Solutions UK Limited provide a Software licence, support and maintenance for the revenue and benefits software applications for Revenues & Benefits.

The system has been enhanced over its lifetime and continues to meet statutory and best practice requirements across both Revenue and Benefits and is seen as a market leader.

Current situation

The current contract expires on 31/03/2024 and it is necessary to ensure that the Council has in place a contract that adequately provides Software, support and maintenance.

Resources, costs

The cost of resourcing the project will be managed within existing service budgets.

Staffing/workforce

There are no anticipated implications upon Harrow staffing or its workforce arising from the recommendations within this report. A project team to be comprised of subject matter experts has been established.

Officers do not believe that there will be TUPE (The Transfer of Undertakings (Protection of Employment) Regulations 2006) implications, but if TUPE is deemed to apply, it will apply as a matter of law.

Performance Issues

Procurement of the service concerned, may influence cash collection rates achieved for Business Rates, Council Tax and housing benefit overpayments. These are key indicators monitored locally and published nationally each year.

Not procuring a supplier to deliver the services concerned, would adversely impact upon Harrow's in-year cash collection rates achieved, cash flow management arrangements and potentially, its reputation with stakeholders as well as restricting / preventing its compliance with statutory obligations for issuing of bills and benefit determination notices.

Environmental Implications

There are no significant environmental impacts currently anticipated from the recommendations contained within this report.

Data Protection Implications

The contract for the services in scope, will require the contractor to comply with the data protection legislation.

Risk Management Implications

Risks included on corporate or directorate risk register? No
Separate risk register in place? Yes

The relevant risks contained in the register are attached/summarised below.
Yes

The following key risks should be taken into account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Not having a contract in place or delayed procurement process causing a gap in service delivery	The Project team will routinely review timelines and any variance will be addressed in compliance with agreed project governance arrangements	GREEN

Risk Description	Mitigations	RAG Status
Offer received that are well above the existing annual budget for the services	Funding would be found from growth or efficiencies in other service areas	AMBER

Procurement Implications

The Intention is to direct award from external CCS Framework Vertical Application Solutions RM6259, Lot 1 “Business Applications Solutions”. Framework Schedule 1 (specification) details that the Council may direct award the following optional services, which must be intrinsic to an existing system already in use by the buyer and in the case of The London Borough of Harrow namely “Northgate Public Services” now trading as “NEC Software Solutions UK Limited”

Awardable Services:

- Licences for individual software modules
- Licences for common configurations of modules for whole systems
- Consultancy rates for installation, configuration, integration, application design, systems architecture, data migration and software development for Deliverables within the scope of this Framework Contract.
- Software Support and maintenance services for the above.

The Council also meets the other Framework direct award criteria as detailed in the below table.

Requirement to allow a direct award	How the requirement has been met by the Council
Deliverables can be met by the Suppliers’ catalogues and description of the Deliverables as set out in Framework Schedule 1 (Specification) and Framework Schedule 2 (Framework Tender) for all Suppliers capable of meeting the Statement of Requirements in order to establish which Supplier provides the most economically advantageous solution.	<p>The Project team have developed a clear Statement of requirements applying the direct award criteria to the Suppliers’ catalogues and description of the deliverables as set out in Framework Schedule 1.</p> <p>NEC Software Solutions UK Limited are the only provider who can support their software application.</p> <p>This proposal is also the most economically advantageous solution, due to the capital costs of migrating to an alternative system.</p>

All of the terms of the proposed Call-Off Contract are laid down in this Contract and do not require amendment or any supplementary terms and conditions;	No amendments required.
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A fixed annual inflation price increase has been proposed within the contract term to provide price stability. The provider will also apply the frameworks imbedded Social Value commitments and have signed the Council’s Climate Commitment Charter to support the Council in achieving its low carbon objectives.

It is the opinion of the Procurement team (on behalf of the Head of Procurement) that the procurement process has been conducted compliant with the Public Contracts Regulations 2015 and the Council’s Contract Procedure Rules.

The recommended provider namely “NEC Software Solutions UK Limited” has demonstrated their service meets the Councils requirements and allows the lowest price allowing call-off. The Procurement team therefore fully support the recommendations made in this report.

Legal Implications

Regulation 33 of the Public Contracts Regulations governs the establishment of framework agreements and awarding contracts under them. The award of this contract would comply with that regulation.

This award of this contract is being made under CCS Framework Vertical Application Solutions RM6259 which has been established by the Crown Commercial Service. The Council is entitled to access and use this Framework Agreement.

The contract is to be awarded in accordance with the terms and conditions of the Framework Agreement.

The above complies with paragraph 4.4 of Part 4I (Contract Procedure Rules) of the Council’s Constitution.

Financial Implications

The budget for this contract has not been increased for several years regardless that the contract price has gone up yearly due to inflation increases. In addition the renewal will have further inflationary increases over its life span which will put further pressure on the existing budget. After contributions from Revenues & Benefits budget (cost centre 7025) of £100k, and the existing budget from IT (re Integrator module costs under cost centre 1066) of £22k, there is a shortfall of £36k. The additional budget will be found from the inflation reserve fund budget to ensure sufficient funds exists from 1/4/2024 onwards to cover costs.

Equalities implications / Public Sector Equality Duty

There are no Equalities impact regarding this matter.

Council Priorities

Agreeing the renewal of this contract allows the Council to administer local taxes and Housing Benefits which is a fundamental part of the Council's support to residents and the budget process. As such it supports;

1. A council that puts residents first
2. A borough that is clean and safe
3. A place where those in need are supported

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed off by the Chief Financial Officer

Date: 02 January 2024

Statutory Officer: Gareth Rees

Signed on behalf of the Monitoring Officer

Date: 22 December 2023

Chief Officer: Sharon Daniels

Signed off by the Interim Director of Finance & Assurance

Date: 02 January 2024

Head of Procurement: Martin Trim

Signed on behalf of the Head of Procurement

Date: 18/12/2024

Head of Internal Audit: Neale Burns

Signed off by on behalf of the Interim Head of Internal Audit

Date: 23 December 2023

Has the Portfolio Holder(s) been consulted? Yes

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqIA carried out: NO

This is a technical financial report which does not require an EqIA.

EqIA cleared by: N/A

Section 4 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee: No