

Report of: Project Manager

Report to: Chief Officer – Welfare and Benefits

Date: 6th February 2015

Subject: Request to invoke Contract Procedure Rule 21 and extend the existing contract with Capita (Contract number ICTSW100108) for an additional 12 months to 27th February 2016

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The contract agreement with Capita Business Services Ltd (Capita) for support and maintenance of their Academy Information System expires on 27th February 2015.
2. The cost of the current contract is £130k per annum plus provision for an annual inflationary price rise the contractor may invoke which will be consistent with the charging arrangements to all other Local Authorities that use this product.
2. The terms and conditions of the contract provide for continued support and maintenance until such time as either party requests a termination of the agreement
3. Under the previous Contract Procedure Rule 5.2, “cost of maintenance shall continue until such time as the Council decide no longer to use the software”; whereas under the new Contract Procedure Rules, 21.2, the decision to extend a contract will be treated as a new decision that is not a consequence of the initial decision to procure.
4. The Capita Academy product continues to provide critical functionality in support of the main Revenues and Benefits business function of billing and collecting Council Tax and Business Rates and administering entitlement to Housing Benefit, Council Tax Support and Education benefit awards (free school meals).
5. This renewal is purely for continued system support and maintenance under the current agreement and is not in respect of any additional service requirements.

Recommendations

6. It is recommended that the Welfare and Benefits Chief officer exercises his authority under the Contract Procedure Rules and invokes CPR 21 to extend the current contract. This will allow the council to continue to receive support and maintenance for a further one year to 27th February 2016 for the continued maintenance for the Capita Academy information system.

1 Purpose of this report

- 1.1 This report is seeking the approval of the Welfare and Benefits Chief Officer to approve the invocation of CPR 21 and allow the council to continue to receive support and maintenance for a further 1 year from 28th February 2015 with the existing supplier, Capita.

2 Background information

- 2.1 The original Academy contract was awarded in February 2003 for a five year period with an option to extend for a further two years thus increasing the potential life of the contract to 27th February 2010.
- 2.2 At the time of the procurement, CPR 5.2 stated “When calculating the price of any software the Authorised Officer shall ensure that a genuine estimate of the maintenance costs are included within the price of that software”. For the avoidance of doubt it is acknowledged that when software (either on the Council’s servers or delivered as a hosted service via the internet), of any value, is procured the cost of maintenance shall continue until such time as the Council decide no longer to use the software”.
- 2.3 Since 28th February 2010 the contract has been renewed on an annual basis as allowed under the contract terms and conditions and provided for under the previous contract procedure rules.
- 2.3 Under the current Contract Procedure Rule 21.2, the decision to extend a contract will be treated as a new decision that is not a consequence of the initial decision to procure.

3.0 Main Issues

- 3.1 The Academy IT product provides critical functionality in support of the main Revenues & Benefits business functions of billing and collecting Council Tax and Business Rates and calculating and paying entitlement of Housing Benefit, Council Tax Support and Education Benefit awards (free school meals).
- 3.2 Currently, the Council pays for annual system maintenance support for the application. It should be noted that the anticipated cost of procuring and implementing a new system would be significant and there are very few alternative systems available. Alongside this, with major government reforms in Housing Benefits from 2013 and the future introduction of Universal Credit, it is not intended to replace the current system.

Reason for Contracts Procedure Rules Waiver

- 3.3 The current system has been in place since 2004 and continues to provide satisfactory functionality in providing a Council Tax, Business Rates and Housing Benefit administration function.
- 3.4 As it is likely that the service will start to see a reduction in Housing Benefit caseload once Universal Credit starts to be implemented a longer term system decommissioning plan will need to be considered. It is therefore inappropriate to consider a new procurement exercise at this time.

Consequences if the proposed action is not approved

- 3.5 If the invocation of CPR 21 is not approved, then the service would be left without a software support and maintenance contract for the existing product with the potential of being unable to deliver a Council Tax, Business Rates and Housing Benefit administration function. Any arising issues with the software would be unsupported and therefore the service would not have the ability to ensure accurate administration of Council Tax and Business Rates billing and collection and payment of relevant benefits.

Advertising

- 3.6 No advertising has been undertaken and is not relevant for this waiver request

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This report is requesting continuation of an existing software product used by the council and will have no impact changes to services users. It does not require public consultation at this time.
- 4.1.2 The ICT Strategic Sourcing team have been consulted and confirmed that the existing contract includes provision to automatically renew unless explicitly terminated.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 Equality and Diversity has been considered but it is not appropriate for this waiver request.

4.3 Council Policies and City Priorities

- 4.3.1 In line with the council's policy relating to governance guidance, support for this proposal requires Chief Officer approval under the delegated decision scheme.

4.4 Resources and Value for Money

- 4.4.1 This proposal continues to offer value for money as the need for a lengthy and resource intense procurement exercise will not be required. The costs to the council will be purely for the continued software maintenance and support estimated to be £130K. Funding for this expenditure has already been allocated from within the existing Welfare and Benefits budgets and the invoice is currently being processed through internal channels.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 There are no legal implications to this proposal, the council contract procedure rule 21 allows the extension of a contract term if they are put in place before the contract expiry date and where the proposed extension is in accordance with the contract terms.
- 4.5.2 Approval by the Chief Officer will be deemed as a significant operational decision and is not subject to call in. The relevant report will be published in line with the council's corporate governance procedures.

4.6 Risk Management

- 4.6.1 The proposal if approved will have minimum risks as it will ensure continued software and maintenance up to 27th February 2016. If the proposal is not approved then there will be a definite risk of no longer being able to administrate Council Tax, Business Rates and Benefits.

4.6.2 The contract will continue to be managed in line with the existing contract management plan.

5 Conclusions

5.1 A continuation of the support and maintenance requirements is essential if we are to continue to provide a reliable and timely Council Tax, Business Rates and Benefits service.

6 Recommendations

6.1 The Chief Officer of Welfare and Benefits is recommended to approve the invocation of Contract Procedure Rule 21 and extend the existing contract with Capita Business Services Ltd for a further twelve months to 27th February 2016.

7 Background documents

7.1 None