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Report for: ACTION
Item Number:

Contains Confidential or Exempt Information	No
Title	ICT Finance Applications
Responsible Officer(s)	Emily Hill, Strategic Director Resources Edward Axe, Director ICT, IDM, & Property Services (CIO)
Author(s)	Avneet Johal, ICT Service Specialist (Commercial)
Portfolio(s)	Cllr. Steven Donnelly, Portfolio Holder for Inclusive Economy
For Consideration By	Cllr. Steven Donnelly, Portfolio Holder for Inclusive Economy
Date to be Considered	17th April 2024
Implementation Date if Not Called In	29th April 2024
Affected Wards	All
Keywords/Index	Cash Receipting, e-Payment, Income Management

Purpose of Report:

The council's current contract for cash receipting, e-payment and income management system (CivicaPay) with Civica UK Ltd expires in February 2025. This report seeks approval to go out to market for a cash receipting, e-payment and income management system to allow continuity in service when the current contract expires.

1. Recommendations

It is recommended that the Portfolio Holder for Inclusive Economy:

1.1. Authorises the Director of ICT, IDM & Property Services (CIO) to invite and evaluate tenders for a Cash Receipting, e-payment and income management system through a further/mini competition under an appropriate public sector framework, for an initial term of up to 3 years, plus optional extensions of up to 2 years either as one or more extensions, with an estimated total value of £1.500m commencing in March 2025;

1.2. Delegates authority to the Director of ICT, IDM & Property Services (CIO), following consultation with the Portfolio Holder for Inclusive Economy and Strategic Director, Resources, to award a contract to the successful supplier following the procurement exercise;

1.3.   Notes that any additional revenue budget requirement and potential mitigations will be considered in the Medium-Term Financial Strategy (MTFS) as part of the 2025/26 budget process.

2. Reason for Decision and Options Considered

1.4.   The council's cash receipting, e-payment and income management system processes and manages payments into the organisation.

1.5.   The existing contract for cash receipting, e-payment and income management with Civica UK Ltd expires in February 2025. This contract enables the council to take payments via the web, phone and cash and allows the council to process 325,000 transactions a year. Since the council concluded its corporate Digital Programme in 2021, there has been a net increase in transactions taking the council to a total of 425,000 transactions a year.

1.6.   The roll out of the Digital Programme has meant an increase in transactions being processed through the e-payment and income management system. In parallel, there has been a corporate demand to reduce cash payments and to make payments readily available via the phone or web.

1.7.   The existing Civica system has many complex interfaces to other systems to reconcile payments and update cases and is the main tool for many revenue streams.

1.8.   Some of the strategic drivers and objectives of procuring a cash receipting, e-payment and income management system includes ensuring:

- Customers have the choice in how they pay the council
- Card data is processed in compliance with legal requirements such as General Data Protection Regulation (GDPR) and Payment Card Industry (PCI) Data Security Standard (DSS)
- Efficient recording of income in the council's income management system
- All income is completely and accurately accounted for and banked in line with the council's income procedures
- All income due to, or held by, the council is identified and charged correctly, in accordance with the law and relevant legislation
- All income is collected using appropriate procedures from the correct person and at the right time
- All income collected and credited is consistently allocated and reconciled
- All cash held on council premises is held securely
- The Council is able to monitor income received.

1.9.   The council is looking to procure a cloud version of the software in line with its corporate strategy to use cloud solutions. Cloud based architecture would mean the software and its data would be fully hosted. This means the time and effort associated with the support and maintenance of the system will be owned by the supplier. This provides an efficiency for the council's ICT

Applications Support Team so expertise can be focused on high-risk/priority areas and incidents, which will also lead to the eventual reduction in ICT costs long term relating to staff and hosting server costs. A hosted solution will also offer an extra layer of resilience to cyber-attacks.

1.10.   The council has identified two available routes to market as set out below:

1.10.1.   **Call Off via a framework agreement – Recommended**
Due to the complex nature of the required services, it would be prudent to run a competition via framework agreement that is compliant with PCR 2015 regulations. The council has identified several frameworks that could be potentially used, and which will require further consultation with internal stakeholders to determine best route to market. There are a limited number of suppliers of this service and they are expected to be included on the relevant frameworks.

1.10.2.   **Full Procurement via Open Tender – Not recommended**
In comparison to the above option, an Open Tender would not be a suitable option as this would require significant additional resource to manage the tender and ensure terms and conditions within the tender document be as robust as those that would ordinarily be found via a dedicated finance applications framework agreement. Constructing the tender documentation for this system would be resource intensive and there is a lack of available resources and expertise to support this process.

3.   Key Implications

3.1   In considering which framework to use to procure the system, the council will ensure that an appropriate range of suppliers is made available to run a competition.

3.2   A new contract will need to allow for business continuity with minimal disruptions. Due to the complexity of the system, its interfaces and technical work required to ensure seamless transition, it would be prudent for the council to assess its options with regards to a short-term renewal of the existing Civica contract should there be any delays in the procurement or implementation of services provisioned under a new contract. This would only be applicable should the outcome of the procurement exercise indicate a change in supplier.

3.3   Below table summarises areas of risks and mitigation in relation to the required services:

Risk	Mitigation
Complex procurement tender documentation.	Utilising a public sector framework agreement specifically for finance applications will allow the council to take advantage of external expertise. Pre agreed terms and conditions allow for a simpler procurement exercise as this is a

	requirement for supplier onboarding with contracting agency/framework provider.
Not opening the competition to enough suppliers	Internal stakeholders will review available framework agreements to understand if they are fit for purpose and contain enough capable suppliers to run a further competition.

3.4 To ensure value for money, the selection and award criteria for a new contract will be on the most economically advantageous tender based on a mixture of price, quality, and social value.

3.5 Key requirements from a new contract includes the need for a managed service, account management, regular performance management, interface with third party applications and process transactions in compliance with PCI and GDPR.

4. Financial

4.1 The estimated contract spend for the cash receipting, e-payment and income management system for 2024-25 onwards is shown below.

Contract Element	2024/25 (Core Contract)	2025/26 (Core Contract)	2026/27 (Core Contract)	2027/28 (Optional Extension)	2028/29 (Optional Extension)	Total
	£m	£m	£m	£m	£m	£m
Cloud, Support and Maintenance Costs	0.210	0.210	0.210	0.210	0.210	**1.050**
Ad-Hoc Consultancy Costs	0.020	0.020	0.020	0.020	0.020	**0.100**
Implementation (including Licence Costs)	0.350	-	-	-	-	**0.350**
Total: New Contract Estimated Budget	**0.580**	**0.230**	**0.230**	**0.230**	**0.230**	**1.500**

4.2 The actual costs of the system will not be known until the tender exercise is undertaken. It is anticipated that the related costs can be contained within existing ICT contract revenue budgets. However, if the successful tender is higher than current budget provision this will be considered corporately as part of the MTFS budget setting process.

4.3 Should the outcome of the procurement exercise result in a change in supplier, it is likely there will be migration and new licence costs to operate the system.

4.4 A contingency of 10% has been considered within the table in 4.1 to cover inflationary pressures.

5. Legal

5.1   The new contract will be tendered in compliance with Procurement Contract Regulations 2015 and in accordance with the rules of the selected framework agreement.

6. Value for Money

6.1   This report recommends an approach that will deliver the best possible value for money outcome for the council by running a competition to allow for capable suppliers to bid on the requirements which will be further ratified by the council's internal stakeholders.

6.2   A specialist income management provider will continue to supply crucial services within budget.

7. Sustainability Impact Appraisal

7.1   Not applicable.

8. Risk Management

7.2   This report recommends the use of calling off a contract from an appropriate framework agreement and conducting a further competition to source a competitively priced system. A key requirement is to ensure the system can collect revenue through an array of methods, provides secure channels to receive payments and protect resident payments in a secure manner. The report has identified risks and mitigating measures to counteract them.

9. Community Safety

7.3   ICT and Finance system underpins the operation of all council departments, including all services related to community safety.

10. Links to the 3 Key Priorities for the Borough

7.4   Efficient delivery of ICT applications and Finance functions in a cost-effective way supports the delivery of all the council's priorities. ICT or Finance failure would affect the council's ability to deliver the outcomes funded through efficient revenue collection.

11. Equalities, Human Rights and Community Cohesion

7.5   The proposals in this report have been screened and there are no diversity implications.

7.6   An income management that responds to agile ways of working and allowing customers the freedom to make payments to the council in a safe, secure, and accessible way is required. The system allows customers to self-serve; however, the council will ensure accessibility requirements as applicable by law and support where required.

7.7   The proposed income management system allows for social cohesion and provides one of many options to allow payment to the Council. This therefore enables inclusion of many customers with protected characteristics.

12. Staffing/Workforce and Accommodation implications:

7.8 Not applicable

13. Property and Assets

7.9 There are no property implications in this report.

14. Any other implications

7.10   Not applicable

15. Consultation

15.1   Consultation has been undertaken with internal stakeholders.

16. Timetable for Implementation

16.1   Below is an estimated timetable of the procurement process through to contract award.

Date	Activity
April 2024	ICMD seeking approval to go out to market
May – June 2024	Invitation to Tender
July 2024	Evaluation of bids
August 2024 – September 2024	Key Officer Contract Award Decision
September 2024	Contract engrossment
September 2024 – February 2025	Contract mobilisation should the outcome of the tender indicate change in supplier
March 2025	New contract start

17. Appendices

15.1   None

18. Background Information

18.1   None

<u>Consultation</u>

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Emily Hill	Strategic Director Resources	14/03/2024	27/03/2024	Throughout the document
Edward Axe	Director ICT, IDM, & Property Services (CIO)	14/03/2024	04/04/2024	Throughout the document
Chuhr Nijjar	Senior Contracts Lawyer	14/03/2024	19/03/2024	Section 1 Recommendations
James Huggett	Interim Finance Manager - Strategy and Change and Resources	14/03/2024	15/03/2024	Section 4 Finance
Andrew Shorter	Category Lead, Commercial Hub	14/03/2024	14/03/2024	Throughout the document
External	Not applicable at this stage			