

Report to Cabinet

23 February 2022

Subject:	Provision of a Revenues and Benefits application, a corporate document management solution and scanning and indexing services
Cabinet Member:	Councillor Maria Crompton Cabinet Member Finance and Resources
Director:	Neil Cox Director for Business Strategy and Change Simone Hines Director of Finance
Key Decision:	Yes An executive decision which is likely to result in the Council incurring expenditure, the making of savings or the generation of income amounting to: <ul style="list-style-type: none"> • £250,000 or more where the service area budget exceeds £10m;
Contact Officer:	Ian Dunn Revenues and Benefits Service Manager Sue Knowles Head of ICT and Transformation

1 Recommendations

That Cabinet:

- 1.1 Authorise the Director of Business Strategy and Change to award a contract to NEC Software Solutions (formerly Northgate Public Services) for the period 01 April 2022 to 31 March 2027 with an option to extend for a further 2 years up to 31 March 2029 for the following services:
- a) Provision of a hosted NEC Revenues and Benefits System
 - b) Scanning and Indexing Services



- c) Provision of a hosted NEC Document Management solution (formerly Images@work)
- d) An optional back-scanning service

The total cost for the above services over a 5-year period is £2,174,554.

- 1.2 Authorise the Director Law and Governance – Monitoring Officer to execute any documentation necessary to enable the course of action set out in 1.1 above to proceed.
- 1.3 That any necessary exemptions be made to the Council’s Procurement and Contract Procedure Rules to enable the course of action referred to in 1.1 above to proceed.

2 Reasons for Recommendations

- 2.1 In October 2011 Cabinet approved the award of a contract to Northgate Public Services for an ICT managed Service in the Revenues and Benefits Service (key decision 74/11). This consisted of a number of elements and included:
 - A fully managed and supported ICT infrastructure
 - Provision of Northgate’s Revenues and Benefits System (used for Council Tax/Business Rates billing and recovery, Housing Benefit and Council Tax Reduction)
 - Provision of Northgate’s Images@work document management solution
 - Northgate’s document services (scanning and indexing of all documentation received by the service)
 - Hybrid print and mail solution (provided through the contract by a third party - DSI Billing)
 - Govtech eCapture services (a digital solution which automates the processing and completion of online service requests integrating to core business systems in accordance with business rules)
- 2.2 The contract was procured through an OJEU Restricted Tending process and was awarded for the period 01 April 2012 to 31 March 2017 with an option to extend for a further 5 years.



- 2.3 In 2017 the option to extend was invoked and the contract was renegotiated taking account of the impact of digital/online services on print, mail and scanning volumes and to also include new functionality through Govtech eCapture. The current contract is due to end on 31 March 2022.
- 2.4 In 2019 the use of the Images@work document management solution was extended and used by Human Resources and Housing Management as part of the paperless programme of work led by the Digital Transformation Team. As the paperless programme continues we anticipate that this system will be used by other council services.
- 2.5 In 2021 NEC Software Solutions acquired Northgate Public Services and became responsible for the Revenues and Benefits ICT Managed Service contract.
- 2.6 The applications and services procured in the original contract have enabled Revenues and Benefits to achieve innovations which the wider council are now embracing. Innovations such as paperless workforce, home working and hybrid print and mail have been in place in the service for over 15 years.

Provision of Services From 01 April 2022

- 2.7 The Council's ICT provision has improved significantly over the past 5 years and the ICT Service is now well placed to offer a good standard of infrastructure and device management, support and maintenance to Revenues and Benefits. Therefore from 01 April 2022, the Revenues and Benefits Service's ICT infrastructure and desktop provision will transfer from NEC back into the Council. Contracts for the other services included in the original managed service contract now need to be procured separately.
- 2.8 The Hybrid Print and Mail and Govtech Services will be procured separately from 01 April 2022 which will achieve savings as under the previous managed service contract NEC sub-contracted these elements.



2.9 The Revenues and Benefits Service has used NEC's applications for almost 20 years. NEC are a market leader in the provision of Revenues and Benefits and document management solutions. The systems have performed well and have helped the service to achieve the high level of performance and innovation it is recognised for. The Revenues and Benefits Service therefore want to continue to use the NEC applications and scanning and indexing services.

2.10 NEC's costs for providing their services for the 5-year period are as follows:

Provision of a hosted NEC Revenues and Benefits system = £921,419

Provision of a hosted corporate NEC Document Management system = £972,135

Document scanning and indexing services = £255,000

Optional back-scanning service to be called off as required up to a value of £26,000

Total cost = £2,174,554

2.11 Changes to the provision of services from 01 April 2022 will achieve the following savings for Revenues and Benefits over a 5-year period:




Service	Current Contract 5-Year Costs	New 5-Year Costs	Savings over 5 years
ICT Provision and NEC Revenues and Benefits and Document Management Applications	£2,663,369	£2,725,836 (Includes £1,400,000 for in-house ICT costs and Revenues and Benefits share of the costs for the NEC Document Management Solution)	-£62,467
Scanning and Indexing Services	£650,580	£255,000	£395,580
Bulk Printing and Hybrid Print (excluding postage charges)	£483,120	£230,810*	£252,310
Govtech Services	£939,030	£840,550	£98,480
Total	£4,736,099	£3,827,196	£683,903

*estimated cost based on existing printing volumes over a 12-month period



- 2.12 Revenues and Benefits' budget will be reduced by £280,000 to cover the cost of the on-going in-house ICT service provision (this has been taken account of when calculating the above savings). At this stage it is not anticipated that there will be any additional in-house ICT resources required to deliver the service and so the external contract saving has been put forward as part of the ICT savings target for 2022/23 and included in the draft budget report.
- 2.13 In order to enable a refresh of employee's devices every 4-years, (in line with all other council employees) Revenues and Benefits budget will be reduced by a further £45,000. This amount will be transferred to the ICT annual capital investment fund, reducing the overall savings for the 5-year period to £458,903 or £91,781 per annum. These savings will initially be used as a contingency whilst the new in-house service is established. It is anticipated that this will then contribute to ICT savings from 2023/24 onwards.

3 How does this deliver objectives of the Corporate Plan?

	<p>People live well and age well – Revenues and Benefits provides a number of services which support low income/vulnerable households. It also provides the main source of income for the council through collection of Council Tax and Business Rates. This income is used to deliver key council services.</p>
	<p>Quality homes in thriving neighbourhoods– Administration of Housing Benefit, Council Tax Reduction and Discretionary Housing Payments provides crucial financial support to our lowest income households and prevents homelessness.</p>
	<p>A strong and inclusive economy – ensuring businesses get the business rates reliefs they are entitled to supports this priority.</p>

4 Context and Key Issues

- 4.1 The Revenues and Benefits service have used the existing core systems for almost 20 years. Over this time the systems have performed well, continue to enable efficient service delivery and meet the needs of the Council.



4.2 Council Tax, Business Rates, Council Tax Reduction and Housing Benefit Application:

The Revenues and Benefits solution holds thousands of Council Tax, Business Rates, Housing Benefit, and Council Tax Reduction records. Complex integrations have also been built between the system and other council systems, such as MySandwell.

4.3 Corporate Document Management Solution:

The NEC Document Management Solution supports the Council's aim to become a paperless workforce. It also enables officers to work from any location and access the documentation they need. It is currently used by Revenues and Benefits, Human Resources and Housing. These service areas were able to work from home continuously throughout the pandemic with minimal or no disruption. Complex configuration exists in the system to ensure documents and workflow are managed effectively within service areas. The system is also integral to performance management.

4.3 Scanning and Indexing Services:

NEC Document Services provide scanning and indexing services to Revenues and Benefits. All white mail is sent to an off-site processing centre where it is scanned and available to view as an electronic image on users' desktops within 24 hours. Scanned images are also assigned a document reference (defined by the council) which helps to identify work types and prioritise. NEC have an in-depth knowledge of Sandwell's document requirements, configuration and processes.

4.4 Going out to the market was considered however the cost of change to migrate and set-up new applications and services would be far greater than the cost of this direct award.

4.5 The proposed contract will be procured using the Crown Commercial Services Framework RM 3821 - Data and Application Solutions under (Lot 2a), Resource Planning & Management Solutions including Financial & Commercial, which has a term of 22/02/2019 to 22/02/2023, as a direct award procedure.



4.6 Direct award under this framework agreement is permissible under the following circumstances:

- The requirement must be intrinsically linked to a system already within the customer's organisation
- The products they are looking to award must be present on the Government eMarketplace
- Any call-off must be made whilst the framework agreement is in force

As all requirements of the framework agreement have been met, direct award is permissible.

4.7 The principle behind a 5-year contract with an option to extend for a further 2 years is to ensure continuity and ongoing maintenance and support for core business systems used by the council. Throughout this period the contract will also allow other service areas to be integrated into the use of the systems and is fully compliant with the requirements of framework agreement.

4.8 Legal Services have been consulted and they have been informed that the Framework RM 3821 – Data and Application Solutions commenced on 22/02/2019 and will be in place until 22/02/2023. The Framework is therefore currently in force and call-offs/individual contracts can be awarded under the Framework whilst the Framework is in operation. As a result, this would permit a call-off contract to commence on 01 April 2022.

4.9 The information attached to the Crown Commercial Services Framework RM 3821 – Data and Application Solutions states that the maximum call-off length is 5 years with an optional extension of up to 2 years at the customers' discretion. Accordingly, the proposed duration of the call-off contract from the period 01 April 2022 to 31 March 2027, with an option to extend for a further 2 years up to 31 March 2029, is aligned with the maximum length permitted for a call-off contract under the Framework Agreement.



- 4.10 The Framework Agreement allows customers the choice of further competition or direct award route to market depending on the nature of the requirement. The conditions which are required to be satisfied in order to proceed with a direct award of a call-off contract under the Framework Agreement have been fulfilled. In light of this, the Council can proceed with a direct award.
- 4.11 The direct award under the Framework Agreement is compliant with the requirements set out in Regulation 33 of the Public Contracts Regulations 2015.
- 4.12 Clause 9.1 of the Council's Procurement & Contract Procedure Rules states that: *'Unless making a call-off from a properly procured Framework Agreement to a single supplier or a direct award, all requirements above £5,000 in total value must be advertised on the council's agreed portal'*. The Council is of the view that its needs/requirements can be met by a single supplier, namely NEC Software Solutions which is one of the suppliers listed on the Framework. As the Council is intending to procure from the Framework by call-off without competition for a contract, the Council would not be required to advertise the opportunity (under clause 9.1 of the Council's Procurement & Contract Procedure Rules). Consequently, the Council can instead proceed with the direct award without prior advertisement.

5 Alternative Options

- 5.1 The applications and services detailed in this report are essential for the delivery of key council services.
- 5.2 Going out to the market was considered however the cost of change would be greater than the cost of this direct award.



6 Implications

Resources:	The cost of the applications and services is provided for within service areas' budget. We anticipate savings of over £458,000 over the 5-year period. This is based on existing costs of services.
Legal and Governance:	Legal Services have been consulted and they are in agreement that the proposed call-off will be compliant with the Public Contracts Regulations 2015 and the Council's Procurement & Contract Procedure Rules. In addition to this, Legal Services are of the view that the conditions which are required to be satisfied in order to proceed with a direct award of a call-off contract under the Framework Agreement have been fulfilled. In light of this, the Council can proceed with a direct award. Legal Services will work with Procurement Services to develop the contract documentation. A Data Protection Impact Assessment has been completed and approved by Information Governance.
Risk:	In accordance with the corporate risk management strategy, a risk assessment has been carried out on the decisions and recommendations detailed in this report. This has concluded that there are no significant risks which require reporting.

7. Appendices

List appendices

8. Background Papers

List source/background documents

