

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:	5073
Author:	Suzanne Morris
Department:	Finance and Resources
Contact:	Suzanne Morris (Job Title: Senior Analyst, Email: suzanne.morris@nottinghamcity.gov.uk , Phone: 0115 8764212)
Subject:	3-year Income Management Software Renewal
Total Value:	£749,997 (Type: Revenue)
Decision Being Taken:	1. To undertake a direct award procurement process with Civica, under an existing Crown Commercial Services (CCS) framework arrangement for software in conjunction with the Council's corporate income management system. 2. To delegate the authority to the Director of Finance to enter into and sign a three year contract for income management to provide continuation of services. 3. Approval to spend the budget over the length of contract (the expenditure has been approved by the Spend Control Board, reference: 349)
Reasons for the Decision(s)	The current contract with the software provider for income management is coming to an end, and it is proposed to create a new 3-year contract with the existing supplier. The total contract value is £749,997. The fee schedule is as follows: a £262,326 License fee that is payable upfront, plus an annual fee of £162,557 to cover Annual Fees. This proposal recommends that a contract is signed for a period of three years to allow the Council to further utilise the existing functionality.

Other Options Considered:

To do nothing: This would close off most the City Council's payment channels and would have a profoundly negative impact on revenue; or that Council is contracting non-compliantly with the contract value that is above the legal threshold

To renew the contract for one year only: this option has been rejected because Civica will not support a one-year extension. Civica have back-off contracts with third-party providers they commit to for a minimum term of 3 years. The back-off contracts enable CivicaPay to provide a hosted PA DSS Level 1 complaint payment and income management solution.

To re-tender the contract: due to current resourcing levels going out to market this time was not an option. Knowledge of the market suggests there is limited scope for savings through a re-tender, and the time required for implementation is a minimum of 6-12 months. The cost of change would be detrimental to the authority.

Background Papers:

None

Published Works:

None

Affected Wards:

Citywide

Colleague / Councillor Interests:

None

Consultations:

Those not consulted are not directly affected by the decision.

Crime and Disorder Implications:

None

Equality:

EIA not required. Reasons: The decision does not relate to a new or changing policy or service.

Social Value Considerations:

This has been a long standing contract and is being considered in the new contract going forward. Social Value consideration have been taken into consideration in the new framework.

Any implications affecting IT:

Yes

Decision Type:	Portfolio Holder
Subject to Call In:	Yes
Call In Expiry date:	18/01/2024
Advice Sought:	Legal, Finance, Procurement, IT
Legal Advice:	<p>This decision seeks authority to enter into a new 3 year contract with Civica via the CCS Back Office Software Framework. Whilst a 'new' contract, it is understood from the Finance Team Leader that this system and provider has been used since 2012 and the proposed arrangements will allow the present system to continue to be used.</p> <p>As a contract entered into using a CCS Framework, there will be limited scope to vary the terms of the call-off contract however it should be ensured that any optional schedules adopted are for the Council's benefit and not an actual or potential detriment for the Council. Further, a check should be undertaken in any event to ensure the call-off contract meets the needs of the Council and the Council can meet any obligations imposed on it by the call-off contract.</p> <p>It is assumed this is a fixed price so that the value of the contract over the three year term has been accurately calculated, especially for the purposes of meeting internal governance requirements.</p> <p>There seems to be a risk that the Council will end up perpetually using this one provider which would create a risk of challenge in due course, or even at this stage since it is understood that this arrangement has now been in place some 12 years. The comments around current resource levels are noted however that would not, on its own, provide a robust defence to any challenge made. The comments around market knowledge are noted however, at the end of the proposed contract, the Council will not have formally tested the market for some 15 years. For this arrangement to continue beyond this proposed CCS contract without any form of robust and evidenced market testing should be avoided at all costs. It would be prudent for the Council to start to consider shortly how it can test and, if appropriate, engage the market without losing functionality in due course or ensuring that functionality can continue if there is a change of provider and system. Further, as part of checking that the CCS call-off contract meets the Councils needs, it should be ensured that the contract has appropriate transition provisions, in particular obligations on the provider, should another provider be identified to provide this service in due course.</p> <p>Advice provided by Anthony Heath (Senior Solicitor) on 04/01/2024.</p>

This decision seeks approval to enter into a direct award contract with Civica under an existing framework (BOS) via Crown Commercial Service arrangement for the Council's corporate income management system, for a three-year period. The total contract value over three-years will be £0.750m of which £0.487m is in relation to the annual fee due for the period 2024/25 to 2026/27 (£0.163m annual cost) and a one-off licence fee cost in 2023/24 of £0.262m. This spend was approved by the Spend Control Board on 22 December 2023.

Multiple options have been considered to demonstrate value for money, and are contained within this decision, and the three-year contract with the current provider Civica is deemed most suitable. By staying with the incumbent supplier avoids the potential costs of migration to a new system and the associated inherent risks of moving to new systems. Also, given the many challenges facing the Council, stability of its core income system is critical.

This proposal recommends that the contract is renewed for a period of three years allowing the city to further utilise the functionality, migrate functionality from third-party systems, to consolidate income and cash management, and take advantage of efficiencies and savings as a result.

Renewing the contract for three years would allow the time necessary to take full advantage of the work already started, provide the stability, and continue to realise improvements. These include:

- . Fully rationalise the integration approach
- . Introduction of Smart Suspense functionality
- . Introduction of a mid-call solution (full PCI Compliance)
- . Introduction of Recurring Card Payments - an alternative to Direct Debits

The annual recurring revenue cost from 1 April 2024 will be £0.163m which is 58% higher than current annual contract fee of £0.103m. The revenue budget growth of £0.060m is required in 2024/25 which will be considered as of part of 2024/25 Budget and Medium-Term Financial Plan process, with a view for officers to fund the one-off cost in 2023/24 of £0.262m from a combination of existing department overall budget and/or corporate reserves.

Any potential risks will be monitored and managed through the usual scheduled contract management meetings with the provider to minimise risk of any (if applicable) contractual term breaches that might lead to financial penalties.

John Barr (interim Transaction Team Manager), Glenn Hammons (interim Technical Team Manager), Alfred Ansong (interim Strategic Finance Business Partner - Finance & Resources)

05/01/2024 Advice provided by Shabana Kausar (Director of Finance) on 09/01/2024.

Procurement Advice:

They CivicaPay System is embedded within the organisation. With the current climate, it has been agreed that the best value option is to remain with Civica at this time and therefore, a Direct Award via the CCS Back Office Software Framework is a compliant route to market to keep the CivicaPay system on-board without a break in service. This is a fundamental piece of software that allows citizens to pay for services over the phone.

The value of this decision is understood to be the true anticipated cost of the services over the proposed contract period. I have confirmed with the report author that the cost is based on current market information.

Any savings from this procurement exercise will be allocated in respect of the Council's corporate savings target for procurement. Such savings will be calculated by deducting the actual contract value awarded from the approved budget. Details will be confirmed with the service area at the time of award, via the Tender Summary and Decision form

Advice provided by Louise Dobson (Business Support) on 05/12/2023.

IT Advice:

The proposal is supported from an IT perspective given the level of integration with existing systems (and the cost of amending these), its compliance with PCI-DSS and also the compliant route proposed for procurement.

Advice provided by Paul J. Burrows (IT Change, Projects & Strategy Manager) on 09/01/2024.

Signatures

Audra Wynter (Portfolio Holder for Finance and HR)

SIGNED and Dated: 11/01/2024

Ross Brown (Corporate Director of Finance & Resources)

SIGNED and Dated: 11/01/2024