



Cabinet
13 October 2014

**Report from the
Chief Finance Officer**

For Action

Wards Affected:
ALL

**Authority to award contract for Revenues and Benefits and
Housing Software**

Appendix 1 is Not for Publication

1.0 Summary

- 1.1 This report requests authority to award a contract as required by Contract Standing Order No 88. This report summarises the process undertaken in procuring this contract and recommends to whom the contract should be awarded.

2.0 Recommendations

- 2.1 That Members award the contract for Revenues and Benefits and Housing Software to Northgate Information Solutions UK Limited (Northgate).

3.0 Detail

Background

- 3.1 The Council has a requirement for software for the administration of Revenues and Benefits and Housing Management Services.
- 3.2 The current contract for this software is with Northgate and expires on 30th April 2014. In July 2014 Cabinet agreed a recommendation to invite tenders for a new contract commencing 1st May 2015 to succeed this arrangement.

- 3.3 The July report anticipated that there would be a cost of change in implementing a new system, but that this would generate revenue savings, offsetting the cost of purchasing and implementing a new system over a 2 to 3 year period. It also noted that there would be a risk of business disruption, and costs to the council arising from the implementation, including those due to a loss of productivity whilst staff familiarise themselves with a new system. There would also be costs arising from the use of procurement and service staff resources during the tender process. It was difficult to estimate the scale of these costs without further procurement discussions with the market in order to understand their likely implementation methodologies.
- 3.4 The continued use of the Northgate system is the recommended option, as it will avoid the risk of the business disruption which may occur with the implementation of a new system, at a time when there are other changes in customer access being made. It is essential that the Council is able to continue to administer its revenues and benefits and housing functions effectively and efficiently. In order to continue the use of the system, a contract for maintenance and support is required, and as this is a function that Northgate has exclusive rights to provide, it is proposed that the contract be awarded to them.

The award

- 3.5 After further consideration, officers are now recommending that the council continues to use the current software provided by Northgate, and awards a new contract for the support and maintenance of that software to them. It is considered that this way forward will represent the best value for money for the council.
- 3.6 Further detail relating to this decision is set out in Appendix 1.
- 3.7 The contract will commence on 1st May 2015 and will continue for a five year term.
- 3.8 It is possible that during the five year term there will be legislative changes as part of the Welfare reform that will lead to a requirement for fundamental changes in the software used. The terms of the new contract will ensure that there is sufficient flexibility to accommodate this.

4.0 Financial Implications

- 4.1 The Council's Contract Standing Orders state that contracts for supplies and services exceeding £250k or works contracts exceeding £500k shall be referred to the Cabinet for approval of the award of the contract.
- 4.2 The estimated value of this contract over the five year period is over this threshold.

- 4.3 The cost of this contract can be contained within existing revenue budgets for the maintenance of the Revenues and Benefits and Housing Software.

5.0 Legal Implications

- 5.1 The value of this contract over its the lifetime is higher than the EU threshold for Services and the award of the contracts therefore is governed by the Public Procurement Regulations 2006 (the “EU Regulations”). The award is subject to the Council’s own Standing Orders in respect of High Value contracts and Financial Regulations.
- 5.2 Whilst the contract is subject to full application of the EU Regulations, Regulation 14 (1)(a)(iii) of the EU Regulations does permit a contracting authority to use a negotiated procedure without the prior publication of a contract notice when, for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the public contract may only be awarded to a particular economic operator. Paragraph 3.4 details Officer’s reasons why for technical and for the protection of exclusive rights the Council is justified in using a negotiated procedure under Regulation 14 (1)(a)(iii).
- 5.3 The estimated value of the contract is above the Council’s Standing Orders threshold for High Value Service Contracts (of £250k), and the procurement and award of the contract is consequently subject to the Council’s own Standing Orders and Financial Regulations in respect of High Value contracts. High Value contracts are subject to formal tendering procedures but Contract Standing Order 86 (e)(i) provides that subject to complying with EU Regulations, contracts are not subject to full tendering requirements:

“where for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the services, supplies or works may only be provided by a particular provider or where there is only one provider who would be able to provide the services, supplies or works, PROVIDED that advice is sought from the Director of Legal and Procurement and in the case of High Value Contracts approval is sought from the Cabinet (or if appropriate, the General Purposes Committee);”

As indicated above, paragraph 3.4 details reasons why for technical and for the protection of exclusive rights Officers consider that full tendering is not appropriate following liaison with the Director of Legal and Procurement. Officers seek approval pursuant to Contract Standing order 88 to award the contract to Northgate.

- 5.4 In accordance with the EU Regulations, the Council is required to publish a Contract Award Notice following the award of the contract.

6.0 Diversity Implications

- 6.1 No implications as this contract will be for a continuation of the use of the existing system.

7.0 Staffing/Accommodation Implications (if appropriate)

- 7.1 No implications as this contract will be for a continuation of the use of the existing system.

8.0 Background Papers

- 8.1 July Cabinet report "Revenues, Benefits and Housing Software Acquisition".

Contact Officers

Prod Sarigianis
Head of IT Service Transition
prod.sarigianis@brent.gov.uk
020 8937 6080

Conrad Hall
Chief Finance Officer