



Report to Policy Committee

Author/Lead Officer of Report: *Tim Hardie, Head of Revenues & Benefits*

Tel: 0114 205 3609

Report of: *Director of Finance & Commercial Services*

Report to: *Finance Sub-Committee*

Date of Decision: *22nd March 2023*

Subject: *Commission of Revenues, Benefits and Finance Systems*

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, what EIA reference number has it been given? <i>(Insert reference number)</i>				
Has appropriate consultation taken place?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Purpose of Report:

To approve the commissioning decision to individually procure contracts with one or more external providers for a period up to 30th June 2035 for the following IT systems, when the current contractual arrangements come to an end in 2025:

- Revenues & Benefits Systems
- Finance System
- Payment Processing Platform

Recommendations:

That Finance Sub-Committee

1. Approve the commissioning of the following IT systems:

- a) Revenues & Benefits Systems
- b) Finance System
- c) Payment Processing Platform

on the basis set out in this report for a period up to 30th June 2035 noting it will be delivered contracts with one or more external providers.

Background Papers:

None

Lead Officer to complete:-		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Liz Gough
		Legal: Rahana Khalid/Courtney Hill
		Equalities & Consultation: Bev Law
		Climate: NA
	<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	SLB member who approved submission:	Tony Kirkham, Director of Finance & Commercial Services
3	Committee Chair consulted:	Cllrs Bryan Lodge & Zahira Naz
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the SLB member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: Tim Hardie	Job Title: Head of Revenues & Benefits
	Date: 9th March 2023	

1. PROPOSAL

1.1 To approve the commissioning decision to individually procure contracts with one or more external providers for the following IT systems, when the current contractual arrangements come to an end in 2025:

- Revenues & Benefits Systems, currently utilising Capita One
- Finance System, currently utilising Integra
- Payment Processing Platform, currently utilising Pay360

1.2 Following the ending of the Capita Partnership in 2021 the Council put in place contractual arrangements to ensure it was still able to access various key systems previously provided under the Partnership. The Council currently has a single contract in place with Capita Business Services Ltd for the joint delivery of four core IT systems:

- Capita One Revenues & Benefits
- Capita One Education (subject to a separate report)
- Integra Financial Management System
- Pay360

This contractual arrangement is due to come to an end on 30th June 2025, whilst the arrangement for Pay360 expires on 4th January 2025.

1.3 To prepare for the end of this arrangement in 2025, the Council will take individual commissioning decisions to separately procure external suppliers to deliver these functions, in preparation for expiry.

1.4 The current systems are provided under one contract with no further extensions available. Once this contract has expired each system will be procured separately and will have its own contractual terms and conditions. Separate contracts will make contract management more straightforward. By staggering the termination dates on the new contractual arrangements this will also help manage the impact of change on the organisation. System change and in particular the operational interfaces between various systems is always a significant undertaking and must be carefully planned in advance.

1.5 The market for systems with all the required functionality is, currently, relatively limited. The Council will undertake further market testing to identify potential systems and the appropriate route to market, which must adhere to the Public Contract Regulations 2015. A commissioning decision is being sought now which will allow time for the market engagement and to conduct the recommended procurement processes.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The Finance & Commercial Services function enables the delivery of high-quality public services and to ensure that public money is spent efficiently and effectively.
- 2.2 IT systems are now intrinsic to how the service operates day to day and how financial and personal data is managed and stored. This enables us to meet our statutory obligations in relation to preparing our accounts as well as monitoring and managing our in-year spend and future financial forecasts. These systems enable us to collect Council Tax in the city, as well as administering Housing Benefits and other discretionary hardship payments and/or reliefs to some of the most vulnerable members of our society.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 This decision relates to the procurement of systems that enable the 'back office' function of Finance & Commercial Services to operate. As such, this decision does not have any direct implications for customers and other service users and wider consultation is not necessary. However, during the subsequent procurement process possible benefits and service improvements will be explored with potential providers. The position in relation to consultation in respect of service improvements and/or the customer experience will be considered at the relevant time.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

- 4.1.1 There are no direct equality implications arising from this report. There would clearly be serious implications to customers and vulnerable people if our Revenues & Benefits services and financial systems were not working because we were unable to access the relevant systems. From that perspective, this decision supports all of Sheffield's citizens as well as more vulnerable groups of customers.

4.2 Financial and Commercial Implications

- 4.2.1 The annual cost of the three systems covered by this report is £712,000. It is anticipated ongoing costs in 2025 would be broadly similar and, allowing for inflationary pressures, a budget of £14.3m over a ten period is considered to be a reasonable estimate for the cost of these systems and/or their replacement. This includes a prudent provision for the associated implementation costs in the event a change in supplier.

4.3 Legal Implications

- 4.3.1 The provision of these systems is incidental to the Council's main functions and promotes its duties in relation to its financial reporting duties. It is permitted under s11 Local Government Act 1972. Contracting the provision of the systems is permitted under the Local Government (Contracts) Act 1997.

Further legal considerations may be required as procurement progresses and at contract stage.

4.4 Climate Implications

- 4.4.1 There are no direct climate implications arising from this report.

4.4 Other Implications

- 4.4.1 None.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The relevant IT systems identified in this report enable the Council to conduct its work in the most efficient way. Moving away from these to a more manual and/or paper-based operation would be counter-productive.
- 5.2 The Council is not in a position to be able to design IT systems to carry out these functions. It does not have the technical skills or capacity, nor would there be time to complete the design and testing of such systems in a sufficiently robust way to ensure continuity of service from 2025 onwards.
- 5.3 As a result separately procuring external suppliers to deliver these functions is the recommended option. This enables us to take advantage of best practice as well as the innovation and development capacity provided by the private sector.

6. REASONS FOR RECOMMENDATIONS

- 6.1 This commissioning decision enables the Council to commence active market engagement and begin planning for its requirements in 2025 and beyond.

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