

# Chichester District Council

CABINET

9 July 2019

## Revenues Systems Review

### 1. Contacts

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### 2. Recommendation

- 2.1. That the Cabinet approve the proposal detailed in 5.1 of this report to allow officers to commence negotiations with Northgate Public Services to secure a new support and maintenance contract from 1<sup>st</sup> April 2020.**

### 3. Background

- 3.1. The current Northgate support and maintenance contract is due to expire on the 31<sup>st</sup> March 2020. A new contract or complete system replacement is required for the 1<sup>st</sup> April 2020. The council has made significant investments in Northgate software, most recently as part of the major Revenues and Benefits service review in 2017 when new online customer service modules and additional back office modules were purchased to assist with the transformation of service delivery and provide significant cost and efficiency savings.
- 3.2. Northgate software licences are provided in perpetuity and therefore become Council assets. Northgate retain the Intellectual Property Rights for their software applications and has not licenced them to third party maintainers, therefore Northgate are the only providers of support and maintenance for their databases and applications.

### 4. Outcomes to be achieved

- 4.1. A new support and maintenance contract for the Northgate Revenues and Benefits software enabling the service to continue providing its statutory business critical functions.

### 5. Proposal

- 5.1. It is proposed that Cabinet approve the option to allow officers to commence negotiations with Northgate to secure a new support and maintenance contract to commence on the 1<sup>st</sup> April 2020. Officers will negotiate with Northgate and seek to obtain quotes for 3, 5 and 7 year contracts with a view to securing best value for money for the Council and establishing future year budgetary requirements. .

- 5.2. Contract standing orders require that contracts with a value in excess of £50,000 should be subject to a full specification tender exercise. However a technical exemption to this exists under Regulation 32(2)(b) of Public Contract Regulations 2015 which allows for negotiation without prior publication for public service contracts where the works, supplies or services can be supplied only by a particular economic operator to allow for the protection of exclusive rights, including intellectual property rights. This option has been discussed and approved by the Council Procurement Manager and Monitoring Officer.
- 5.3. By applying this option it allows the Council to take a commercially pragmatic approach without having to undertake a significantly expensive and resource intensive tender and procurement exercise.

## **6. Alternatives that have been considered**

- 6.1. Complete a full tender and procurement exercise. There are only three suppliers of Revenues & Benefits software including Northgate. A full tender and procurement exercise would be at a significant resource and financial cost and disruptive to the service. This option has been discounted on this basis.
- 6.2. Enter into a rolling annual support and maintenance contract with Northgate based on current costs the value of an annual contract would be within the current OJEU threshold, however, this approach is restrictive in what it can achieve. It does not provide the opportunity to negotiate a more cost effective contract over a longer period, does not provide stability of continuity to the service or budget provision or provide good value for money for the Council. Annual contracts would be subject to annual indexing increases in costs. This option has been discounted on this basis.
- 6.3. Contract with Northgate via the G Cloud framework. This is a commercial agreement that enables Local Authorities to choose and purchase cloud computing services. This agreement is currently only available for a maximum period of 2 years and for the SaaS (Software as a Service) products (online customer service products for revenues and benefits) therefore the core databases and modules would still require an alternative solution. If contracted with an alternative provider for the core services there would be significant costs in establishing interfaces and integration with the Northgate online products.
- 6.4. Do nothing. The service is wholly reliant on access to and the use of Northgate software to complete its statutory functions and provide service to its customers. Without a support and maintenance contract in place Northgate could issue a legal demand to prevent further use of its software. The service would cease to function and the authority would fail in its duty to provide the statutory functions of Revenues and Benefits.

## 7. Resource and legal implications

- 7.1. Legal Services have been consulted and fully support both the approach and the favoured option.
- 7.2. Negotiating a new contract and obtaining quotes for 3, 5 & 7 years is intended to achieve value for money. Adopting this approach also allows for clarity when setting and considering future service budgets.

## 8. Consultation

- 8.1. Legal services, procurement and senior leadership team have all be consulted and agree that the preferred approach is the only viable option for the Council.
- 8.2. The two major competitors of Northgate, Civica and Capita have been approached and they were not prepared to provide indicative costs of a replacement system or ongoing support and maintenance and would not commit to submitting a tender.

## 9. Community impact and corporate risks

- 9.1. Adopting this approach minimises any adverse impact both on the community and in terms of risk. Northgate have provided Revenues & Benefits software for a number of years. This approach provides for continuity of service to both staff and customers therefore minimising any impact on service delivery.

## 10. Other Implications

	Yes	No
<b>Crime and Disorder</b>		No
<b>Climate Change and Biodiversity</b>		No
<b>Human Rights and Equality Impact</b>		No
<b>Safeguarding and Early Help</b>		No
<b>General Data Protection Regulations (GDPR)</b>		No
<b>Health and Wellbeing</b>		No
<b>Other</b> (please specify)		No

## 11. Appendices

None

## 12. Background papers

- 12.1. None