

# Mayor's Executive Decision Making



Thursday, 14 March 2024

## 1. CONSOLIDATED CIVICA APPLICATIONS CONTRACT

3 - 18

### Contact for further enquiries:

Jack Painter, Democratic Services Officer (Committee),

Tel: 020 7364 3038

E-mail: [jack.painter@towerhamlets.gov.uk](mailto:jack.painter@towerhamlets.gov.uk)


Web: <https://www.towerhamlets.gov.uk/committee>





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**Tower Hamlets Council**  
Tower Hamlets Town Hall  
160 Whitechapel Road  
London E1 1BJ

<p><b>Individual Mayoral Decision Proforma</b></p> <p>Decision Log No: 413</p>	 <b>TOWER HAMLETS</b>
<p><b>Report of:</b> Julie Lorraine, Corporate Director for Resources</p>	<p><b>Classification:</b> Restricted – Appendix 2</p>
<p><b>Report Title:</b> Consolidated Civica Applications Contract</p>	

<b>Is this a Key Decision?</b>	Yes
<b>Decision Notice Publication Date:</b>	06/03/2024
<b>General Exception or Urgency Notice published?</b>	Urgency Notice: The contract must be signed by 14 March 2024, or the Council potentially could lose access to critical applications.
<b>Restrictions:</b>	Yes – Appendix 2
<b>Reason for seeking an Individual Mayoral Decision</b>	The Council's maintenance and support for applications provided by Civica is due to expire on 31 March 2024.

## EXECUTIVE SUMMARY

**Civica applications (seven) consolidated contract renewals - direct award via Crown Commercial Service (CCS) framework, Individual Mayoral Decision Required.**

To obtain authorisation, as required in the procurement procedures of the Council, to award a contract that combines seven existing IT Services contracts with Civica as a supplier into a single overarching agreement. It will provide the opportunity to reduce costs on the current contract, limit price increases for the future and provide preferential consultancy and project management days rates.

Since the insourcing of the IT Service in 2021, there has been an approach to develop strategic vendor relationships. Civica is one of the suppliers that has been identified, as it is involved in the delivery and support of many key statutory functions. It includes Council Tax, Business Rates, Housing, Freedom of Information and Elections.

The applications provided in this contract support key statutory services. Replacing these applications is both costly and time-consuming and due to the market, there are very few competitors. Any changes to these applications will incur service disruption and the working capabilities of the staff.

By entering this agreement, it provides adequate time during the lifecycle of the contract to consider looking at alternatives in the market, without impacting on current service delivery. Additionally, the Council would continue to benefit from initial investments, maintain continuity of service, and avoid service disruption and cost of change. Council can exit from Civica after 3 years from any, or all the applications by providing a termination notice.

The scope of this new agreement includes the applications listed below.

1. ModGov – Management and tracking of the committee meetings
2. Open Revenues – Management of the revenue and benefits service
3. iCasework – Case management software
4. Digital 360 (Comino) – workflow / document management software
5. Property Management (Tech Forge) Asset Management system
6. Arbitas (Novalet) Housing Needs application
7. Xpress – Election management system

### **Value for Money Case**

Whilst public sector regulations require competition or the use of legally compliant procurement processes, the Council's priority is to deliver value for money. Tendering for services is costly due to the officer time spent and the likely disruption inherent in changing applications with complex databases, and multiple integration points to critical council systems, processes, and services.

Additionally, there is also a requirement for appropriate ramp-up time for colleagues to adopt and become effective in using new tools and processes to ensure success. This requires bringing new suppliers and services into operation in an organised and resource-efficient way. Changing systems incurs costs that can run into several millions of pounds.

As an authority, the Council generally favours the use of competitive processes for the procurement of contracts, whether by advertised tenders or using further competitions via established frameworks. Direct awards that are allowed under a framework agreement are compliant with the law generally, usually a direct award would not attract the savings available via a competitive option. However, in this instance, the unification of seven services under a single contract means that the Council can obtain cost reduction against the option for letting the services separately as set out in this report.

### **DECISION**

## Recommendations:

The Mayor is recommended to:

8. To award a contract that combines all existing IT Services contracts with Civica as a supplier into a single overarching contract which will provide an opportunity to reduce costs. Council procedures require that the cabinet or the Mayor sign off all procurement proposals for contracts valued at £1 million or more.
9. To delegate the authority to the Corporate Director of Resources to award the contract for the continued use of the applications on the basis outlined in this report.

## APPROVALS

1. **(If applicable) Corporate Director proposing the decision or his/her deputy**

I approve the attached report and proposed decision above for submission to the Mayor. I confirm that the Mayor and/or Lead Member have agreed to this decision being taken using this process.

Signed



Date 7/3/23

2. **Chief Finance Officer or his/her deputy**

I have been consulted on the content of the attached report which includes my comments.

Signed



Date 05/03/2024

3. **Monitoring Officer or his/her deputy**

I have been consulted on the content of the attached report which includes my comments.

(For Key Decision only – delete as applicable)

I confirm that this decision:-

(b) is urgent and subject to the 'General Exception' or 'Special Urgency' provision at paragraph 18 or 19 respectively of the Access to Information Procedure Rules.

Signed .....  ..... Date .....6.3.24.....

**4. Chief Executive**

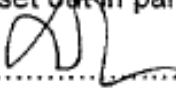
I have been consulted on the content of the attached report which includes my comments where necessary.


Deise Cradley

Signed ..... Date .....07/03/2024.....

**5. Mayor**

I agree the decision proposed in the recommendations above for the reasons set out in paragraph XX in the attached report.

Signed .....  ..... Date 13/7/24

<b>Individual Mayoral Decision</b>	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Julie Lorraine, Corporate Director for Resources	<b>Classification:</b> Restricted – Appendix 1
<b>Report Title:</b> Consolidated Civica Applications Contract	

<b>Lead Member</b>	Councillor Saied Ahmed Cabinet Member for Resources and the Cost of Living
<b>Originating Officer(s)</b>	Hemanth Shanthigrama and Steve Tinkler
<b>Wards affected</b>	All
<b>Key Decision?</b>	Yes
<b>Reason for Key Decision</b>	The contract must be signed by 14 March 2024, or the Council potentially could lose access to critical applications.
<b>Forward Plan Notice Published</b>	N/A
<b>Exempt information</b>	Appendix 2
<b>Strategic Plan Priority / Outcome</b>	Priority 8: A council that listens and works for everyone from the <a href="#">Strategic Plan 2022-26</a>

## **EXECUTIVE SUMMARY**

To obtain authorisation, as required in the procurement procedures of the Council, to award a contract that combines seven existing IT Services contracts with Civica as a supplier into a single overarching agreement. It will provide the opportunity to reduce costs on the current contract, limit price increases for the future and provide preferential consultancy and project management days rates.

Since the insourcing of the IT Service in 2021, there has been an approach to develop strategic vendor relationships. Civica is one of the suppliers that has been identified, as it is involved in the delivery and support of many key statutory functions. It includes Council Tax, Business Rates, Housing, Freedom of Information and Elections.

The applications provided in this contract support key statutory services. Replacing these applications is both costly and time-consuming and due to the market, there are very few competitors. Any changes to these applications will incur service disruption and the working capabilities of the staff.

By entering this agreement, it provides adequate time during the lifecycle of the contract to consider looking at alternatives in the market, without impacting on current service delivery. Additionally, the Council would continue to benefit from initial investments, maintain continuity of service, and avoid service disruption and cost of change. Council can exit from Civica after 3 years from any, or all the applications by providing a termination notice.

**Recommendations:**

1. To award a contract that combines all existing IT Services contracts with Civica as a supplier into a single overarching contract which will provide an opportunity to reduce costs. Council procedures require that the Cabinet or the Mayor sign off all procurement proposals for contracts valued at £1 million or more.
2. To delegate the authority to the Corporate Director of Resources to award the contract for the continued use of the applications on the basis outlined in this report.

**1 REASONS FOR THE DECISIONS**

- 1.1 This is a time-limited offer with a deadline of 14 March 2024. Failure to sign by then will result in the withdrawal of the offer, and each of the seven individual contracts would need to be renewed separately in the contract lifecycle, therefore losing the opportunity to reduce costs. Future cost increases would be higher and the ability to improve services would be delayed.
- 1.2 The Council has identified the changes that are needed to be achieved. It has been centred around reducing costs, and ensuring the applications are up-to-date and secure from malicious cyber-attacks.
- 1.3 For all the contracts in the scope of this paper, funding for the recurring annual support and maintenance is part of the IT Service revenue budget forward plan, including indexation.
- 1.4 The applications provided in this contract support key statutory services. Replacing the applications is both costly and time-consuming incurring disruption to the service and the working capabilities of the staff. Due to the nature of the market, there are limited competitors for these provisions.
- 1.5 By entering this agreement, it provides adequate time during the lifecycle of the contract to consider looking at alternatives in the market, without impacting on current service delivery.

**2 ALTERNATIVE OPTIONS AND RISK**

- 2.1 These contracts expire on 31 March 2024. Consequently, in the absence of capital funding or the resources to run seven concurrent tender processes



and the support required for project management, renewal is the least risky option. Therefore, the following alternative options were not feasible:

- ‘Do nothing’ - if the contracts for these applications are allowed to expire, the Council would be unable to deliver its services. This includes statutory responsibilities for elections, revenues, benefits, and housing.
- Tender through market competition – this requires sufficient time and has resourcing implications of managing and running multiple procurements, as well as the corporate and technical risk inherent in implementing multiple new applications at once. Multi-million pounds capital investment would be needed to move to any new applications.

### **3 DETAILS OF THE REPORT**

- 3.1 The proposal is to sign up for a consolidated contract with Civica for up to seven years, with the termination of convenience from year four onwards based on a notice period. For example, in two years and nine months, the Council can provide a three-month notice to exit from the contract for one or more of the applications, such as Xpress by the end of year three.
- 3.2 It will be a direct award, as allowed under the Crown Commercial Services RM6194 Framework, Back Office Software (BOS). For Arbitas application, a two-year term is agreed upon with Civica, as the Council is looking to consolidate housing-related applications.
- 3.3 There are currently seven separate services that Civica provide to support IT Services to enable the rest of the Council. These are not aligned as they have been procured separately at different times resulting in a fractured approach from the supplier and an inability to drive forward a strategic delivery.
- 3.4 By joining the contracts together to co-align over a longer period, this provides the opportunity to make long-term strategic decisions, and in the short-term, it will achieve reduced costs, better service level agreements and support, opportunities for continuous improvement, and a clear indication of budgeted costs over the next seven years.
- 3.5 In terms of cost reduction, Civica is offering a guaranteed lower fixed preferential indexation rate for annual licences and preferential fixed lower consultancy and project management days rates, compared to renewing individual contracts.
- 3.6 Since the insourcing of the IT Service in 2021, (before this, all IT contracts were managed and procured through the Council’s main ICT provider, Agilisys), there has been an approach to develop strategic vendor relationships. Over the past two years, as IT Service has developed that partnership, it has become clear that the existing separate contracts hindered the relationship and delayed the opportunities to deliver better outcomes.

- 3.7 Since the appointment of the new Corporate Resources Director, Civica contract consolidation has been identified as a priority, as it is involved in the delivery and support of many key statutory functions. As a result, IT Service has worked with Civica to identify the changes that are needed, which have been centred on reducing costs, ensuring that products are up-to-date, and secure, providing improved outcomes, and excellent ways of working together.
- 3.8 This new agreement ensures the following:
- Combines all existing contracts into a single agreement.
  - Provides cost reduction.
  - A plan for moving and upgrading systems.
  - Improved standards of delivery and response times.
  - Support continuous improvement.
  - Provide long-term stability for key applications.
- 3.9 The scope of this new agreement includes the applications listed below. Appendix 1 has further details of the applications.
- ModGov
  - Open Revenues
  - iCasework
  - Digital 360 (Comino)
  - Property Management (TecForge)
  - Arbitas (Novalet)
  - Xpress
- 3.10 The new agreement costs are detailed in Appendix 2 (“Restricted”) due to the commercial sensitivity of the information.
- 3.11 In addition, the technical reasons for this new agreement proposal include:
- Without maintenance contracts in place, ensuring the delivery of technical software updates and security fixes, the Council will be exposed to potential security threats and data breaches.
  - With applications, the propriety software vendor holds intellectual property rights (IPR). This means there can be no competitive process for support and maintenance of these applications for software updates and security fixes.
  - Moreover, without the required support and maintenance for these applications, the Council will not receive functional or technical software updates and enhancements that would enable vital services, to adapt to changes in legislation or capitalise on global enhancements for the applications.

## **Value for Money Case**

- 3.12 Whilst public sector regulations require competition or the use of legally compliant procurement processes, the Council's priority is to deliver value for money. Tendering for services is costly due to the officer time spent and the likely disruption inherent in changing applications with complex databases, and multiple integration points to critical council systems, processes, and services.
- 3.13 Additionally, there is also a requirement for appropriate ramp-up time for colleagues to adopt and become effective in using new tools and processes to ensure success. This requires bringing new suppliers and services into operation in an organised and resource-efficient way. Changing systems incurs costs that can run into several millions of pounds.
- 3.14 As an authority, the Council generally favours the use of competitive processes for the procurement of contracts, whether by advertised tenders or using further competitions via established frameworks. Direct awards that are allowed under a framework agreement are compliant with the law generally, usually a direct award would not attract the savings available via a competitive option. However, in this instance, the unification of seven services under a single contract means that the Council can obtain cost reduction against the option for letting the services separately as set out in this report.

## **4 EQUALITIES IMPLICATIONS**

- 4.1 Not applicable - there are no implications.

## **5 OTHER STATUTORY IMPLICATIONS**

- 5.1 The inability to use the IT applications referred to here would put at risk a range of services, including Council Tax, Business Rates, Housing, Freedom of Information and Elections. In this event, the Council would fail to deliver its statutory duties and could put the most vulnerable in the community at risk. There could also be a risk to regulatory functions, resulting in penalties and reputational damage for the Council.

## **6 COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 Over the life of the combined contract there will be a cost reduction of at least £835k compared to the cost of individual contracts. There is an upfront cost of £487k for licenses and upgrades, where funding will need to be identified from resources such as capital or reserves. The annual cost will be contained within the service budget.

## **7 COMMENTS OF LEGAL SERVICES**

- 7.1 The cost reduction likely to be achieved would appear to justify the action proposed and meet best value requirements.

## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- NONE

### **Appendices 1 & 2**

- Confidential Appendix 2

### **Background Documents – Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012.**

- NONE

### **Officer contact details for documents:**

- Hemanth Shanthigrama and Steven Tinkler

# 1 APPENDIX 1

1.1 The table below shows the applications that are in scope for this renewal and their descriptions.

Application	Description
Arbitas (Nova Hx)	<p>The application is used to advertise the Council's and registered providers' homes for lettings through the Council's choice-based Lettings scheme. Applicants on the Council's housing register, which exceeds 23,000 at present are then able to bid for advertised homes and be considered for it in accordance with their priority.</p> <p>If homes are not advertised and let, the Council will be in breach of the Council's Common Housing Register Allocations Policy and will not be able to let available homes. It also enables the Council to fulfil its statutory duty, e.g., to accommodate the homeless. Without this application, the Council will fail to advertise available new builds and relets, and the applicants will not be able to place their bids and choices and cannot be allocated homes in accordance with the Allocations Scheme.</p>
Mod.Gov	<p>This application is used to prepare and publish council, committee and internal agendas, reports, and minutes both to the public and for internal use. The system also provides many related services such as recording registers of interest, election results, petitions and similar.</p> <p>This proposal involves upgrading and moving to a Civica-hosted solution. This is because Civica has launched a new version of the Modern.gov/Issue Manager software called Hub which will replace Issue Manager over the next few years. Use of this new version of the software is only available to those clients who are hosted by Civica and Civica have confirmed that they will be closing down Issue Manager over the next few years.</p>
Xpress	<p>This application is used by the Council's Returning Officer and Electoral Registration Officer to perform the statutory duties of running elections and the compilation of the electoral register and would suffer significant reputational damage if these duties were not complied with. This element of the contract is under the jurisdiction of the Returning Officer and Electoral Registration Officer. The Returning Officer acts in a separate and independent capacity to the council and is answerable to the courts and not to the council.</p>
OpenRevenues	<p>The application is used to administer and bill both National Non-Domestic Rates to C. 16,000 businesses (with a value of almost £500m per year) and Council Tax to C. 145,000 properties (with a value to the Council of almost £178m per year). The billing and collection of these local taxes is a statutory duty and is a significant income stream for the Council.</p>

	<p>Should the service lose access to this key system the Council would suffer a significant loss of income and significant reputational damage. The delivery of these two functions interacts with all residential and business premises in the borough and the income is used to deliver services to residents including some of the most vulnerable residents in the community.</p>
iCasework	<p>This is a workflow system that is used across the Council to manage Freedom of Information (FOI), Corporate Complaints and Members Enquiries (ME).</p> <p>The application is critical business software, any loss of service would impact the Council's ability to respond to the FOI within the statutory timescale, as well as complaints and ME.</p>
W360 (Comino)	<p>This is a document and workflow management system used by housing and benefits services. There is a requirement to upgrade the application and the servers that host it due to being out of support.</p> <p>This proposal involves upgrading and moving to a Civica-hosted solution. Its purpose is to ensure a seamless transition to a cloud-based solution and provide service continuity. The application is critical business software that enables service for vulnerable residents. Any loss of service would impact the Council's ability to meet the needs of these residents.</p>
Property Mgt. (TechForge)	<p>This application is used by the Council's property asset management service. It stores data on properties, which are critical to managing the statutory requirements, such as assessments to for regulatory compliance.</p>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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