


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

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

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.
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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