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<b>Meeting</b>	Cabinet Resources Committee
<b>Date</b>	20 June 2012
<b>Subject</b>	Variation of the Council's contract with Civica for the provision of the OpenRevenues System
<b>Report of</b>	Cabinet Member for Resources and Performance
<b>Summary</b>	The report seeks: (i) authority to waive contract procedure rules to vary the contract with Civica for the provision of the OpenRevenues System by £400,000.

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Officer Contributors	Andrew Cox, Project Manager, One Barnet
Status (public or exempt)	Public
Wards affected	N/A
Enclosures	None
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

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## **1. RECOMMENDATION**

- 1.1 That Committee authorise a waiver of Contract Procedure Rule 5.6 to vary the contract with Civica which ends in February 2016 for the provision of the OPENRevenues system by £400,000 which will result in a total contract value of £3,443,615. This increase of 13.2% is greater than that allowed by the Contract Procedure Rule of a 10% variation.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 8 December 2009, Decision 10, approved the award of the contract for the Council's IT systems, hosting and imaging system used for council tax, business rates and benefits to Supplier A (Civica).

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Corporate Plan 2012-13 states that "we will continue to drive costs out of the council through transforming our internal organisation, reducing the costs of providing services and giving better value for money. 77 per cent of our savings over the next three years will be achieved through efficiency savings. We also need to innovate and embrace change in order to live within our means over the next three years and beyond. Standing still is not an option." To meet the Council's corporate priority of "Better services with less money" there is a strategic goal to maximise improvements and savings in back office functions.
- 3.2 The aim of the proposed variation to the Civica OPENRevenues contract is to ensure that the Council's 'One Barnet' objectives are not hindered and that the Council can continue to develop the system to meet the changing requirements driven both by the Council's internal changes and Central Government led change.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 Some of the savings identified in 2012-13 budgets are reliant on the development of the Civica OPENRevenues system. If the waiver is not granted then there is a risk that the predicted savings may not be achieved.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 Under the Equality Act 2010, the Council and all other organisations exercising public functions on its behalf must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.
- 5.2 To comply with the duty under the Equality Act 2010, the Council in the original procurement process asked questions of the bidders about their equalities policies and through the evaluation the evaluators were satisfied that these policies met the council's expectations.

## **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 6.1 The value of this variation to the Civica OPENRevenues contract is £400,000, which is 13.2% of the original contract value of £3,043,615.
- 6.2 The variation is required to purchase software, hosting and support that have been identified as necessary to support the day-to-day usage of the system which were not included in the original contract; system enhancements to support legislative and process changes; changes required to deliver the revised benefits process to be implemented through the Revenues and Benefits Transformation project.
- 6.3 These variations will all be funded by existing Revenues and Benefits service budgets.
- 6.4 There are no issues relating to Staffing and Property.

## **7. LEGAL ISSUES**

- 7.1 The Public Contracts Regulations 2006, applies to contracts for works, services and supplies over particular financial thresholds. For supply contracts the value is £173,934 and contracting authorities are required to advertise contracts above the thresholds. Paragraph 9 of this report confirms that the European procurement process was followed in the award of the contract to Civica OPENRevenues.
- 7.2 The procurement regime permits a repetition of similar works or services under the original contract which relates to the project for the purpose of which the original contract was made. However, this is only applicable where the contract notice for the original contract expressly mentioned the possibility of the additional works/services being awarded to the same provider. The new award must also commence within three years of the date of the original contract being entered into.
- 7.3 The variation of the contract will be made by way of a supplementary agreement which will be executed on behalf of the Council and Civica.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Constitution, Part 3, Section 3.6 sets out the functions of the Cabinet Resources Committee
- 8.2 Rule 5.8 of the Contract Procedure Rules enables a Cabinet Committee to waive the requirements of the Contract Procedure Rules if satisfied, after considering a written report by the appropriate officer, that the waiver is justified because of (a) the nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procedure Rules is justifiable; or (b) the contract is for works, supplies or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or (c) the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or (d) there are other circumstances which are genuinely exceptional.

- 8.3 Contract Procedure Rule 5.6 sets out the acceptance parameters for contract additions, extensions and variations and are also subject to, in the case of contract variations and in accordance to its terms and conditions that (a) the variation is notified to and agreed in writing with the contractor; (b) any additional expenditure necessarily incurred does not exceed 10% of the initial contract;
- 8.4 Paragraph 9.7 of this report provides the basis for requesting a waiver of the Contract Procedure rule 5.6.

## **9. BACKGROUND INFORMATION**

- 9.1 The Civica OPENRevenues system was implemented in 2011 as a replacement to Pericles as the Council's IT system to support Council Tax, Business Rates and Benefits.
- 9.2 The contract between the Council and Civica went live in February 2011 for a period of five years, until February 2016 at a value of £3,043,615.
- 9.3 The procurement of the Civica Contract was subject to European Procurement Regulations and the EC Treaty principles of non-discrimination, transparency and equality of treatment.
- 9.4 With respect to the Council's own Contract Procedure Rules, the Cabinet Committee has power to waive any one or more of those Rules if satisfied that waiver is justified on any one or more of the grounds set out in Section 8, above.
- 9.5 As is the case with all IT systems new functionality has been developed for the Civica OPENRevenues system as requirements from local authorities have developed and legislation has changed.
- 9.6 This contract variation is required to purchase a number of additional system components and/or the associated hosting, support and services for the Civica OPENRevenues system in order to ensure the system remains fit for purpose to support the requirements of the Revenues and Benefits service.
- 9.7 Waiver of the Contract Procedure Rules is being sought, herein, on the basis of exceptional circumstances, to enable the required changes to be made to the Civica system to enable the use of the system to be developed to meet both One Barnet and Central Government requirements.
- 9.8 The contract variation will be funded by the Revenues and Benefits Service budget £255,000 across 5 years. This variation is 8.4% of the original contract value. The additional elements of the variation will be funded from central government grants for example to pilot Universal Credit. This element of the variation, £145,000, is 4.8% of the original contract value.

## **10 LIST OF BACKGROUND PAPERS**

None

Legal – MC  
CFO – PD