

**REPORT TO:** Executive Board  
**DATE:** 24 March 2016  
**REPORTING OFFICER:** Strategic Director, Community and Resources  
**PORTFOLIO:** Resources  
**SUBJECT:** Revenues and Benefits System Contracts  
**WARDS:** Borough-Wide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 To seek approval to waive Procurement Standing Orders in respect of an extension to 31<sup>st</sup> March 2021, for three contracts with Northgate Public Services (UK) Limited (Northgate) relating to the Council's Revenues and Benefits Computer System.
- 1.2 The three contracts currently provided by Northgate are; Northgate DOL.mailroom, Northgate Information@work and Northgate Revenues & Benefits.

## **2.0 RECOMMENDATION: That:**

- 1) The extension to the Northgate DOL.mailroom contract over 4 years and 7 months be approved;**
- 2) The extension of the Northgate Information@work contract over 4 years and 2 months be approved;**
- 3) The extension of the Northgate Revenues and Benefits contract over 3 years 8 months be approved; and**
- 4) That approval is given to the waiver of Procurement Standing Order 4.1 Competition Requirements, in compliance with Procurement Standing Order 1.8.3(c) in light of the exceptional circumstances and on the basis that compliance would result in a clear financial detriment to the Council, as set out in paragraphs 3.4 to 3.10 below.**

## **3.0 SUPPORTING INFORMATION**

### **Background**

- 3.1 Northgate Public Services (UK) Limited are the leading provider of revenues and benefits computer systems for local authorities in the UK. The Council has successfully operated the Northgate system for over

15 years, for the provision of housing benefits, council tax support, council tax and business rates.

- 3.2 The Council has three contracts with Northgate in relation to the revenues and benefits computer system, as follows;
- (i) Northgate DOL.mailroom – provides facilities to scan and reference documents in order that they can be submitted into the online workflow, for which the current contract is in place until 31st August 2016
  - (ii) Northgate Information@Work – provides online workflow which is used to view and manage documents, for which the current contract is in place until 20<sup>th</sup> January 2017.
  - (iii) Northgate Revenues and Benefits – provides the main computer system to record and process transactions and to generate payments, for which the current contract is in place until 26<sup>th</sup> July 2017.
- 3.3 The Revenues and Benefits system is one of the Council's largest and most complex computer systems. On an annual basis the system processes £53m of Housing Benefit claims for over 12,000 households, over £9m in Council Tax Support to over 13,000 households, Business Rates of £65m relating to 3,500 premises, Council Tax of some £64m relating to over 55,000 households.

### **Business Case**

- 3.4 The scale of the system means that any changes would require significant preparatory work, a lengthy lead-in time, additional staff resources and would carry significant costs.
- 3.5 Therefore initial discussions have been held with Northgate regarding the DOL.mailroom, Information@ Work and Revenues and Benefits contracts. Northgate have provided a proposal regarding the extension of all three contracts, in order to have a co-terminus end date of 31<sup>st</sup> March 2021.
- 3.6 The Head of Procurement has been consulted, to confirm that such contract extensions would comply with the EU Public Contract Regulations 2015.
- 3.7 There are a number of factors which support the extension of these contracts in terms of value for money, as follows;

3.7.1 Northgate are the market leader in respect of Revenues and Benefits systems, with over 150 sites nationally. They are also the only provider of a remote scanning and indexing system.

3.7.2 Northgate are the Council's existing supplier and the system has operated efficiently and effectively over a number of years. Staff within the Revenues, Benefits and Customer Services Division, are fully trained in the use of the system and have significant experience and expertise in its use and development. The introduction of a new system would therefore involve significant in-depth training with associated costs and initial loss of expertise.

3.7.3 The system is compatible with the Councils' Home Working policy, which enables a number of the Division's staff to permanently work from home.

3.7.4 The introduction of a new system of such a major scale would involve the Council in significant additional capital and revenue costs in terms of the implementation of a new system, data mapping and staff training.

3.8 The contract will meet the transparency requirements within Procurement Standing Orders.

3.9 With regard to propriety and security, standard integrity clauses will be built into the contract documentation and only relevant staff will have information about the terms of the contract.

3.10 Accountability for the contract would remain with the Operational Director, Finance and would be subject to the Council's internal and external audit scrutiny.

### **Conclusion**

3.11 Given all of the factors outlined above, it is recommended that Procurement Standing Order 4.1 is waived and the contracts for DOL.mailroom, Information@work and Revenues and Benefits are extended with Northgate Public Services (UK) Limited until 31<sup>st</sup> March 2021.

### **4.0 POLICY IMPLICATIONS**

4.1 None.

### **5.0 FINANCIAL IMPLICATIONS**

5.1 The proposed extension of the three contracts will provide a total saving of £15,000 over the 5 year period. In addition, Northgate will waive their normal annual inflationary increases during this period,

which based upon the latest Retail Price Index would equate to a saving of approximately £960 pa.

## **6.0 RISK ANALYSIS**

6.1 By extending the contract with Northgate the risk to a disruption in service will be reduced by the following measures:

- The existing supplier has been used successfully for over fifteen years.
- No conversion of information would be necessary.
- No staff training on a new system would necessary.
- All required interfaces to other systems such as Agresso are already in place.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None

## **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
Northgate proposal to Halton Council	Kingsway House	Peter McCann Head of Revenues & Benefits & Customer Services