

**Report to:** Cabinet Member for Innovation, Delivery and People

**Date:** 3 August 2023

**Title:** Contracts for Core IT Systems

**Report of:** Tim Whelan, Director of Service Delivery

**Cabinet member:** Councillor Chris Collier, Cabinet Member for Innovation, Delivery and People

**Ward(s):** All Wards

**Purpose of report:** To outline the context, proposed options and latest position with regards to contracting for a number of core IT systems and to seek Cabinet Member for Innovation, Delivery and People approval to proceed accordingly.

**Decision type:** Key

**Officer recommendation(s):** The Cabinet Member for Innovation, Delivery and People, with delegated authority from the Leader, is recommended to:

- a) note the update on the contract re-procurement process;
- b) authorise the execution of all necessary contractual documentation to conclude the four contracts with Civica for core IT systems; and
- c) delegate authority to the Chief Executive and the Director of Service Delivery to undertake any ancillary actions to facilitate this including the issue of the tender control form/s.

**Reasons for recommendations:** The decision will ensure business continuity for a number of key council IT systems

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## **1 Introduction and Context**

- 1.1 In 2016, a joint contract was signed with a key supplier, Civica, by Lewes District Council (LDC) with Eastbourne Borough Council (EBC) for several critical IT systems.
- 1.2 These contracts for six of the council's current, key Civica IT systems end on 29 September 2023 (and, as all possible contract extension options have been exploited, they cannot be extended any further).

1.3 A number of options are available:

1.3.1 Do nothing:

The council could continue as is and not enter into new system contracts. This isn't a feasible option as the system contracts expire on the 29 September and ongoing system access is required. Failure to provide continuity of access to systems would represent a fundamental risk to the council – operational, reputational, financial, contractual, customer service – impacting the council's ability to provide services effectively.

1.3.2 Seek alternative providers

The council could undertake its own bespoke procurement exercises to identify alternative suppliers for its systems. This approach with six systems would take a significant amount of resource and time, and any implementation of new systems would take a number of years. The move to new systems and providers would not enable the council to exploit fully the significant investment made in the current systems and would require staff to be retrained on new systems and new processes and ways of working to be implemented.

1.3.3 Use a suitable framework to shorten the re-procurement process to procure the necessary IT systems via direct award

The Crown Commercial Service (CCS) operates frameworks for the purchase of IT systems. The Vertical Applications Solutions (VAS) framework is considered to be a suitable framework for the re-procurement of the IT systems. The VAS framework includes Civica as a supplier, enabling the council to have the option of re-contracting with Civica for the current systems, subject to following the necessary assessment process under the VAS framework for the direct award of the contracts.

Council officers have followed the assessment processes necessary under the VAS framework for the direct award of contracts. The use of the VAS framework involves an assessment of available products on the CCS catalogue. This assessment has been undertaken and no suitable alternative products were available. As a result, the outcome of these processes is that Civica is best-placed to provide all four contracts.

Such an approach enables the organisation to exploit further and maximise the capital and human investment already spent on these systems. Through these contracts, some system upgrades have been identified and can be purchased. Maintaining continuity of the Civica systems will mean less impact on customers and internal teams alike as the systems are in place, and large scale, en-masse resourcing will not be required to move from one supplier to another. The terms negotiated with Civica also provide financial certainty for the duration of the contracts. This approach has additional benefits for the following reasons:

- The council has invested significantly in the systems and it is considered that there is scope to exploit this investment further.
- The current arrangement results in a "cliff edge" with the contracts for the systems terminating on the same date. Replacement of the six systems at the same time represents a risk in terms of continuity of services, and the operational impacts of needing to undertake projects to replace six systems at once would place a burden on services to

undertake this work alongside delivering their business-as-usual activities. See paragraph 1.6 below for clarification of how this situation will be mitigated as part of the new contracts.

- Staff will not need to be trained on new systems and new ways of working would not need to be developed to accompany new systems.
- The roadmap for system development that Civica has meets the council's needs.

1.4 The systems in scope of this work include a number of the council's key, core IT systems: the main finance systems, the housing systems and the main customer relationship system, and the negotiations have grouped them under the following contracts:

Contract 1: Civica Housing

Contract 2: Civica Financials

Contract 3: Civica Payments

Contract 4: Digital 360

1.5 The Digital Strategy Project Board, with senior representatives from business transformation, service areas, legal, finance and procurement, is now in a position to recommend a way forward.

1.6 The risk of a "cliff edge" where contracts for systems expire concurrently, will be mitigated through the new contracts. The council's project management toolkit will be used to ensure a managed process of identifying the organisation's requirements and testing the market takes place in advance of the new contract expiration date.

1.7 The procurement of the new system contracts is now completed with Civica. The new contracts represent £179,000 of incremental spend per annum for both the contract licences (which are for a term of up to 4 years) and annual maintenance and upgrade charges.

## **2 Proposed Next Steps**

2.1 As the new contracts procured with Civica represent a value for money deal for the council and will afford continuity of key services beyond the 29 September 2023, the Cabinet Member for Innovation, Delivery and People is recommended, with delegated authority from the Leader, to note the update on the work of the Digital Strategy Project Board, the procurement and contract negotiation process, to authorise the execution of all necessary contractual documentation and to delegate to the Chief Executive and the Director of Service Delivery authority to undertake any ancillary actions to facilitate this, including the issue of the tender control form/s.

2.2 Ideally, this decision would be considered by Cabinet at its next meeting on 14 September 2023, but the process for securing an urgent decision has been pursued for the following reasons:

- The key current contracts expire on 29 September 2023, and the number of steps that need to be actioned following the decision and before the contract expiration date will require more time than a Cabinet decision on 14 September affords. Failure to provide continuity of access to services

would represent a fundamental risk to the council – operational, reputational, financial, contractual, customer service – impacting the council’s ability to provide services effectively.

- The terms and costs of the contracts with Civica are based on a contract signature by 9 August. Failure to sign the contracts by this date will result in a need to renegotiate the terms/costs which would introduce a delay which could threaten the continuity of services beyond 29 September and could introduce increased costs for the council.

2.3 If the Cabinet Member for Innovation, Delivery and People approves the proposal to enter into new contracts for the core systems with Civica, the rigour and discipline of a project management approach using the council’s project management toolkit will be applied to the next phase of actions.

### **3 Outcome expected and performance management**

3.1 The contracts will enable the councils to continue to provide seamless technical delivery to internal staff and external customers. The contracts also provide increased financial stability over the coming years and feed into the longer-term digital roadmap for the council.

3.2 The new system contracts will deliver stable and improved service both in terms of efficiency, cost effectiveness and customer service.

### **4 Consultation**

4.1 The Digital Strategy Project Board comprises senior representatives from service and support areas including Legal, Procurement, Finance, Customer First, Housing First, Planning First and the Business Transformation Unit. These relevant service areas and departments involved in the provision of services through the systems in scope of the contract have been fully engaged throughout the process.

### **5 Corporate plan and council policies**

5.1 As set out in the Corporate Plan 2020-2024, the council aims to provide ‘improved quality of customer contact, outcomes and satisfaction’. The Digital Strategy including these contracts will enable us to meet this corporate objective.

### **6 Business case and alternative option(s) considered**

6.1 See paragraph 1.3 above for detail of the options considered.

6.2 The long-term Digital Strategy will undertake full requirement gathering and competitor analysis for possible future system replacement. Relevant business cases will be completed for any recommendations.

### **7 Financial appraisal**

7.1 A joint contract was signed with a key supplier, Civica, by both Eastbourne Borough Council and Lewes District Council for several critical IT systems expires on 29 September. The Cabinet Member for Innovation, Delivery and

People is recommended to delegate authority to the Chief Executive and the Director of Service Delivery to conclude the contract negotiations with Civica for the core IT systems and to authorise the execution of all necessary contractual documentation.

7.2 The new contracts represent £179,327 of incremental spend per annum for both the contract licences (which are for a term of up to 4 years) and annual maintenance and upgrade charges. The recommendation is to approve the procurements for the following reasons:

- Pursuing alternative options represents a significant risk against the council's ability to manage its existing financial arrangements and meet its statutory obligations.
- The additional cost over the lifetime of the extended contract is likely to be significantly less than the cost of procuring and implementing alternative systems in the short and medium-term.

7.3 The additional maximum annual cost of £179,327 represents an additional financial pressure in current and future years which will have to be mitigated through the identification of further cost efficiencies. However, the long-term nature of the proposed extension does allow the council an opportunity to maximise the benefit of changes and upgrades to the existing systems that will occur because of that extension.

7.4 The resulting increase in process efficiencies and additional system resilience may be sufficient to mitigate the additional financial pressure identified over the extended term of the contract.

## **8 Legal implications**

8.1 A number of the contracts being re-procured are covered by the requirements of the Public Contracts Regulations 2015 because of their value. The VAS Framework established by the Crown Commercial Service has been used to secure these contracts because it provides a route to market in accordance with the Regulations, including a direct award option (i.e. without the use of a full mini-competition).

8.2 The contracts will be created using the call-off order forms and schedules set out in the VAS framework, populated with the specific details for each contract.

8.3 Contract award notices will be published in compliance with the Framework and Regulations.

## **9 Risk management implications**

9.1 Subject to approval being given to move forward with this, the Digital Strategy Project Board will manage risks.

## **10 Equality analysis**

10.1 The recommendation to approve the contracts does not, in itself, bring about any proposed changes that have any equality implications. As such, no Equality and

Fairness Analysis (E&FA) has been undertaken. E&FAs will form an essential part of any future upgrades or implementations and, where necessary, each proposed activity will be accompanied by a detailed analysis of the equality implications. The significant findings of any of these analyses will be reported to the governance groups and, where necessary, to Cabinet.

## **11 Environmental sustainability implications**

- 11.1 The recommendation to approve the contracts do not, in itself, bring about any proposed changes that have any environmental/sustainability implications. Any proposed activity that would be covered by the Climate Change and Sustainability Strategy 2022, will be informed by an Environmental Impact Analysis.

## **12 Appendices**

- 12.1 None

## **13 Background papers**

- 13.1 The background papers used in compiling this report were as follows:

None