

EXECUTIVE

19th May 2022

Report Title	Income Management Solution
Report Author	Lisa Hyde, Director of Transformation
Lead Member	Councillor Lloyd Bunday, Executive Member for Finance and Transformation

Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there public sector equality duty implications?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information (whether in appendices or not)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972	

List of Appendices

None

1. Purpose of Report

- 1.1. The purpose of this report is to support the proposal to procure and award a contract for the provision of a new Income Management Solution (IMS) for North Northamptonshire Council (NNC) and its partners Cambridgeshire County Council (CCC), Milton Keynes Council (MKC) and West Northamptonshire Council (WNC).
- 1.2. This report seeks delegated authority to the Member for Finance and Transformation in consultation with the Director of Transformation to conclude the procurement, award the contract and implement the new system.

2. Executive Summary

- 2.1. Contracts for the incumbent Income Management Solutions inherited by NNC, as well as the contracts in place for the other authorities listed in this proposal, are nearing expiry and need to be replaced by 1st April 2023.

- 2.2. A shared service currently operates between. West Northamptonshire (WNC), Cambridgeshire County Council (CCC), Milton Keynes Council (MKC) and North Northamptonshire (NNC) for sundry debt collection. WNC is proposing to undertake the Lead Authority role for the procurement and contract on behalf of CCC, MKC, NNC and WNC. This approach has been endorsed by the Business Systems Board which includes the Deputy Section 151 Officers and CIOs of the four Councils.
- 2.3. The proposed contract duration is up to four (4) years on a two year, plus one, plus one basis, allowing for the consideration of alternative options to be in place after 2 years, if required. The total contract value is £4.25M over the lifetime of the contract, with share of costs that can be attributed to NNC, including development, licensing, and necessary continuation of business-as-usual arrangements, estimated at £1.43M.
- 2.4. The Project Team's focus in all instances will be to ensure continuity of NNC and other partners to effectively collect and manage their income past the go live date of the system, seek efficiencies and ensure there is no detrimental impact on the delivery of the service.
- 2.5. A benefit of implementing a new income management system is that it will allow streamlining of the customer journey and provide a better user experience.
- 2.6. Successful implementation of the proposed solution will enable the councils to benefit from Robotic Process Automation (RPA) greatly reducing the burden of maintaining regulatory compliance and ensuring that relevant public and staff facing documents and interfaces adhere to the latest accessibility guidance.
- 2.7. Furthermore, due to its flexible and scalable nature, the new Income Management Solution will enable further work on harmonisation and optimisation of processes.

3. Recommendations

- 3.1 It is recommended that the Executive:
 - a) Approve the procurement of a new, modern Income Management Solution and
 - b) Delegate authority to the Member for Finance and Transformation in consultation with the Director of Transformation to conclude the procurement, award the contract and implement the new system

3.2 Reasons for recommendation are:

- Expiry of the incumbent contracts – the current system contracts expire in April 2023, and a waiver has been submitted to allow time to ensure a safe transition to the new system. A competitive process needs to be followed to ensure continuity of the functionality required of income management systems, whilst creating an opportunity to harmonise and modernise the income management systems inherited by NNC.
- Economies of scale – by choosing to implement the IMS with partners, implementation and support costs can be shared, providing better value for money for the taxpayer. Furthermore, expertise and experience gained from partner organisations can be used to benefit citizens of NNC.

3.3 Alternative options considered: The recommendation is based on the alternative options not being viable.

- The 'do nothing' option is not recommended due to the incumbent systems contracts expiring.
- The option for NNC to procure a replacement income management system and carry out the implementation would also not be recommended.

Further information regarding the alternative options is detailed in section 5 in the report.

4. Report Background

- 4.1. Income Management Solution software plays a pivotal role in the successful operation of any Local Authority. It is a business-critical application used to collect, allocate, manage, and reconcile payments collected via telephone, over the internet or using a Chip & Pin device, as well as any cheques and cash received or paid directly into the Council bank accounts.
- 4.2. It is also one of the main touch points for service users to access, procure or pay for council services and is used to support payments for Council Tax, National Non-Domestic Rates (NNDR), Registrars, Libraries and Adults Social Care to name a few.
- 4.3. On Vesting Day, North Northamptonshire Council inherited four Income Management Systems currently used to independently deliver Income Management functions from the predecessor Councils, creating complexities and overheads to the authority. Some of the contracts for these inherited systems are due to expire between March and July 2023.
- 4.4. The following solutions are currently in place:
 - Former NCC services use CivicaPay based systems provided by Civica Ltd.
 - Former ENC, BCW and-KBC services use Pay360 (AIM) based systems provided by Capita plc.

- Former CBC services use Adelante based systems provided for by Adelante Software Ltd.
- 4.5. User experience offered by the Council to its residents is therefore fragmented and does not always provide the best service, making it difficult for customers to interact with the authority. The new system will be a consolidated solution ensuring a consistent, modern user journey.
- 4.6. In September 2021, an outline Business Case was approved by the Business Systems Board and all four Partner Authorities supported the notion to participate in the shared services model, allowing the project to move into the planning phase.
- 4.7. G-Cloud 12 framework has been identified as a procurement vehicle that would best fit with the ambitious time frames the project has to work with. This procurement framework is established by the UK Government's Crown Commercial Services organisation and enables public bodies to contract with suppliers for services which have been through nationally run competitive processes, without the need to go through their own full tender exercise. This means that the councils are able save time and cost whilst still ensuring that they are contracting for the best solution and optimising value for money.
- 4.8. On 18th January 2022, the Full Business Case, identifying a single best-fit supplier, was presented to the Business Systems Board (includes S151 Officers and CIOs from all four Authorities) and was subsequently endorsed. This allows the project to progress with the preparations for procurement and delivery. The following recommendations were endorsed:
- Award the contract to the best fit supplier using a G-Cloud 12 framework
 - Procurement of the Income Management Solution with WNC as the lead contracting authority as it will be responsible for the delivery of the project and ongoing support and maintenance of the system under the Shared Service Partnership arrangements with CCC, MKC and NNC.
- 4.9. The proposed solution also allows the business to address the need to replace another inherited shared service system which is out of support and end of life known as BizTalk. Currently used to manage data exchanges between business-critical finance systems (e.g., adult social care and ERP systems to make payments and raise invoices). The IMS specification offers a well-developed functionality which will enable us to abandon use of the BizTalk software, whilst providing significant advantages including cloud hosting, full disaster recovery (DR) and removing reliance on external support for development. It is estimated that this approach will enable cost avoidance of £20,000 per authority per year for the duration of the contract, in licensing fees.

5. Issues and Choices

- 5.1. The purpose of this project is to identify, procure and implement a modern, fit for purpose IMS for the partner authorities. The solution is expected to

streamline the end user journey and bring it in line with user's expectations of user facing system by adoption of modern technologies to provide refreshed user experience, heightened security, leverage economies of scale and scope, and remove waste from relevant processes.

5.2. In order to address the key issue faced by the Partners of being able to effectively collect, manage and allocate income, an Options Appraisal has been conducted, results of which are summarised for you below:

5.3. **Option 1 – Shared Income Management Solution**

5.3.1 This option would see NNC pooling their resources with Partner Authorities to procure, develop and implement an Income Management Solution benefitting from economies of scale and scope, and accumulated expertise and knowledge across all organisations.

5.3.2 This option was recommended having scored the highest in the Options Appraisal.

5.4. **Option 2 – Individual Income Management Solution**

5.4.1. This option would see NNC independently procure, develop, and implement an Income Management Solution for sole use of the authority. Technically, this is equally as viable as Option 1, however, it does not offer the opportunity for additional efficiencies. NNC would be fully responsible for the procurement, development, implementation, and ongoing support of the solution.

5.4.2. This option did not allow the same opportunity for long-term cost savings and increases the resource requirements of NNC to implement and provide ongoing support.

5.5 **Option 3 – Extend Existing Contracts**

5.5.1 NNC to extend the contracts with the incumbent suppliers.

5.5.2. This option was deemed not viable as NNC will be in breach of Public Contract Regulation 2015 opening them to litigation from suppliers denied opportunity to bid for the business.

5.6 **Option 4 – Do Nothing**

5.6.1 This option was deemed not viable as after the current contracts expire in April 2023, NNC would lose the ability to effectively receive, manage and allocate monies from their service users.

5.7 Options Analysis

5.7.1. Summary of Options Appraisal Results

Option	Score
Option 1 – Shared Solution	70
Option 2 – Individual Solutions	65
Option 3 – Extend Contracts	20
Option 4 – Do Nothing	20

5.7.2. The criteria for the appraisal undertaken are:

1. Adherence to legal requirements (PCR 2015)
2. Continuity of service for Income Management
3. Project resource available to undertake the work
4. Business resource available to deliver the project
5. Influence over the direction of Income Management System
6. Best value for money
7. Modern Disaster Recovery and Security
8. Tailored to modern needs

5.7.3. The criterion has been scored using the point system below (no additional weighting applied):

- 10 – option fully meets the criterion
- 5 – option partially meets the criterion
- 0 – option does not meet the criterion

5.7.4. Option 3 – Extend Existing Contracts and Option 4 – Do Nothing has been ruled out due to not fulfilling the legal requirements and negative impact on the organisations, respectively. Out of the remaining two options, Option 1 – Shared Income Management Solution gained endorsement from the Business Systems Board.

5.7.5. The Project team have validated, and prioritised business requirements identified with Partners' subject matter experts and used those to identify a best-fit supplier using the G-Cloud 12 framework. This approach was presented to and endorsed by the Business Systems Board as a part of a Procurement Brief and resulted in identification of a single best-fit supplier that meets the business requirements set.

6. Next Steps

6.1. On receipt of approval of the recommendations of this report, the project will look to award the contract to the preferred supplier and proceed with delivery of the Income Management system.

7. Implications (including financial implications)

7.1. Resources, Financial and Transformation

7.1.1 There is funding available from the Business Rates Retention (BRR) scheme. This was made available to the Council before Vesting Day (1 April 2021) and an amount has been allocated to deliver customer service improvements using technology and to help develop and implement the income management system.

7.1.2 Resources from the NNC Transformation Directorate and stakeholders will support the implementation of the income management system.

7.1.3 NNC Income Management Solution Cost Profile (£000):

NNC IMS Cost Profile

	2021/22 (£)	2022/23 (£)	2023/24 (£)	2024/25 (£)	2025/26 (£)	2026/27 (£)
Project Costs						
System - Environment Setup	-	87,500	-	-	-	-
System - Build	-	25,350	-	-	-	-
System - Telephony	-	11,458	-	-	-	-
3rd party integrations (10 @ 5k)	-	50,000	-	-	-	-
Project Resources	51,179	288,868	91,488	-	-	-
Subtotal:	51,179	463,177	91,488	-	-	-
Contingency @ 20%:	-	75,135	18,298	-	-	-
Backfill	3,383	172,456	26,486			
Operational Costs						
Current System Costs	-	-	(57,401)	(57,401)	(57,401)	(57,401)
Current Telephony	-	-	-	-	-	-
New System Costs	-	-	87,500	87,500	87,500	87,500
New Telephony Costs	-	-	61,902	67,529	67,529	67,529
Business Systems Support	-	-	9,760	9,760	9,760	9,760
Subtotal:	-	-	101,760	107,388	107,388	107,388
Contingency	-	-	100,000	-	-	-
Net Budget Impact	<u>54,562</u>	<u>710,768</u>	<u>338,032</u>	<u>107,388</u>	<u>107,388</u>	<u>107,388</u>
Unbudgeted (Cost Avoidance)						
Integration Solution	-	-	(20,000)	(20,000)	(20,000)	(20,000)

7.1.4 Additional efficiencies, both cashable and non-cashable, are likely to be identified and quantified throughout the course of the implementation providing added benefits to NNC on top of the continuity of the service.

7.1.5 Due to the Cloud hosted nature of the product and consolidation of the incumbent software, the current data centre footprint and future requirements will be reduced. This has a knock-on effect on the in-house effort required to maintain and support the IT estate, however, due to the low technical profile of these systems would not constitute a cashable saving.

7.1.6 The costs of £44k 2021/22 and £123k 2022/23 are already included within the base budget for the Business Support shared service. Therefore, additional

costs of £10.5k for 2021/22, £587k for 2022/23 and £236k for 2023/24 will need to be funded from the Business Rates Retention Pilot funding. Future costs of £102k for 2023/24 and £107k for 24/25 onwards will then be incorporated into the budget, together with additional efficiencies, not included within the figures shown in the table. Contingency for operational costs in 2023/24 has been included due to a risk of incumbent and new system contracts to overlap.

7.2 Legal and Governance

7.2.1 The Legal Services team have been engaged, to ensure a robust and appropriate contract is prepared for this vitally important ICT system. The council has a statutory duty for the collection of council tax and business rates as well as other income management functions. It must therefore ensure that it has in place a robust system which enables it to efficiently manage sensitive information in relation to residents and businesses in its area as well ensuring PCR compliance.

7.3 Relevant Policies and Plans

7.3.1 This proposal meets the corporate objective of modern public services by ensuring robust financial management of IT systems, improving the efficiency and effectiveness of services, and using skills and technology most effectively.

7.4 Risk

7.4.1 Risk(s) associated with the proposal:

Risk	Mitigation	Residual Risk
Legacy Complexities Income management is fundamental to successful operation of any Local Authority with its reach touching directly or indirectly on nearly every service and their customers.	Dedicated resources are brought with a task to appreciate and rationalise the systems and processes.	Amber
Inherited systems and processes are complex with many areas undergoing transformation both on the system and organisational level.	Lessons from other organisations are used to shape the delivery and pre-empt risks.	
There is a risk that workstreams need to be	Dependencies within projects are being managed as part of a	

aligned to other systems changes taking place.

programme to allow management of timeline and risks.

Public
There is a change in the established processes (e.g., new payment channels) for the members of public and supporting staff which could trigger a spike in negative feedback or publicity due to volume and perceived quality of change experience since the vesting date.

Appropriate communication and engagement strategies will need to be drafted and enacted to help guide affected parties through the process and take them on the journey with us.

Green

7.4.2 Risk(s) associated with not undertaking the proposal

Risk	Risk Rating
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Disruptions to Income Flow
Services and service users reliant on the Income Management Software are likely to experience severe disruptions surrounding ability to take card payments resulting in a loss of income as well as timely allocation of received income potentially resulting in actions being taken against service users.

Red

7.3 Consultation

7.3.1 There is no need for consultation arising from the proposal.

7.4 Consideration by Executive Advisory Panel

7.4.1 Officers will consult with the Executive Advisory Panel (EAP) for Service Delivery, Performance and Customers at the appropriate points during this project.

7.5 Consideration by Scrutiny

7.5.1 The procurement process and /or any part of the requirement may be selected for consideration by Scrutiny.

7.6 Equality Implications

- 7.6.1 An Equality Screening Assessment has been completed by the project. The ESA has been approved by NNC Equalities.
- 7.6.2 The new IMS solution will have a positive impact as it will be optimised for mobile use and as a minimum will adhere to Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 and where possible align with Web Content Accessibility Guidelines 2.1.
- 7.6.3 No negative implications identified during the Equality Screening Assessment which is attached to this report.

7.7 Climate Impact

- 7.7.1 In common with most IT systems, the key climate impact is from the data centre where the system is hosted. The proposed IMS supplier hosts the system in Microsoft's UK data centres.
- 7.7.2 Microsoft has been carbon neutral since 2012 and is committed to being carbon negative by 2030, with the commitment by 2050 to remove all the carbon it is directly emitted since its founding in 1975.
- 7.7.3 We will continue to engage with the supplier during the life of the contract to ensure that the climate impact is seen as a key consideration for the Council and its partners.

7.8 Community Impact

- 7.8.1 Residents of North Northamptonshire will be presented with a uniform, modern channel allowing them consume services offered by council, which will be replacing current fragmented approach realised using four separate legacy channels.
- 7.8.2 User experience will be updated to provide a first-class experience for service users accessing our services through variety of the mediums like mobile phones, tablets, and personal computers.
- 7.8.3 Security practices employed to safeguard the card payment details will be reviewed and upgraded to follow best practice providing additional assurance to residents.
- 7.8.4 There are no further community impacts other than those discussed elsewhere in this report.

7.9 Crime and Disorder Impact

- 7.9.1 There is no Impact to Crime and Disorder arising from this proposal.

8. Background Papers

8.1 Equality Impact Assessment