

READING BOROUGH COUNCIL

REPORT BY STRATEGIC DIRECTOR OF FINANCE

TO:	POLICY COMMITTEE		
DATE:	30 OCTOBER 2017	AGENDA ITEM:	14
TITLE:	CONTRACT AWARD - CIVICA PAYMENTS ENTERPRISE LICENCE		
LEAD COUNCILLOR:	JO LOVELOCK	PORTFOLIO:	CORPORATE SERVICES
SERVICE:	PROCUREMENT	WARDS:	BOROUGHWIDE
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The report seeks approval for the award of a contract for a five year contract for software licences and maintenance.

2. RECOMMENDED ACTION

- 2.1 That the Committee approve the award of a contract to Civica UK Ltd. (Civica) for a period of five years from the commencement date for the provision of an enterprise licence and associated maintenance and services for upgraded Civica ICON payments, hosted software.

3. POLICY CONTEXT

The procurement of this upgraded software supports the Council's ICT and Digital Strategy promoting better access for customers to digital and online service delivery.

4. THE PROPOSAL

- 4.1 The Council's current contract with Civica for incoming payments processing comes to an end in July 2018. In addition to this, the Council is required to address the following challenges in the near future:
- 4.1.1 Maintaining Payment Card Industry Data Security Standard (PCI-DSS) compliance
 - 4.1.2 Compliance with the General Data Protection Regulation (GDPR) by 28 May 2018
 - 4.1.3 Support for homeworking call centre staff to enable them to securely handle payments from customers.

- 4.1.4 Rationalisation of server usage to ensure all data is held and accessible in a single place which supports more efficient use of staff time avoiding the need for multiple logins.
- 4.1.5 Improvements to the Council's bank reconciliation process to address issues raised by the Council's external auditors.
- 4.2 The Council's current payment system supplied by Civica does not provide an adequate solution to these challenges, however, the product can be upgraded to a version which is suitable to address these issues.
- 4.3 Any alternative to the upgrade of the current product route would require a full procurement exercise and, possibly, the implementation of a completely new system. A new system would require the dedication of significant internal staffing resource to the project. At this point, given the broad range of challenges facing the finance and customer services teams, the Council does not have the capacity to manage the implementation of a new system. The internal costs of implementing a complete new system when coupled with the external costs of purchasing and implementing a new system indicate that this would not provide a better value for money solution for the Council, particularly if there is any loss of service during the change.
- 4.4 The Council's requirement has therefore been determined to be the upgrade of the existing system to address the challenges above without requiring the specification, procurement and implementation of an alternative product.
- 4.5 The Crown Commercial Services Framework RM1059 (Local Authority Software Solutions) provides a catalogue based purchasing route to procuring a variety of software products and associated services, including the upgraded Civica system, consistent with the requirements of the Public Contracts Regulations 2015. The Council's Legal and Procurement teams have provided advice and confirmed the suitability of the upgrade approach and proposed use of the framework.
- 4.6 Under the terms of the Framework, Civica have made a proposal for a five year, enterprise licence, which includes all future system upgrades for the duration of the licence at no further cost to the Council over the proposed upgrade implementation and fixed annual charges. This provides price certainty and assurance that the Council will continue to operate the latest software versions without the need for further expenditure. The value for money of this proposal is set out in the financial implications section below.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The main contribution that this contract will make to the Council's strategic aims is to help the Council remain financially sustainable and will support more efficient and customer friendly payments arrangements.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 None directly relevant to this contract award decision

7. EQUALITY IMPACT ASSESSMENT

- 7.1 There is no equalities impact assessment required for this contract.

8. LEGAL IMPLICATIONS

- 8.1 The contract has been let in accordance with the Public Contracts Regulations 2015 using a direct call-off from a Framework Agreement let by Crown Commercial Services (CCS)

The purchase of the upgrade is exempt from the requirement to seek tenders in accordance with the Council's Contracts Procedure Rule 4. (2) (e) (1):

"....The works, services, or supplies are obtained by calling-off from a framework agreement, where this can be demonstrated to offer best value by:

.....application of the terms laid down in the framework agreement without reopening competition

9. FINANCIAL IMPLICATIONS

- 9.1 The list price for a 5 year enterprise licence would total £608k, including a one-off licence fee of £200k and increasing annual charges, to allow for the anticipated increase in the volume of transactions expected over the period. However, as an incentive for an early take up and signing the contract by 31 October, Civica have offered the same facilities for £485k, including a one off fee of £155k and a flat annual charge which allows for up to 250k transactions per annum (currently the Council has about 205k such transactions per annum).

The current budget makes adequate provision for this sum and the increased transactional capacity (and better functionality) will allow for some cost efficiencies to be made in due course.

10. BACKGROUND PAPERS

- 10.1 Procurement Documentation including, CCS RM1059 Framework Agreement User Guide, Pricing and Catalogue information, Civica proposal and Call-Off Agreement.