

## CABINET

20 February 2023

<b>Title:</b> Maintenance and Support Contract for the Capita Academy System	
<b>Report of the Cabinet Member for Finance, Growth and Core Services</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
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<b>Accountable Director:</b> Stephen McGinnes, Director of Support and Collections	
<b>Accountable Strategic Leadership Director:</b> Philip Gregory, Strategic Director, Finance & Investment	
<b>Summary:</b> <p>The Council and specifically the Revenues and Benefits department have historically used Capita and its product Academy to complete their many business-critical functions. These functions include distributing benefits/universal credit and the collection of Council Tax and Business Rates, the latter two functions serving as a major revenue stream for the Council.</p> <p>The Academy product has been used by the Council since 2007. Through the use of the product there has been one major contract with numerous addendums added onto it, which formulated extensions allowing the product to be used up until now, 2023. As it currently stands the one-year addendum will come to an end in March 2023, although to facilitate the Council's internal governance processes there are discussion ongoing for a one-month extension.</p> <p>For a variety of reasons, including best practice, there is now a need to put in place a more formal contract for Capita and its product Academy, bringing into line a number of different modules which are already in use by the team, as well as adding in some new functionality to further improve the capabilities of the Revenues and Benefits team.</p> <p>This contract will continue the current Support and Maintenance agreement in place, whilst also adding three additional products:</p> <ul style="list-style-type: none"><li>• CTax Modelling Module</li><li>• CTax Banding Module</li><li>• Forms</li></ul> <p>Due to the resources required to move away from Capita Academy at this point in time, it is seen as economically advantageous for the Council to stay with the current provider. As such, it is recommended that there is a direct award to Capita for this product via the Kent Commercial Services (KCS) Software Products and Associated Services Framework.</p>	

This framework has specific criterion which allow for the Direct Award of products based on their existence on the estate already. This is a fully compliant framework and has been previously used within IT for the procurement of the Darktrace product recently approved by the Cabinet.

Revenues and Benefit would look to obtain the new contract for a maximum length of seven years, with an initial term of five years and the provision to extend by a further 1+1 years at the Council's discretion. This contract length would secure the service for the foreseeable future and also provide the necessary timespan to run a full procurement and transition to a new product, should Capita be deemed at any time no longer fit for purpose.

The overall cost of a seven-year contract is £940,000.00, which includes the support and maintenance as well as the inclusion of the additional modules requested by the business.

### **Recommendation(s)**

The Cabinet is recommended to:

- (i) Agree that the Council proceeds with the procurement of maintenance and support services for the Capita Academy product via the Kent Commercial Services Software Products and Associated Services Framework, in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director, Finance and Investment, in consultation with the Chief Legal Officer, to award and enter into the contract and all other necessary or ancillary agreements, including contract extensions, with Capita.

### **Reason(s)**

The primary driver for this decision is to ensure that Capita Academy is on a compliant, secure long-term contract. This will protect the Councils best interests whilst also securing the product for use by the service and their continued business operations, including the collection of Council Tax and Business rates, some of the Councils largest revenue streams.

## **1. Introduction and Background**

- 1.1 Capita Academy is a product used by the Revenues and Benefits team to run a number of business-critical functions, not limited to the collection of Council Tax and Business rates. It serves as the core component of the service with many other applications used to supplement it. Over the years, many bespoke amendments have been made to the Academy product to ensure the Revenues and Benefits service has the capabilities necessary.
- 1.2 In 2007, the Council entered into a contract with Capita for their Academy product for use within the Revenues and Benefits team, which historically has been known under a number of different monikers. Originally managed by the Council, this

contract was then managed by Elevate East London, from 2010 to 2020, before returning as a Council responsibility. Throughout this period, the original contract was amended numerous times with addendums which acted as extensions. This had been happening routinely until 2022 when the decision was made to acquire a new contract with Capita via a compliant framework.

- 1.3 With how crucial the Academy product is to the service, there is a need to secure the product for the long-term future. IT Services will be looking to obtain this contract over a seven-year period (5+1+1) on the KCS – Software Products and Associated Services Framework, via Direct Award as allowed for on the Framework. The contract length both ensures the long-term future of the product within the service as well as allowing enough time for a large procurement project to be conducted should Academy be considered in the future to no longer be fit for purpose.

## **2. Proposed Procurement Strategy**

### **2.1 Outline specification of the works, goods or services being procured**

- 2.1.1 This procurement will be for Support and Maintenance as well as additional modules for Capita Academy. This product is a business-critical application for the Revenues and Benefits team and serves as their main application for the collection of Council Tax and Business Rates.

### **2.2 Estimated Contract Value including the value of any uplift/extension period**

- 2.2.1 The estimated contract value over the 7-years with Capita for the Academy product is £940,000.00, with a per annum cost of £134,286.00.
- 2.2.2 These values include the support and maintenance of the current product set and the new products being procured, as well as their one-off cost.

### **2.3 Duration of the contract, including any options for extension**

- 2.3.1 The overall contract length would be seven years, with a format of 5-years plus two optional 12-month extensions. The contract would commence on 31 March 2023 to 30 March 2030 (if all extension options are utilised).

### **2.4 Is the contract subject to the Public Contracts Regulations 2015? If Yes and the Contract is for services, is it subject to the light touch regime?**

- 2.4.1 Yes, this is subject to the thresholds for goods and services which are currently £213,477 (inc VAT) in contract value.

### **2.5 Recommended procurement procedure and reasons for the recommendation**

- 2.5.1 IT Services would like to proceed with a Direct Award to Capita for the aforementioned Academy product and additional modules, who are a recognised supplier via the KCS – Software Products and Associated Services Framework. This Framework allows for Direct Award based on fulfilling one of a set number of criteria, the criteria are:

1. Customer is satisfied that, following their own due diligence, they can identify the supplier that offers best value for their requirement;
2. The supplier is able to supply the required goods/services within the customers timescales;
3. The supplier scored the highest mark for price/quality in the framework agreement evaluation;
4. Goods/services required are unique/exclusive to one vendor/supplier;
5. Continuity of existing goods/services from an awarded supplier.

2.5.2 IT Services believe there are grounds to Direct Award based on point 5. This would ensure continuity of the Capita Academy product and modules for the Revenues and Benefits service.

## **2.6 The contract delivery methodology and documentation to be adopted**

2.6.1 This contract will be managed on a day-to-day basis by IT Services.

2.6.2 The management of the contract will be as per the T&Cs of the KCS – Software Products and Associated Services framework and their call off terms.

## **2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract**

2.7.1 Securing the Capita Academy product for a further seven years will allow Revenues and Benefits to continue their current service, as well as their business-critical functions of collection of Council Tax and Business rates, as well as numerous other functions.

2.7.2 This also moves the Capita Academy contract away from the yearly extensions and archaic T&Cs which date back to 2007, ensuring that the council have a modern and compliant contract for one of its key lines of business applications.

## **2.8 Criteria against which the tenderers are to be selected and contract is to be awarded**

2.8.1 As this would be a Direct Award to Capita via the KCS Framework an evaluation criteria is not relevant.

## **2.9 How the procurement will address and implement the Council's Social Value policies**

2.9.1 As part of the Council's strategy to ensure Social Value is delivered by all major suppliers, Capita have been contacted and the Council's Social Value policies sent to them. IT Services and Revenues and Benefits will work with Account Managers at Capita to compile a Social Value offering that suits the updated themes of the Council policy.

### 3. Options Considered

#### 3.1 Option 1 – Do nothing (Rejected)

3.1.1 This option has not been considered due to the importance of Capita Academy to the Revenues and Benefits team. Failure to renew and have a contract in place would be of huge risk and impact to the Service and the Council.

#### 3.2 Option 2 – Alternative Frameworks (G-Cloud 13; DAS Framework; VAS Framework)

3.2.1 G-Cloud 13 is a Framework designed for Direct Award but often for products which are deemed off the shelf, meaning many prices are fixed and do not reflect the years of customisation and changes that have been made to our Capita Academy product. This route to market is seen as less beneficial than the KCS Framework.

3.2.2 Although used previously with IT Services, and suitable for this kind of Direct Award, the DAS framework is coming to the end of its life cycle with the VAS Framework being the new edition. However due to the timing of this (early to late January) and the needed to have an established Framework and route to market, it was deemed these would not provide the assurances needed.

#### 3.3 Option 3 – Open Market (Rejected)

3.3.1 Capita are the only provider of the Academy product, there would be no need to go through open market, this would also result in long-form negotiations due to being contracted on their T&Cs.

### 4. Waiver

4.1 Not applicable.

### 5. Equalities and other Customer Impact/GDPR

5.1 While a full Equality Impact Assessment is not required in this instance, the Equality Impact Assessment Screening Tool is attached at Appendix 1.

### 6. Other Considerations and Implications

#### 6.1 Risk and Risk Management

Risk Description	Mitigating Actions	RAG Status
Not acquiring a new contract for Capita by the end of March 2023.	Result in the need for another addendum, this is not best practice. This would also result in the Council being on older T&Cs for another 12-months. Acquiring a new contract not only ensures the product for the long-term but also covers the Council via the Frameworks T&Cs.	A

## **6.2 TUPE, other staffing, and trade union implications**

6.2.1 Not Applicable.

## **6.3 Safeguarding Children and Vulnerable Adults**

6.3.1 Not Applicable.

## **7. Consultation**

7.1 The proposals in this report were considered and endorsed by the Procurement Board on 16 January 2023.

## **8. Corporate Procurement**

Implications completed by: Sam Woolvett, Category Manager, Commercial Services

8.1 A direct award to Capita via the KCS Framework is the best procurement option to ensure the Capita Housing system continues to meet the Council's business needs.

8.2 This approach complies with LBBD's Contract Rules as the KCS Framework was let in accordance with the Public Contract Regulations 2015 (the Regulations).

8.3 Corporate Procurement shall be advising IT Services throughout the award process.

## **9. Financial Implications**

Implications completed by: Nurul Alom, Group Finance Manager, & Shaheen Khan, Finance Business Partner

9.1 The report seeks approval for Direct Award to Capita for the Academy product and additional modules as this would ensure continuity of existing service for the Revenues and Benefits service.

9.2 The term of contract would be five years plus the option to extend on a 1+1 basis at a Total Contract Value of £940,000.00.

9.3 The cost of the contract will be fully met within the existing budget.

## **10. Legal Implications**

Implications completed by: Kayleigh Eaton, Principal Contracts and Procurement Solicitor, Law & Governance

10.1 This report is seeking approval to use the KCS – Software Products and Associated Services Framework (Framework number Y20011) owned by Kent County Council to procure the Academy product from Capita to assist with the Council's Revenue and Benefits business critical functions.

10.2 This report states that the total value of the contract over the potential 7-year duration will be £940k, which is above the threshold for goods contracts meaning

that there is a legal requirement to carry out a tender exercise in accordance with the Public Contracts Regulations 2015 (PCR). Using an already established framework is a compliant route to market under the PCR. This will also satisfy the Council's Contract Rules. Rule 5.1 (a) advises that it is not necessary for officers to embark upon a separate procurement exercise when using a Framework Agreement providing the Framework being used has been properly procured in accordance with the law and the call-off is made in line with the Framework terms and conditions.

- 10.3 The use of the KCS framework will satisfy the above requirements as the Council is permitted to call off from the framework, which has been set up following a compliant process for all local authorities in the country and is valid until 31 March 2024. It is noted that the framework also permits direct awards.
- 10.4 Contract Rule 28.8 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval. In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contracts following the procurement process with the approval of Corporate Finance.
- 10.5 The legal team will be able to assist the client department to finalise the call-off contract with Capita.

**Public Background Papers Used in the Preparation of the Report:** None

**List of Appendices:**

**Appendix 1 - Equality Impact Assessment Screening Tool**