

THE EXECUTIVE

17 FEBRUARY 2004

REPORT OF THE DIRECTOR OF FINANCE

| REPLACEMENT OF REVENUES SYSTEMS | FOR DECISION |
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| <p data-bbox="151 450 1444 521"><i>This report is submitted to the Executive as it seeks a waiver under section 4.1(d) of the Council's Constitution (Contract Rules).</i></p> <p data-bbox="151 562 300 595"><u>Summary</u></p> <p data-bbox="151 636 1444 813">This report provides an update on progress to date in respect of the replacement of the Revenues' systems approved by the Executive at its Meeting on 29 July 2003. The Executive is advised that the funding position has been clarified following a successful bid to the Department of Works and Pensions for financial support towards the cost of the project.</p> <p data-bbox="151 853 1444 994">The report also identifies the difficulties encountered to date in securing a project manager, with the appropriate skills set, through the usual recruitment channels and that any delays in recruiting such a person may impact on the capital spend profile. An alternative procurement process is therefore submitted for decision.</p> <p data-bbox="151 1034 440 1068"><u>Recommendations</u></p> <p data-bbox="151 1108 528 1142">The Executive is asked to:</p> <ol data-bbox="199 1182 1444 1697" style="list-style-type: none"><li data-bbox="199 1182 1246 1216">1. Agree a waiver under section 4.1(d) of the procurement contract rules;<li data-bbox="199 1256 1444 1473">2. The Director of Finance be authorised to:<ol data-bbox="247 1330 1444 1473" style="list-style-type: none"><li data-bbox="247 1330 1444 1402">(a) approach companies capable of introducing or providing a person with the appropriate skills, knowledge and experience, and<li data-bbox="247 1442 1023 1473">(b) engage such a person on contract to the Council;<li data-bbox="199 1514 1444 1585">3. Note the current position on procurement of the Revenues systems and the recent award of Department of Works and Pensions (DWP) funding; and<li data-bbox="199 1626 1444 1697">4. Note the potential impact of the delay in the appointment of a project manager on capital spending for the project, and note the commission of an independent review. <p data-bbox="151 1738 288 1771"><u>Reasons</u></p> <p data-bbox="151 1812 1444 1953">Approval of the Executive is required for a waiver, under section 4.1. (D), of the procurement rules to allow the recruitment, without delay, of a suitably qualified project manager. This will help ensure that the Revenues' Project is managed to a successful conclusion and that exposure to risk throughout the project life-cycle is minimised.</p> | |

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1. Background

- 1.1 On 29 July 2003, the Director of Finance gave the Executive a comprehensive situation statement on current performance, standards, targets, and aims and objectives for the Revenue Services. The report also identified the need and funding required for the replacement of existing IT systems and introduction of a document management system considered necessary to underpin the Service
- 1.2 At its Meeting, the Executive considered a range of measures designed to improve service delivery within Revenues and agreed a number of recommendations. Those, that are relevant to this report, were:
- the replacement of the revenues systems
 - the introduction of a document management system
 - adding £2.2m to the capital programme for this project
 - using DWP capital funding if available
 - an improvement plan

2. Current Position

- 2.1 By the time that Members consider this report the Council will be part way through the formal Tender process for the selection of a supplier from a short-list of six.
- 2.2 To date the preparation of system specifications and associated documentation has been managed, with assistance from corporate procurement, by an external consultant (see 4.1), owing to the ongoing pressure on the Service and skills shortage.
- 2.3 That work is now complete and the Council is moving into the next phase of systems replacement commencing with the evaluation of Tenders and, subsequently, the implementation of systems beginning with the introduction of EDMS.
- 2.4 However, some difficulties are being experienced, as set out in Section 3 following, in the recruitment of a suitable project manager. It has also been necessary to provisionally extend the Tender evaluation period, which includes detailed examination and road-testing of software, owing to the number of potential suppliers invited to tender, compared to that originally envisaged.

3. Project Management

- 3.1 It is critical to the successful implementation of systems, as demonstrated by the SWIFT project, that their introduction, as a key plank of the Revenues Improvement Plan approved by the Executive, is managed by a dedicated resource.

- 3.2 The original proposal to resource the project manager from IS&T is not now possible owing to other demands on that Team, particularly the duration of the project (up to eighteen months) as a result of its wide scope; namely replacing four major systems (Housing Benefits, Council Tax, Business Rates and Rents) and the introduction of EDMS.
- 3.3 Ideally the project manager will have the usual range of project management skills, complemented by the specific experience of introducing or replacing revenues systems, particularly in dealing with issues such as, for example:
- Linkage with corporate financial systems
 - Impact on Housing Benefit subsidy received from the DWP
 - Data conversion (personal and payments account details and reconciliation)
 - System security and audit trails.
 - EDMS requirements (workflow, archiving, performance management and Freedom of Information Act)
 - Ongoing legislative changes throughout the life cycle of the project.
- 3.4 The replacement of the systems is undoubtedly high risk and in order to mitigate these risks, a person specification was produced and considerable efforts already have been made in an effort to find a person with the necessary attributes that match the Council's requirements, using the usual processes. This process has resulted in one unsuccessful interview only.
- 3.5 As such, it is now considered essential that the Council engages with a number of specialist companies to ensure that it finds the right person for this key strategic role, at the best available price, and avoid, as far as possible, further delay to the project.
- 3.6 Initial enquiries to one of these companies' shows that suitable candidates are in considerable demand. Crucially, they further advise that it is highly unlikely that the Council will find anyone who will consider direct employment by the authority.

It therefore appears inevitable that an appointee will be on contractor day rates.

- 3.7 Given this demand, and the potential for increasing day rates, it is considered that the Council cannot afford to delay any further in formally contacting specialist companies to secure the services of a project manager. (to ensure that it obtains competitive quotes) As it is there may be an unavoidable wait whilst the preferred choice of project manager completes his/her existing contract.
- 3.8 It is therefore suggested that a minimum of three companies be contacted to ensure that the Council
- a) Obtains details of people matching the person specification,
 - b) Receives competitive quotes, and
 - c) Achieves best value from the process

Executive approval is therefore requested for the waiver of the procurement contract rules to allow a prompt recruitment to this role.

3.9 A budget of £99k for this position is included in the total project costs set out at 4.1 below.

4. Funding

4.1 The Executive, on 29 July 2003, approved a budget of £2.2m for the total cost of system purchase and implementation. This amount includes the cost of support services, such as; consultancy (see 2.2) data cleansing and transfer, training etc

4.2 The Executive may recall that shortly after its meeting a capital bid application was made to the DWP for assistance with the cost of this project that related to Housing Benefits.

4.3 It is, therefore, pleasing to report that a positive decision on the application to the DWP has now been received and subject to certain conditions, the Council has been awarded the full amount it requested (i.e. £669k, towards the cost of replacing the benefits system, and £138k in respect of the benefits element of the EDMS system).

4.4 On an equally positive note the amount awarded is around £140k more than reported to the Executive in July 2003, This follows the submission of two separate applications for funding rather than the single one originally envisaged. The new approach followed a number of conversations with the DWP about how best to present the application, particularly so far as costs were concerned so that the DWP evaluation panel would find it difficult to resist the Council's case.

Funds will be released to the authority over the life cycle of the project.

4.5 Members should however, be aware that a combination of the factors set out above may mean that it is necessary to re-profile the capital spend.

4.6 However, before such a recommendation is made to Members, and in the continuing absence of a project manager, a review of the project has been commissioned to provide an independent focus on the priority issues and risks, including whether or not the project timetable is realistic and deliverable.

4.7 This review will also help ensure that all project areas are proceeding to the appropriate quality standards and that the overall business and project risks are being, and will be managed effectively.

On completion, Members will be advised as to any changes considered necessary to the capital spend profile.

Background Papers

- Executive Report - Replacement of Revenues IT Systems (Minute 70, 29 July 2003).