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Contract

## **NPS Operations, Maintenance and Modernisation Services**

H M Revenue & Customs

F03: Contract award notice

Notice identifier: 2022/S 000-008053

Procurement identifier (OCID): ocds-h6vhtk-03260f

Published 24 March 2022, 4:29pm

### **Section I: Contracting authority**

#### **I.1) Name and addresses**

H M Revenue & Customs

Plaza 2, Ironmasters Way

Telford

TF34NT

#### **Contact**

Sarah Dunsmore

#### **Email**

[sarah.dunsmore1@hmrc.gov.uk](mailto:sarah.dunsmore1@hmrc.gov.uk)

#### **Country**

United Kingdom

#### **NUTS code**

UK - United Kingdom

**Internet address(es)**

Main address

[www.gov.uk](http://www.gov.uk)

**I.4) Type of the contracting authority**

Ministry or any other national or federal authority

**I.5) Main activity**

Other activity

Direct and indirect taxation

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**Section II: Object**

**II.1) Scope of the procurement**

**II.1.1) Title**

NPS Operations, Maintenance and Modernisation Services

Reference number

SR684917675

**II.1.2) Main CPV code**

- 72416000 - Application service providers

**II.1.3) Type of contract**

Services

**II.1.4) Short description**

The contract is for business application support and maintenance services for HMRC's National Insurance and PAYE System (NPS). The contract includes options to provide business application development and enhancement services and NPS solution modernisation services. The intent of the modernisation service is to disaggregate the

NPS solution into a number of components in preparation for going to market in future. The contract will have a duration of 5 years.

#### **II.1.6) Information about lots**

This contract is divided into lots: No

#### **II.1.7) Total value of the procurement (excluding VAT)**

Value excluding VAT: £70,393,068

### **II.2) Description**

#### **II.2.2) Additional CPV code(s)**

- 72250000 - System and support services
- 72261000 - Software support services
- 72262000 - Software development services
- 72263000 - Software implementation services

#### **II.2.3) Place of performance**

NUTS codes

- UK - United Kingdom

Main site or place of performance

United Kingdom

#### **II.2.4) Description of the procurement**

HMRC has awarded a contract to Accenture plc to provide Business Application Support and Maintenance (BASM) services for HMRC's National Insurance and PAYE System (NPS) ("New Contract"). Prior to this Accenture was the incumbent service provider to HMRC for these services (and other business applications, which are part of other replacement contracts). This expires in June 2022 ("Prime Contract"). The equivalent services under the Prime Contract shall terminate when the New Contract takes full effect.

The services under the New Contract are: Business Application Support and Maintenance (BASM) services; and optional business application development services, system integration services; strategy, architecture and feasibility analysis services related to NPS, which HMRC can use on a call off basis. The term of the New Contract is 5 years.

NPS is part of HMRC and UK economy Critical National Infrastructure (CNI) collecting 40% of revenues into HMT with nearly 40,000 users in HMRC and DWP. It has hugely complex processing engines, which are critical to calculate tax, as well as the administration of devolved powers at a subnational level between Scotland, Wales and the UK. This is a large, multifaceted service developed over time with complicated integration and interdependencies to other services within HMRC and external parties such as DWP and NS&I.

In order to make the services suitable for competition in future and reduce vendor lock-in, the New Contract includes modernisation services which will deliver an NPS Disaggregation Programme. This programme of work will disaggregate the NPS solution into 6 components to provide more open and independently maintainable business focused services.

The New Contract value is £70,393,068. Payments are supported by service levels and service credits and are structured as a combination of fixed price support and maintenance charges, rate-card based charges for development projects and delivery milestone payments for disaggregation services (including retention clauses).

#### **II.2.5) Award criteria**

Price

#### **II.2.11) Information about options**

Options: No

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## **Section IV. Procedure**

### **IV.1) Description**

#### **IV.1.1) Type of procedure**

Award of a contract without prior publication of a call for competition in the cases listed below

- The services can be provided only by a particular economic operator for the following reason:
  - absence of competition for technical reasons

Explanation:

The services required by HMRC consist of the provision of Business Application Support

and Maintenance (BASM) services and optional business application development and enhancement services and NPS solution modernisation services for HMRC's National Insurance and PAYE System (NPS). NPS is classified as Critical National Infrastructure (CNI) collecting 40% of revenues into HMT. The award of the New Contract to Accenture ensures that the support of NPS continues to be delivered safely and without interruption whilst the solution is in its current technical state. During the Contract term, the intent is to disaggregate the NPS solution into a number of components in preparation for going to market in future.

Due to the technical risk, age and intricate interdependencies of the NPS solution, the support services could currently only be provided by Accenture, until the solution is disaggregated and modernised. Delivering the disaggregation of the solution will require a considerable level of in-depth knowledge and experience of the solution, which only Accenture have because of their 20 years of supporting the services.

There is a significant risk of disruption to critical services, which would lead to a non-recoverable consequence for customers and revenue-stream for the UK Economy. The resulting contract enables HMRC to deliver on its strategic priorities to protect live services and deliver contractual flexibility. In parallel, HMRC will be able to work with Accenture to prepare the disaggregated components of NPS to go to market.

This is an award of a contract via the negotiated procedure without prior publication under Regulation 32 of the Public Contracts Regulations 2015. HMRC's view, having taken advice, is that reliance on Regulation 32 is justified because services being procured under and for the term of the New Contract can only be provided by Accenture because competition is absent for technical reasons.

Accordingly, HMRC concluded that for technical reasons HMRC was procuring services under the New Contract, which only Accenture could provide and for which there was no reasonable alternative

#### **IV.1.8) Information about the Government Procurement Agreement (GPA)**

The procurement is covered by the Government Procurement Agreement: Yes

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## **Section V. Award of contract**

A contract/lot is awarded: Yes

### **V.2) Award of contract**

#### **V.2.1) Date of conclusion of the contract**

23 February 2022

#### **V.2.2) Information about tenders**

Number of tenders received: 1

The contract has been awarded to a group of economic operators: No

#### **V.2.3) Name and address of the contractor**

Accenture

London

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor is an SME

No

#### **V.2.4) Information on value of contract/lot (excluding VAT)**

Initial estimated total value of the contract/lot: £70,393,068

Total value of the contract/lot: £70,393,068

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## **Section VI. Complementary information**

### **VI.4) Procedures for review**

#### **VI.4.1) Review body**

HMRC

Plaza 2, Ironmasters Way

Telford

TF3 4NT

Country

United Kingdom