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Award

Revenues & Benefits IT processing system

London Borough of Waltham Forest

F15: Voluntary ex ante transparency notice

Notice identifier: 2024/S 000-034712

Procurement identifier (OCID): ocds-h6vhtk-04b17a

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Section I: Contracting authority/entity

I.1) Name and addresses

London Borough of Waltham Forest

Room 100, Waltham Forest Town Hall, Forest Road

Walthamstow

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Contact

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Email

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Telephone

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Country

United Kingdom

Region code

UK - United Kingdom

Internet address(es)

Main address

<http://www.walthamforest.gov.uk/>

Buyer's address

<http://www.walthamforest.gov.uk/>

I.4) Type of the contracting authority

Regional or local authority

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Revenues & Benefits IT processing system

Reference number

DN723488

II.1.2) Main CPV code

- 72000000 - IT services: consulting, software development, Internet and support

II.1.3) Type of contract

Services

II.1.4) Short description

London Borough of Waltham Forest utilises the Capita One software solution as the primary back office IT system for the management, support and full end-to-end administration of Revenues and Benefits functions and processes within the borough.

II.1.6) Information about lots

This contract is divided into lots: No

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

Lowest offer: £1,000,000 / Highest offer: £4,200,000 taken into consideration

II.2) Description

II.2.3) Place of performance

NUTS codes

- UK - United Kingdom

II.2.4) Description of the procurement

Revenues & Benefits' incumbent Capita One software solution is the primary IT system from which both departments manage and support the full end-to-end administration of, via wide ranging functions and processes across multiple contact channels, resident accounts & cases within the borough for:

- billing, collection and enforcement for Council Tax, National Non-Domestic Rate (Business Rates),

Business Improvement Districts (BIDs), Housing Benefit Overpayments

- entitlement, assessment, and payment of Housing Benefit, Council Tax Support, Discretionary Housing Payment, Discretionary Council Tax Hardship and Local Welfare Assistance

- entitlement assessment of Free School Meals

For context, volumes & values for the above key service activities are:

- Council Tax & Business Rates (inc. BIDs) – circa £157mill and £63mill net collectables per annum

respectively, with an approx. 95% annual collection rate across 108.8K dwellings and 6.8K hereditaments respectively

- Housing Benefit & Council Tax Support, Discretionary Housing Payments and Local Welfare Allowance – circa £120mill in subsidy awards per annum

Capita One is also integrated with supporting third-party products for document & case workflow management, end to end payment processing & distribution, print & post services, robotics automation, third-party forms products for resident online self-service, online resident portal for real time account & bill views etc.

Procurement process has been commenced to ensure best value and realise future technological and economic benefits for the services and the Council as a whole.

A key driver within this is the introduction of a supplier hosted Software as a Service (SaaS) cloud-based system infrastructure and associated managed support & maintenance.

This is aligned with internal, long-term IT strategy for the operation and management of line of business systems.

II.2.11) Information about options

Options: No

II.2.13) Information about European Union Funds

The procurement is related to a project and/or programme financed by European Union funds: No

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 procurement falls outside the scope of application of the regulations

Explanation:

The contract is for the provision of services that fall within the scope of the PCR 2015 (the Regulations). The contract will be awarded under a framework agreement (Y20023) by Kent County Council via KCS Procurement Services that was established in compliance with the PCR 2015 and published in the FTS notice (2021/S 000-017389) at the time of its conclusion.

Under the provisions of the Regulation 33(8a) and LB Waltham Forest constitution, a procurement of this nature may be undertaken without a competitive tender exercise and may be made via a direct award. The proposal to award a contract for 7 years with the capacity to extend the contract for a further 3 periods of 12 months each is permissible under the Regulations and LB Waltham Forest Constitution given the value of the proposed contract.

Internal approvals to commence direct award to Capita Business Services Ltd for the Capita One product were received in May 2024.

The following activities were completed in the past 12 months to gauge service requirements versus market capability and optimal procurement routes:

- Detailed cross-Council requirements gathering
- Product research & soft market testing
- Route to market analysis exploring open competitive process, further competition via framework, and direct award via framework
- Cost of change analysis to gauge internal time & cost, in addition to external supplier charges, for resourcing of identified routes to market and potential switch from incumbent system to another
- Other Local Authorities engaged re: lessons learnt from recent IT processing system procurements

The Revs & Bens core processing system market is niche and highly specialised. Research confirmed only three suppliers with large local authority experience and well-established products able to fulfil local & central government legislative requirements - namely Capita, NEC and Civica.

Procurement via framework was identified as the most time & cost-effective approach – with findings confirming Kent Commercial Services (KCS) Y20023 as the best-fit option.

Tendering of a Revs & Bens core IT processing system, with the possibility of moving to a new supplier, would potentially generate additional cost of change expenditure in excess of £1mill for the internal resourcing of implementation, training, data migration and

conversion of interfaces, together with extended system downtime during migration impacting revenue collection and payment of benefit.

Key drivers for this procurement are to explore possibilities to move to a supplier hosted Software as a Service (SaaS) cloud-based system infrastructure and associated fully supplier managed support & maintenance model – in order to deliver efficiencies and optimisation as per ICT strategy for primary line of business systems.

A supplier hosted, cloud-based system infrastructure & associated fully supplier managed support & maintenance model would provide the following key benefits to both Revenues & Benefits and therefore the Council as a whole:

- Infrastructure optimisation i.e., software & hardware hosted by supplier via large UK data centre vs on premise hosting
- Improved system user experience & operational productivity
- Ease and scalability of end-to-end system maintenance
- Externally resourced support of software and infrastructure

The proposal is that a direct award to the incumbent supplier is the most appropriate approach. This route would eliminate the risk of the additional minimum £1mill resulting from moving to a new supplier, whilst still fulfilling the originally intended benefits of supplier hosting and managed services.

This view also takes into account product demonstrations evidencing minimal differences in competitor products & roadmaps and technical discussions with Technology Services regarding hosting & infrastructure - all strongly indicating that long-term contract award to Capita will not leave the Council in a financially, technologically or functionally disadvantageous position.

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

The procurement is covered by the Government Procurement Agreement: Yes

Section V. Award of contract/concession

A contract/lot is awarded: Yes

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract

20 June 2024

V.2.2) Information about tenders

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

V.2.3) Name and address of the contractor/concessionaire

CAPITA BUSINESS SERVICES LTD

65 Gresham Street

London

EC2V 7NQ

Email

engagewithus@capita.co.uk

Country

United Kingdom

NUTS code

- UK - United Kingdom

Internet address

<https://www.capita.com/>

The contractor/concessionaire is an SME

No

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

Lowest offer: £1,000,000 / Highest offer: £4,200,000 taken into consideration

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

Royal Courts of Justice

London

WC2A 2LL

Country

United Kingdom