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Contract

NPS Operations, Maintenance and Modernisation Services

H M REVENUE & CUSTOMS

F20: Modification notice

Notice identifier: 2024/S 000-041469

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

Published 23 December 2024, 4:27pm

Section I: Contracting authority/entity

I.1) Name and addresses

H M REVENUE & CUSTOMS

100 PARLIAMENT STREET

LONDON

SW1A2BQ

Contact

Charanjit Kaur

Email

charanjit.kaur@hmrc.gov.uk

Telephone

+44 3000573938

Country

United Kingdom

Region code

UK - United Kingdom

Justification for not providing organisation identifier

Not on any register

Internet address(es)

Main address

[http://charanjit.kaur@hmrc.gov.uk](mailto:charanjit.kaur@hmrc.gov.uk)

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

NPS Operations, Maintenance and Modernisation Services

II.1.2) Main CPV code

- 72416000 - Application service providers

II.1.3) Type of contract

Services

II.2) Description

II.2.2) Additional CPV code(s)

- 72416000 - Application service providers

II.2.3) Place of performance

NUTS codes

- UK - United Kingdom

II.2.4) Description of the procurement at the time of conclusion of the contract:

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.2.7) Duration of the contract, framework agreement, dynamic purchasing system or concession

Duration in months

60

Section IV. Procedure

IV.2) Administrative information

IV.2.1) Contract award notice concerning this contract

Notice number: [2022/S 000-008053](#)

Section V. Award of contract/concession

Contract No

2022/S 000-008053

Title

NPS Operations, Maintenance and Modernisation Services

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract/concession award decision:

23 February 2022

V.2.2) Information about tenders

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

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

Accenture

London

Country

United Kingdom

NUTS code

- UK - United Kingdom

Justification for not providing organisation identifier

Not on any register

The contractor/concessionaire is an SME

No

V.2.4) Information on value of the contract/lot/concession (at the time of conclusion of the contract;excluding VAT)

Total value of the procurement: £70,393,068

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

HMRC

LONDON

Country

United Kingdom

Section VII: Modifications to the contract/concession

VII.1) Description of the procurement after the modifications

VII.1.1) Main CPV code

- 72416000 - Application service providers

VII.1.2) Additional CPV code(s)

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

VII.1.3) Place of performance

NUTS code

- UK - United Kingdom

Main site or place of performance

LONDON

VII.1.4) 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).

VII.1.5) Duration of the contract, framework agreement, dynamic purchasing system or concession

Duration in months

60

VII.1.6) Information on value of the contract/lot/concession (excluding VAT)

Total value of the contract/lot/concession:

£70,393,068

VII.1.7) Name and address of the contractor/concessionaire

Accenture

London

Country

United Kingdom

NUTS code

- UK - United Kingdom

Companies House

4757301

The contractor/concessionaire is an SME

No

VII.2) Information about modifications

VII.2.1) Description of the modifications

Nature and extent of the modifications (with indication of possible earlier changes to the contract):

The contract was modified by £35.2m in line with PCR 2015. This is effective from 29th November 2024. There has been no change to the contract scope and no change to the terms of the contract.

VII.2.2) Reasons for modification

Need for additional works, services or supplies by the original contractor/concessionaire.

Description of the economic or technical reasons and the inconvenience or duplication of cost preventing a change of contractor:

Regs 72 1 b

"72. - (1) Contracts and framework agreements may be modified without a new procurement procedure in accordance with this Part in any of the following cases:

(b) for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor-

There has been a significant increase in the project work which was not envisaged and catered for at the time of the direct award. This will allow the continued provision of critical NPS services, support to major transformational projects and the continuation of the disaggregation programme.

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, and

A change of supplier is not feasible for technical reasons, as NPS has extremely high levels of technical and functional complexity. Accenture have managed these services for many years and have the in-depth knowledge of the HMRC NPS applications and business services and a change of supplier at this stage of the contract would put key services at serious risk.

(ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority,

There would be a significant increase in costs if a new supplier provided the service which would include major delays to programmes.

VII.2.3) Increase in price

Updated total contract value before the modifications (taking into account possible earlier contract modifications, price adaptations and average inflation)

Value excluding VAT: £70,393,068

Total contract value after the modifications

Value excluding VAT: £105,589,602