

PART 1 - PUBLIC

Decision Maker: Executive

Date: 11th July 2018

Decision Type: Non-Urgent Executive Key

Title: RETENDER OF THE EXCHEQUER SERVICES CONTRACT

Contact Officer: Claudine Douglas-Brown – Head of Exchequer Services
Tel: 020 8461 7479 E-mail: claudine.douglas-brown@bromley.gov.uk
John Nightingale – Head of Revenues & Benefits
Tel: 020 8313 4858 E-mail: john.nightingale@bromley.gov.uk
Duncan Bridgewater – Head of Customer Services
Tel: 020 8461 7676 E-mail: duncan.bridgewater@bromley.gov.uk
Angela Huggett – Head of HR Strategy and Education
Tel: 020 8313 4029 E-mail: angela.huggett@bromley.gov.uk
Emma Pearce – Head of Performance, Governance, and Contracts –
Commissioning and Procurement
Tel: 020 8313 4480 E-mail: emma.pearce@bromley.gov.uk

Chief Officer: Peter Turner - Director of Finance
Tel: 020 8313 4338 E-mail: peter.turner@bromley.gov.uk
Charles Obazuaye Director of Human Resources

Ward: All wards

1. REASON FOR REPORT

- 1.1 The current contract awarded to Liberata for Exchequer Services ends on 31st March 2020.
- 1.2 This report summarises the outcome of the soft market testing exercise undertaken by officers and the procurement approach for the retendering of this contract.

2. RECOMMENDATIONS

- 2.1 Members of the Executive, Resources & Contracts Policy and Development Committee are asked to review this report and provide their comments to the Executive for their consideration.

The Executive is asked to:

- 2.2 Note the outcome of the soft market testing exercise.
- 2.3 Approve the retendering of the Exchequer Services contract for the reasons set out in this report and in accordance with section 4 of this report.

- 2.4 Agree the Contract term for a period of 8 years with an option to extend for a further period of up to 4 years (based on a 2 plus 2 option) as set out in Section 6 of this report.**
- 2.5 To note that officers have explored the options to add in additional services and remove existing services to the contract. An optional price will be obtained for the additional services as set out in section 4.3 of this report.**
- 2.6 Agree not to renew the Web Recruitment Module of the core ResourceLink system and to replace the web recruitment system with a new stand-alone platform procured via the ESPO Framework as set out in Section 4.5 of this report.**
- 2.7 Agree to extend the core HR Payroll and Pensions System with NGA until 30 June 2023 at a cost of £468k which will be met within the current service budget for the reasons set out in section 4.10 of this report.**
- 2.8 Agree to extend the Pensions system with Aquila Heywood until 30 June 2023 at a total cost £348k which will fall within the current budget for the reasons set out in section 4.11 of this report.**

Corporate Policy

1. Policy Status: Existing policy. Existing Policy Context/Statements
 2. BBB Priority: Excellent Council.
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Financial

1. Cost of proposal: Total estimated contract value of between £122m and £128m. £468k to extend the ResourceLink system contract and £348k to extend the Pension system.
 2. Ongoing costs: Recurring cost. £10.4m for the Exchequer contract, £117k for ResourceLink and £73.3k for the pension system.
 3. Budget head/performance centre: Exchequer Services
 4. Total current budget for this head: £9.8m
 5. Source of funding: Net revenue budget for 2018/19
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Staff

1. Number of staff (current and additional): Staff are employed by existing Contractor
 2. If from existing staff resources, number of staff hours:
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Legal

1. Legal Requirement: Statutory requirement. Any tendering procedure must comply with the Public Contract Regulations 2015 and the European Union Directives
 2. Call-in: Call-in is applicable
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): All households and businesses in the Borough, employees and those receiving a pension from the Council
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A
2. Summary of Ward Councillors comments:

3. COMMENTARY

- 3.1 This report provides members with an overview of the history of the Exchequer Contract along with the outcomes of soft market testing and proposals for retendering.

Contract History

- 3.2 The Exchequer Services Contract was originally awarded to Liberata in April 2002 and ended on the 31st March 2011, having been extended by 2 years. The Contract was retendered in 2011 and it was awarded to Liberata for a period of 7 years with the ability to extend for a further 2 years which has been taken, the current contract will therefore end on 31st March 2020.
- 3.3 Whilst officers are satisfied with the current contractor's performance there are no further extensions under the terms of the Contract and the service will need to be retendered.

Current Scope of the Exchequer Services

- 3.4 There are various elements to the Exchequer Services Contract. The original specification included the following services:

- Business Rates
- Council Tax
- Benefits
- Sundry Debtors & Mortgages
- Payroll
- Pensions
- Cashiers & Postal Services (for Stockwell only)
- Cash Collections

- 3.5 A number of services have been added into the Contract since the original Contract award via Change Control Notices (for individual CCN numbers and dates see Appendix 1):

- Empty Homes review
- Support for Academy System
- Collection of Mayors Infrastructure Levy
- Temporary Accommodation – Movement Triggers
- Accounts Payable
- Orpington BID
- Corporate Debt
- CareLink Administration
- Corporate Customer services
- Bromley knowledge
- Freedom Passes and Blue Badges
- Fairer Charging
- Appointee and Deputyship
- School Sold Services – HR, Finance and Audit
- Admin Penalties
- Processing Registrars cash payments
- Bromley BID
- Beckenham BID
- Penge BID

3.6 A Contract of this size will take around 3 years to review, retender and award therefore a project team was set up to undertake this work. The Project team will use the agreed Council approach to Project Management and consists of the following officers:

- Director of Finance – Project Sponsor and Owner
- Head of Exchequer Services
- Head of Revenue and Benefits
- Head of Customer Services
- Head of HR Strategy and Education
- Head of Finance for Schools
- Head of Human Resources Information Systems & Reward

3.7 The project team will also be supported by the Head of Performance, Governance and Contracts and a Project Manager from the Commissioning and Procurement team in addition to a representative from Legal, Procurement HR, IT and Finance.

4. SUMMARY OF BUSINESS CASE

4.1 The Project group have reviewed the service levels and specification requirements which are set out in the Council's standard template.

4.2 As part of the review of the current services officers have also reviewed a number of different aspects to this contract before going out to re-tender as follows:

Options to add additional services in

4.3 In addition to the core services set out in paras 3.4 and 3.5 of this report the project team reviewed the potential to add in additional services into the contract with a view to tenderers being asked to provide the Council with a price to see if efficiencies might be delivered. Those services included the following:

- Discretionary council tax and business rate payments
- Printing of all LBB cheques
- Further BID's (Business Improvement Districts)
- Purchasing Card Administration
- Non-Residential Care Charging Appeals
- Collation of costs for damage to LBB Property
- Arrangements for separate bank account for the Pension Fund
- Full Cost Arrangement Fee Administration

4.3.1 In addition, Officers reviewed a number of other services and recommend that these services are included on the OJEU notice as services that might be added at a later stage. The future provider who is awarded this Contract will be asked to carry out a Health Check of these services and any other services that they identify for future consideration, within 12 months of Contract award. Those services included the following:

- Housing Benefits/Council Tax Support Appeals
- School Admissions
- Crisis Loans
- Free School Meals
- Areas within the Council that carry out Business Admin functions
- Housing Calls
- Planning and Building Control Calls
- Adult Social Service Calls
- Elements of HR Operational Services
- Web Recruitment System

Options to remove current services

- 4.4 Officers reviewed the option to remove the parking calls from the current Customer Services element of the Exchequer contract and place them into the APCOA Contract should there be a viable business case that also demonstrated value for money.
- 4.4.2 The price quoted by APCOA was almost three times more than the price reduction offered by Liberata. This therefore demonstrated that there was no business case for removing the service from the current Contract.
- 4.5 Liberata use the Council's current HR Payroll and Pensions System; ResourceLink as part of the Contract delivery to pay officers and record key payroll and pensions information. ResourceLink also includes a web recruitment module which is how the Council is able to advertise vacancies for Council jobs amongst other things.
- 4.5.1 As part of the review of the ResourceLink software and licensing Contract, officers have identified that the current recruitment module is not fit for purpose. Officers therefore recommend that the Web Recruitment element of the core ResourceLink contract is not renewed on the 30th June 2019 and it is replaced with a new stand-alone system procured through the ESPO framework.
- 4.6 Officers considered the position in relation to School Sold Services, HR and finance element of the contract and whether this could be ceased going forward. However, the Council still has 7 schools covered under this service, it is anticipated that these will eventually convert to Academy status, although no firm date has been agreed for this to go ahead. Therefore this function will need to be included in the tender documentation with the appropriate processes in place to reduce the contract price as and when they convert to Academies.

Other issues considered by the project team

- 4.7 There are a number of critical IT systems, software's and licences that support the current Provider and the Council in the delivery of this Contract including Academy, ResourceLink and the Pensions system. (For a full list of systems see Appendix 2).
- 4.7.1 Given the complexities of these systems and the need to provide sufficient time to migrate high risk data, Officers recommend that the future provider who is awarded this Contract undertakes a health check of all of the systems listed in appendix 2, within 12 months of the Contract start date to confirm the value for money options going forward.
- 4.7.2 There are a number of systems and software licences such as Jadu and Stopford where current ownership sits with the Council but the support costs are paid for by the incumbent and they perform all activities associated with the running, maintaining and upgrading work, although the actual upgrades are paid for by the Council. As part of the health check the future provider will be asked to review this current process and to provide the Council with best value for money options.

Review of the Contractor Accommodation

- 4.8 The current Contractor delivering the Exchequer Services Contract currently occupies offices within the Civic Centre including but not limited to North Block and Stockwell. The Council will continue to lease this accommodation to the new Contractor until such time as the Council makes a decision under the wider accommodation strategy as to the future of the Civic Centre site.
- 4.8.1 It should be noted that the Contractor pays £437k towards accommodation costs which will have an impact on the Council's revenue budget if the accommodation was no longer provided. This will need to be addressed as part of the Council's overall accommodation review which will be reported separately to Members.

Size and Structure of the Client Unit

- 4.9 The table below sets out the current level of staff dealing with the monitoring and management of the Exchequer Services Contract which currently sits across the Director of Finance, Corporate Services and Human Resources:

	FTE's
Head of Revenue & Benefits	4.5
Head of Exchequer Services	2.2
Head of Strategy and Education	1.0
Head of Customer Services	0.3
Total Number of FTE's	8.0

- 4.9.1 As a result there are separate monthly service meetings with the incumbent and each of the Heads of Service with separate monitoring reports provided to each Head of Service depending on the area they cover. A strategic management board meeting is held quarterly which is attended by the Portfolio Holder for Resources, Director of Finance, Heads of Service and senior management from the incumbent.
- 4.9.2 As part of the retendering of this Contract the project team will be reviewing the needs of the client unit going forward in order to ensure that the Council has the right skills and resources in place to manage this Contract. This will be reported as part of the Contract Award report due back to the Executive in April/May 2019.

Options to extend existing software and licence Contracts

- 4.10 For the reasons set out in section 4.7 of this report, Officers recommend that the following software and licence contracts are extended until 30 June 2023 to enable the tendering and award of this contract, to the future provider that will allow sufficient time for the future provider to undertake a full health check of systems and licences within 12 months of the contract award.

Extension of the HR Payroll and Pension System – ResourceLink

- 4.10.1 As set out in para 4.5. of this report, Liberata use the Council's current HR Payroll and Pensions System; ResourceLink as part of the Contract delivery to pay officers and record key payroll and pensions information. This contract has been in place with Northgate since June 2009 and is due to expire on 30 June 2019, ahead of the main Exchequer Contract which ends on 31 March 2020.
- 4.10.2 ResourceLink software is integrated with HR and Payroll software which provides real time information on the Council's hierarchy, assisting officers to deal with a rapidly changing workplace incorporating a wide variety of things including the Gender Pay Gap. The software is also paramount in ensuring that staff are accurately paid and on time.
- 4.10.3 The actual cumulative contract costs projected to the existing contract end date for the licensing, software and system total £1.005m.
- 4.10.4 The value for the 4 year extension, based on £117k per annum will therefore be £468k, resulting in a revised contract value of £1.473m.
- 4.10.5 Officers recommend that the Core ResourceLink contract is extended for a further 4 years from 30 June 2019 until 30 June 2023 for the reasons set out above.

Extension of the Pension System – Aquila Heywood

- 4.11 Liberata as part of the Exchequer Contract uses the Council's Pensions system to facilitate and manage the Council's Pension Service.

- 4.11.1 The current Pensions System Software and Licence Contract is supplied by Aquila Heywood who provide the core Altair software and associated modules such as Altair image, workflow and online Member self-service. The current Contract has been with Aquila Heywood since 1 October 2013 with the current Contract due to expire on 30 September 2018.
- 4.11.2 Altair is a flexible pension's administration software designed to meet all the requirements of a modern pensions department. It covers the needs for all types of schemes including: Defined Benefit, Defined Contribution, Career Average, Hybrid, Cash Balance and Additional Voluntary Contributions. Altair is a flexible browser-based system, providing efficient and cost effective back office pensions administration and engaging online portals for members and employers. Almost 90% of UK local authorities use Altair to administer their pension scheme.
- 4.11.3 The licensing and software costs are currently £73.3k per year, with a total cumulative Contract value of £503k to the end of the contract term.
- 4.11.4 The value for the contract extension to 30 June 2023 will therefore be £348k, resulting in a revised contract value of £851k.
- 4.11.5 Officers recommend that the Aquila Heywood Altair Software contract is extended for a further 4.75 years from 30 September 2018 until 30 June 2023 for the reasons set out above.

5. SERVICE PROFILE/DATA ANALYSIS

- 5.1 The provision of these services has a major impact on all residents of the Borough as well as the finances of the Authority. Examples of the activity relating to the existing Contract are set out in Appendix 3.

6 OPTIONS APPRAISAL

- 6.1 There are various options available for the delivery of Exchequer Services.

6.2 Option 1 – Decommission the Services

This is not a feasible option as we have a statutory duty to provide the majority of these services to our residents and the services also provide a source of income to the Council as part of the Council's main budget to deliver services to the residents of the Borough.

6.3 Option 2 - Go out to Retender with the Service As is

As you can see from para 3.5 of this report a number of additional services have been added to the original Exchequer Contract which has delivered significant savings over the current Contract term. Therefore Officers recommend that the same approach is adopted for the next retendering of this service.

6.4 Option 3 – Go out to Retender with Service 'as is' with the option to price for additional services now and in the future

As set out in section 4 of this report it is recommended that the additional services identified in para 4.3. are included in the tendering documents seeking a separate price if these were to be part of the core Contract. In addition, given the financial position of the Council, it is recommended that the services identified in para 4.3.1 of this report are included on the OJEU notice and the provider carries out a health check of those services within 12 months of award of the Contract with a view to making further recommendations to the Executive (via the Council's Variation and Change Control Process) as to the inclusion of these and other identified services into the core Contract.

6.5 **Option 4 – To go out with a joint tender with the London Borough of Bexley**

Discussions will continue with the London Borough of Bexley over the forthcoming months and the process adopted will allow for them to take part in a joint tender exercise whereby a discount will be offered if both Contracts are awarded to the same provider.

6.6 **Preferred Option**

- 6.6.1 It is recommended that the Council go out to re-tender for the administration of the Exchequer Services “As is” with the option for the provider to offer a price for the additional services set out in section 4 of this report. These additional services will also be included within the OJEU notice to enable the Council to add these services in to the Contract via the Council’s Variation Change Control process.
- 6.6.2 The tenderers will also be asked to include in their submissions suggested improvements, innovation and cost reduction schemes over the life of the Contract, as well as volume variation metrics.
- 6.6.3 The chosen Service Provider will be asked to provide a proposal within 12 months of award of the Contract to carry out a health check on the Council’s legacy systems and software including; as set out in section 4.7. Any proposals will set out the costs of changing any system, the risks of the same and a stringent decommissioning and roll out plan.
- 6.6.4 The Contract will commence on the 1 April 2020 and the Contract term will be for 8 years with the option to extend the Contract for a further period of up to 4 years (on a 2 plus 2 basis).
- 6.6.5 The agreed tender prices shall remain fixed until the first anniversary of the Contract i.e. 31st March 2021, thereafter the Contract Price shall be increased in accordance with the previous year’s Contract price being varied by a percentage equivalent to the percentage variation shown by the Consumer Price Index (CPI) for the twelve months preceding the month of February as published in March.

7. **MARKET CONSIDERATIONS**

- 7.1 Officers carried out a site visit to Hounslow Council who completed a tendering exercise in 2017 for the provision of a similar package of services. The majority of other services had previously been provided in-house.
- 7.2 The main difference between Hounslow and Bromley is that Hounslow included and excluded the following services, (Hounslow have indicated that those services that they have currently excluded are likely to be included in the Contract in the medium term).
- Inclusion - Print services, Discretionary Awards, Free School Meals and Uniform Grant
 - Exclusion – Customer Services (although originally included in specification).and Pensions.

Soft Market Testing

- 7.3 The majority of the services currently provided have been outsourced for a considerable period of time and there are clear economies of scale and resilience benefits to continue with services through an external provider.
- 7.4 It is a mature market that remains competitive, given that there are a number of providers within the market. It is hoped that Bromley as a commissioning authority is likely to attract a wide interest from external providers and the “soft market testing” will help encourage such submissions.

7.5 There are a number of known providers within this market including the following:

- Liberata (incumbent)
- Agilisys
- Avarto
- B.T
- Capita
- Civica
- Northgate

7.6 Officers published a Prior Information Notice (PIN) on 5th June 2017 informing potential suppliers of the Councils intention to hold a Suppliers day at the Bromley Civic Centre on the 13th October 2017. The PIN described the current Contract arrangements and the Councils intentions to retender that same Contract in 2018.

7.7 The Council received 9 expressions of interests as well as interest raised by a further supplier who was interested in the Contract but not in attending the supplier's day. The following suppliers attended the supplier's day on Friday 13th October consisting of a group session and individual sessions for further discussion:

- Liberata (incumbent)
- Agilysis
- Avarto
- Capita
- Civica – attended the morning group session but have confirmed they are only interested in bidding for the Payroll & Pensions Service.

Officers also met with BT to discuss the Customer Services corporate Contact Centre, BT confirmed that they would only be interested in bidding for this element of the service.

7.8 The headlines from the feedback from the suppliers who attended the supplier's day are as follows:

- **Length of the Contract** - should be a minimum of 5 years, the optimum length of Contract was considered to be 10 years with the option to extend for up to a further 5 years.
 - Officers therefore recommend that the Contract term be for an initial 8 years with an option to extend for a further 4 years (on a 2 plus 2 basis).
- **Procurement Process** – Competitive Negotiation Procedure or 2 Stage Open Process
 - Consensus of 3 out of the 4 attendees said that Competitive Negotiation would be more attractive but not a must
 - 1 attendee preferred the Open Process.

Negotiation is a more costly process and as there are known providers in the market with experience in the provision of these services, with no significant changes planned to service requirements officers have recommended as set out in para 6.3 of this report to go out to tender using a 2 stage restricted process. Given the performance of some of the potential providers a full restricted process where there is a more complete assessment at the SQ stage would be more appropriate than a single process.

- **Lotting Strategy** – The majority of the attendees considered that the services should be kept as a whole package. This offers economies of scale but also ensures there is clearer accountability for managing a range of services. It also provides opportunity for a future partnership approach for managing

change. Officers have therefore recommended that the services go out to tender in one whole package for these reasons.

- 7.9 The Director of Finance has also met with the London Borough of Bexley to discuss the potential for there to be a joint tender exercise where by each Borough produces its own tender documents and enters into a separate Contract with the potential Service Provider, however a discount is offered if both Council's appoint the same Service Provider.
- 7.10 The administration of Exchequer Services for the London of Borough of Bexley is currently provided by Capita and their Contract ends in 2019. Bexley would need to extend their Contract by a year to bring it in line with the Bromley Contract and would then need to follow Bromley's timescales.
- 7.11 Bromley will continue discussions with Bexley as part of Option 4 and in line with the Council's indicative procurement timetable as set out in para 6.8 of this report.

8. STAKEHOLDER ENGAGEMENT

- 8.1 Although this service has been contracted out for more than 16 years (with Capita providing the service prior to 2002), as mentioned in para 4.2.1 of this report this service has a major impact on all residents of the Borough as well as the finances, and internal departments within the Council.
- 8.2 On-going discussions will take place with staff, Heads of Service and other affected service users throughout the re-tender of this Contract. The Trade Unions and Departmental representatives will also be consulted on the progress of the re-tender as appropriate.

9. PROCUREMENT ,PROJECT TIMESCALES AND GOVERNANCE ARRANGEMENTS

Procurement Route

- 9.1 The total value of the contract over the 12 year term will be between £122m and £128m.
- 9.2 Given the value of the Contract the procurement process is governed by the European Union Procurement Directives, and this re-tender exercise will be carried out in accordance with the OJEU process.
- 9.3 Following a discussion with the Head of Procurement it is recommended that a 2 Stage Restricted Process (SQ and Tender bid) is used. Although during market testing the Competitive Negotiation Procedure was considered an attractive option, this is a service that has been provided by private Service Providers for several years across local authorities and there are no real points of negotiation to have during the process therefore the Competitive Negotiation Procedure offers no value to the Council. See section 7.8.

Evaluation Criteria

- 9.5 The Council's evaluation criteria is normally 60% price and 40% quality, and it is proposed that this is the criteria used. The services provided through the Exchequer Services Contract deals with significant financial transactions with examples illustrated below:
- Housing Benefit and council tax support (£132m)
 - Payment of Pensions (£27m)
 - Payroll (£63m)
 - Business Rate Collection (£100m)
 - Council Tax Collection (£210m)
 - Accounts Payable (£500m)
 - Sundry debts (income) (£60m)

The quality and performance of the contract has a direct impact on significant income collection of the Council as well as the accurate management of payment transactions. This will be a key consideration in the evaluation of the tenders submitted.

It will also be important to have a contractor that can support the Council in identifying future financial savings and achieve additional income to contribute towards meeting the financial challenges facing the Council.

9.6 The quality aspect of the award criteria will examine the organisations proposals for delivering the administration of Exchequer Services to the London Borough of Bromley. The 40% quality criteria will cover the following criteria:

- Financial 10%
- Quality & Operational Competence –15%
- Ability & Capacity to provide the specified service – 20%
- Customer Care – 20%
- Service Development – 20%
- Equal opportunities – 5%
- Sustainability – 5%
- GDPR – 5%

Total = 100%

9.7 All tender bids received will be evaluated in accordance with the standard CIPFA approved procedure.

Indicative Procurement Timetable

9.8 The table below sets out the indicative timetable for the retendering of the Exchequer Contract

Pre-Tender Stage	
Extension of Contracts entered into *	30/07/2018
Service Specifications to be completed	31/08/2018
Contract Documents to be completed	30/09/2018
Procurement Documents to be completed	30/09/2018
Tender Stage	
Out to tender with OJEU/SQ and relevant Tender docs	08/10/2018
Clarification queries for Stage 1	02/11/2018
Stage 1 closes	09/11/2018
Evaluation of Stage 1 to be completed by	16/11/2018
Invites to Stage 2 to go out	07/12/2018
Clarification queries for Stage 2	06/01/2019
Stage 2 closes	16/01/2019
Evaluation of stage 2 to be completed by	21/02/2019
Post Tender Process	
Draft Award Reports by	29/03/2019
Commissioning Board	15/04/2019
E & R PDS	April/May
Executive	April/May
Award of Contract by	30/06/2019
Contract Mobilisation	01/07/2019
New Contract Starts	01/04/2020

* Provided the Executive agrees to the recommendation that these extensions will be executed in line with the Council's Extension requirements.

10. SUSTAINABILITY AND IMPACT ASSESSMENTS

- 10.1 The decision to re-tender this Contract is judged to have no or very small impact on local people and communities beyond those identified elsewhere in this report. The current and any future Contract will require the provider to carry out a customer satisfaction survey on behalf of the Council, in addition to the provider being required to complete and return and statutory reporting requirements as required by the Government and through Legislation, both of which will be utilised to measure the impact of their delivery.

11. POLICY CONSIDERATIONS

- 11.1 As the Council is already a Commissioning Authority as set out in the Council's Corporate Operating Principles and the delivery of the performance of these services are key to achieving the Building a Better Bromley 2020 vision, the retendering of this Contract will continue to ensure that the service is provided as efficiently and effectively as possible, in light of the financial pressures facing the Council over the next few years.
- 11.2 As outlined elsewhere in this report the delivery of Exchequer Services has an impact on every household in the Borough. Services contained in the Exchequer Contract touches all 8 themes of Building a Better Bromley 2020 vision in some way with significant impact on independence , Health , Housing and a prosperous and thriving quality public sector and will continue to do so in the future.

12. IT AND GDPR CONSIDERATIONS

- 12.1 As mentioned elsewhere in this report the chosen Service Provider will be asked to provide a proposal within 12 months of award of the Contract to carry out a health check on the Council' legacy systems and software including; as set out in para 4.2.1.2. Any proposals will set out the costs of changing any system, the risks of the same and a stringent decommissioning and roll out plan.
- 12.2 The Council, as part of its on-going commitment and sustaining an evolved approach to data protection and information management, requires the following be considered and evidenced for all systems provided by the contractor;
- All systems hosted by the provider or their subcontractors should be CREST, CHECK, PSN or ISO 27001 compliant.
 - Any TUPE and transfer of resources and data needs to be managed in line with the councils policies.
 - Privacy By design – A Data Protection Impact Assessment to be carried out
 - Review of contractual agreement including hosting and support services with attention paid to the requirements of the GDPR and UK Data Protection Bill
 - Providers must have necessary GDPR compliance evidence in place including policies, training, Information Asset Register, Register of processing activities for example
 - Data protection Officer – providers must appoint one where required
 - Breach notification – the providers must alert the Council of a breach within 24 hours of becoming aware of it to allow the Council to meet it's 72 hour reporting commitments
 - Data Sovereignty – providers that use hosted or cloud based services must ensure they are in UK Data Centres
 - Rights of the Data subject – any exercise of the rights of the data subject must be actioned within 30 days where legally obliged to comply. The provider is required to take all reasonable steps to assist the Council in complying
 - Information management control – the provider must employ and evidence appropriate information security and management controls to safeguard personal and sensitive personal data
 - Providers must allow the Council to conduct periodic data protection audits

- Providers should subscribe to a certification mechanism to evidence compliance to the GDPR and UK Data Protection Bill
- A retention period for personal and sensitive personal data must be identified and documented. This must be applied to information throughout the lifecycle of the contract
- Explicit determination of what happens to the information collected and stored by providers after the contract finishes must be identified, documented and actioned as appropriate.

13. PROCUREMENT CONSIDERATIONS

- 13.1 The Public Contract Regulations 2015 allow the Council to undertake a procurement process using a number of different approaches which it can adopt at its own volition providing it is seeking to ensure genuine competition.
- 13.2 The procurement strategy outlined will seek to provide a process which encourages the market to respond to its invitation to tender.
- 13.3 The Councils contract procedure rules set out the mechanisms to be used to achieve this in line with the relevant legislation.
- 13.4 In terms of the required tender notice (OJEU Notice) the value included will need to show any additional services which might be procured under this process. Based on any additional time periods which might be considered.

14. HR CONSIDERATIONS

- 14.1 Any staffing implications arising from any recommendations or any potential award will need to be carefully planned for and managed. As more detailed proposals are developed these would be the subject of formal consultation with staff and their representatives in accordance with Council policies and procedures and with due regard for the existing framework of employment laws.
- 14.2 The procurement process would consider whether or not the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) as amended by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014 would apply.

15. LEGAL CONSIDERATIONS

- 15.1 This report seeks the approval of the Executive to retender the contract for the provision of Exchequer Services for a period up to 8 years with an option to extend for a period of 4 years (2 plus 2) with an estimated value of £10m per annum and a total value of up to £125m.
- 15.2 Rule 5 of the Contract Procedure Rules provides that for a contract with a total value of £1,000,000 or more the Executive will be formally consulted on the intended action and contracting arrangements.
- 15.3 As provided for in clause 28 and 65 of the Public Contracts Regulations 2015 with a minimum of 5 candidates providing that 5 suitable candidates apply.
- 15.4 The Public Contracts Regulations 2015 apply to this contract and the Council will need to comply with these Regulations.
- 15.5 The report author will need to consult with the Legal Department regarding the contract terms and conditions.

16. FINANCIAL CONSIDERATIONS

16.1 The 2018/19 budget for Exchequer Services Contract is broken down as follows: -

Service Area	2018/19 Budget £'000
Benefits & Admin	3,919.4
Revenues	3,530.3
Exchequer Services	1,490.0
Customer Service Centre	952.6
School Finance Team	85.6
HR Strategy & Education (Schls)	16.6
Community Infrastructure Levy	15.6
Business Improvement Districts	<u>33.6</u>
	10,043.7
Less rental income received	-437.0
Less potential grant funding	-105.2
Less potential saving in forecast for schls services	<u>-25.0</u>
Net budget	<u>9,476.5</u>
Other potential services/systems that may be considered	<u>359.1</u>
Total potential net budget	<u>9,835.6</u>

16.2 The total value of the contract over the 12 year term will be between £122m and £128m.

16.3 It is recommended to extend the ResourceLink system contract for four years to 30 June 2023, at a cost of £468k. The total cumulative contract value would therefore be £1.473m. The annual costs of £117k will continue to be funded from existing budgets.

16.4 It is also recommended to extend the Pension system with Aquila Heywood for 4.75 years to 30 June 2023, at a cost of £348k, resulting in a cumulative contract value of £851k. The annual costs of £73.3k will be met from existing budgets.

Non-Applicable Sections:	
Background Documents: (Access via Contact Officer)	<p>Appendix 1 – List of Change Control Notices for Services added to the Core Contract to date.</p> <p>Appendix 2 – Full inventory of IT Systems, Software and Licences</p> <p>Appendix 3 – Examples of Activity levels for the existing Contract</p>