

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO**

Cabinet
09 June 2020

Report Title: Procurement of a Financial Transaction and Legal Case Management System

Submitted by: Chief Executive

Portfolios: One Council, People & Partnerships

Ward(s) affected: N/A

Purpose of the Report

To note the decision taken under urgency powers

Recommendation

That Cabinet note the decision taken under urgency powers

Reasons

So that Cabinet can formally be notified of the decision taken under urgency powers.

1. **Background**

- 1.1 Following negotiations to re-procure out-dated financial transaction and legal case management systems, an opportunity arose to take advantage of a preferential pricing offer from our incumbent supplier Civica UK Limited.
- 1.2 The contract proposed was provision of both updated and cloud-based systems for a total cost of £270,878 for a five year term. Whilst that contract value amounted to a Key Decision, requiring Cabinet authorisation, the net additional spend equated to £9,728 a year for a five year period (total £48,638). It was estimated that the efficiency savings generated by the new systems will see that amount saved within 12-18 months, with additional savings being made thereafter for the remaining contract term.
- 1.3 The negotiations crystallised in May 2021 based on a contract date start of 1 June 2021 and there was, therefore, no time to seek approval via a meeting of Cabinet. Accordingly, urgency powers were used to authorise the letting of the contract by the Chief Executive in consultation with the Deputy Leader, the Mayor and the Chair of the Finance, Assets and Performance Scrutiny Committee.

2. Issues

- 2.1 The Council relies on a suite of financial software applications in order to attend to its financial management needs. This includes the systems by which it makes its day to day financial transactions and its financial accounting systems.
- 2.2 The systems that the Council currently use are provided by Civica UK Limited. The Council first procured those systems in 2013, to replace its Agresso system which was significantly out of date.
- 2.3 The 2013 purchase was made under a framework agreement which stipulated a maximum contract length of five years. At the end of this period, in 2018, the Council entered into a new contract with Civica through the Crown Commercial Services (CCS) framework agreement.
- 2.4 The 2018 contract was taken for a period of two years only, to reflect the fact that the CCS framework had itself expired and had been extended whilst CCS undertook the process of procuring a new framework of suppliers. It was considered prudent to limit the duration of the contract with Civica to two years, in case more preferential terms were available under the new CCS framework.
- 2.5 That two-year contract expired in December 2020. Ordinarily the council would have commenced a re-procurement process leading up to that time, but its finance team were under significant pressures dealing with the Covid response and recovery efforts and, in particular, the administration of government's Covid grants programmer. As an expedient, and after some positive soft market testing, a new contract (3+1+1) was entered into with Civica, under the CCS framework, to continue using the same products.
- 2.6 Whilst the December 2020 contract is still in its initial term, an opportunity has arisen to migrate to Civica's updated cloud-based system which provides additional functionality, security and efficiencies. That opportunity is presented on preferential pricing as an early adopter of their new cloud-based system, and in recognition of the fact that the Council is currently under contract with Civica for the supply and maintenance of their now superseded system.
- 2.7 The current proposal is to upgrade to the most recent version of Civica Financials, an upgraded user interface for easier stakeholder navigation and the introduction of Civica's Cashbook Management module. The Cashbook Management module would replace the current iteration provided by Civica, which is an unsupported legacy system over 10 years old.
- 2.8 The Civica Cash Management module is integrated within the Civica Financials suite and designed to facilitate the bank reconciliation process by ensuring that the general ledger and its reconciliation cash book always remain in balance. The age of the current Civica ICON solution causes two main non-financial issues.
- 2.9 Firstly, when current officers responsible for the system retire, the knowledge of that system will go with them due to the setup of the system being no longer relevant or supported. Secondly, due to processes within the system, it is inefficient and not streamlined. The ability to automate postings, and do so on the fly, is both limited and complicated even when it is possible. This results for a significant need for manual interventions in system processes.
- 2.10 Civica Cashbook Management provides not only a more intuitive work-stream that current and new officers would be better able to work with and understand, but the ability to

automate postings is more readily accessible, and flexible, ensuring that manual intervention is kept to a minimum. This increase automation, will ensure officer time is focused on more important processes throughout the financial year, delivering efficiency savings.

- 2.11 Moving to a cloud-based solution means that the software and data is fully hosted. This means that the maintenance of the system is wholly undertaken by Civica, allowing ICT officer time to be utilised on other projects, including assisting in the digitisation of Council services. It is estimated that the officer time has been in the region of a day a week, with this potentially having increased to two days during the last twelve months. This also represents a significant efficiency gain.
- 2.12 Cloud-based architecture will also provide the Council with additional resilience to cyber-attack. Not only are there financial and reputation implications if the Information Commissioners Office was to find the Council culpable in such a scenario, a cyber-attack on Redcar and Cleveland Borough Council in February 2020 is estimated to have cost the organisation in the region of £10.2m and left more than 135,000 residents without online public services.
- 2.13 It can be seen that the proposal presents a number of significant benefits, aligning with the “One Council” digitisation agenda, but soft market testing has also demonstrated value for money in terms of the pricing.
- 2.14 In addition to the financial systems, the opportunity has arisen to take Civica’s cloud-based iCasework legal case management system at a preferential rate if taken with the financial product. The casework system is an essential tool at the heart of any legal practice. It enables efficient and secure document and diary management, case progression and supervision, time recording, interaction with other relevant systems and the production of management data to assist accurate financial and service planning. The case management system will also integrate with the Council’s debtor’s process, with unpaid invoices being captured by the system for legal action where necessary.
- 2.15 The Council’s current case management system is several generations out of date to the point that it is, in effect, not functional. Having undertaken soft-market research and system testing, the Head of Legal and Governance is of the view that the opportunity to rapidly implement the updated system should not be missed as it will make a significant contribution to the next phase of planned service improvements.
- 2.16 Negotiations around the current pricing offer for the two systems (along-side soft market testing) has been in progress for several months, but has only reached a point of clarity/conclusion week commencing 17 May 2020. Civica UK Limited has made clear that the offer remains open for acceptance only until 31 May 2021, presumably as part of their business strategy to “on board” a sufficient cohort of early adopters.

3. **Proposal**

- 3.1 That Cabinet note the decision taken under urgency powers

4. **Reasons for Proposed Solution**

- 4.1 So that Cabined can formally be notified of the decision taken under urgency powers.

5. **Options Considered**

- 5.1 Set out in the attached Urgent Decision Notice

6. **Legal and Statutory Implications**
 - 6.1 Set out in the attached Urgent Decision Notice
7. **Equality Impact Assessment**
 - 7.1 Set out in the attached Urgent Decision Notice
8. **Financial and Resource Implications**
 - 8.1 Set out in the attached Urgent Decision Notice
9. **Major Risks**
 - 9.1 Set out in the attached Urgent Decision Notice
10. **UN Sustainable Development Goals (UNSDG)**
 - 10.1 Set out in the attached Urgent Decision Notice
11. **Key Decision Information**
 - 11.1 This was a Key Decision
12. **Earlier Cabinet/Committee Resolutions**
 - 12.1 N/A
13. **List of Appendices**
 - 13.1 Urgent Decision Notice
14. **Background Papers**
 - 14.1 N/A