

Options Appraisal



A. PROJECT SUMMARY INFORMATION

Project Name:	Procurement of Revenues and Benefits systems		
Project ID (if known):	17-EN-87		
Cabinet Member:	Councillor Craig Cheney	Lead Officer (Sponsor):	Denise Murray
Directorate(s):	Resources	Associated service areas:	Finance, Revenues and Benefits
Report lead author(s):	Martin Smith and Graham Clapp		
Report recipients:			

B. ORGANISATIONAL CONTEXT

Alignment to corporate theme(s):	The systems/contracts in scope support critical front line services. The project is about risk reduction for these services.		
Project category:	<input type="checkbox"/> Saving delivery	<input checked="" type="checkbox"/> Compliance / Statutory	<input checked="" type="checkbox"/> Risk reduction
	<input type="checkbox"/> Cost avoidance	<input checked="" type="checkbox"/> Improved outcomes	<input type="checkbox"/> Enabling
	<Other>		
Council Budget saving delivery:	N/A – This project does not deliver against any of the savings committed within the MTFP.		

1. Project goal

To deliver a compliant, fit for purpose, sustainable revenues and benefits solution for the council.

2. Options Evaluation Criteria

		Criteria	Weighting (if applied)	
1	Project goals	Procurement compliance	No weightings have been applied. All criteria will be reviewed individually and subsequently an overall conclusion should be made based on organisation's current context e.g. priorities, risk appetite, funding position etc. The indicative priority level of issues has been outlined to the right.	HIGHEST PRIORITY
2		Addresses reliability (i.e. resolves server issue)		
3		Simplifies contractual landscape		
4		Alignment to IT strategy		MEDIUM PRIORITY
5		Delivers efficiencies/savings		
6		Improved efficiency / effectiveness of service delivery (incl. automation & integration, speed, performance, availability, reporting)		
7		Improved customer experience		LOWER PRIORITY
8		Social Value		
9		Value for Money (VfM)		
10	Other Considerations	Cost		<i>Elements above must be balanced against these criteria</i>
11		Complexity/ Deliverability		
12		Risk		
13		Time		
14		Equalities impact		

3. Options Shortlist – Summary Pros and Cons

A large number of options have been considered over the course of the business case shaping from Oct 2018 to Nov 2019. The longlist of options evolved over that time period as new people contributed to the project, and additional information was identified. The list below summarises the shortlisted options only.

Option title	Option description	Summary Pros	Summary Cons
<p>Option 1 – “Do Nothing”</p> <p>Retain the current revs and bens systems as-is, and do not replace the underlying infrastructure</p> <p>Note - This option has been included as a baseline comparator. 'Doing nothing' is not considered a viable option in this instance.</p>	<ul style="list-style-type: none"> - Remain 'as-is' with Northgate on a year by year basis - Remain 'as-is' with other revs and bens ancillary systems - No procurement activity progressed - No changes to the underlying server 	<ul style="list-style-type: none"> ✓ Low cost comparatively to other solutions including. no infrastructure improvement costs ✓ Limited change/transition activity ✓ Low disruption to staff or users ✓ Reduced licensing costs for infrastructure ✓ Low complexity to implement (no implementation) 	<ul style="list-style-type: none"> × Non-compliant × Does not resolve server issue which means increasing risk of server failure increases, which would directly impact the critical Revenues and Benefits service amongst other systems sitting on same server. This would most likely lead to unplanned system downtime significantly impacting service users. This would be particularly disruptive during the Jan-April annual billing period. × Considered to be a tactical/short term solution rather than long term/sustainable × Does not support long term digital strategy and ambitions × Will not achieve annual savings – no economies of scale or discounts to contracts × No improvements to contract terms and conditions × No ability to demonstrate social value or VfM
<p>Option 2 - Deliver basic compliance and stability</p>	<ul style="list-style-type: none"> - Sign discounted contract with Northgate for up to 7 years (5 years initial term + annual options) via Crown Commercial Service's (CCS) Data and Applications Solutions (DAS) framework (RM3821) - Remain with on-premise solution - resolve the server issue by replacing infrastructure - Re-contract with current revenues and benefits 	<ul style="list-style-type: none"> ✓ Mostly compliant contracts – addresses majority of procurement risk ✓ Resolves server issue in a planned and controlled manner and post completion will provide increased reliability ✓ Formalise terms and conditions with core suppliers ✓ Annual license cost savings from Northgate ✓ Lower cost comparatively to other solutions - quick/relatively simple procurement ✓ No change activity for software – no resources required ✓ Low disruption to staff or users compared to other options 	<ul style="list-style-type: none"> × Technology change has inherent risk – this will need to be mitigated with careful planning and use of robust IT strategies to minimise risk. Likely requirement for some planned downtime. × Does not support long term digital strategy and ambitions × One off implementation costs /resource for server replacement needs funding × Non- compliance for Gandlake contract × Limited flexibility/alignment to IT strategy given 5 year initial term × Risk of not being best-fit with emerging IT landscape (following the IT Transformation programme which is progressing in parallel)

Option title	Option description	Summary Pros	Summary Cons
	systems via compliant routes to market (Kent Framework reseller and G-Cloud) subject to T&Cs/appropriate quotes - Waiver for Gandlake	<ul style="list-style-type: none"> ✓ Core Revenues and Benefits contract simplified/rationalised 	<ul style="list-style-type: none"> × No improvements to efficiency or effectiveness of service nor benefit to citizens × Increased licensing costs for infrastructure
PREFERRED Option 3 - Deliver compliance and stability, and additional functionality improvements	Same as option 2 except: - Instead of waiver for Gandlake - transition from Gandlake to XIPrint which is already on the IT estate, to deliver annual savings and compliance - Implement some additional Northgate modules	<ul style="list-style-type: none"> ✓ Leaves the Council with a compliant procurement contract ✓ Resolves server issue in a planned and controlled manner and post completion will provide increased reliability ✓ Formalise terms and conditions with core suppliers ✓ Contracts consolidated ✓ Increased opportunity to deliver savings over contract term ✓ Low cost comparatively to other solutions – quick/relatively simple procurement ✓ Replacement server expected to last up to 7 years (max length of contract) ✓ Lower disruption to staff or users compared to other options ✓ Improved efficiency of the revs/bens service ✓ Easier and more effective communication with citizens enabling speedier resolution of queries ✓ Improved data accuracy – benefitting service and customer ✓ Rationalisation of ancillary systems 	<ul style="list-style-type: none"> × Technology change has inherent risk – this will need to be mitigated with careful planning and use of robust IT strategies to minimise risk. Likely requirement for some planned downtime. × Considered to be a short/medium term solution rather than long term/sustainable × Does not support long term digital strategy and ambitions (stays on-premise rather than cloud) × Requires one off funding and resource to implement the deliver the server infrastructure improvements and other change activities × Increased licensing costs for infrastructure × Limited flexibility/alignment to IT strategy given 5 year initial term × Risk of not being best-fit with emerging IT landscape (following the IT Transformation programme which is progressing in parallel) × Increased licensing costs for infrastructure
Option 4 - Competition via DAS framework and replace underlying infrastructure in meantime	<ul style="list-style-type: none"> - Undertake a fully compliant competitive procurement process via DAS framework for 7 year contract. Assumption that can procure 'stay the same' in 7 years using similar framework. - Retain Northgate on a year 	<ul style="list-style-type: none"> ✓ Strategic/long term approach ✓ Creates a fully procurement-compliant contract ✓ Likely to achieve annual revenue savings over life of contract ✓ Likely to deliver significant contract simplification and consolidation ✓ Likely to create a system that would meet more of our requirements within a single solution (although 	<ul style="list-style-type: none"> × High risk/complexity – recent experience of large scale IT change confirms how challenging this can be without significant expense and disruption. Given the service this system supports, any issues could lead to high impact to many citizens. This risk would need to be mitigated with careful planning and use of robust IT strategies to minimise risk. Likely requirement for some planned downtime.

Option title	Option description	Summary Pros	Summary Cons
	<p>by basis for a period sufficient to undertake the procurement process and transition to new solution, which would be the case even if incumbent supplier was successful.</p> <ul style="list-style-type: none"> - In the meantime progress with replacement of underlying infrastructure to support stability of system - NOTE - Note the scope, scale and requirements for what we re-procure remains to be further articulated and will be somewhat dependent on learnings from supplier days. This may also include new approaches such as fully managed service. 	<p>research suggests a mixed system landscape still likely)</p> <ul style="list-style-type: none"> ✓ Ability to formalise strong terms and conditions ✓ Addresses immediate server issue, increased reliability ✓ More likely to be able to procure solution(s) in line with the IT strategy (e.g. cloud based) 	<ul style="list-style-type: none"> × Incurs significant one off costs. Insufficient funds identified, and risk of overall costs increasing (optimism bias on projects suggests we would underestimate cost) × Potential to incur significant change activity of significant complexity given the scale of integrations across systems and the criticality of the system. × Main suppliers may not be able to deliver all our needs by themselves requiring a continued mixed landscape × Risk of not achieving value for money given the significant up-front costs × Only a 7 year contract can be signed (max length through framework) – would need to accept risk that a compliant route to market to direct award ‘stay the same’ in 7 years may not be available × Increased licensing costs for infrastructure × Risk that the supplier offerings aren’t sufficiently fit for purpose to meet the IT strategy requirements at this time × Timescales for delivery mean that BCC would still need to transition to new server in the meantime, therefore increasing cost and not making most use of this solution – does not feel value for money if we don’t exploit systems being purchased for the estate × Impact on revs and bens team productivity during transition, including targets/performance levels × Risk to service delivery to citizens, including vulnerable citizens

4. Options Evaluation – Summary

Preferred option	Option title	Evaluation against <u>core</u> objectives			Additional criteria						Other considerations				
		Procurement Compliance	Improves reliability	Simplification of contractual landscape	Alignment to IT Strategy	Revenue Savings (p.a.)	Improved performance/speed	Improved customer experience	Social Value	Value for money	Deliverability	Time to deliver	One off costs	Costs confidence level (%)	Equalities Impact
<input type="checkbox"/>	BASELINE OPTION - Option 1 – Do nothing [<i>Baseline option for comparison only – not viable</i>]	None	None	None	None	None	None	None	None	None	High deliverability/ Easy	Quick	Low (£0)		Neutral
<input type="checkbox"/>	Shortlisted Option 2 – Basic stability and majority compliance Retain as-is revs and bens systems compliantly, replace underlying infrastructure. One waiver for Gandlake. No functionality improvements.	Mostly	Good	Partial	Partial	Medium/Higher 114k p.a. saving vs 'do nothing'	Minimal at best	Improvements	Minimal	Low/Partial	Quite Easy/ Reasonable deliverability	Quick/ Medium	Low ~£23k*	50-75%	
<input checked="" type="checkbox"/>	*PREFERRED* Shortlisted Option 3 – Additional improvements beyond option 2 As per option 2, however also rationalise ancillary systems (no waivers needed), and implement additional modules to improve efficiency of service.	Good	Good	Good	Partial	Medium/higher ~110kp.a (+potential for further efficiencies) vs. 'do nothing' **	Minimal at best	Improvements	Minimal	Partial	Reasonable deliverability	Medium	Medium ~£205k*	50-75%	
<input type="checkbox"/>	Shortlisted Option 4 – Competition via DAS Go to market and compete through DAS framework, and progress with replacement infrastructure in meantime.	Good	Good	Good	Good	Highest 204k p.a. saving estimate (vs. do nothing)**	Likely	Likely improvements	High	Partial	Complex	Long	High ~£2.7m*	50%	

*Note the costings referenced in the table related to the Revenues and Benefits software only, and **exclude** all server/infrastructure related costs which are additional. Appropriate contingency funds also need to be added to these to ensure sufficient funds set aside.

Savings compared with a 'do nothing' position assumes costs would increase with inflation, therefore savings will appear greater than the **actual base budget 'cashable' savings that will be delivered.

5. Recommendation

Following evaluation of all options against the core objectives of the project and key criteria, the project team recommend progression of **Option 3**. This means:

- Remain with core incumbent Revs and Bens supplier Northgate but procure compliantly via direct award through DAS framework for up to 7 years. 5 years initial term + 2 optional additional years.
- Implement additional Northgate modules, improving the efficiency of the revs and bens service and fully exploiting the system in place. Potential for further benefits (cashable and non-cashable).
- Re-procure other ancillary systems, through compliant routes to market as follows:
 - o XIPrint (Document Output Solutions) – direct award via Kent Framework reseller
 - o Benefits calculator (entitledto Ltd) – direct award via G-Cloud framework
 - o WebCAPTURE (Govtech) – direct award via G-cloud
- Transition from Gandlake to XIPrint to deliver annual savings, contract rationalisation and procurement compliance.
- Move from the current P750 server to new, more stable/reliable infrastructure (see details in Appendix A1)

As described above the progression of any change activity with technology carries inherent risks. This will need to be mitigated via careful planning and use of IT strategies to minimise and risks.

Note the above is subject to ensuring that use of the frameworks in question and the resulting contracts that come from these procurement exercises are satisfactory in terms of financial arrangements and terms and conditions.