

Portfolio Holder for Regeneration and Planning



County Hall
Llandrindod Wells
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17 November 2016

For further information please contact

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NOTICE OF INTENDED PORTFOLIO HOLDER DELEGATED DECISION

The Portfolio Holder has received the following report for a decision to be taken under delegated authority. The decision will be taken on **23 November 2016** (i.e. 3 clear days after the date of this note). The decision will be published on the Council's website but will not be implemented until 5 clear days after the date of publication of the decision) to comply with the call-in process set out in Rule 7.37 of the Constitution.

1.	IWORLD TENDER AND ANNUAL BILLING SYSTEM
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**POWYS COUNTY COUNCIL
PORTFOLIO HOLDER DELEGATED DECISION**

REPORT AUTHOR: David Morris Senior Manager, Income and Awards

SUBJECT: Iworld Tender and Annual Billing System

DATE: November 2016

FOR DECISION BY: Cllr Wynne Jones - Portfolio Holder for Finance
Cllr Avril York – Portfolio Holder for ICT

Decision

REPORT FOR:

1. Executive Summary

- 1.1 The Income and Awards Section of Business Services have a requirement to review its main Revenues and Benefits processing system and review appropriate software suppliers.
- 1.2 The current server / database arrangement for Income and Awards existing software is out-dated making it unsupportable increasing risk of failure.
- 1.3 Annual Billing processes are required to be undertaken from mid-February 2017 and the current system is not considered stable enough to allow Annual Billing to occur without high risk.
- 1.4 This reports now considers the options around the new Revenues and benefits system contract and the safe support needed into Annual Billing 2017.

2. Introduction

- 2.1 The Income and Awards Section of Business Services have a requirement to review its main Revenues and Benefits processing system and review appropriate software suppliers. The current tender process is now at award stage and is dependent on the decision outcome of this report.
- 2.2 Powys I.C.T. services are migrating from internal physical servers based in County Hall to cloud based servers hosted either by the supplier with appropriate database support or cloud hosting. The current internal I.C.T. skills specialise in maintaining Windows server environments rather than Oracle databases (as used by the current Northgate Iworld system) therefore there may be more reliance on support from the current supplier.

- 2.3 The current lworld system is running on an Oracle database which is approximately 9 years old as it was procured as the combined Revenues and Benefits system as part of 1998 local government re-organisation.
- 2.4 The existing server is at its end of its life span and is already running at limited speeds and causing stability issues and operational outages, and also posing risks for the council's income collection, the longer the server operation continues.
- 2.5 Following independent legal advice the tender process was reduced to a hosted Software as a Service Solution. Only 1 supplier has tendered, which is Northgate who currently run our existing software. The evaluation process is complete and it is confirmed that Northgate meet the technical requirements for the core specification.
- 2.6 As only 1 supplier tendered, the G-Cloud costs for the comparable Northgate Revenues and Benefit system, have been used as a price comparison to confirm that the tendered price is favourable.
- 2.7 The contract award date is set at 14th November 2016. Northgate have confirmed that if they were successful they can move our existing database onto their hosted cloud as part of the successful contract urgently by mid-February 2017. A transition plan is to be agreed with Northgate and a contingency plan is in place to retain the existing server for Annual Billing is required.

3. Options to renew the contract & move through Annual Billing 2017/18

3.1 Do Nothing

- 3.1.1 The servers ran last year through the annual billing process without time-outs. Also Northgate have confirmed that the annual billing release for 2017/18 is supported on them if we remain on our existing server.
- 3.1.2 However the only way that the service has avoided large lags of time in responses is to shut down the test system which is also on the same server. Both Test and Live are required for Annual Billing and all users will need to be able to off of the live system for one week.
- 3.1.3 ICT have concerns that the server will not be fit to run Annual Billing for this coming year and there are no back up contingencies available.
- 3.1.4 There are increased operational costs as upgrades have to be done out of hours and support expertise from an external specialist contractor into ICT for the Oracle Database is high

Cost Item	Revenue Cost	Capital Cost
Operation costs per day of unexpected failure outage (estimate x7 days minimum)	£30,000	
Increased 3 rd party solution costs	£5,000	

Supplier premier support	£25,000	
Out of hours live upgrades	£5,000	
Unix support	£10,000	
Current lworld licence cost	£75,000	
Total cost	£150,000	

3.2 Move to Northgate Hosted Cloud Outside of New Tender

3.2.1 This option would require a contract arrangement with Northgate outside of the tender process to acquire their hosted cloud SaaS service through G-Cloud.

3.2.2 This would provide a stable platform for Annual Billing but would need to be in place by Mid-February 2017.

3.2.3 G-Cloud online market place provides procurement costs that would be indicative of this. The following table provides a breakdown of estimated costs to convert to a comparable hosted solution for Annual Billing.

Cost Item	Revenue Cost	Capital Cost
Data transfer		£12,000
Data migration and integration work		£2,250
Data transfer costs (Northgate)		£22,000
Project management		£3,750
Operational down time	£ 9,000	
Support & Maintenance costs	£188,100	
Total	£197,100	£40,000

3.2.4 Northgate would need to confirm that they have the ability to move our data across to the new hosted cloud.

3.3 Use the Tender Award to move through Annual Billing

3.3.1 The tender process will make an award by 14th November 2016. The contract is to award for a hosted solution. As only one supplier has bid there is a limited choice.

3.3.2 However in terms of converting to a new system, the risks around conversion are greatly reduced if the contract is awarded to Northgate and the timeframe can be greatly reduced too with a graduated rollout focusing first on moving the database across.

3.3.4 Only contract questions remain for the tender award process and Northgate have confirmed that they could if successful transition the core system to a hosted database by mid-February 2017 if the award is made by 14th November 2016.

3.3.5 The tender has confirmed the following costs for a new core system.

Increased Item Cost	Revenue Cost	Capital Cost
Full API costs	£5000	£20,000

Implementation costs		£37,500
Project management		£16,000
Additional costs for implementation		£6,000
Support & Maintenance costs	£141,300	
Total	£146,300	£79,500

3.4 Procure new Windows based servers and migrate system

3.4.1 This option would be to procure a new Windows based servers to replace the current, outdated Solaris server and migrate the system.

3.4.2 This option only provides for a stable system and does not cover the need to retender the system which is a requirement

3.4.2 This would mean that the end of life server removed from the network but there would also still be a requirement for additional support from supplier as the system would remain an Oracle platform which at this stage is estimated.

Item	Revenue Cost	Capital Cost
2xservers		£28,000
Operating system licences	£500	
Oracle Licence for second server		
Server build		£300
Data migration and integration work		£2,250
Supplier premier support to include DBA	£25,000	
Out of hours live upgrades	£5,000	
Supplier costs for data migration and support		£12,000
Operational down time	£9,000	
Increased 3 rd party solution costs	£5,000	
Project management costs		£3,750
Current lworld licence cost	£75,000	
Total	£119,500	£43,750

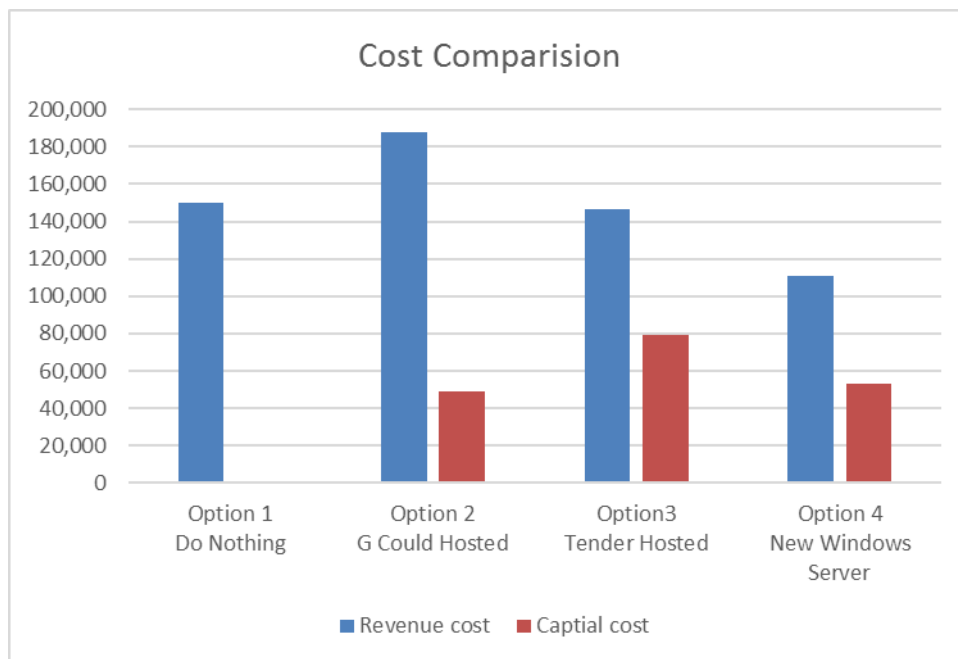
4. Recommendation

4.1 As can be seen from the different options, a mixture of new server and system improvements are needed to mitigate the high risk of the current system failing in the not too distant future and for the service to create the improvements it needs to move forward.

4.2 It is also essential to move the system to have a full disaster and recovery option for business continuity and so that ICT resource is reduced in supporting this system platform.

4.3 The income collection from the system for the council makes this transition critical.

- 4.4 A tender option to comply with EU tender rules is also a necessity.
- 4.5 Only option 3 [moving to Northgate hosted SaaS solution] fulfils all of the requirements of:-
- * The requirement to retender by April 2017
 - * The lowest risk mitigation for annual billing
 - * The lowest risk for future stable operations
 - * The ICT strategy to move to external hosted solutions
- 4.6 Option 3 also provides better functionality for Income and Awards more aligned to the service's needs following its recent redesign and therefore provides a much better cost that procuring from G-Cloud as can be seen from the following table



- 4.7 One aspect of service delivery that will be missing is the ability to create more bespoke online forms that are needed by the service, triage of customer needs and manage customer contact in a more integrated and intelligent manner. This element forms part of the new CRM platform that has been procured corporately. The costs for this element are unknown to the service area and the timelines are also unknown. It is requested that Income and Awards is considered to be the early adopter of the new CTM system to complete its digital platform.

5.0 Funding

- 5.1 The revenue costs for Option 3 are broken down as follows

Software Cost	API	Hosting	Total
£78038	£5000	£63262	£146300

Current licence costs total £75,000. The total additional costs of £8k for the new software and API (£83,038) will be absorbed by Income and Awards existing budget.

5.2 The hosting annual cost of £63,262 requires funding. As the current hosting costs are undertaken by ICT, potential savings could be identified by ICT to reduce this cost element to the Council.

5.3 The capital costs for option 3 are broken down as follows

Project Management	Core Implementation	Additional Implementation	API	Total
£16000	£37500	£6000	£20000	£79500

5.4 Income and Awards is able to provide £20k towards the implementation costs in 2016/17 from its existing budget.

5.5 The remaining capital costs of £59500 needs to be funded from central funds.

5.6 It is proposed that the capital cost could be funded from the corporate unallocated which is currently £149,974.18. The revenue cost could be funded from invest to save in the first year and added to the FRM for future years as an on-going pressure.

6. One Powys Plan

6.1 There are no known implications to the One Powys Plan.

7. Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc

7.1 There is no impact.

8. Children and Young People's Impact Statement - Safeguarding and Wellbeing

8.1 There is no impact on children and young people.

9. Local Member(s)

8.1 The approach will apply equally throughout the County.

10. Other Front Line Services

10.1 No impact on other service areas

11. Support Services (Legal, Finance, HR, ICT, BS)

11.1 Finance commented – it appears from the report that only Option 3 fulfils all of the necessary requirements. Funding will be required in terms of capital and revenue expenditure and will need to be incorporated in future plans.

11.2 The Capital and Financial Planning Accountant confirms that Income and Awards do not have a budget for the replacement software. The Corporate Unallocated budget is currently £149,974.18 and this project could be funded from this budget. The revenue costs could be funded from the invest to save reserve in 2016/17 and added to the FRM for the ongoing pressure.

12. Local Service Board/Partnerships/Stakeholders etc.

12.1 Not applicable.

13. Communications

12.1 Communications are not applicable

13. Statutory Officers

13.1 The Strategic Director Resources (Section 151 Officer) commented that the outlined approach is the best option for the safe Annual Billing of Council Tax and Business Rates as well as ongoing business continuity. The billing operation is a critical activity and ensures the council issues bills that enable the safe collection of income to fund services as well as collecting income for other precepting (tax raising) bodies. The 2016/17 costs can be met from existing sources but additional funding will need to be built into the 2017/18 budget and thereafter. The new system will provide the Income and Awards service with a much improved system that fits with its new digital service delivery and also provide a stable operational position

15.2 The Monitoring Officer commented nothing to add to this report

Recommendation:	Reason for Recommendation:
<p>To approve the new tender award for Income and Awards for the Northgate Hosted solution</p> <p>Provide for additional revenue costs to the Income & Awards budget area of £63262 per annum subject to any savings being identified by ICT</p> <p>Provide implementation capital costs of</p>	<p>This option and new system will provide the Income and Awards service with a much improved system that fits with its new digital service delivery and also from a stable operational perspective.</p> <p>The tender award is also the best option for the safe Annual Billing of Council Tax and Business Rates as well as ongoing business continuity.</p>

£59500 to the Income & Awards budget area	
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Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	N

Relevant Local Member(s):	
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Person(s) To Implement Decision:	David Morris
Date By When Decision To Be Implemented:	14th November 2016

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