



Derby City Council

COUNCIL CABINET
2 April 2014

Report of the Cabinet Member for Business
Finance and Democracy

ITEM 16

Procurement of an Income Management System

SUMMARY

- 1.1 The contract for the Council's current Income Management System with Capita Software Services terminates on 31 March 2015. This provides the opportunity to review where and how payments are currently received by the Council and how we would want to operate income management functions in the future.
- 1.2 A number of options have been explored and these are outlined in the attached business case, which is considered under the confidential part of this agenda.
- 1.3 It is proposed that an OJEU compliant procurement exercise via a framework agreement be undertaken to invite bids for the provision of a cost effective, functionality rich Income Management System.

RECOMMENDATION

- 2.1 To approve the procurement of a replacement Income Management System as outlined in the business case.
- 2.2 To approve additional funding of £140,000 be assigned to the project from the budget risk reserve to support the procurement and implementation of the replacement Income Management System.

REASONS FOR RECOMMENDATION

- 3.1 We need an Income Management System to track payments to the Council and ensure that these are funded to the General Ledger.
- 3.2 The business case sets out the opportunity to deliver efficiency savings within Directorates.



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Report of the Strategic Director for Resources

SUPPORTING INFORMATION

- 4.1 A key priority of the 'one Derby, one Council' Innovation Programme is to transform support services to deliver operational efficiencies by making the best use of technology to simplify processes, reduce duplication and cut costs.
- 4.2 The contract for the Council's current Income Management System terminates on 31 March 2015. This system provides the interface between the payments that the Council receives and other key business systems, such as Oracle Financials, to ensure that the funds are posted to the General Ledger. A contract waiver has been approved to allow time to procure and implement a new system.
- 4.3 Whilst improvements have been made to streamline payment processes as part of the move back to the Council House the current system remains largely paper based, carries significant areas of duplication and re-working and continues to have a heavy reliance on manual checking both at the point payments are received and when they are subsequently posted to the GL. There is also a heavy reliance at various stages of the process on our IT supplier to ensure the interface between the various systems.
- 4.4 The need to re-tender the Income Management System to ensure the Council is not in breach of EU procurement rules provides us with the opportunity to procure a more state of the art system which delivers efficiency savings through the automatic integration with other business systems. This also provides the opportunity to review how our payments and income management functions are operated in line with our transformational objectives and the changing shape of the Council moving forwards.
- 4.5 To get a better understanding of how and the Council receives payments and at what locations, work to map the full payments lifecycle from receipt to reconciliation in the relevant accounts has been carried out. This identifies that the Council has numerous different payment methods, at multiple sites, with often different reconciliation routes. The business case sets out significant potential to streamline and automate a number of these processes to support efficiency savings within Directorates.

OTHER OPTIONS CONSIDERED

- 5.1 None. A continuation of the current arrangement is not possible as the original contract has been subject to previous contract extensions and there is a need go to the market to ensure we are not liable to a challenge from other suppliers.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Nick O'Reilly - Director of Information Systems Martyn Marples – Director of Finance and Procurement Janie Berry – Director of Legal and Democratic Services
For more information contact: Background papers: List of appendices:	Kirsty Alldread 01332 643435 kirsty.alldread@derby.gov.uk Appendix 1 – Implications Appendix 2 – Outline Business Case – which is considered under the confidential part of the agenda.

IMPLICATIONS

Financial and Value for Money

- 1.1 A detailed breakdown of the budget allocation and resource plan are included within the attached business case.
- 1.2 Carrying out a procurement process will ensure that the widest market is explored to achieve competitiveness and value for money.

Legal

- 2.1 The contract for the current Income Management System expires on 31 March 2015 and there is a need to go to the market. There are no legal implications to us not renewing. Our current provider will be able to tender alongside other bidders as part of the procurement process.
- 2.2 The procurement process will be guided by our Procurement Team to ensure compliance.

Personnel

- 3.1 An outline of the resources required to staff this project is outlined within the attached business case.

Equalities Impact

- 4.1 None directly arising.

Health and Safety

- 5.1 None directly arising.

Environmental Sustainability

- 6.1 Automating processes and documentation will remove administration and therefore reduce paper, printing and filing across the Council.

Property and Asset Management

- 7.1 None directly arising.

Risk Management

- 8.1 There is continual reputational risk if the Council fail to receive and monitor income and steps must be taken to address this.
- 8.2 A dedicated Project Manager has been assigned to support this project and the implementation of the new bank services contract.

Corporate objectives and priorities for change

- 9.1 A new Income Management solution will also promote the principles of the 'One Derby, One Council' transformation programme by working in a simpler, shared way that minimises duplication and administration, maximises automation and technological capabilities and encourage self service.