



London Borough of Enfield

Report Title	Civica on Demand Contract Extension 24/25 Supporting the Financial Assessment and Income and Debt Teams with Revenues and Benefits Telephony and Support and Processing services
Report to:	Cabinet Member for Finance and Procurement
Date of Report:	03 October 2023
Cabinet Member:	Cllr Leaver
Directors:	Fay Hammond – Executive Director of Resources
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Ward(s) affected:	All
Key Decision Number	KD 5661
Implementation date, if not called in:	1 April 2024
Classification:	Part I Public

Purpose of Report

1. The purpose of this report is to set out the proposed 12-month extension and price variation to the contractual agreement for services provided to the Council by Civica UK Ltd for the 2024/25 period. To exercise the terms and conditions that allow the call off contract to be extended by the Council for one period up to 12 months by giving Civica UK Ltd one month's written notice before it's expiry.

Recommendations

- I. It is recommended that the optional extension of a further 12 months is exercised to allow the call off contract with Civica UK Ltd to be extended for the 24/25 period, via the G-Cloud 13 framework, for revenues and benefits telephony and processing and support services for Income & Debt (I&D) and Financial Assessment (FA). The contract is in a form of two separate Call-Offs under G-Cloud 13 Framework – one Call-Off for Telephony Services and another for Processing and Support Services. The extension and variation of both call offs will run for a year starting from 1 April 2024.
- II. Seeking approval for the overall increased contract price from £1,794,559.70 for 23/24 to £1,848,172.57 24/25 - £53,612.87 increase broken down as follows:
 - Processing and Support £889,559.70 in 23/24, reducing to £856,272.57 in 24/25, reducing by £33,287.13 (Reduced service provided).
 - Telephony £905,000 in 23/24, increasing to £991,900 in 24/25, Increased by £86,900 (Providing the same service).

Background and Options

2. Civica are the providers of Councils digital software for Income and Debt and Financial Assessment services. These services collect council tax, business rates and administer housing benefit, council tax support and discretionary welfare support. Since 2016, the Council have contracted Civica to deliver processing and administration services, as well as telephony services, processing up to 140,000 items pa on behalf of the Council.
3. The current Civica contract for the following 5 processing and support services expires in March 24:
 - Council Tax Processing
 - Housing Benefit Processing

- Adult Social Care Financial Assessments
 - Business Administration Plus Benefits Staff
 - Council Tax and Housing Benefit Telephony
4. The quality of the services and volume of processing is monitored via regular reporting and client meetings and regular checks made by the services.
 5. Consideration was given to in-sourcing this service; however, this option was discounted for both financial and service need reasons. These services require significant and broad understanding of legislation in addition to system training, in order to in-source this service several months of double running Civica and council staff would be required at additional cost. There are a number of service changes, therefore, retaining the flexibility of the Civica contract was considered the best option given the complexity of this broader context. These changes include, customer enhancements in progress for phased implementation to enable routine transactions to be automated via the website. This may have reduced the resource need once a channel shift program was put in place to encourage the use of the portal. At the same time, there are proposals under consideration to change the Council Tax Support Scheme from April 24, if agreed, this is expected to increase the workload and more complex queries in both service areas, creating an increase in resources needed. Further the roll out of universal credit and the impact on the team as housing benefit claims reduce.
 6. From April 24, 2 'Business Administration Plus Benefits Staff' will no longer be needed as these duties will be brought back in house.
 7. There is a continuing need for additional support to be provided to the Adult Social Care Financial Assessments team. Staff have left and it has been difficult to recruit staff with the required level of skills and knowledge. The systems in place are not fit for purpose so more staff are needed for the manual intervention needed to complete the financial assessments. Prior to Civica's support the team never managed to meet their performance target of processing 95% of financial assessments within 21 days. This is now being achieved on a regular basis, with the increased speed of processing making the billing process quicker for better collection.
 8. The options available for the current contractual situation are limited to the following options:

Do Not Extend for 12 Months

9. Once the current contract expires in March 2024, the Council could choose not to award any further contracts, the services would then cease, however the Council will not have capacity to provide the services in house.

Extend the Contract to Civica for 12 Months to cover the 24/25 Period

10. The Council can exercise the terms and conditions that allow the call off contract to be extended by the Council for one period up to 12 months by giving Civica UK Ltd one month's written notice before the contract expires.
11. If a decision is made not to deliver the services in house, the proposed extension of the Civica contract will enable existing services to continue and provide sufficient time for the Council to implement an alternative delivery route when they are able to do so.

Full Tender exercise for 24/25 Period

12. A full open tender exercise could be undertaken to expose the contract opportunity to the wider market and ensure the fullest range of potential suppliers are able to bid. However, this is not possible due to the timeframes required for such a tender.
13. In view of the existing operational relationship with Civica and the availability of a compliant framework as detailed above under which the services can be sourced, it is recommended to work with Civica for another 12-month period 24/25. During this time, an assessment of the impact of the on-line portal implementation and channel shift will be known and considered as part of the Council's future service model.

Considerations

14. During a time of potential significant changes within the service, it is proposed to agree a 12-month contract extension with Civica. During 2024/25 an assessment will be undertaken to understand the impact of the workload and new customer portal to inform future service model.
15. The G-Cloud 13 framework provides a compliant route to extend the contract with Civica by a further 12 months during 24/25.
16. To agree the overall increase in cost of the contract from 2023/24 to 2024/25 broken down as follows:
 - Total overall increased contract price from £1,794,559.70 for 23/24 to £1,848,172.57 24/25 (Increased by £53,612.87):
 - Processing and Support £889,559.70 in 23/24, reducing to £856,272.57 in 24/25, reduced by £33,287.13 (Reduced service provided)
 - Telephony £905,000 in 23/24, increasing to £991,900 in 24/25, Increasing by £86,900 (Providing the same service)
17. For processing staff, the cost is based on the following hours provided:

CTAX	8,265
Bens	12,201
ASC	4,959
ASC Admin	1,653
	27,078

With the following numbers of staff providing this:

- 5 FTE for Council Tax
- 7 FTE for Benefits
- 3 FTE for ASC
- 1 FTE for ASC admin

Stats are provided on hours worked which are checked against the service provided making sure KPI's are met. This is checked before payment is made on a quarterly basis.

For the telephony service this is a fixed fee, ensuring 88% of calls are answered. If calls increase or reduce, we expect the 88% target to be met so they may need to bring more staff in to achieve this or they may achieve more than the 88% of calls made. Call types are recorded for monitoring purposes and discussed at monthly contract meetings. Complaints relating to this service provided are rare but where there is a complaint about a member of staff, Civica managers deal with this and respond. Civica staff have been trained to deal with revenues and benefits calls together. 75% can deal with both call types now and by 31/12/23 all will be able to handle both call types. This will give greater efficiency and customer satisfaction to the complex calls received that affect both benefits and council tax.

Risks that may arise if the proposed decision and related work is not taken:

18. If the proposal to extend the contract by 12 months for the period 24/25 is not taken, the Council would not have the required resources available to deliver vital services, including,
 - 140,000 + calls per annum taken for Revenues and Benefit queries that are predicted to rise (there are up to 30,000 residents affected by the proposed CTS 24/25 scheme change). Through the call types that Civica records, we predict that 30% of calls can be redirected to self-service functionality being introduced resulting in less routine calls and more complex calls. To avoid an increase in staff needed to meet the 88% target should more calls be received, a relaxation in the target will be applied. If the service is withdrawn, there is no skilled in-house service that can take these calls at immediate notice.
 - Housing benefit award accuracy reviews that the DWP mandate Housing Benefit undertake, provides £250,000 for additional resources. If the service is withdrawn, then there would be insufficient resources to deliver reviews. This would likely mean that targets were not met and would risk the DWP putting the Housing Benefit team under performance measures requiring the repayment of this funding.

- If the service contract is not extended for 12 months for 24/25, then there would be insufficient resources to deliver Housing Benefit Assessments, Council Tax transactions and Adult Social Care assessments, that are likely to increase due to the proposed Council Tax Support scheme change. This would increase/create backlogs, meaning residents wouldn't get the help they need on time and council tax bills wouldn't be issued in good time, reducing collection.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks:

19. If the Council decides not to extend the contract for 12 months for 24/25, internal resources will not be adequate to deal with the workload and this will result in poor customer service. The contract will include the facility for the Council to give 90 days' notice to end the contract, should the Council be ready to deliver the service in house or need changes during this time the contract will be able to be varied. Civica are flexible with our needs and can adapt with our changing needs; 90 days' notice would be required to make a change to payments / hours.

Preferred Option and Reasons for Preferred Option

20. The preferred option is for the Council to extend the Contract with Civica, via the G Cloud 13 framework for 12 months for 24/25. This will provide revenues and benefits telephony services and processing and support services for I&D and FA, with the option of giving 90 days' notice to end the contract, should the Council be ready to deliver the service in house.

Relevance to Council Plans and Strategies

21. Services provided as part of the contract support the cross-cutting themes of a modern council and a fairer Enfield.

Financial Implications

22. The total cost for Civica on Demand services for 24/25 is £1,848,172.57 and it is anticipated to be absorbed by the existing Financial Assessments (CC0010) and Income & Debt Team (CC0013) budgets. Costs broken down as follows:

23. £856,272.57 for revised processing requirement from 1 Apr 24 to 31 Mar 25
- 5 FTE for Council Tax
 - 7 FTE for Benefits
 - 3 FTE for ASC
 - 1 FTE for ASC admin

The number of hours purchased for each team are broken down as follows:

CTAX	8,265
Bens	12,201
ASC	4,959
ASC Admin	1,653
	27,078

24. £991,900 for revised telephony requirement from 1 Apr 24 to 31 Mar 25
- Covering all Council Tax and Benefits calls
25. The increased Civica on Demand contract cost is expected to be managed in year by holding on any further planned recruitment to expand the Financial Assessments and Income & Debt teams; controls on other operational expenditure across the services, as well as budget savings arising from the use of grant funding in 2024-25.

Legal Implications

26. The 12-month extension as proposed in this report is provided for under the terms and conditions of the Call Off contracts in questions.
27. The proposed £86,900 variation to the price of the Telephony Call-Off represents a 9.6% increase to the overall value of the contract and a such, is permissible under the “de minimis” exception set out in the Public Contract Regulations 2015.
28. The Council is required as a best value authority under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
29. All legal agreements entered into in consequence of the approval of the proposals set out in this report must be approved and executed by Legal Services on behalf of the Director of Law and Governance.

Equalities Implications

30. An Equalities Impact Assessment Statement has been undertaken and in attached to appendix 4 of this report.
31. The EQIA confirmed that the proposed contract will ensure the continued delivery of high quality delivered services which will not have a negative impact for any person of a protected characteristics.

Procurement Implications

32. Any procurement must be undertaken in accordance with the Councils Contract Procedure Rules (CPR's) and the Public Contracts Regulations (2015). This procurement has previously gone through the Procurement Services Assurance Group process and the necessary Gate Reports submitted.
33. The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.
34. All awarded projects must be promoted to Contracts Finder to comply with the Government's transparency requirements.
35. The service extension is covered within the existing contract. The Service was initially procured under G-Cloud 13, ensuring the Council is in adherence with the CPR's and Public Contracts Regulations.
36. This has been tiered as a 'Gold' Contract and we are aware the Service is managing the Contract in line with the Council's Contract Management Framework
37. Careful consideration needs to be taken reviewing the approach on how this Service will continue after expiry of the extended period (1 April 2025). If the Service is not able to be fully transferred to an inhouse provision, Procurement will require notification as soon as possible (or by end of May 2024) so input and advice on future strategies can be provided.

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Appendices

Appendix 1 – EQIA