

Report of	Record of	Date
Director (Finance) (Introduced by Executive Member (Resources))	Executive Member Decision	8 March 2023

Approval for the Civica Financials System Contract Amendment to a DAS fixed term contract

Is this report confidential?	No
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Is this decision key?	No
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Purpose of the Report

1. The Civica Financials System is a shared finance system across Chorley Council, South Ribble Council, Chorley Leisure Ltd and South Ribble Leisure Ltd.
2. The report seeks approval to amend the current contract for the Civica Financials System to a Data and Application Solutions (DAS) fixed term contract to 31st March 2025, utilising the Crown Commercial Services Framework Agreement (reference RM3821 lots 1a) for the provision of Data and Application Solutions, which provides for the direct award of contract.

Recommendations

3. That the Executive Member (Resources) approve the amendment of the current contract arrangements to a 2-year DAS fixed term contract to 31st March 2025, with an option to extend twice for up to 1 year for each extension, i.e. for a total of 1 year + 1 year.

Reasons for recommendations

4. **To ensure compliance with the Council's Contract Procedure Rules**, by reviewing and refreshing the existing contract to ensure it is fit for purpose and protects the council from above inflationary increases until the current review of the finance system is completed and a tender exercise is undertaken.
5. **Review and replacement of the system**; as the on-premise Civica Financials system has been in place since 2003 at Chorley Council, with the addition of South Ribble Council in 2011, the Shared Services Finance Team is currently reviewing the market to look at the options for replacement of the system, considering the advancements in technology, system functionality and the changes in operational and reporting requirements of the respective councils over this period. Soft market testing is being undertaken on various Cloud hosted provider solutions, and also exploration of a public to public partnership, working with another public sector organisation to access and utilise an existing system, similar to the current arrangements we have in place with Blackpool Council for payroll.

6. Review, procurement and implementation of any of the above options will take up to 2 years to complete and so the new contract will provide clarity around the requirements of both parties over this period of time whilst this exercise is completed.

Other options considered and rejected

7. To continue with the existing contract – this option was rejected in order to provide a clear focus for the longer-term objectives of procuring the best Financial System across the 2 Councils. It should also be noted that the 2-year quote negotiated offers discounts for consultancy days which will be used in readiness for the migration of the financial data to any new platform.
8. To go out to tender to procure a new financial system, and implementation thereof – this would be a very significant and resource intensive project; estimated timescales for this would be approximately 12 to 24 months, and as such a project of this scale cannot be undertaken in the timeframe available.

Corporate priorities

9. The report relates to the following corporate priorities:

Housing where residents can live well	A green and sustainable borough
An enterprising economy with vibrant local centres in urban and rural areas	Healthy, safe and engaged communities

Background to the report

10. A Shared Financial Services Team between Chorley and South Ribble Councils was created in 2008/09.
11. In March 2010 it was agreed that a common financial management information system would afford the opportunity to adopt standardisation of working practices, streamline and enhance processes, adopt best practice, reduce administrative burdens and reduce costs. As such, it was agreed to deploy a solution using a single database, from one set of hardware, which would deliver further cashable efficiencies for both organisations.
12. The financial management information system used by Chorley Borough Council, “Authority Financials” (the latest system offered by Civica at that time), was chosen as the preferred system as it contained all the functionality required by the new Shared Financial Services Team, including e-procurement, financial management and technologies required to meet Central Government standards and frameworks. The ‘Powersolve’ system in operation at South Ribble (also supplied by Civica) was deemed to be slow and unstable due to ageing hardware and software since installation in 1999, with limited ongoing support for both the hardware and software.
13. As such, South Ribble procured the additional “Authority Financials” licence from Civica; this enabled them to utilise the multi-company functionality within the software located on Chorley’s hardware.
14. Given the age of the financial system, a review is required and options for replacement considered. Although preliminary work has been undertaken already, the review and any subsequent tender exercise will commence shortly, with a view to any new system, if

approved, to be implemented on 1st April 2025; this would therefore be coterminous with the end of this 2 year DAS fixed term contract.

15. As such, it is appropriate within the Contracting and Procurement regulations of both councils to consider the options to either continue with the existing contract or to consider a fixed term contract as proposed as the report outlines.

Financial implications

16. The costs of the two options are outlined below, based on the 2 year contract and providing for a 1 year extension to provide for the risk of any slippage in the implementation of a new finance system; the costs are shared between Chorley Council and South Ribble Council.
17. The figures for the current contract are based on the costs for 2022/23 (£80,033), as uplifted for the current contract inflationary increases (a fixed 7.5% for all customers on a rolling contract, plus a variable increase of RPI (currently quoted by Civica at 12.5% for 23/24, 7.0% for 24/25 and 4.0% for 25/26) on some elements of the contract, whilst there is purely a variable increase of RPI on others, including daily consultancy rates – the consolidated increase for 2023/24 is 18.4%:

2 year Contract (plus extension 1 year as per point 16 above)	Year 1 2023/24	Year 2 2024/25	Year 3 2024/25 (extension)	Total
DAS Contract	105,100	105,100	105,100	315,300
Existing contract	94,785	107,117	117,925	319,827
Additional Cost/(Saving)	10,315	(2,017)	(12,825)	(4,527)
Consultancy Day Rate (based on 5 days consultancy per annum)				
DAS Contract (first 2 days included at £1,250 per day on a 'use or lose' basis within the contract, then £1,350 per day thereafter – fixed over the life of the contract)	6,550	6,550	6,550	19,650
Existing contract (based on the 22/23 rate of £1,715 per day – subject to uplift for RPI each year)	9,650	10,326	10,739	30,715
Saving*	(3,100)	(3,776)	(4,189)	(11,065)
TOTAL ADDITIONAL COSTS/ (SAVINGS)	7,215	(5,793)	(17,014)	(15,592)

*Costs quoted above are based on those provided by the supplier in December 2022, and their forecast for RPI in December each year; savings could increase or decrease based on

the actual rate of RPI over the period. The rates included in the prices provided by the supplier above are;

Applicable Rates	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26
Premium Uplift %	7.5	7.5	7.5
Standard Uplift %	12.5	7.0	4.0

18. The benefits of moving to a 2 year contract are as follows:

- A 2 year contract gives the Council time to work through the tender process and implementation of a new Financial System for the longer term;
- The contract offers discounted consultancy days that can be used to prepare the financial data ready for migration to a new system;
- Formal contracting with the supplier proactively addresses the risks associated with the existing contract, providing contractual clarity in relation to costs, and focus over the timeframe for tender and implementation of a new finance system;
- In formalising the arrangement with the Supplier, we are able to fix the costs for the second-year, to avoid any inflation related cost increases.

Climate change and air quality

19. There are no climate change or air quality implications arising from this report.

Equality and diversity

20. No implications have been identified as a consequence of moving from the current contract to a 2 year fixed term contract.

Risk

21. To achieve the longer-term objective of scoping, tendering, procuring and implementing a new Financial System, the council would need approximately 18 months to 2 years to complete the task. The risk is that the Council would need a further 12 months contract from Civica if the project is not completed within the timeframe; the proposed contract provides the option to extend twice for up to 1 year for each extension, i.e. for a total of 1 year + 1 year, which would mitigate the risk from any slippage in the implementation project.

Comments of the Statutory Finance Officer

22. The total current budget provision for the contract in 2022/23 is £96,100 (excluding consultancy days); with the contractual inflationary uplifts outlined in point 17 above, this equates to £113,782 in the 2023/24 budget; the cost of moving to the DAS contract, again excluding consultancy days, would be £105,300, fixed each year for the duration of the contract.

23. The costs of this are shared between Chorley Council and South Ribble Council as part of the Shared Services arrangements.

24. The annual costs and savings of moving from the existing contract to a DAS 2 year fixed term contract are outlined in point 17 above;

	2023/24	2024/25	2024/25	Total
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Cost/(Saving)	7,215	(5,793)	(17,014)	(15,592)
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25. There is sufficient capacity within the existing finance budget to accommodate the change in contract.

Comments of the Monitoring Officer

26. The proposed contract award, made under the Crown Commercial Services Framework, is a compliant procurement procedure. Value for Money is further demonstrated by the identified savings from the current contract expenditure.
27. The proposal enables sufficient time to manage a further procurement exercise to be undertaken to review the current software system and identify a suitable system which meets the needs of the council moving forwards.

Background documents

There are no background papers to this report.

Appendices

None

Report Author:	Email:	Telephone:	Date:
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Following careful consideration and assessment of the contents of this report, I approve the recommendation(s) contained in Paragraph 3 of the report in accordance with my delegated power to make executive decisions.

Peter Wilson

Councillor Peter Wilson
Executive Member for Resources Dated 08/03/23

This decision will come into force and may be implemented five working days after its publication date, subject to being called in in accordance with the Council's Constitution.