



Policy, Finance and Development Committee	Tuesday, 15 November 2022	Matter for Information and Decision
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Report Title: **Contract Exemption and Supplementary Budget Request**

Report Author(s): **Jon Owst (Revenues and Benefits Manager)
Tony Gwam (Interim Head of Finance)**

Purpose of Report:	To request Members' approval for a contract exemption to award a contract for the Revenues and Benefits processing software, and approval for a capital supplementary estimate, and to inform Members of a supplementary budget estimate approved by the Strategic Director and Section 151 Officer in respect of the same.
Report Summary:	The report sets out the reason for the exemption and the reasons for and the level of supplementary budget required.
Recommendation(s):	A. That the contents of the report are noted; B. That the contract exemption as set out at paragraph 4.1 is approved; C. That the capital supplementary estimate as set out in paragraph 3.2 is approved.
Senior Leadership, Head of Service, Manager, Officer and Other Contact(s):	Tracy Bingham (Strategic Director / Section 151 Officer) (0116) 257 2845 tracy.bingham@oadby-wigston.gov.uk Tony Gwam (Interim Head of Finance / Section 151 Officer) (0116) 257 2608 tony.gwam@oadby-wigston.gov.uk Jon Owst (Revenues and Benefits Manager) (0116) 257 2859 jon.owst@oadby-wigston.gov.uk
Corporate Objectives:	Providing Excellent Services (CO3)
Vision and Values:	Accountability (V1) Customer Focus (V5)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The implications are as set out at paragraph 2.1 of this report.
Corporate Risk Management:	Reputational Damage (CR4) Key Supplier / Partnership Failure (CR2)
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable
Human Rights:	There are no implications arising from this report.

Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	None.

1. Background

- 1.1 Revenues and Benefits currently use Academy software provided by Capita to process Housing Benefit, Council Tax, and Business Rates, including billing, recovery, and discretionary functions.
- 1.2 Since withdrawing from the IT partnership earlier this year the arrangement with Capita has operated as a carryover and we are now in a position where both parties wish to formalise the contract to avoid serious disruption to a statutory service and potential reputational damage if Capita were to withdraw their tacit agreement for the continued use of the software.

2. Proposed Contract

- 2.1 Ongoing negotiations with Capita have now concluded and officers have negotiated a 5 year term which will provide flexibility to respond to future changes. The structure of the proposed contract also capitalises as much as possible so that the amount subject to inflation each year is reduced.
- 2.2 Capita were not amenable to a shorter term, and the 5 year contract provides stability for the team and ensures business continuity in a critical area.
- 2.3 The total cost of the proposed contract is as follows:

Length of contract	Up-front cost	Annual cost	Total cost
2022-23 + 5 years	£22,780	£67,676	£428,836

3. Financial Implications

- 3.1 There is currently £38,500 revenue provision to cover the costs of this system, meaning a supplementary estimate of c.£22,000 is required for 2022-23. (£67,676-£7,000-£38,500). This supplementary estimate has been approved by the Strategic Director and Section 151 Officer in line with section 6.3 of the financial procedure rules. For future years the budget will be amended through the budget setting process.

3.2 There is no existing capital provision for the up-front cost of £22,780 so a supplementary capital estimate for this amount is required for this one-off charge. Since the project forms part of the existing Council business, approval of a supplementary estimate in line with section 4.5 of the financial procedure rules is sought from the Committee.

4. Contract Exemption

4.1 In line with the council's Contract Procedure Rules, and because the total value of the contract is above the EU Threshold, approval is sought from the Committee to waive requirements in relation to the procurement rules in order to ensure continued provision of the service.