

## Notice of KEY Executive Decision

|                                                |                                                                                                                                                                                                      |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Subject Heading:</b>                        | Revenues and Benefits system Procurement                                                                                                                                                             |
| <b>Decision Maker:</b>                         | Councillor Chris Wilkins                                                                                                                                                                             |
| <b>Cabinet Member:</b>                         | Councillor Chris Wilkins                                                                                                                                                                             |
| <b>ELT Lead:</b>                               | Kathy Freeman, Strategic Director of Finance                                                                                                                                                         |
| <b>Report Author and contact details:</b>      | Chris Henry<br>Chris.henry@havering.gov.uk                                                                                                                                                           |
| <b>Policy context:</b>                         | To award a contract direct to MRI Software Ltd via the Crown Commercial Services framework for the Council Tax, Business Rates, Housing Benefits, Overpayments and Council Tax Support applications. |
| <b>Financial summary:</b>                      | Year 1 cost of £161,896.00 rising to a total of £1,573,562 over seven years which will be funded from the ICT revenue budget for Applications Management. There is also a social value of £21,000.   |
| <b>Reason decision is Key</b>                  | Expenditure exceeds £500,000.                                                                                                                                                                        |
| <b>Date notice given of intended decision:</b> | 31 October 2025                                                                                                                                                                                      |

**Key Executive Decision**

|                                                      |          |
|------------------------------------------------------|----------|
| <b>Relevant Overview &amp; Scrutiny Committee:</b>   | Scrutiny |
| <b>Is it an urgent decision?</b>                     | No       |
| <b>Is this decision exempt from being called-in?</b> | No       |

**The subject matter of this report deals with the following Council Objectives**

Resources - Enabling a resident-focused and resilient Council

## **Part A – Report seeking decision**

### **DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION**

1. To agree to award a contract to MRI Software Ltd for the Council's current revenues and benefits management system under Lot 8 of the Crown Commercial Services RM6098 framework, for a period of five years with an option to extend for a further two years at a total value of £1,573,562. The contract will commence on 1 January 2026.

### **AUTHORITY UNDER WHICH DECISION IS MADE**

Part 3 of the Constitution Responsibility for Functions, Section 2 The Executive

3. The following Functions may be delegated to individual Cabinet members by the Leader.

Paragraph 3.8 To approve the commencement of the tender process, to award contracts, agree extensions of contract terms where the value of such matter is between £1,000,000 and £2,000,000 subject to consultation with the Strategic Director of Resources.

### **STATEMENT OF THE REASONS FOR THE DECISION**

#### **1.0 Background**

- 1.1 The Council has a statutory duty to administer and collect Council Tax, National Non Domestic Rates (NNDR), Housing Benefit (HB) and Council Tax Support (CTS) and Discretionary Housing payments (DHP) for the residents of Havering.
- 1.2 The software currently used to enable the administration of these functions is known as One Revenues and Benefits and is supplied by MRI Software Ltd. These applications are located in Havering's Microsoft Azure Cloud.
- 1.3 During 2025/26, the Council is expected to collect Council Tax from approximately 109,000 domestic households, Business Rates from approximately 6,000 commercial properties and administered Housing Benefit and Council Tax Support (HB/CTS) for approximately 17,500 residents in Havering.
- 1.4 The Revenues and Benefits applications are resilient and capable of handling extremely high volumes of accounts and complex transactions managing more than £368million in Council Tax, HB/CTS, Discretionary Housing payments and NNDR in 2025/26.

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- 1.5 The Council's current contract with Capita plc Group (Capita) commenced on 1 April 2021 and is due to expire on 31 March 2026. A replacement contract will be required.
- 1.6 For the reasons given below, it is proposed to award the replacement contract to MRI Software Ltd. The value of the contract with MRI Software Ltd for the provision of support and maintenance should not exceed £1,573,562 over five plus two years' extension of the contract.
- 1.7 MRI Software Ltd have committed to a £3,000 per annum social value payment for the life of the new contract. This will be added to the Havering Community Chest fund.
- 1.8 Best Value has been fully considered as part of these recommendations with a five year contract plus the option to extend for a further two years.

## **2.0 System Functionality**

- 2.1 The following core business systems are required to administer the key functions mentioned above:
  - Council Tax Administration, Collection & Enforcement
  - Housing Benefit and Council Tax Support
  - Discretionary Housing Payments
  - Housing Benefit Overpayment Income and Debt Management
  - National Non Domestic Rate Administration, Collection and Enforcement
  - Customer portals for residents and businesses
- 2.2 All of the applications above interface electronically with the Council's financial and management information systems. The HB/CTS system also interfaces with the housing and homelessness systems as well as receiving data from the Department of Work and Pensions (DWP), which is used to update and maintain the accuracy of Benefit records.
- 2.3 Within each business system, customer self-service is available and there is a full suite of management information reports.
- 2.4 This contract will allow for changing priorities and developing technologies ensuring the supplier is sufficiently incentivised throughout the life of the contract to provide high quality services.

## **3. Reasons for a Direct Award**

- 3.1 The reasons for remaining with the current software supplier and not tendering for a new contractor, for the provision of the revenues and benefits system are set out below.

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- 1.2 The current revenues and benefits system has been operating in Havering for 25 years. The system was initially designed by central government and local authorities, and has proved itself effective and reliable providing excellent, innovative services, tailored to the needs of the council, residents and customers.
- 1.3 The revenues and benefits application software market has remained relatively static since soft market testing took place five years ago. The industry Leaders remain the same; Capita One, Northgate and Civica.
- 1.4 While the revenues and benefits software has seen little structural change, Capita One product development has progressed, with modern solutions now delivering improved features such as Call Credit integration, DHP UC, Welfare Analysis Tool, Read Only Audit Trail and Enforcement Agent Interface.
- 1.5 Previous soft market testing has also demonstrated that competitor software applications are comparable in terms of use and functionality but not better than the current supplier. Capita are the only supplier who manage Council Tax annual billing and benefit uprating which is an essential requirement for any system provider.
- 3.4 A confidential survey to establish the costs paid by other London boroughs for revenues and benefits applications was conducted in October 2025. Nine of the 33 London Boroughs responded and their costs are shown in the table below.

3.5

| <b>Council</b> | <b>Annual Cost</b> |
|----------------|--------------------|
| G              | £153k              |
| Havering       | £155k              |
| B              | £177k              |
| C              | £179K              |
| E              | £188k              |
| H              | £202k Cloud        |
| I              | £258k Cloud        |
| D              | £260k              |
| A              | £284k Cloud        |
| F              | £369k              |

- 3.6 It can be seen clearly from the table above that the current contract is low cost and reflects best value.
- 3.7 Revenues and Benefits systems comprise extensive application suites with multiple modules and optional add-ons. This means that cost comparisons across London may not always reflect like-for-like configurations. Nevertheless, Table 3.5 indicates that Havering's charges are one of the lowest in London.
- 3.8 Five years ago, the migration costs associated with implementing a new system were estimated at £150,000 and £280,000 by two potential suppliers, with a further

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approximate £300,000 in Council costs. These costs will have risen due to the pandemic and cost of living crisis. Remaining with the current supplier would therefore avoid at least £450,000 of expenditure. Given the rise in the cost of living since then, undertaking a full system migration would impose even further significant financial pressure on the Council.

### 4 Timescale and Budget Requirement

3.1 Immediately upon approval of this procurement, the Council will commence the process for a direct award and the new contract will take effect from 1 April 2026.

3.2 Under Lot 8 of the Crown Commercial Services RM6098 framework, the duration of the contract will be fixed for seven years including the extension period.

3.3 The table in 3.4 below, reflects the total costs of the contract over five years.

3.4 Budget Requirement.

| Year 1   | Year 2   | Year 3   | Year 4   | Year 5   |                   |
|----------|----------|----------|----------|----------|-------------------|
| 2026/27  | 2027/28  | 2028/29  | 2029/30  | 2030/31  | <b>Sub Total</b>  |
| £161,896 | £181,468 | £201,843 | £223,054 | £245,134 | <b>£1,013,395</b> |

| Year 6   | Year 7   |                    |
|----------|----------|--------------------|
| 2024/25  | 2025/26  | <b>Grand Total</b> |
| £268,120 | £292,047 | <b>£1,573,562</b>  |

3.5 The annual costs will be funded by Business Systems Annual Revenue Budget for Applications Management Software.

3.6 There is minimal risk with a direct award to the incumbent who is a member of Lot 8 of the Crown Commercial Services RM6098 framework.

3.7 Subject to approval, a direct award will be undertaken in accordance with the Contract Procedure Rules Strategy and guidance.

### OTHER OPTIONS CONSIDERED AND REJECTED

| Option                                                    | Advantage             | Disadvantage                                                                                              |
|-----------------------------------------------------------|-----------------------|-----------------------------------------------------------------------------------------------------------|
| 1. Do not enter into a contract and withdraw the service. | System costs savings. | Outsource service to private contractor, TUPE staff. Complete loss of control over major financial income |

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|  |                                                |                             |                                                                                                                                                                                                                                                                                    |
|--|------------------------------------------------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |                                                |                             | to the council. Cash flow risk as system not maintained.                                                                                                                                                                                                                           |
|  | 2. Do nothing.                                 | None                        | Breach of legal responsibilities. Systems not maintained risking income through council tax and benefits subsidy loss.                                                                                                                                                             |
|  | 3. Mini competition via a Framework agreement. | None                        | Establishing a mini competition framework agreement for the Revenues and Benefits system is an alternative route to the market to procure a single service provider. It is a complex and lengthy process requiring substantial resources and so is not considered a viable option. |
|  | 4. Joint procurement with another borough.     | Possible cost efficiencies. | Divergent service requirements and operating models. Reduced flexibility in system configuration. Increased complexity in project governance and decision-making. Procurement and contractual complications. Complicated exit arrangements. Project timeline risks.                |

### **PRE-DECISION CONSULTATION**

There is no requirement for a pre-decision consultation.

### **NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER**

Name: Chris Henry

Designation: Head of Council Tax & Benefits

Signature: *Chris Henry*

Date: 3 December 2025

## **Part B - Assessment of implications and risks**

### **LEGAL IMPLICATIONS AND RISKS**

The Council has the power to award the contract under s111 of the Local Government Act 1972, which permits the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

The Council also has a general power of competence under Section 1 of the Localism Act 2011 to do anything an individual may generally do subject to any statutory limitations. The recommendation sought within this report is in accordance with this power.

The estimated contract value is above the threshold for services under the Public Contracts Regulations 2015 (PCR). The contract is therefore subject to the full PCR regime. The PCR is relevant in this circumstance, as the framework was procured under these regulations and remains live.

As set out in this report, the contract is to be awarded under Lot 8 of the Crown Commercial Services RM6098 Framework. Officers must ensure that the express provisions of the framework for selecting a supplier have been followed.

This framework permits selecting a supplier via a further competition, a direct award, or online via the framework's Purchasing Platform catalogue.

As set out in this report, officers have followed the framework process for selecting a supplier via direct award, and now recommend awarding the contract to Capita One Ltd.

The Council is a Best Value authority and has a duty 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" As set out in this report, officers consider the proposals achieve Best Value.

For the reasons set out above, the Council may award the contract

### **FINANCIAL IMPLICATIONS AND RISKS**

This report is seeking approval for a direct award to MRI Software Ltd for the Council's current revenues and benefits management system under Lot 8 of the Crown Commercial Services RM6098 framework, for a period of five years with an option to extend for a further two years at a total value of £1,573,562. The contract will commence on 1 January 2026.

The cost of the new contract is set out in the table below:



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| Year  | Amount            |
|-------|-------------------|
| 1     | £161,896          |
| 2     | £181,468          |
| 3     | £201,843          |
| 4     | £223,054          |
| 5     | £245,134          |
|       | <u>£1,013,395</u> |
| 6     | £268,120          |
| 7     | £292,047          |
|       | <u>£560,167</u>   |
| Total | £1,573,562        |

The current cost of the contract is £0.155m per year. The contract costs are funded from ICT application support budgets; this budget will need inflationary uplifts applied each year as part of budget setting processes.

Although there is a risk that a direct award will not deliver the same value for money as a competitive procurement process, this risk is mitigated by the following:

- Benchmarking data suggests the current system provides value for money;
- There would be an administrative burden associated with a procurement process coupled with the potential cost of change required to implement a new system estimated to be at least £0.155m.

The current cost of the contract is £0.155m.

This contract will deliver a core business system which is needed in order to fulfil the Council's responsibilities pertaining to council tax administration, collection and enforcement, housing benefit and council tax support, discretionary housing payments, overpayment recovery and NNDR collection and enforcement. The current system interfaces with the DWP and with the Council's finance system and housing and homeless systems.

The contract will return £0.003m per year to the Council for social value purposes (£0.021m over the full seven-year term).

### **HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)**

The procurement and subsequent award of the Revenues and Benefits software system has always been carried out by a specialist external Service Provider. In-house services cannot undertake this service. The recommendation in this report does not give rise to any identifiable HR implications or risks that would affect either the Council or its workforce.

**EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have 'due regard' to:

- (i) The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) Foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are age, disability, gender reassignment, marriage and civil partnerships, pregnancy and maternity, race, religion or belief, sex/gender, and sexual orientation.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

There are no direct equalities and social inclusion implications or risks arising from this decision.

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**HEALTH AND WELLBEING IMPLICATIONS AND RISKS**

There are no direct health and wellbeing implications or risks arising from this decision.

**ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS**

There are no risks or implications for environmental and climate change to this report.

**BACKGROUND PAPERS**

None

**APPENDICES**

None

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**Part C – Record of decision**

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

**Decision**

Proposal agreed

***Delete as applicable***

**Details of decision maker**

Signed

*Chris Wilkins*

Name: Cllr Christopher Wilkins

Cabinet Portfolio held: Finance

CMT Member title:

Head of Service title

Other manager title:

Date:24:12:2025

**Lodging this notice**

The signed decision notice must be delivered to Committee Services, in the Town Hall.

**For use by Committee Administration**

This notice was lodged with me on \_\_\_\_\_

Signed \_\_\_\_\_