

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 30 MAY 2006

PROCUREMENT OF COMPUTERISED FINANCIAL SYSTEMS

Report by Executive Head of Finance

1. PURPOSE OF REPORT

- 1.1 To seek the approval of the Committee for the negotiation of appropriate contractual terms with Civica Financial Systems Ltd for the procurement of additional system modules and related services to replace existing systems.

2. BACKGROUND INFORMATION

- 2.1 The Accounts Receivable system currently operated by the Council was developed by Strathclyde Regional Council in the early 1990's and devolved to East Ayrshire Council on reorganisation in 1996. The current system now requires replacement for the following reasons.

- (a) **Application Support** - the current system was written in a computer language (Progress) which is no longer commonly used. Whilst it can be supported on a day to day basis by IT, the number of experts knowledgeable in Progress is diminishing and as a result no development of the product is possible.
- (b) **Hardware Support** - the current system is hosted on an ultrasparc server which has long passed its normal life expectancy and requires additional support maintenance. To migrate to another server would involve upgrading the Database Management System software and due to the limited knowledge of Progress this is not considered to be feasible.
- (c) **Functionality** – although at the time of its development by SRC the current system fully delivered the functionality required at that time it does not provide the services now required by our customers. For example it cannot support the collection of invoices by direct debit or integrate with other systems such as the Customer Contact Gateway used at the local area offices.

3 PROPOSAL

- 3.1** The Council's Cash Receipting and Income Management System is provided by Civica. It is used to process all local office payments and payments made via banks, sheriff officers and by deduction from payroll including all Accounts Receivable payments. It also enables payments to be received via the internet, intranet and an automated telephone payments system. This suite of programmes, together with ancillary software relating to Bank Reconciliation, Reporting and System Administration is used to process all income received by the Council.
- 3.2** Civica also provides the Council systems which are used to run Council Tax, Non-Domestic Rates, Housing Benefits and Council Tax Benefits. There has therefore already been significant investment in the Civica product which delivers a high level of functionality and working relationships with the company have been good. The procurement of additional modules to complement those already installed would allow simpler integration and enhance the level of support that could be provided in-house.
- 3.3** As detailed in 2.1 above the current Accounts Receivable system used by the Council has reached the end of its business life and an alternative has been sought. Civica have developed a system integrated to their other products and this system, as well as retaining many of the preferred features of our existing Accounts Receivable system, offers increased functionality with regard to reporting, direct debit payment facility and e-billing options. The Civica system would allow smooth transition from the ex SRC system and extend development opportunities as the other Civica products are developed to incorporate technology advances.
- 3.4** The Civica Accounts Receivable product is also linked to additional financial management modules which may be much more cost effective than undertaking the mandatory upgrade of the existing SAP product which SAP have indicated should ideally be carried out by December 2006 as product support will become progressively more expensive after that date.
- 3.5** Discussions have been held with both North and South Ayrshire councils on the feasibility of sharing these systems. Neither are in a position to consider this in the medium term however and other shared financial service projects are being taken forward including Non-Domestic Rates and document management for Revenues and Benefits which will require significant Finance and IT resources. There has also been a suggestion that a national financial ledger may be developed by 2015. If the functionality available within the Civica product is suitable then annual savings might be secured without compromising either the Council's financial management arrangements or any future shared services options.

- 3.6** Legal Services currently operates a manual system for debt recovery and it is believed that a computerised system would improve efficiency in this area. For optimum use any system would require to interface with the Accounts Receivable system. Civica have a Debt Recovery module which, based on initial investigation by Legal Services, would meet the required specification. Implementing this in conjunction with the Accounts Receivable system would ensure close integration and implementation costs are likely to be lower than procuring a different system from a separate supplier.

4 FINANCIAL IMPLICATIONS

- 4.1** It is anticipated that negotiation with Civica financial systems may result in overall ongoing annual savings although there would be a first year implementation cost which would be met from existing resources.

5 LEGAL IMPLICATIONS

- 5.1** The Council's Standing Orders relating to contracts require formal committee approval in circumstances where it is proposed to negotiate a contract with one party both in respect of the negotiation and of the party with whom it is intended to negotiate.
- 5.2** Once any negotiations are completed, a further report would be presented for Members consideration on whether to proceed on the terms agreed.

6 RECOMMENDATIONS

It is recommended that the Committee: -

- 6.1** approve the negotiation of the contract terms in respect of the procurement of Accounts Receivable and Financial Management software, a Legal Debt Recovery system and related services with Civica Financial Systems Ltd in terms of paragraph 9(2) of the Council's Standing Orders relating to contracts;
- 6.2** require a further report to be presented for elected members consideration on whether to proceed on the terms agreed in any negotiation; and
- 6.3** otherwise note the contents of the report.

Alex McPhee
Executive Head of Finance

LS/AMCP/JP
17 May 2006

LIST OF BACKGROUND PAPERS NIL

Members wishing further information should contact Alex McPhee, Executive Head of Finance, Telephone (01563) 576300.