

# Brighton & Hove City Council

## Policy & Resources and Committee

## Agenda Item 151

**Subject:** Revenues and Benefits Electronic Document Management System Replacement

**Date of meeting:** 16 March 2023

**Report of:** Executive Director, Governance, People & Resources

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**Ward(s) affected:** All

### For general release

#### 1 Purpose of the report and policy context

- 1.1 Brighton & Hove City Council uses the Workflow 360 Electronic Document Management (EDM) System supplied by Civica to manage the allocation and e-storage of documents, e-mails and files relating to the administration of Housing Benefit, Council Tax Reduction, Discretionary Housing Payments, Council Tax and Business Rates. This system is a complex and essential workflow and administrative tool for a large service area with a high volume of document traffic. It is critical to efficient and cost-effective administration.
- 1.2 An original contract, moving the service from a paper-based filing system to electronic document management, was signed in November 2001 and there have been subsequent contracts for further upgrades, iterations, enhancement modules and support services. However, the current system has reached end of life and is being de-supported and there is no further upgrade route possible. The council has begun to test the market via early market engagement, in order to provide the foundation for a successful procurement of a new Revenues & Benefits Workflow / EDM system.
- 1.3 This report seeks funding for project delivery staffing, data migration and business analysis and design costs to enable business continuity by delivering a new system. Activities needed to deliver a new system include:
  - pre-market testing, selection, specification, and procurement of a new Workflow / EDM system;
  - preparation of existing EDM documents for migration to a new system;
  - testing, design, integration and set up of the new system;
  - migration of documents to the new system, probably via the use of third party tools;
  - training of staff and implementing changes to existing business processes to embed the change.

## **2 Recommendations**

That the Policy & Resources Committee:

- 2.1 Notes that the extension of the current contract for the existing EDM and Workflow contract runs for a maximum of 2 years ending October 2024.
- 2.2 Approves a capital scheme of £0.800m funded from unsupported borrowing for the design and implementation of a replacement EDM and workflow system.
- 2.3 Grants delegated authority to the Executive Director Governance, People & Resources to take all steps necessary to procure and award a contract for a new revenues and benefits Electronic Document Management / Workflow IT system for the Welfare, Revenues & Business Support Service for an initial term of 4 Years.
- 2.4 Grants delegated authority to the Executive Director Governance, People & Resources to extend the contract referred to in paragraph 2.3 for the replacement system for a period of up to 2 years, subject to satisfactory performance.

## **3 Context and background information**

- 3.1 Workflow 360 (W360), or previous versions thereof, provided by the software company Civica, has been in use since November 2001. This is a critical system supporting two of the Council's main income collection services and the Council's main benefit and low-income financial support services. The Council has been lately notified that the W360 product is being de-supported with no automatic upgrade path under the current contract. The system is critical to the efficient and cost-effective processing of benefit claims, application processes for discretions and discounts, and the management and collection of Council Tax and Business Rates. There is no viable option other than to seek a replacement system.
- 3.2 The current contract arrangements, including exhausting extension options, end in October 2024 when the product will be de-supported. While the Council typically reviews its IT systems needs at least every 10 years the requirements for core tax collection and benefit administration have remained relatively stable and changes of system in a limited market have not been considered cost beneficial. However, with the position now forced, and with advancing technology and changing business needs, a replacement system is likely to offer technological advances which should improve workflow, automation, digital compatibility, cross-service compatibility and customer service. The council's Procurement Team have advised that a procurement process is necessary in order to test the market, meet legislative requirements and to secure value for money.
- 3.3 The system stores a large number of records, currently over 20 million, and handles a large amount of workflow traffic. The number of documents travelling in and out of the system is circa 1.4 million per annum. It holds all records and documents sent in by the public, stakeholders, agencies, and government departments. It also holds all records on correspondence, notifications and bills in respect of documents sent by the Revenues & Benefits functions. It categorises and prioritises incoming documents, partly automatically, channeling them into workflows for either officer action or an

automated process. There is a licence for 150 concurrent users of the system with availability extended into other service such as Health & Adult Social Care and Housing to co-ordinate administration.

- 3.4 There are significant cost implications, and additional project risks, in transferring large volumes of data. Until now there has been little operational or financial reason not to retain the maximum extent of records while being compliant with information governance and GDPR requirements. A more considered approach to document retention is an integral part of the project to reduce cost and maximise workflow efficiency.
- 3.5 The IT server hardware associated with the current system also reaches end of life in October 2024. The costing assumptions are based on moving to a cloud-based system and any decision to remain with on-site hardware would incur additional hardware costs. Cloud-based systems provide advantages in terms of systems being automatically updated for latest technological, GDPR and security requirements, provide greater disaster recovery resilience, and reduce local server and database administration costs.
- 3.6 An outline project costing (attached as Appendix 1) was submitted for Modernisation Funding on 7 February 2023 where it was determined that the project was beyond the funding envelope available for Modernisation Programmes and would need to be submitted to Committee for capital funding approval as soon as possible. The forthcoming pre-election period means that a report to the March Policy & Resources Committee is required as project and procurement process costs would start to accrue well in advance of the next available Policy & Resources Committee meeting in June 2023.
- 3.7 A project board, led by the Head of Welfare, Revenues & Business Support has been set up to manage the procurement process, test the market, and manage funding and resources to implement the chosen option if approved.
- 3.8 There is a limited market for suitable EDM / Workflow systems in the local government market. This may limit price competition but does have the advantage of there being a high number of authorities utilising the available systems which provides strong information on the success of the systems and the issues experienced in transitioning to these products. Learning from these reference sites will be an essential exercise in assurance and modelling to make sure budgets, resources and designs are aligned for a successful implementation. The Project Board can therefore ensure that the right resources in terms of project and technical expertise are put in place. Furthermore, it will ensure that the scope of the project is clear and will be responsible for managing key risks and issues as they arise, keeping stakeholders informed of key developments.
- 3.9 The indicative cost of delivering the new system is approximately £0.800m over a 17-month implementation plan. The costs are best estimates based on the roles required to support projects of similar complexity and indicative costs provided by potential bidders. Staff and data migration costs may vary depending upon who the successful bidder is, whether that bidder already has existing contracts with the council, the ease with which data can be migrated, the complexity of workflow configuration and the demands all of this has on internal resource or external expertise.

- 3.10 If costs vary significantly, an update report will be presented to a future Policy & Resources Committee as part of normal capital reporting (TBM). Support and maintenance costs of the current EDM system are already built into the General Fund budget for the service. Should any additional revenue costs be identified as a result of the new system, these will be incorporated as part of the budget setting process for 2025/26 and subsequent years.
- 3.11 The existing contract arrangements expire in October 2024 and currently there is no provision for further extension as Civica has given notice that W360 will be de-supported from this date. In the event of irretrievable slippage, then options may be available to negotiate a limited extension but these would be likely to incur significant extra cost and may carry additional GDPR and security risks.

### **Procurement Approach**

- 3.12 The capital funding is sought purely for the project costs of procuring and implementing the replacement system. The annual contract costs are met within the Welfare, Revenues and Business Support service's revenue budget. The current annual system costs are £0.079m. The procurement process will be specified to establish the best value for the Council in terms of implementation costs, licensing costs, administration costs and future efficiency savings as well as the impact that improved functionality will have on services to residents.
- 3.13 Procurement advice has been sought with respect to the process in order to ensure that the council is compliant with the Public Contract Regulations 2015, as well as securing a value for money solution to meet the council's requirements for a revenues and benefits EDM / Workflow system.
- 3.14 This will include exploring the use of existing frameworks where available as this can offer a faster and more streamlined procurement approach, for example, the CCS G-Cloud framework RM1557.13 or the CCS Vertical Application Solutions RM6259 framework (the latter due to launch May 2023).
- 3.15 The Vertical Application Solutions framework includes most of the leading software providers and, if suitable, would allow BHCC to hold a mini-competition with registered and relevant suppliers.
- 3.16 Alternatively, the council could run its own procurement process using an open, restricted or dialogue procedure. A decision on the preferred procurement approach for the contract will be made once a full specification is developed following the early market engagement process.

### **Next steps**

- 3.17 The Project Board will oversee the project timetable. The project is currently in the soft market test phase and, subject to approval, will move into the formal procurement process with a view to awarding a contract by September 2023 with a 12-month implementation project for go-live by September 2024. The data retention and transfer phase of the project is due to start as soon as possible in April 2023 with project implementation expected to continue right up to the go live date.

## **4 Analysis and consideration of alternative options**

- 4.1 **Do nothing:** This option is not viable. The current system is being de-supported. Revenues and benefits processes are high volume, are linked to digital application processes and are highly automated. This has enabled very substantial efficiency savings across the service over its lifetime. Without an effective EDM / Workflow system, the service would have to utilise a standard document scanning system to store records but this would have no automated processing or workflow capability resulting in a very substantial increase in the administrative burden, not only to manage archived data but to track and manage the myriad applications and change-of-circumstances processes handled by the service.
- 4.2 **Procurement of a new Revenue & Benefits workflow / EDM system:** This is the preferred option. The option focuses upon the replacement of W360 with a modern workflow / EDM system. This provides the potential for improved efficiency, would be supportive of corporate digital service objectives and the prevalent modular design such systems introduce, and in the longer term provides the potential for more expansive use across other council service areas with controlled sharing of data.

## **5 Community engagement and consultation**

- 5.1 Generally, the EDM / Workflow system is a back-office system that does not directly generate or calculate any payment or notifications to residents or local businesses. As such, this is primarily an internal consideration rather than one requiring extensive public consultation or communication. However, any changes to customer service indirectly linked to system design or implementation will be tested with stakeholders and customers as normal.
- 5.2 From an internal point of view, the current system is largely self-contained within the Welfare, Revenues & Business Support service with access to other services appropriately restricted to essential requirements for information. However, the current breed of modular systems means that the procurement decision made may influence future document/workflow strategy across several services in the council.
- 5.3 The Project Board will introduce a stakeholder engagement plan to ensure all relevant parties are involved at appropriate times throughout the project.

## **6 Conclusion**

- 6.1 The council has an obligation to ensure that its systems and software are fit for purpose and that it is able to ensure that services are provided as effectively and efficiently as possible.
- 6.2 Implementation of a replacement system will lead to long term operational efficiencies, improve the customer experience, and make a significant contribution to service delivery that is fit for the future.

## **7 Financial implications**

- 7.1 Delivery of this new EDM / Workflow system will enable the service to provide a system which is designed to support more effective administration and processing. This should ultimately reduce administrative costs, thereby

improving the value for money of revenue and benefit administration but no assumptions of direct savings are assumed at this time. However, any savings enabled in future would be available to support the council in addressing the financing costs of the replacement system and, if savings exceed this, to contribute savings toward addressing future predicted budget gaps identified in the Medium-Term Financial Strategy.

- 7.2 The report identifies an estimated cost of procuring, transferring data and implementing a new EDM / Workflow System of £0.800m. This excludes annual software licence, support and maintenance costs provided for in the service's revenue budget.
- 7.3 The capital investment is an unavoidable cost as not replacing the system is not a viable option. The replacement can be funded by unsupported borrowing using an assumed 10-year asset life for system implementations of this nature. The full-year annual capital financing costs from 2025/26 will be approximately £0.096m and will be added to the capital financing budget. However, as noted above, the implementation of replacement systems will potentially enable greater efficiencies across the service and, alongside ongoing digital investments, will also be key to underpinning savings that will contribute to addressing predicted budget gaps in future years as well as helping to manage ongoing annual reductions in the Housing Benefits and Council Tax Administration Grants from government.

Finance officer consulted: James Hengeveld    Date consulted: 23/02/23

## **8    Legal implications**

- 8.1 The Policy & Resources Committee is the appropriate committee for the recommendations set out in paragraph 2 above in accordance with Part 4 of the council's constitution. To comply with Contract Standing Order 3.1, authority to enter contracts in excess of £500,000 must be obtained from the relevant Committee.
- 8.2 The procurement of the contract must comply with the procurement regulations and the Council's Contract Standing Orders.
- 8.3 As highlighted above, this procurement will involve transferring large volumes of data. A Data Privacy Impact Assessment must therefore be completed and there is a requirement to ensure compliance with UK GDPR.

Lawyer consulted: Wendy McRae-Smith    Date consulted: 23/02/23

## **9    Equalities implications**

- 9.1 None arising from this report. An Equality Impact Assessment will be carried out to inform the specification for the new system. Primarily, this will ensure that personal and sensitive data are stored in line with legislation, and that the new system is able to deliver best practice guidance for example including gender non-binary options in honorifics and gender choices as relevant. The system should also meet equalities requirements for staff users.

## **10 Sustainability implications**

- 10.1 Procurement of a replacement system aligns with the council's Sustainability Strategy as it will offer further opportunity to move away from paper-based processes.

### **Supporting Documentation**

#### **Appendices**

1. Project cost summary

