

CABINET

DATE	11 th March 2026
REPORT OF	Councillor Stephen Harness - Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Guy Lonsdale – Interim Section 151 Officer
SUBJECT	Local Taxation and Benefits Shared Services System Replacement
STATUS	Open
FORWARD PLAN REF NO.	GENERAL EXCEPTION - Not included on the Forward Plan therefore, to be considered under the General Exception provisions of the Constitution

CONTRIBUTION TO OUR AIMS

The procurement of Local Taxation and Benefits system replacement strongly supports the Council's values of a Stronger Economy and Stronger Communities, by ensuring efficient and well managed services to the borough.

Local authorities in England have a statutory duty to administer and deliver key financial services including Housing Benefit, Council Tax and Business Rates collection, and Council Tax Support. These duties are not discretionary; they are mandated by law and form a core part of a council's role in supporting its communities and maintaining financial sustainability. This project is essential to delivering on the Council's priorities of providing value-for-money services.

EXECUTIVE SUMMARY

The programme will modernise and future-proof the Council's Revenues and Benefits service by replacing ageing, locally hosted systems with a secure, cloud-based solution aligned to the Council's ICT and Digital Strategy. This change is driven by the 2027 contract expiries, technological obsolescence, and the need to improve efficiency, resilience and service quality. A joint procurement with North Lincolnshire Council also offers opportunities for cost savings and shared expertise.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves the commencement of a joint procurement exercise with North Lincolnshire Council for Local Taxation and Benefits Shared Services systems

replacement.

2. Delegates authority to the Interim S151 Officer in consultation with the Portfolio Holder for Finance, Resources and Assets to commence the above procurement and carry out all necessary activities, including award, mobilisation and implementation, together with any ancillary activity reasonably arising.
3. Authorises the Assistant Director Law, Governance and Assets (Monitoring officer) to complete and execute all legal documentation in connection with the award.

REASONS FOR DECISION

The decision allows the Council to commence a joint procurement exercise with North Lincolnshire Council for Local Taxation and Benefits Shared Services systems replacement and allows the Council to award the contract.

1 `BACKGROUND AND ISSUES

- 1.1 Local Taxation and Benefit Shared Services currently operate three separate systems to manage the delivery of Council Tax, Benefits and Business Rates across North and North East Lincolnshire Council's areas. These cover the main revenues and benefits processing system, document management system and customers facing e-forms. The three systems currently in use have been unchanged for many years and offer only limited integration. As a result, they no longer meet modern expectations for efficiency, automation, or the digital service delivery.
- 1.2 The long-term intention is to replace all three platforms with a single cloud-hosted solution. This will be delivered in two phases. Phase 1 will consolidate the core Revenues and Benefits processing and document management systems under one provider. This will create a more streamlined and automated operating model. Phase 2 will introduce a fully integrated online customer portal to improve customer experience and significantly expand automation.
- 1.3 This decision focuses on Phase 1 only, which is essential to enable Phase 2 at a later date. Investment in Phase 2 is being deferred due to Local Government Reorganisation, the relatively low running cost of the existing forms system, and the significant communication and implementation effort required.
- 1.4 Across both phases, the new solution will eliminate manual re-keying, increase automation, improve data accuracy, enhance customer service, and strengthen data quality and reporting. The project will be delivered jointly with North Lincolnshire Council to maximise efficiency and benefit from shared procurement.

- 1.5 This is required to modernise and future-proof the Council's Revenues and Benefits service, improving operational efficiency and service quality while aligning with the Council's ICT and Digital Strategy and ICT Application Strategy. The proposed approach also ensures continuity of service beyond the expiry of current system contracts.
- 1.6 Two of the current contracts expire on 31 March 2027, requiring a replacement solution to be in place to maintain service continuity. Additionally, one of the current systems is now limited to essential compliance updates only, offers no further development potential, and cannot be cloud-hosted, restricting opportunities to adopt modern technology.
- 1.7 Moving away from locally hosted systems to a cloud-based infrastructure will increase security, stability, and resilience. Current technologies are becoming outdated and are increasingly unable to support innovation or improved automation. The proposed changes align with wider digital transformation objectives and support the Council's strategic direction.
- 1.8 A joint procurement with North Lincolnshire Council also presents an opportunity to reduce costs, share expertise, and secure a more efficient and coherent approach across the shared service

2 RISKS, OPPORTUNITIES AND EQUALITY ISSUES

- 2.1 The current document management back-office system is locally hosted in a data centre at North Lincolnshire Council, additionally it cannot be cloud hosted. This presents a risk in terms of cyber security and disaster recovery with both councils being committed to a "cloud first" approach.
- 2.2 The document management system is also limited to essential technological compliance only, with no scope for further development due to technological obsolescence and an inability to integrate into the main revenues and benefits system which is a key driver for change associated with this project.
- 2.3 Both the Revenues and Benefits core system and document management system are on contracts due to expire 31 March 2027. After this point although it would be possible to annually renew the Revenues and Benefits contract, the document management systems option is for a fixed term extension which does not represent value for money and further delays transfer of this data into a cloud solution with the associated security and scalability functions mentioned in 2.1 and 2.2
- 2.4 The major customer changes in phase 2 are reliant on phase 1 being completed first. The combined benefits from phases 1 and 2 are:-
 - eliminate manual rekeying between platforms
 - enable greater automation and streamlined workflow,
 - improve data accuracy and reduce processing time
 - improve data quality, integrity and data reporting capabilities

- enhanced customer service delivery
This will benefit customers, stakeholders and the wider council.
- 2.5 By procuring a new single integrated solution for both systems from a single supplier there is an opportunity to achieve greater strategic alignment which in turn will support broader digital transformation goals.
- 2.6 By doing a joint procurement with North Lincolnshire Council there is also an opportunity to maximise cost efficiencies and share expertise.

3 OTHER OPTIONS CONSIDERED

- 3.1 Do nothing – this would result in both the Revenues and Benefits system and document management system being out of contract. This is a high-risk option as suppliers could impose substantial fees to further extend contracts or chose not to extend, leaving the council unable to fulfil key statutory requirements and impacting directly on the cash flow to NELC due to being unable to issue bills and collect income.
- 3.2 Seek contract extensions from the two existing suppliers (see 2.3). This would halt further development and keep security risks higher than is desirable. This is not viable due to the minimum length of extension one of the key suppliers is demanding and the poor value for money this represents.

4 REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 There is a risk of disruption to service during the transition from the incumbent solution to newly procured solution. Appropriate change management will take place to ensure that disruption is avoided or reduced, and relevant communications will take place.
- 4.2 The solution should significantly improve our ability to communicate with our residents and tailor our services/communications to better meet their needs. All data will be held in accordance with General Data Protection Regulations

5 FINANCIAL CONSIDERATIONS

- 5.1 The ICT systems used by Local Taxation and Benefits have not undergone any major investment other than cloud migration of the main processing system since 2014, when online forms were introduced. Financial investment is now required to modernise and improve the systems, in order to gain wider benefits in line with the council plan for the residents of NELC. This will also deliver over time, greater value for money.
 - The decision seeks approval to procure a new single revenue; benefits and document management system, as such the final costs are not yet definitive as the eventual supplier is not yet identified. However,

indicative provisional values indicate the costs and associated financial requirements to be as follows:

- Increased Revenue budget of circa £115k per annum
- Total capital investment circa £154k to cover licences, onboarding and ICT support.

- 5.2 Existing revenues budgets from both the Local Taxation and Benefits and the ICT cost centres will fund the majority of the revenue spend, with an identified shortfall of £115k per annum. To enable efficient monitoring of ongoing costs, the current allocated budgets will be combined and managed within the Local Taxation and Benefits budget envelope.

6 CHILDREN AND YOUNG PEOPLE IMPLICATIONS

No children and young person's implications have been identified.

7 CLIMATE CHANGE, NATURE RECOVERY AND ENVIRONMENTAL IMPLICATIONS

No climate change, nature recovery or environmental implications have been identified.

8. PUBLIC HEALTH, HEALTH INEQUALITIES AND MARMOT IMPLICATIONS

No health or inequality impacts have been identified.

9. CONSULTATION WITH SCRUTINY

Scrutiny was not consulted on this occasion.

10. FINANCIAL IMPLICATIONS

- 10.1 The Council has a statutory duty to administer Council Tax, Business Rates and Housing Benefit, and the expiry of existing system contracts on 31 March 2027 presents a material financial and operational risk if not addressed in a timely manner. Failure to procure replacement systems would expose the Council to significant risks relating to income collection, cash flow, compliance and value for money.

- 10.2 While the final costs of the procurement cannot be confirmed until the conclusion of the tender process, the indicative revenue and capital costs set out in the report are considered reasonable and proportionate given the scale, criticality and longevity of the systems being procured.

- 10.3 Subject to approval, the proposed capital investment would be included within the approved capital programme and monitored with the existing process.

- 10.4 Appropriate funding options for the identified revenue pressure will be considered within subsequent refreshes of the Medium Term Financial Plan.

- 10.5 The joint procurement with North Lincolnshire Council is supported as it offers the potential for cost efficiencies, shared expertise and reduced procurement risk, while maintaining appropriate governance arrangements for each authority.
- 10.6 Subject to the procurement being conducted in accordance with the Council's Contract Procedure Rules, and the final contract award remaining within the approved financial envelope, the recommendations are considered affordable, financially sustainable and consistent with the Council's wider financial strategy.

11. LEGAL IMPLICATIONS

- 11.1 The procurement exercise will be conducted to as to comply with Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Procurement Act 2023, and supported by relevant officers.
- 11.2 The delegations sought are consistent with an exercise of this nature.

12. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications arising from the contents of this report.

13. WARD IMPLICATIONS

No specific Ward implications have been identified

14. BACKGROUND PAPERS

None

15. CONTACT OFFICER(S)

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