

<b>Meeting:</b>	<b>Cabinet member finance and corporate services</b>
<b>Meeting date:</b>	<b>Tuesday, 2 July 2019</b>
<b>Title of report:</b>	<b>Award contract for an Educational Management and Adults and Childrens Social Care IT solution.</b>
<b>Report by:</b>	<b>Assistant director corporate support</b>

## **Classification**

Open

## **Decision type**

Key

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

## **Wards affected**

(All Wards);

## **Purpose and summary**

To award contract to Servelec for renewal of the support and annual maintenance of the Educational Management and Adults and Children's Social Care case management IT solution, along with associated additional modules for a period of up to seven years at a maximum cost of £2.348m.

The contract will be through "Direct Award" via the Crown Commercial Services Data & Applications Solutions Framework (RM3821) due to Servelec having a proven track record over a number of years in the delivery of educational management and social care case management IT solutions and are one of the market leaders.

## **Recommendation(s)**

**That:**

- (a) a contract be awarded to Servelec for up to seven years at a maximum value of £2.348m to provide IT services for the Social Care (Mosaic & Abacus) and Education (Synergy) systems with additional modules covering Sign's of Safety; Corius (Mosaic BI); Provider portal; Early years funding including the IT health check on the social care solutions; and**
- (b) the existing Early Years Funding system (Sentinel) contract is extended until 31<sup>st</sup> May 2020 to a value of up to £12k to ensure this provision can be moved into the core education management system (Synergy) in a timely manner.**

## **Alternative options**

1. Do nothing. This is not recommended, as the council would be contravening the Public Contract Regulations Act (2015) as well as its own internal Contract Procedure Rules and could be exposed to legal challenge from other suppliers. In addition to which Servelec and other suppliers often apply a higher annual uplift to customers who renew contracts annually verses those customers whose contract are for a longer period. The council will not meet its statutory duties in relation to early years funding, address the Ofsted recommendation, reduce administration costs and achieve best value for money.
2. Negotiate separate contracts with Servelec. This is not advisable as the council will not achieve the contract management efficiencies achievable through the management of one contract verses three or achieve best value for money; the indicative costs are that the annual % uplift from Servelec is lower by combining the contracts.
3. Open tender rather than through Crown Commercial Services Data & Applications Solutions Framework. This is not advisable due to the facilities in place to use the framework that has already tested requirement compared to the significant amount of resources needed to run a tender (OJEU) process (both in time and money. The estimated additional internal cost of change to move to another IT service provider is in the region of £750,000 makes the option to switching to another IT solution provider uneconomic. Both the cost of buying into a new product (circa £500k) as well as the cost of change (circa £250,000), for example, training, systems, project management, support, resourcing, would be substantial. The council has also made a significant investment in integrating Mosaic and Synergy with other applications, including the web; there would be considerable effort and additional cost required to de-couple this complex environment.
4. Use the 'further competition' option within the Data and Applications Solutions Framework; this option is not recommended. The three market leading suppliers who are able to provide both education and social care solutions are on the framework and the selection process is very similar to the option "open tender", but limiting the number of suppliers who can respond to a tender, the reasons for not progressing this option are the same as point 3 above "Open tender".

## Key considerations

5. The council have a number contracts for the provision of key IT solutions, the social care case management system (used by both Adults and Communities and Children and Families Directorates), a financial solution (used by Adults and Communities) to record and notify individuals the outcome of financial assessments and to calculate charges for care and support services and an educational management IT solution (used by the Children and Families Directorate) for the management of admissions (primary and secondary), routing and special educational needs, all of these contracts terminate between March 2020 and February 2021.
6. The social care and educational management systems are key to the council and support the recording of highly detailed and sensitive information about service users and their families. They are used as a tool to support good practice as well as providing evidence for court, support young people, subject access requests and inspections. It is imperative that these systems are configured correctly and are used to their full capability, meet legislative requirements and providing accurate data for statutory and local reporting.
7. These key systems have until now procured and renewed in isolation. It is becoming increasingly critical that these services, alongside other council and public services need to provide a high level of integration and interoperability, and sourcing these solutions from a single supplier increases system integration.
8. The consolidation of these contracts is a specified deliverable within the IT strategy under the theme "Innovation and efficiency – for digital technology to support transformation of services whilst creating efficient ways of working including with partners".
9. The use of the Crown Commercial Services Data and Application Solutions framework is a compliant route to market under the public contract regulations 2015.
10. The initial length of the contract is for five years, the decision to take up the option for years six and seven will be based on the assessment of need, performance, value for money at that time.
11. The Data and Application Solutions framework; Direct award option has conditions that need to be met:-

- (a) The framework standard contract cannot be altered or supplemented (schedule 7 section 1.2)

The council's legal services team have reviewed the framework's terms and conditions and "do not perceive that there will be any risk to the council in calling off this framework (if it has been established that the call-off requirements fit within the scope of the framework)"

The Mosaic, Abacus and Synergy solutions are within the scope of both lot number 1b and 1c of this framework.

- (b) The purchase is intrinsically linked to an existing system in use by the council (framework schedule 1 section 1.8) and is only capable of being supplied by the supplier or key subcontractors and from the buyer perspective they establish which supplier provides the most economically advantageous solutions (framework schedule 7 - section 2.1.2).

12. There are no current plans to replace either the Social Care (Mosaic & Abacus) or Education (Synergy) systems. The replacement of any of these systems would require significant investment in internal resource both time and money. The estimated additional cost of change for any or all of these system is in the order of £200,000 to £750,000 depending on the solution(s) being replaced, making their replacement uneconomic.
13. As recently as 2016 the council upgraded its Social Care (Mosaic) system to reduce corporate risks around safeguarding through the use of a more robust case management system by reducing inconsistency, improving information management and leading to safer services. The upgrade enabled staff to manage social care demands more effectively and efficiently.
14. The additional systems built into the contract award are as below:
  - Signs of safety:** to address the Ofsted recommendation to adopt a social care practice model.
  - Corius (Mosaic BI):** Mosaic's business analysis and reporting tool, aids the prediction of trends, the maximisation of data's potential to inform and improve operational and strategic decision making.
  - Provider portal:** to significantly improve the efficiency and effectiveness of adult social care financial transactions by reducing the administration effort for both the council and commissioned care providers.
  - Early years funding:** to enable the council to meet its obligations under the Childcare Act 2006 & 2016 to manage the payments of 2,3 and 4 year old Nursery Education Funding (NEF), 30 hours and early years pupil premium to early years providers within Herefordshire.
15. In June 2018 an Ofsted report highlighted the lack of a social care model for children, to address this in April 2019 the council adopted "Signs of safety" as its preferred social care practice model for children and families. Implementing the Social Care (Mosaic) systems 'Signs of Safety' solution provides a fit for purpose recording system whilst still ensuring all legislative and statutory requirements are met (see the link below for a copy of the decision notice)  
<http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?Ild=50030191>)
16. The implementation of the Social Care (Mosaic) portals will significantly improve the efficiency and effectiveness of social care financial transactions, reducing the administrative effort needed by both the council and commissioned care providers. It will also support the GDPR requirement to maintain accurate customer records, reduce the reliance on the retention and storage of paper based invoices and improve communications between the council and care providers by self-service access to financial information.
17. The existing contract with Sentinel for the provision of an early years funding IT solution ends in October 2019; at the end of this contract the service are seeking to move to an alternative supplier. The synergy solution operated by the council already holds details of the early years providers within the county, which is regularly updated via a data link from Ofsted.
18. The current contact with Sentinel for the provision of an early years funding solution ends in October 2019. Servelec estimate that it will take in the order of 5 months to move the Sentinel functionality into their solution, including data migration. Due to existing

commitments this cannot start before October 2019, therefore a temporary extension to the existing early year's solution provider until 31st May 2020 is required.

19. It is imperative that the council operates all its IT systems efficiently and they are used to their full capability. In line with best practise, a system review (health check) is undertaken by the respective supplier (included in the one off costings – see later). The resulting report will highlight to the council both areas where the respective system is being used to its full potential and areas where further improvements and thus increased efficiencies can be achieved.

## **Community impact**

20. If the council's Education System (Synergy) is not available post March 2020, the council would be in breach of its statutory obligation to co-ordinate primary school admissions at the end of April 2020 and for secondary places commencing August 2020. The council would also be in breach of the requirement to provide accurate information on nursery places, as the existing data would age rapidly at a critical point in terms of sufficiency (start of the summer term).
21. The Social Care systems (Mosaic and Abacus) enable the council to meet its statutory duty to arrange care and support for adults, children and carers with eligible needs, and for adults to carry out a financial assessment to establish how much individuals should pay towards the care and support they receive.
22. The implementation of the Social Care (Mosaic) portals supports the strategic driver transforming financial transactions with commissioned care providers and supports the IT strategy under the theme "Innovation and efficiency - for digital technology to support transformation of services whilst creating efficient ways of working including with partners."
23. The provision of an effective early years funding IT solution will enable the council to meet its statutory obligations under the Childcare Acts 2006 & 2016 to secure early years provision free of charge.

## **Equality duty**

24. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
25. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

26. The council's Education Management System (Servelec) is the "go to source" for all diversity information on young people/adults. It also enables the council to identify and record the nine protective characters as defined in the Equality Act and others that are locally identified.

## Resource implications

27. The awarding of this contract enables the council to continue with functioning services as well as benefit from "cost of avoidance". This is based on the current arrangements having an uplift of 5% per year for the educational system and the standard contract annual uplift of 2% for social care, with this new contract this reduces to a 1% annual uplift both the education and social care IT solutions. Over the initial five year period this creates a cost avoidance savings of £82,000. These funds will be allocated to the new modules that improve functionality of the service.
28. The one off and annual expenditure is to be financed from a combination of capital and revenue budgets. This was included in the 2019-20 budget setting that was approved in at Council on 15 February 2019 ([link](#)).
29. Costs : one off costs and annual expenditure

	One off costs £000	Annual cost Year 1-5 £000	Total years 1-5 £000	Year 6 * £000	Year 7 * £000	Total years 1-7 £000
Education Management	76	85	501	86	87	674
Social Care	110	224	1,230	227	229	1,686
<b>Total</b>	<b>186</b>	<b>309</b>	<b>1,731</b>	<b>313</b>	<b>316</b>	<b>2,360</b>

\* Year's 6 and 7 based on comparable annual uplift for years one to five

30. One off costs are from servelec for additional licenses, consultancy, implementation costs, signs of safety licence costs 2019/20 and the extension to the sentinel early years funding contract. This will be funded from service area revenue budgets.
31. The annual maintenance costs, currently funded from within the service area revenue budgets will be transferred into the corporate IT budget and going forward annual payments will be managed via IT.

## Legal implications

32. Legal services have undertaken a review of the Crown Commercial Services core standard terms, which was that this framework is based on the standard Public Sector Contract, called the Core Terms, these are a standard set of provisions that should not be amended. The terms are fairly standard across the public sector and are not onerous, they cover the mandatory elements required of a public sector contract. Contracting authorities are encouraged whether possible to use Crown Commercial Services frameworks and they are on a regular basis. We therefore do not perceive that there will be any risk to the council in calling off this framework (if it has been established that the call-off requirements fit within the scope of the framework)

33. The council has a number of statutory duties to provide education related services, including acting as admissions authority for school places (School Standards Framework Act 1998 and School Admissions Code 2012); ensuring appropriate special educational needs provision is available and appropriately allocated (Children and Families Act 2014); and ensure a sufficiency of placements, collate and make available information on early years provision (Childcare Act 2006 & 2016). The software provided and maintained by Servelec Synergy enables the council to carry out these functions, providing a means of safely storing, sharing and sorting relevant information
34. The council's Social Care systems (Mosaic and Abacus) enable the council to meet its statutory duty to arrange care and support for adults, children and carers with eligible needs, and for adults to carry out a financial assessment to establish how much individuals should pay towards the care and support they receive
35. The use and operation of an effective early years funding IT solution will enable the council to meet its statutory obligations under the Childcare Act 2006 & 2016.
36. The recommendations of the report are in accordance with the Contract Procedure Rules and the Public Contracts Regulations 2015.

## Risk management

Risk / opportunity	Mitigation
<ul style="list-style-type: none"> <li>• Risk of loss of service to the service user, non-compliance with statutory duties and timescales</li> </ul>	<p>Renewing the licenses and support to enable service continuity and meeting statutory duties and timescales</p>
<ul style="list-style-type: none"> <li>• There is a risk that contracts has been in operation for a period of time another provider may challenge this renewal and procurement of additional services and seek to argue that the contract should be put out to open tender</li> </ul>	<p>Use of the crown commercial services, data and application solutions framework to renew and procure the additional services from Servelec detailed in this decision notice the council is not contravening the Public Contract Regulations (2015) or its own internal Contract Procedure Rules.</p>
<ul style="list-style-type: none"> <li>• The council may not be getting best value for money by renewing the contracts via the framework</li> </ul>	<p>The indicative costs from Servelec are that in combining these contracts via the framework the council is achieving a cost avoidance over negotiating the contracts independently. Other local authorities have recently been through an open tender for these services and Servelec was identified as the preferred supplier</p>
<ul style="list-style-type: none"> <li>• Failure to renew the early year's contract by not accepting the contents of this report the council will be operating unlicensed software from Oct 2019, education management system from March 2020, Social Care case management and financial management from Jan 2021</li> </ul>	<p>Use the Data and Applications Solutions Framework Direct Award option to extend the Servelec contracts for existing services and the additional modules and services within this decision notice and the extension of the Sentinel early years funding contact until the end of May 2020, pending the implementation of the synergy early years</p>

	solution.
<ul style="list-style-type: none"> <li>The council are not using the Mosaic, Abacus or Synergy IT solutions to its full potential.</li> </ul>	Implement enhanced system functionality within this decision report, plus carry out a system health check on the Abacus, Synergy and Mosaic solutions. Upon receipt of the findings develop, agree and action any recommendations identified during these health checks.

## Consultees

37. Political groups have been consulted via email correspondence to all members on 3<sup>rd</sup> June 2019. Response was received from the group leader for the True Independents outlining value for money is vital. In response information is contained in the report specifically in the section entitled resource implications. No other comments or objections were received.

## Appendices

None

## Background papers

None