



CABINET

Subject Heading:

Social Care System replacement

Cabinet Member:

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Policy context:

This replacement social care system will underpin improved social care practice, operational processes and case management. This will support social care to deliver improved outcomes for residents and their families and ensures compliance with statutory obligations.

Financial summary:

The report seeks approval to award a 5 (+2) year contract for supply and implementation of a social care case management system to the successful tenderer at a total contract cost of £1.803m over the seven year period.

In addition the report seeks approval of the project implementation budget (inclusive of contractor costs) £3.348m one off implementation costs financed from the Transformation Reserve.

Cabinet are asked to note that an operational budget of £0.145m per annum will be required (£0.725m over the period 2019/20 to 2023/24 to meet contracted supplier costs) that will be met from Social Care base budgets.

Is this a Key Decision?

Yes

When should this matter be reviewed?

The relevant Cabinet Members will be updated on the implementation of the system at critical milestones.

Reviewing OSC:

Havering Overview and Scrutiny Board

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

Communities making Havering	[x]
Places making Havering	[x]
Opportunities making Havering	[x]
Connections making Havering	[x]

SUMMARY

1. Purpose of the Report

- 1.1. The purpose of the report is seek approval from Cabinet for the award of contract to the successful supplier through the tender process completed between June and October 2017. The report also seeks approval for the implementation budget to be financed from the Transformation Reserve, proposed to start in December and be complete by March 2019. Ongoing revenue costs associated with the contract will then be met by the relevant revenue budgets in Adult Social Care and Children's Services.

Background

- 1.2. In July 2016, a pre-procurement project was initiated to consider the options for a new case management system for Social Care. The reasons for this were two-fold, (1) the existing Northgate system had been heavily criticised in an Ofsted inspection of Children's Services in Havering and was deemed to be not fit for purpose. (2) The contract with Northgate Public Services (NPS) was due to expire in April 2017. A short-term solution was to extend the NPS support and maintenance contract, a non-executive decision was taken and a two-year extension to the support and maintenance contract with NPS was agreed - this being the maximum under EU rules due to the cost. A full tendering exercise was therefore required.
- 1.3. The Pre-Procurement project concluded in April 2017 and the Programme Board then SLT considered: (1) A fully costed Business Case (2) Options Paper; and (3) A fully documented Functional Business Specification.
- 1.4. A non-key Executive Decision was taken on 6th June 2017 to formally proceed with the procurement process and to seek Cabinet approval in November 2017 to purchase and implement the selected solution from December 2017, with 'go-live' on track for delivery by the end of October 2018.
- 1.5. The tendering process has now concluded and the responses from three potential suppliers have been evaluated. A successful supplier has been identified from the tender process, namely Supplier A.
- 1.6. Details of the process and the results of the evaluation are shown below. The Strategic Business Case (Appendix A) has been updated following the tendering process and now contains an updated breakdown of the implementation and programme costs following the selection of the preferred bidder.
- 1.7. It is envisaged that the NPS legacy system will be decommissioned in June 2019 following completion of the 2018/19 statutory returns.

RECOMMENDATIONS

2. Recommendations for the reasons set out in this report:

Cabinet is recommended to:

- 2.1 APPROVE: the project implementation revenue budget of £3.348m (including supplier costs), to be financed from the Transformation Reserve.
- 2.2 APPROVE: the award of contract for the supply and operation of an adults and children's social care case management system to the successful tenderer for a period of five years plus an option to extend for a further two years from 1st December 2017 at a total cost of £1.803m.
- 2.3 NOTE: That the Council will incur contracted annual costs of operation totalling £0.725m over the period of the contract in respect of maintenance and hosting. These costs will be met from social services base budgets
- 2.4 DELEGATE: to the Chief Operating officer, in consultation with Lead Member for Resources, the authority to enter into a contract with Supplier A for the provision of a fully hosted case management system.

REPORT DETAIL

3.0 Introduction and Background

- 3.1. This report seeks approval from Cabinet to award a contract for the provision of a case management system for adults and children's services to replace the current Northgate Public Service Swift system.
- 3.2 The new system encompasses the requirements of all system users involved in the case management of adults and children's social care. Collaboration with partner Councils was considered but has not proven viable. Consideration has also been given to the needs associated with future partnership working including data sharing, with health and other partner agencies.
- 3.3 The new system also allows for the realisation on non-cashable benefits, by focusing on improved data sharing and single data capture processes improving efficiencies and hence service delivery.
- 3.4 The incumbent provider Northgate announced prior to the tender being issued that they were withdrawing from the market by April 2020. Whilst this decision has had no immediate impact on the Council's requirements it has resulted in general market conditions becoming increasingly competitive. The Council's current

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support and maintenance contract with Northgate expires 31st March 2019. During the procurement process Northgate Public Service sold their interest in the Swift system to OLM, who now provide the support and maintenance. The contract with NPS was assigned to OLM on 1st June 2017

- 3.5 Given the value of the contract the European Procurement Process applied. It was agreed by the Social Care Programme Board at the pre- tender stage that rather than undertake a full EU tender process the Council would undertake a further competition via an existing framework.
- 3.6 The project team considered the available options and decided that the Crown Commercial Services framework 1059 Local Authority Software Applications - lot 6 covering the provision of software and associated services for Social Care offered the best route for the Council to achieve its objectives.
- 3.7 The framework provided the Council:
- with a legally compliant route to tendering the requirements,
 - the opportunity to reduce the time to conclude the tender process by around three months,
 - a gateway to all the key service providers as all are named on the framework, and
 - a competitive process for achieving overall best value
- 3.8 The Tender was sent to all sixteen suppliers named on the framework via the Council's capitalEsourcing portal, the tender was open for a period of eight weeks which was considered reasonable due to the complexity of the requirements.
- 3.9 The tender was evaluated on the basis of 60% technical/quality and 40% price.
- 3.10 To ensure that only Tenderers who met the Council's minimum technical requirements were shortlisted the evaluation included a minimum score threshold for both the Method Statements and specified elements of the technical requirements.
- 3.11 Tenders were received from three suppliers. Whilst this was fewer than expected, it is understood that the main reason was a capacity issue with suppliers struggling to respond to a high number of tenders available at this time. The Council assessment was that the tenders received were of a high standard and from leading market suppliers.
- 3.13 The evaluation panel consisted of the project team plus officers from both children's and adult services supported by finance. The evaluation included supplier presentation days when the three suppliers were given the opportunity to present their solutions to the evaluation panel plus other colleagues from operational teams.
- 3.14 The evaluation team used these sessions to clarify points not explained clearly in the submissions and the staff were invited to score the systems presented and provide the evaluation team with feedback.

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- 3.15 Further written clarification was also sought from the suppliers before a final score was submitted and collated by the programme.
- 3.16 The evaluation of the tenders was undertaken in accordance with the criteria set out within the Invitation to Tender documents, a copy of which is attached marked as Appendix 2. Both the marks obtained from the evaluation team and the staff feedback produced similar results.
- 3.17 As a result of the tender process, further clarification questions and the supplier presentations the recommendation is to appoint Supplier A based on the scores below:

This table represents the evaluation of the technical requirements submission.

Average weighted scores	Supplier A	Supplier B	Supplier C	Max
1.0 General Requirements	916	887	726	1,020
2.0 Case Management Requirements	1,964	1,850	1,435	2,185
3.0 Workflow Requirements	297	273	234	330
4.0 Doc Management Requirements	608	513	463	700
5.0 Children's Specific Requirements	2,018	1,722	1,434	2,245
6.0 Adult Requirements	1,962	2,001	1,648	2,315
7.0 Financial Requirements	3,917	3,503	3,138	4,510
8.0 Contract Management	450	491	370	565
9.0 Data & Reporting Requirements	1,303	1,163	943	1,465
11.0 Technical Requirements	1,208	1,041	1,132	1,435
12.0 Online Portal & eMarket Place	110	104	86	125
Method Statements	66	61		75
	14,819	13,609	11,609	16,970
	87%	80%	68%	

It can be seen from the figures above that the best technical fit for Havering is Supplier A.

At this stage, after consideration of the scoring for the Method Statements Supplier C failed to satisfy the criteria, they were also scored significantly lower on the technical requirements and were therefore eliminated from the process.

The remaining two supplier's financial submission were then evaluated, in line with the Council's emergent ICT strategy, to move away from Council hosted solutions, to cloud based / supplier hosted solutions. The costs of provided a fully hosted social care IT solution were as follows:

Supplier A		year 1	year 2	year 3	year 4	year 5	5 year Total
Fully Hosted	Total	£860,750	£217,950	£144,800	£144,800	£144,800	£1,513,100
					year 6	year 7	7 Year total
					£144,800	£144,800	£1,802,700

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Supplier B		year 1	year 2	year 3	year 4	year 5	5 year Total
Fully Hosted	Total	£473,950	£169,553	£377,553	£377,553	£377,553	£1,776,162
					year 6	year 7	7 Year total
					£377,553	£377,553	£2,531,268

Following the Evaluation Process set out in Section 2 ITT Evaluation (Appendix 2), marks awarded for requirements specification /method statements plus cost statements are:

Supplier A	60x 87% = 52.2+40 =92.2
Supplier B	60 x 80% = 48 +11 =59

Based on the evaluation criteria it is recommended that **Supplier A** is awarded the contract

REASONS AND OPTIONS

4. Reasons for the decision:

- 4.1 Expiration of the Northgate Public Service Contract (assigned to OLM on 1st June 2017) in 2019 means that a new system solution is required.
- 4.2 Adult Social Care and Children’s Services require a system which is fit for purpose, underpins the future operating models in adults and children’s social care, fully supports the delivery of services to the residents of Havering, that ensures compliance with legislation, both current and future; and also enables the organisation to embrace data sharing with partner agencies.
- 4.3 The new system will also enable flexible working and opportunities to improve operational processes whilst maintaining data security and improving citizen accessibility to their own data.
- 4.4 Future consideration should be given to contract length as this can trigger a costly retendering exercise which may not be necessary from an operational perspective.

5. Other options considered:

- 5.1 Maintaining the status quo and operating without a support and maintenance contract was considered, but deemed to be too high risk. This would also fail to address Ofsted concerns.

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- 5.2 Further contract extensions are also not available as they are outside EU regulations and initially NPS withdrew from the market. The sale of the NPS business to a competitor added a further complication. This occurred during the tendering process.
- 5.3 Collaboration with partner Councils was considered but has not proven viable due to other Council's being at different points in the award of contracts to support requirements.

IMPLICATIONS AND RISKS

6 Financial implications and risks:

- 6.1 The recommendation to award 5 (+2) contract to Supplier A for the provision of a case management system will have a total cost of £1.803m. This includes £0.725m relating to ongoing Maintenance licence and hosting costs) over the full 7 year term of the contract.
- 6.2 In addition, the cost of other resources to implement the system is estimated to be an additional £2.270m over 2017/18 and 2018/19, covering both external and internal resource to support the delivery.
- 6.3 The total project cost over the 7 years period is estimated to be £4.073m; ie £3.348m in implementation plus £0.725m operational costs as set out in the table below. The £3.348m implementation cost is proposed to be met from the Transformation Reserve. The annual operational cost of £0.145m in relation to supplier hosting and maintenance will be met from existing social care base budgets.

System Supplier Costs	17/18	18/19	Total 2 years	19/20	20/21	21/22	22/23	23/24	Year 3 to 7 Total	7 Year Total	Analysed Between	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	Implementation	Ongoing
Implementation Cost	0.300	0.778	1.078	-	-	-	-	-	-	1.078	1.078	-
Running Cost (+RPI)	-	-	-	0.145	0.145	0.145	0.145	0.145	0.725	0.725	-	0.725
Total Supplier Cost	0.300	0.778	1.078	0.145	0.145	0.145	0.145	0.145	0.725	1.803	1.078	0.725
Other Implementation Costs	17/18	18/19	Total 2 years	19/20	21/22	22/23	22/23	23/24	Year 3 to 7 Total	7 Year Total	Implementation	Ongoing
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	Implementation	Ongoing
External Resource	0.685	1.095	1.780	-	-	-	-	-	-	1.780	1.780	-
Internal Resource	0.034	0.359	0.393	-	-	-	-	-	-	0.393	0.393	-
Internal/External Resource	0.022	0.075	0.097	-	-	-	-	-	-	0.097	0.097	-
Total Other Cost	0.741	1.529	2.270	-	-	-	-	-	-	2.270	2.270	-
Total			3.348	0.145	0.145	0.145	0.145	0.145				
Totals											3.348	0.725

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Excluding the £0.725m in running cost, the procurement and implementation will cost approximately £3.348m (£1.078m for the supplier; £2,270m in other costs) and will be funded from the £3.588m currently set aside from the Transformation Reserve. The £0.145m annual revenue cost will be funded from existing budgets totalling £0.142m across Children and Adult services.

Financial risks include:

- Contractual costs in 2018/19 will be subject to inflation using the RPI index (Retail Price Inflation) and therefore are subject to change over the contract term. The implementation costs are fixed price. The Council routinely provides inflation at CPI Index in developing its budget and MTFs and therefore any divergence in the inflation on this contract will need to be met by the service directorate budgets in developing the annual budget in future years.
- The decision to adopt a fully supplier hosted system is expected to deliver savings in IT infrastructure and support cost in the medium term. However, these are not yet quantifiable and as such the initial savings from the reduction in annual maintenance licence charge from £0.141m to £0.081m (ie. £0.060m saving) to the revenue budgets will be consumed by the additional annual hosting fees of £0.064m. The difference (although not material) is expected to be met from existing budgets held within IT or Adults and Children's Services budgets.
- The option to adopt a fully supplier hosted model means that the Council is not actually acquiring an asset, rather a license to operate the suppliers system for the period of the contract. This is therefore classed as revenue rather than capital expenditure in accordance with capital financing regulations and the CIPFA code of practice. Therefore the Transformation Reserve which is a revenue reserve will be used to fund the project implementation.

Legal implications and risks:

This report is seeking approval for the procurement of IT facilities and services for Social Care use. The contract is intended to be called off the Crown Commercial Service (CCS) Framework Local Authority Software Applications (LASA) RM1059, and is proposed to run for a period of five years, with a two year extension option.

The Council has power to procure such facilities and services under s 1 of the Localism Act 2011 (general power of competence) and s111 of the Local Government Act 1972 (power to do things conducive or incidental to its functions).

The CCS framework from which the contract is to be procured was established under the Public Contracts Regulations 2006 (PCR 2006). Under the Regulations, a local authority may select a provider from an established Framework Agreement, in accordance with the call-off contract procedure laid down in the relevant framework agreement.

Although framework contracts under the PCR 2006 do not usually run for longer than four years from commencement, Central Government Guidance states that the length of call-offs under framework agreements is not specifically limited by the Regulations. It is therefore accepted that contracts called-off frameworks may

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extend beyond a four year period.

Furthermore, the CCS Guidance Notes on the LASA RM1059 framework state that call-off contracts under this agreement may be entered into for up to five years initially, rising to a maximum of seven years, including any extensions.

The Council has received a specific email from CCS stating that in their opinion it can enter into a five year contract with a two year extension on this framework.

The framework expires on the 3rd August 2018. The contract that the Council are looking to enter into starts on 1st December 2017 and extends for five years until 31st November 2022 with a further two year extension until 31st November 2024. The OJEU reflects the dates of the Framework Agreement expiring in 2018 and the award notice states that the provision of ordered services entered into under this Framework Agreement shall expire no later than 2 years after the Services Commencement Date.

The PCR 2015 Guidance states that although the length of call offs under framework agreements are not specifically limited by the Regulations, (these are the 2006 Regulations which are not as restrictive as the current 2015 Regulations) the length of call offs as with other contracts should be appropriate to the purchases in question and should reflect value for money considerations.

This report considers that the length of call off is appropriate and value for money. The fact that other authorities have used the framework for similar length contracts and have not been challenged seems to bear this out.

There is always a risk of challenge in these circumstances bearing in mind the length of the contract compared to the duration of the framework, but in this case the risk seems very low.

Human Resources implications and risks:

Existing system users will be involved in the implementation of the new system with full training being made available. The new system will enable improved processes within the service which should lead to increased productivity, better data quality and improved user satisfaction.

Equalities implications and risks:

Following consultation with the Corporate Diversity Advisor, it was deemed that an Equality Impact Assessment is not necessary for the procurement of a new case management system for Adult and Children's Social Care and Social Care Finance. There are no indications that the procurement of a new case management system would be of detriment to service users and/or employees in any way, including in relation to the protected characteristics: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation as specified in the Equality Act 2010. The new case management system poses no discrimination or detriment to staff or citizens of the London Borough of Havering.

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To the contrary, the implementation of a new case management system would support employees to do their jobs better, with more ease as the current system is deemed 'not fit for purpose' by Ofsted following their Single inspection of Havering's Children's Services and review of the LSCB in September 2016. It aims to provide increased efficiency, more accurate recording and thus the availability of data that can be extracted into meaningful reports to support the management of day to day business and local, operational functions. It further aims to provide relevant, useful data and information, that is either unavailable or not effectively reportable in the current system, to support strategic decision making regarding the support and improvement of services provided to the Adults and Children's Social Care service users and wider population of Havering. The long-term focus for a new improved case management system that captures all areas of work and recording for Children's and Adults Social Care, including Finance, would further result in improvements for quality services provided to service users/citizens. For the record, an EIA will always be undertaken if there is any potential of a detriment or possible discrimination in line with the Equality Duty.

BACKGROUND PAPERS

None

Appendix 1: Social Care System Replacement Business Case – version v 2.0.

Appendix 2: Section 2 ITT Evaluation

Appendix 3: Exempt information

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Appendix A – Business Case

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Appendix B – Tender Evaluation

Section 2

Tender Evaluation

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1. Technical/Method Statement Evaluation
 - 1.1 Tenders will be evaluated fairly to ascertain the most economically advantageous tender taking into account price and quality/technical compliance. The maximum available scores for quality/technical compliance will be 60 marks and for price 40 marks.
 - 1.2 The quality aspects of the tenderers submission will be assessed on the responses provided to the questions in the method statements and compliance with technical specification. The method statements are attached as appendix D and technical specification as appendix A *[for the purposes of this Cabinet report these appendices are not attached]*.
 - 1.3 The method statements will be evaluated in line with the marking scheme set out below, the marks allocated for each tenderers response to the method statements will be assessed in line with this scoring mechanism.

Assessment	Score
No evidence of how this will meet the Council's requirements	0
Unsatisfactory response suggests potential supplier would have difficulties meeting Council's standards/ requirements.	1
Some effort made to meet requirements but significant detail missing, or inappropriate.	2
Broadly meets requirements; satisfactory`	3
A Good response – meets requirements	4
Excellent, exemplary with all very strong evidence of appropriate skills and capacity.	5

- 1.4 For each of the method statements tenderers will require to achieve a minimum score of three, if a tenderer achieves a score of less than three their tender will not be viewed as achieving the minimum requirements for this opportunity.
- 1.5 The technical specification will be evaluated in line with the marking scheme as set out below, the marks allocated for each tenderers response to the Technical requirements will be assessed in line with this scoring mechanism.

Assessment	Score
Not achievable/no evidence of how this will meet the Authorities requirements	0
Unspecified no evidence of how this will meet the Authorities requirements	1
Some effort made to meet requirements but significant detail missing, or inappropriate.	2

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Requires some bespoke development	3
Achievable by configuring the software – i.e. without the need to write or amend code	4
Standard feature within this product – with a strong evidence of appropriate	5

1.5 Each requirement of the technical specification will be evaluated, were the requirement is weighted as a three the minimum score required will be an evaluated score of three. If a tenderer achieves a score of less than three their tender will not be viewed as achieving the minimum technical requirements for this opportunity.

1.6 For clarification: where the requirement is weighted as a three the minimum score required will be a minimum score of three, this score will be achieved by raking the average score of all the evaluators individual score. These are the minimum requirements for this opportunity, if a tenderer achieves a score of less than three their tender will not be viewed as achieving the minimum requirement.

1.7 The weightings for each element shown in both the method statements and technical specification are based on the service requirements as shown below

Score/weighting	Requirement
3	a mandatory requirement of the system to meet operational and statutory requirements
2	is a desirable requirement, the Authority considers that this requirement is preferred but not considered mandatory
1	are optional requirements and therefore the minimum weighting will be applied

1.8 The tenders shall be evaluated by a group of evaluators, as a result the score achieved by each tenderer for each element evaluated will be an average score of each evaluator's individual score. The scores of each evaluator will be used in the overall evaluation to ensure fairness.

1.9 The Authority shall calculate the quality score by multiplying the evaluation weighting of each criteria by the average score awarded.

As an example for each tenderer

	Evaluation Weighting	Score Awarded	Score Achieved for each Requirement
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Requirement	3	4	12
Requirement	2	5	10
Requirement	1	3	3
Requirement	3	3	9
Total Quality Score			34 out of 45 (75.6%)

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- 1.10 The above example is provided as a snap shot of how the overall 16,960 marks available jointly across both the method statements and technical specification/requirements will be evaluated.
- 1.11 The overall technical score will be achieved by multiplying the weightings given to each method statement and technical requirement, as above, by the average score achieved following the conclusion of each evaluators evaluation.
- 1.12 The total technical score will be out of the 60 marks available. If a supplier achieves the maximum score they will receive 60 marks thereafter scores will be based on the percentage difference between the achieved score and the maximum available, this percentage will then be used pro rata to identify the number of marks scored, to two decimal, points, for each evaluation.
- 1.13 Tenderers are also asked to indicate in their opinion if their proposed solution achieves the assessment below, please indicate by using the abbreviation below in the relevant column in both the method statements and technical specification/requirement.

	Tenderers Assessment
S	Standard feature within this product – with a strong evidence of appropriate
A	Achievable by configuring the software – i.e. without the need to write or amend code
B	Requires some bespoke development
P	Maybe addressed procedurally
U	Unspecified no evidence of how this will meet the Authorities requirements
N	Not achievable/no evidence of how this will meet the Authorities requirements

2. Pricing

- 2.1 The Authority will only evaluate the price element of the tenderers who have achieved the minimum technical requirements as at 1.4, 1.5, and 1.6. The 40 marks available for price will be allocated so that the cheapest price will achieve the maximum number of marks available. The other tenderers will receive a score reduced pro-rata to the difference between their price and the cheapest price.

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2. Overall Evaluation

- 2.1 The points achieved in the evaluation of the method statements, technical requirements and pricing will be added together as the total overall score achieved by each tenderer.

3. Supplier Presentations

- 3.1 Following the conclusion of the evaluation the three suppliers who have achieved the highest overall score will be invited to present their solution to a panel of officers from the Authority.
- 3.2 The purpose of these presentations is to give the evaluation panel and other key officers from the Authority the opportunity to view the supplier's solution confirming their understanding of applications, user interfaces and other related user requirements.
- 3.3 The presentations will not be used as an opportunity to clarify the tenderers submissions but to confirm their understanding of the tender submitted. If the Authority requires clarification of any element of a tenderers submission these will be requested via the capitalEsourcing portal through the evaluation stage of the process.
- 3.4 Each presentation will typically last all day, each supplier will be requested to present all aspects of their solution as per the technical specification.
- 3.5 The Authority reserves the right to review the evaluation of each tender following the conclusion the tenderers presentation.
- 3.6 All presentations will be held in Romford Essex, actual location, date and time will be confirmed at the appropriate time.

4. Contract Award

- 4.1 Following the completion of the supplier presentations the tenderer achieving the highest total score will be awarded the Contract.

5. Debriefing

- 5.1 Following the award of the Contract a debriefing will be offered to unsuccessful tenderers.