

Report of the Head of Service, Commissioning & Market Management

Report to the Chief Officer (Partnership, Development, and Business Support) Children’s Services

Date: March 2015

Subject: Early Years IT System for Family Information Service Provision and Managing and Paying Nursery Providers (Free Early Education Entitlement – FEEE) - System Maintenance



Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. In 2013 the Early Years’ service entered into a contract with Tribal Systems in order to facilitate the provision of the Family Information Service (FIS) system and Free Early Education Entitlement (FEEE) allocation and payment system.
2. The initial period of the contract was for 2 years, the current contract, due to end in October 2015 had no option to extend. At that time it was expected that a Children’s Services systems review and procurement exercise would be undertaken, and that, as a result a new solution to the issue would be put in place.
3. The proposed review of IT data systems has yet to be completed, hence the need to ensure that a suitable solution is in place pending that review, to facilitate ongoing maintenance and support of current systems, which underpins core front-line business activity.

Recommendations

4. The Chief Officer, Partnership Development & Business Support is requested to approve the waiver and invocation of relevant contract procedure rules, namely; Waive CPR 8.1 and 8.2, in accordance with CPR 27.
5. The Chief Officer (Partnership, Development, and Business Support) Children's Services is requested to support the case for a new contractual arrangement, to maintain the licence fees without recourse to competition, with Tribal Systems, at a value of £11, 000 per annum, The cost of the support and maintenance contract is £11,000 per annum (potentially a maximum of £33, 000 over 3 years), in the first instance the contract will run from September 2015 for an initial period of 12 months, with the option to extend for two further periods of 12 months.

1 Purpose of this report

- 1.1 To approve the waiver and invocation of relevant contract procedure rules, namely; Waive CPR 8.1 and 8.2, in accordance with CPR 27, with reference to the Tribal Early Years System for a 12 month period with the option to extend by a further 2 periods of 12 months.

2 Background information

- 2.1 In late 2013 Tribal Systems was awarded a contract for two years for a “bolt-on module” to enhance existing data systems. Tribal was to provide software which would address the statutory and operational needs of the Early Years’ Service, in providing an operational Family Information Service and in managing and providing payments to the providers of nursery services in Leeds, at different points during a financial year. Payments to these providers amount to approximately £20 million per annum. Prior to this, there were problems with the data system in managing the registration of nursery service providers and subsequent payment to them.
- 2.2 The decision to follow this route was in line with the Target Operating Model (an integrated system aimed at managing Early Years, Education, Youth Services and Youth Justice within a wider integrated system) strategy which will assist in bringing Leeds closer to a 360° view of a child and will allow consistent tracking of children from 0-16 years of age.
- 2.3 The service also needed a flexible enough system to adapt to the changes imposed on the business from both local and national sources. The contract was short term to facilitate a larger and longer term procurement exercise planned for 2014, where the Council was likely to seek new systems that would cover ages 0-25 thereby covering 0-5 year olds also.
- 2.4 In addition to the immediate business requirements at the time, the service was also mindful that the systems used to support the 5 to 19 age range up for contract renewal or replacement in late 2014 has been delayed. The current intention is to look for systems that provide full integration and transparency of data from age 0 through to 25. This new system will therefore subsume the same Early Years age group at which point any new systems bought in the short term may become redundant.

3 Main issues

3.1 Reason for Contracts Procedure Rules Waiver

- 3.1.1 Children’s Services systems review and procurement exercise is being undertaken to put a new solution to these issues in place.
- 3.1.2 The Tribal contract for the existing Education case management system expired at the end of September 2014. The requirements and opportunity for a combined procurement for an Early Years/Education system that fits with the Target Operating

Model for Information Management and Technology still needs to be fully identified and understood. The contract was further extended to the end of September 2016 in light of the ongoing review

- 3.1.3 A soft market test was held towards the end of 2014 to help inform the thinking and approach. This confirmed that the supplier market remains very small with a handful of suppliers providing for LAs. The size, complexity and public sector governance requirements remain barriers for new or small systems providers. A detailed report has been prepared by Kate Dover, Project Manager, and will be considered by the Board and the IM&T Steering Group.
- 3.1.4 The project is at requirements gathering stage. This is a considerable task as the exercise is seeking to review not just the core Education System but also other key systems, such as Early Years, NEET / Youth Services and Youth Justice and how they can all integrate.
- 3.1.5 The project called LIS (Learning Information Systems) has been commenced. A Board is in place, chaired by Sue Rumbold, and dedicated Project Management resource to coordinate this. This project is underway, identifying requirements, gaps in current provision and considering options which will provide cheaper, more effective systems solutions in line with our Target Operating Model which has value for money at its core. The aim is to minimize the number of systems, reducing support, maintenance and overhead costs as well as procurement costs.
- 3.1.6 The current contract was intended to be an interim measure to allow sufficient time to review and agree business and systems requirements, undertake appropriate tendering activities and time to migrate should that be required.
- 3.1.7 This waiver to procure for up to three years is to ensure this process can continue. The cost of the service at £11,000 per annum is also good value.

3.2 Consequences if the proposed action is not approved

- 3.2.1 If a comprehensive review of the data system is not undertaken fully, the system may not be fit for purpose and the functionality will be adversely affected. There may be further data/information loss from the system.
- 3.2.2 There is significant potential for reputational damage if providers are not paid on time or incorrectly.
- 3.2.3 The cost of manual recording and subsequent validation and liaison with Finance systems would far exceed these proposed licence costs.

3.3 Advertising

- 3.3.1 No advertising has been undertaken.

4 Corporate Considerations

4.1 Consultation and Engagement

4.1.1 This project was sponsored by the Head of Service - Early Help. Workshops were held with key stakeholders as the necessity to get the requirements right made the consultation an important one. Visits were also made to other local authority users.

4.1.2 Stakeholders include: Information and Knowledge Team, Family Information Service, Head of Early Help, Early Years/FEEE service providers, ICT, 3rd party software providers, Finance, Internal Audit and Sufficiency, Capacity and Planning. All parties recognise the need and importance of continuing with the system to ensure payments are made correctly and on time and minimise the risk that the organisation was exposed to with the original non-functional in-house system.

4.2 Equality and Diversity / Cohesion and Integration

4.2.1 An equality impact screening was carried out show that equality, diversity, cohesion and integration have been considered. The result indicated that equality and diversity issues were unlikely to be differentially affected by this procurement, therefore no further equality impact assessment was done.

4.3 Council Policies and City Priorities

4.3.1 The following policies constitute the Council's policy framework:

- Safer and Stronger Communities Plan
- Vision for Leeds
- Youth Justice Plan
- Best Council Plan
- Children and Young Peoples Plan
- Health and Wellbeing City Priority Plan

4.4 Resources and Value for Money

4.4.1 The cost of the support and maintenance contract is **£11,000 per annum (potentially a maximum of £33, 000 over 3 years) in the first instance the contract will run from September 2015 for an initial period of 12 months, with the option to extend for two further periods of 12 months**, and represents good value for money. The quality of management information has significantly improved confidence by the business, finance and audit in the operation of the system; payments are accurate and on time.

4.4.2 Services to customers have also improved for example, more information is available to them on a provider website and the tracking and safeguarding of vulnerable children is more robust.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The decision to waive CPRs is an a significant operational decision under CPR 27.2; therefore, this report will be published but is not subject to call-in.
- 4.5.2 Awarding the contract to this provider without competition could leave the Council open to a potential claim from other providers, to whom this contract could be of interest, that it has not been wholly transparent. In terms of transparency it should be noted that Contracts Procedure Rules suggests that contracts of this value should be subject to a degree of advertising. It is up to the Council to decide what degree of advertising is appropriate. In giving the work to this provider without competition there is a potential risk of challenge from other providers who have not been given the chance to tender for this opportunity.
- 4.5.3 Whilst there is no legal obstacle preventing the waiver of CPR 8.1 and 8.2, the above comments should be noted when making the final decision; the Chief Officer, Children's Services should be satisfied that the course of action chosen represents Best Value for the Council.

4.6 Risk Management

- 4.6.1 There is a risk of challenge from other providers due to the lack of opportunity to tender for this service. In order to mitigate this risk, providers will be made aware of the future plans for tendering services and the opportunities this will present as well as their opportunities to contribute to the shaping of the services during consultations.
- 4.6.2 In the event this waiver to award this new contract is not approved, LCC duties will remain and therefore alternative delivery arrangements will need to be put in place for October 2015. Manual activity will not suffice given the volume of EY providers and complexity of payments.
- 4.6.3 In order to ensure good quality delivery and value for money the selected organisations will either:
- be required to submit a full service delivery model including pricing schedule. This information will be scrutinised prior to the contract being issued.
 - or commit to maintain their existing service provision, and existing terms and conditions of contract.
- 4.6.4 Proposals contained in this report will manage the risk of the market place becoming destabilised by future commissioning plans, as service providers are aware of the plans to re-commission services over the coming years.

5 Conclusions

- 5.1 To commission a new system when a full review is yet to be completed and requirements agreed will be premature and counterproductive considering work that is ongoing.

5.2 The Chief Officer Development and Business Support is requested to approve the decision to waive Contracts Procedure Rule 8.1 and 8.2 and enter into a 12 month, plus the option to extend for a further two 12 month periods with Tribal Services.

6 Recommendations

6.1 The Chief Officer Development and Business Support is requested to approve the waiver and invocation of relevant contract procedure rules, namely; Waive CPR 8.1 and 8.2, in accordance with CPR 27.

6.2 The Chief Officer Development and Business Support is also requested to approve a new contractual arrangement, without recourse to competition, with Tribal Systems, at a value of £11, 000 per annum The cost of the support and maintenance contract is £11,000 per annum (potentially a maximum of £33, 000 over 3 years), in the first instance the contract will run from September 2015 for an initial period of 12 months, with the option to extend for two further periods of 12 months.

7 Background documents¹

7.1 N/A

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.