

Report of the Head of Service Info Management & Technology - Children's Services

Report to the Director of Children's Services

Date: 12th September 2016

Subject: Request to award a contract for the Tribal Synergy Suite Education IT package



Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
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?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4 (3)		
Appendix number: Appendix 1		

Summary of main issues

Tribal Synergy (now Serverlec Synergy providing the Synergy Products) have been providing Leeds City Council (LCC) with a suite of ICT solutions to support a range of education and learning related activities since 2003. Other modules have been added subsequently. The main contract is due to expire on 18th September 2016.

A soft market testing process was undertaken in 2014. On the basis of this work and for the reasons below, it is considered that to subject this matter to competitive tender would be unreasonable:

- Changes in the National Policy Environment – there is uncertainty in terms of the national policy direction. Therefore it is not sensible to make a major system change now which is likely to take up to two years to complete (from procurement to implementation - based on comparable recent experience) at a time of such uncertainty;
- No overall business benefit – demonstrated by the soft market testing exercise;
- Cost of Change - the costs (both direct and indirect) associated with replacing the current system is very significant, estimated to be in the region of £4.3m.

- Supplier acquisition - On 1st April 2016, Serverlec announced that it had acquired Tribal's suite of education related systems, meaning that one supplier is now responsible for our two main systems (supporting Education and Social Care). Servelec Corelogic are the provider of the social care database used in Childrens Services. One of the key features of Serverlec's plans is the integration between the systems previously provided by the separate organisations, this presents significant opportunities for Leeds (Serverlec's largest local authority account) to work with them and influence the development of the product.

The Project, Programmes and Procurement unit (PPPU) have been involved in discussions relating to this contract since 2015 and this has led to the use of the negotiated procedure without publication of a notice in the Official Journal of the European Union (OJEU) being recommended as the most appropriate procurement route to follow in awarding a new contract for the required functionality.

As such, negotiations took place with Serverlec Synergy in August 2016 and an appropriate package was offered by the company that will enable provision of suitable services and deliver value for money for LCC.

This report seeks approval to award of contract for the Tribal –Synergy Suite Education IT package for five years.

Recommendations

The Director of Children's Services is recommended to approve:

- The award of a contract to **Servelec Synergy** in the sum of £106,876 per annum, a total value of £534,380. The contract shall commence on the **1st October 2016** and expire on the **30th September 2021**.
- The publication of a voluntary transparency notice in OJEU followed by ten calendar days before the contract is awarded.
- Arrangements to be made for the ending of contracts 9ZHN-LZ1XFN; 9MKN-KNGX9T; A2UE – FM86YB, including early termination where applicable, to be agreed with Servelec
- The decisions will be implemented in September 2016
- The officers with responsibility for implementation will be the Head of Service Info Management & Technology - Children's Services and the Commissioning Programme Manager (Learning & Skills) – Children's Services.

Purpose of this report

- 1.1 To seek permission to award a five year contract directly to Servelec Synergy for the provision of the Tribal Synergy Suite IT system, following the use of the negotiated procedure without publication of a notice under the Public Contracts Regulations 2015 ("the Regulations")..

2 Background information

- 2.2 Tribal Synergy have been providing LCC with a suite of ICT solutions to support a range of education and learning related activities since 2003. Since the original contract with Tribal was entered into (for the Pupil Database which holds a range of information about school age children in the city) a number of additional modules have been purchased and integrated into the Pupil Database system - these include the admissions portal, which allows parents/ carers to select their preferred school on-line, a module to support education health and care plans (a statutory requirement since Sept 2014), eligibility checker for free early education entitlement and an on-line module for child-care providers to submit claims for the places they are providing. The suite of products are well embedded across Children's Services, are reliable and well supported by the supplier.
- 2.3 The current contract provides for an annual service charge of around £112k, covered by revenue funding, which covers the following support services: Core system for fulfilling education-related services (e.g. pupil database, admissions, Special Educational Needs (SEN), case management), child-care provision, other support functionality (e.g. address gazetteer, portal for provider / remote access, Geographic Information System (GIS) mapping to allow home to school transport and admissions management). Children's Services Information Management & Technology (IM&T) team have compared these costs as far as possible to other local authorities using Tribal products, this is not a like for like comparison as other local authorities are not using exactly the same range of modules and the basis for the costs tend to be calculated on the size of user base, number of schools or number of pupils. However, our costs by module compare favourably and there is evidence that LCC have received functionality at no cost that other authorities have paid for. The main Tribal contract is due to expire in September 2016.
- 2.4 In April 2016 Servelec, the Sheffield-headquartered technology group, completed the acquisition of the Synergy business from Tribal Education, which included the purchase of the Tribal Synergy Suite IT system. Servelec also provide the framework case management solution used by Children's Services.
- 2.5 Recognising that the Tribal contract was due to be reviewed, a soft market testing process was undertaken in 2014 and three suppliers (Tribal, Capita and Corelogic) were invited in to talk about their products and their roadmap for future developments. These discussions highlighted that there would be no significant technical and business advantage overall to be gained by the Council in installing a different product set to the Tribal Synergy products already in place. In, addition the following issues are relevant:

- **National Policy Environment.**

Despite the government's u-turn on all schools being converted to academies, uncertainty still remains regarding how schools will be managed in future and their relationship with local authorities. In light of this uncertainty, it would be very difficult to properly scope the requirements for a new solution when we are not clear as to what responsibilities/ role local authorities will have in the future. There are likely to be continued responsibilities around school admissions and school planning, however, there could be a much diminished role and expectation in managing and monitoring school-related activities. In light of this a wholesale change at this stage would fail the test of spending money wisely. Changes in national policy and the local context will be kept under close review.

- **Business Benefit.**

The soft market testing and peer review showed that there are no overall business benefits to be gained in replacing the current supplier with another. The business impact of such a change, in an already turbulent environment, with no material improvements at the end of the process is both risky and not cost effective. It is therefore considered unreasonable to expect that this matter should be subject to competition at this time. The disruption caused by a major systems change would also undermine our current status with the Department of Education as a partner in practice and improvement partner and these are key to Children Service being able to attract more funding into Leeds.

- **Cost of Change.**

The costs (both direct and indirect) associated with replacing the current system is very significant, estimated to be in the region of £4.3m. There would be a major impact on the business in terms of both the 'catch-up' required following implementation and on overall service delivery which, in itself would have a major impact on council resources, at a time when they are increasingly scarce. Incurring such costs does not fit in with the council's strategic objective of 'spending money wisely' and to do so would be wholly unreasonable when no discernible business benefit will result from it.

- **Supplier acquisition.**

On 1st April 2016, Serverlec announced that it had acquired Tribal's suite of education related systems, meaning that one supplier is now responsible for our two main systems (supporting education and social care). One of the key features of Serverlec's plans is the integration between the systems previously provided by the separate organisations. This assists with the Children's Services Information Management and Technology Target Operating Model objectives of system consolidation, improving integration between systems and enabling easier cross system reporting. These will enable a much clearer view of the journey of the child. In the circumstances it seems unreasonable to move to another supplier thereby increasing the complexity of the integration challenges to be faced.

- 2.6 In summary it is felt that it unreasonable for LCC to change supplier at this stage. Given the costs that would be incurred in the transition to an alternative system it does not appear to make sense to incur disproportionate costs, in tendering for and putting a new suite of software in place.
- 2.7 Contract Procedure Rule 10.2 states that: Where the Chief Officer and the Chief Procurement Officer agree that the negotiated procedure without publication of a contract notice applies there is no requirement to obtain a waiver of CPRs 9.1 and 9.2.
- 2.8 PPPU have been involved in discussions relating to this contract since 2015 and this has led to the use of the negotiated procedure without publication of a notice in OJEU being recommended as the most appropriate procurement route to follow in awarding a new contract for the required functionality.
- 2.9 As such, negotiations took place with Serverlec Synergy in August 2016 and an appropriate package was offered by the company that will enable provision of suitable services and deliver value for money for LCC.

3. Main considerations and reasons for contract award

- 3.1 This report seeks approval to award a contract for the Synergy Suite Education IT package for five years.
- 3.2 By remaining with the Synergy products there is an opportunity to combine the existing multiple contracts and propose a continuation of the arrangement by 5 years through award of a new contract. Through negotiations LCC have been able to identify an offer from Servelec Synergy that delivers value for money for Children's Services, this offer is detailed in the Appendix 1 attached. Appendix 1 to this report has been marked as confidential under Access to Information Procedure Rules 10.4 (3)
- 3.3 The current Tribal Synergy Suite contract, 9N4K-NFC853, is one of a number of contracts held with Servelec for Synergy products. It is proposed that these contracts are aligned to allow for simplification of contract management. In order to facilitate this the contract dates of a number of existing contracts need to be brought in to line. When a new contract is put in place it will replace current contracts 9N4K-NFC853; 9ZHN-LZ1XFN; 9MKN-KNGX9T; A2UE – FM86YB. Contracts 9ZHN-LZ1XFN; 9MKN-KNGX9T; A2UE – FM86YB will be terminated as the modules delivered through those contracts will become part of the new single contract that will be awarded to Servelec Synergy.
- 3.4 The annual value of the contract is £106,876 per annum. It is proposed that the contract is awarded for 5 years. The contract would run from 1st October 2016.
- 3.5 Negotiations have taken place with Servelec Synergy. Agreement has been reached that the costs of the system to LCC will be at a discount from the current contract value and from the list price. Details of the proposal from Servelec Synergy are set out in Appendix 1.

- 3.6 A new contract is required to ensure that Children's Services has an appropriate database in place in order to gather data and report on school primary and secondary admissions related data, attendance, attainment, referrals of young people to educational psychologists, data relating to individual pupil SEN status and data relating to SEN support packages for pupils. If the database is not in place Children's Service would not be able to meet statutory reporting requirements.
- 3.7 LCC faces reputational damage if key statutory functions, such as the admissions process, are not provided. A contract is required in order to ensure a system is in place that will fulfil statutory functions to the required standard.

4. Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 No consultation has taken place with key stakeholders as to whether the contract should be awarded to the provider or not as this is determined as a result of the negotiations that took place. Consultation with key stakeholders was undertaken when the particular procurement route was chosen.
- 4.1.2 Negotiations have taken place with Servelec. These negotiations involved Clare Walker, Head of IM&T in Children's Services, Iain Dunn, Procurement Category Manager.
- 4.1.3 A briefing with Cllr Lisa Mulherin – Executive Member for Children and Families took place on 16th August 2016 and Cllr Lamb (shadow Member for Children and Families) took place on 6th September 2016.

4.2. Equality and Diversity / Cohesion and Integration

- 4.2.1 The relevant EDCI screening document is attached to this report at Appendix 2.

4.3 Council policies and Best Council Plan

- 4.3.1 The system supports the key elements (three obsessions and 5 outcomes) of the Children & Young People's Plan, and in doing so supports the aims of the Best Council Plan 2015-20.

4.4 Resources and value for money

- 4.4.1 The annual cost of this contract will amount to £106,876 per annum for 5 years.
- 4.4.2 The funding for this contract is in the Children's Services IM&T budget

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The annual value of the contract is £106,876. This means the decision to award a contract is a Significant Operational decision so is not subject to call-in.
- 4.5.2 Appendix 1 to this report has been marked as confidential under Access to Information Procedure Rules 10.4 (3) on the basis that it contains information relating to the financial or business affairs of any particular person (including the

authority holding that information) which, if disclosed to the public, would, or would be likely to interests of that person or of the Council.

- 4.5.3 Advice received from PPPU is that when making the decision the Director of Children's Services should be aware that awarding the contract direct to Servelec Synergy in this way, 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 as it has failed to advertise the opportunity.
- 4.5.4 This risk of challenge can be diminished by the publication of a voluntary transparency notice in OJEU immediately after the decision to award the contract has been taken and then waiting 10 days to see if any challenges are made. If no challenges are made a claim for ineffectiveness cannot be brought. Further, publishing such a notice will also start time running for any other potential claim for breach of the Regulations, which must be brought within 30 days of the date that an aggrieved party knew or ought to have known that a breach had occurred.

4.6 Risk Management

- 4.6.1. It is considered that the risk identified at paragraph 4.5.4 above is low given the limited number of suppliers and the soft market testing that has taken place.
- 4.6.2. PPPU will be asked to issue a voluntary transparency notice in order to reduce the risk of ineffectiveness (setting the contract aside) claims against a direct award of the contract.

5. Conclusions

- 5.1 In the circumstances, it is considered appropriate to award this contract for an IT system to Servelec Synergy following the use of the negotiated procedure without publication of a notice. The Director of Children's Services will need to agree the decision for the award of a new contract to Servelec Synergy and the early termination of existing contracts in order to move to a single contract arrangement.

6. Recommendations

- 6.1 The Director of Children's Services is recommended to approve:
- The award of a contract to **Servelec Synergy** in the sum of £106,876 per annum, a total value of £534,380. The contract shall commence on the **1st October 2016** and expire on the **30th September 2021**.
 - Issuing a voluntary transparency notice to OJEU followed by ten calendar days before the contract is awarded.
 - Arrangements to be made for the ending of contracts 9ZHN-LZ1XFN; 9MKN-KNGX9T; A2UE – FM86YB, including early termination where applicable, to be agreed with Servelec
 - The decisions will be implemented in September 2016

- The officers with responsibility for implementation will be the Head of Service Info Management & Technology - Children's Services and the Commissioning Programme Manager (Learning & Skills) – Children's Services.

7. Background documents¹

None

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.