

REPORT TO CABINET

14 November 2018

Subject:	Award a contract for the Education Management Information System
Presenting Cabinet Member:	Councillor Simon Hackett - Cabinet Member for Children's Services
Director:	Executive Director of Children's Services, Lesley Hagger Director – Education, Skills and Employment, Chris Ward Executive Director – Resources, Darren Carter
Contribution towards Vision 2030:	
Key Decision:	Yes
Forward Plan (28 day notice) Reference:	SMBC03/11/2018
Cabinet Member Approval and Date:	Councillor Simon Hackett - Cabinet Member for Children's Services: Yes 10.10.2018
Director Approval:	Director – Education, Skills and Employment, Chris Ward: Yes 10.10.2018 Executive Director – Resources, Darren Carter: Yes 10.10.2018
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	Exempt information will apply
Ward Councillor (s) Consulted (if applicable):	Ward councillors have not been consulted
Scrutiny Consultation Considered?	Scrutiny has not been consulted
Contact Officer(s):	Carol Wintle, Category Manager – Procurement Solutions carol_wintle@sandwell.gov.uk Rebecca Flowers, Education Systems' Support and Data Analysis Manager Education Support Services 0121 569 8357

DECISION RECOMMENDATIONS

That Cabinet:

1. authorises the Director – Monitoring Officer to enter into the contract with Servelec HSC Ltd for the provision of an externally hosted Education Management Information System, for a period of five years with the option to extend for a further period of up to two years, on terms to be agreed by the Director - Education, Skills and Employment.
2. authorises any necessary exemptions to the Council's Procurement and Contract Procedure Rules to allow the action in 1 to be undertaken.

1 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to recommend the award of a five-year contract, with the option to extend a further two years, for the main Education Management Information System to Servelec HSC Ltd following the completion of the procurement exercise.
- 1.2 Cabinet on 22 March 2017 approved the Director – Education to undertake a procurement exercise for an Education Management Information System to meet the needs of the Council in future (Minute No. 71/17 refers).

2 IMPLICATION FOR THE SANDWELL'S VISION

- 2.1 This decision would support ambition 4: Our children benefit from the best start in life and a high-quality education throughout their school careers with outstanding support from their teachers and families. This would be supported by ensuring that the Council has an Education Management Information System which supports the changing needs and business requirements within the Education.
- 2.2 The new system will support the delivery of high quality Education services to schools, parents and pupils which will ensure that our children benefit from the best start in life and a high-quality education.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The Capita ONE system is the main Education Management Information System and provides a wide variety of statutory and non-statutory functions within Children's Services.

The system has been in place, albeit under previous names, EDS and EMS, since 1993 with no recent review of the contract being undertaken.

- 3.2 Cabinet on 22 March 2017 gave approval for a procurement exercise to be undertaken and for the maintenance and support costs for the current Capita ONE system to be paid during any cross over period with a new system.
- 3.3 The procurement exercise has taken place and this report now recommends that a five-year contract with the option to extend for a further two years is awarded to the successful bidder from the procurement exercise.

4 THE CURRENT POSITION

- 4.1 The procurement process undertaken was a Competitive Procedure with Negotiation. This ensured that officers could fully engage with potential providers throughout the procurement process. Following the OJEU notice the Council received four bids, three of which qualified for stage two, Invitation to Negotiate (ITN), which included the evaluation in relation to cost and quality.
- 4.2 The Council's current supplier was eliminated during the ITN stage.
- 4.3 The remaining two suppliers in the process were evaluated based on the completed ITN documentation, a written specification response and product demonstrations which were delivered to and scored by relevant teams. As both systems met the minimum standard for the required system a decision was taken to take both suppliers through to the Best and Final Offer stage of the process (BAFO).
- 4.4 As part of the BAFO process both suppliers were invited to re-submit their ITN documentation for re-evaluation. The outcome of the BAFO evaluation is shown in the table below.

Supplier/ System	Price %	Financial Considerations%	Specification Score %	Demonstration Score %	Total ITN Score
Liquid Logic/ EYES	41%	8%	19%	10%	78%
Servelec/ Synergy	50%	10%	25%	15%	100%

- 4.5 The re-evaluation exercise identified a clear winner, with Servelec out-scoring Liquid Logic on all elements of the cost and quality criteria.

4.6 Based on the written specification, the Servelec Synergy solution was judged as good or better in 21 of the 32 areas evaluated, and received the highest score for a further five. In contrast the Liquid Logic solution was judged to be satisfactory in 24 of the areas evaluated, with only four areas being judged as good.

	Number of areas receiving score	
Specification Score	Liquid Logic	Servelec
1 – Poor	0	0
2 – Fair	4	0
3 – Satisfactory	24	6
4 – Good	4	21
5 – Very Good	0	5

4.7 Suppliers provided a demonstration of the system covering ten different business areas, each business area was evaluated out of five. As shown below, the Servelec Synergy solution was judged as good or better in nine out of ten business areas, with the highest possible score in four business areas. In contrast, the Liquid Logic solution was evaluated as satisfactory in seven out of the ten business areas, with one area rated as good and two areas rated as fair due to limited evidence of meeting requirements.

	Number of areas receiving score	
Demonstration Score	Liquid Logic	Servelec
1 – Poor	0	0
2 – Fair	2	0
3 – Satisfactory	7	1
4 – Good	1	5
5 – Very Good	0	4

4.8 There was extremely positive feedback following the demonstrations in relation to the Servelec Synergy system and a number of added benefits were identified. These included the ability to streamline processes and make time savings when entering data into the system. One of the key benefits was the extensive search and export facility provided which would in some cases prevent the need for report development. The solution also provided extremely flexible import functionality that could facilitate paperless working and the necessity to use spreadsheets.

4.9 In the previous cabinet report it was noted that the Liquid Logic EYES system was still in development. At the time of the procurement exercise the Liquid Logic EYES system was in a better position to be evaluated, with all required elements available to demonstrate.

However, at time of the tender submission the system had only been implemented in one Local Authority, with three other authorities due to go live in summer 2018 and two further authorities that had also purchased the EYES system. Servelec has long standing relationships with over 90 local authorities across the UK for the provision of Education Management Information Systems.

- 4.10 The procurement exercise considered both local hosting and external hosting options for each proposed solution. An externally hosted system was judged to offer significant advantages over the locally hosted alternative; therefore the price evaluation was carried out based on an externally hosted system and included annual hosting costs.
- 4.11 The current Education Management Information System is locally hosted and this carries a number of risks. Currently there is a single dependency on one member of staff in the Business Information Systems team for coordinating upgrades and the resolution of technical errors. IT are also required to provide support in relation to upgrades, resolving technical errors and other maintenance activities, this expertise lies with two members of staff in IT.
- 4.12 Disaster recovery for a locally hosted solution would potentially take longer than would be the case based on the model offered by Servelec, dependent on the specific issue.
- 4.13 With an externally hosted solution upgrades would be carried out by the supplier and system downtime would be minimised for users. This would also reduce the need for involvement from IT during the upgrade process.
- 4.14 An externally hosted system would be entirely managed by the supplier and reduce the need for both the supplier and IT to liaise to resolve technical issues and carry out fault finding on the system.
- 4.15 An externally hosted system does however rely on an internet connection. The Servelec Synergy product has been written to use minimal bandwidth to minimise the risk of this causing problems.
- 4.16 The data within the existing Capita One system would need to be migrated to the new system. The data migration plan was considered as part of the procurement exercise to make sure this could be done efficiently. Neither supplier was able to offer an end to end solution for the data migration as local authority officers will need to be heavily involved in that process.

4.17 Servelec have significant recent experience of importing data from other Education MIS systems into the Servelec Synergy system with ten local authorities moving from competitor solutions in the past three years. This includes five Local Authorities that previously used Capita ONE.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

5.1 The customer base affected by the proposed system change includes 300 named Local Authority users, all schools, over 200 early years settings and thousands of parents who use the system to apply for school places.

5.2 A representative from IT was part of the procurement team so that they were fully engaged in this project.

5.3 Extensive engagement took place with the affected teams within the local authority to establish their business requirements for an Education Management Information System whilst preparing the procurement exercise specification.

5.4 Relevant Education and Trust officers were invited to take part in the procurement process.

5.5 Affected teams were able to score both the section of the specification document, and the supplier demonstration, which related to their own business area during the procurement exercise.

5.6 Individual teams were also encouraged to visit other councils to see alternative systems in action for their particular area. Individual teams have visited other authorities using Servelec Synergy but they had not been able to visit any councils using Liquid Logic as the product had only just been implemented.

5.7 The issue of integration between the Education system and the Liquid Logic system in Social Care was considered as part of the procurement exercise. The tender from Servelec Synergy includes an Application Program Interface (API) which would allow relevant Education information to be viewed by Liquid Logic users on another screen within the Liquid Logic System.

5.8 There is also a facility for relevant social care data to be automatically imported into the Synergy system and therefore be available to Education staff. This level of integration was judged to be a significant improvement on the current position and to meet the requirements in the specification.

- 5.9 The Liquid Logic solution appeared to offer an enhanced level of integration as the proposal was for Education and Social Care to share a database. However, this needs to be balanced against the fact that the Servelec Synergy Education solution was judged to be significantly better in relation to education business areas than the Liquid Logic Education solution, as evidenced by the specification and demonstrations scores for each system.
- 5.10 In addition, due to the sensitive nature of the data in the social care system, even in the integrated Liquid Logic solution there would be limitations on what Social Care data could be viewed by Education staff. Very few Education officers would need to be able to access any more than the basic social care details that would be imported into the Servelec Synergy as part of their solution.

6 ALTERNATIVE OPTIONS

- 6.1 If the recommendation to award the contract to the winning supplier from the procurement exercise is not accepted, then the only alternative option is to continue with the existing contract with Capita ONE Business Services Ltd.
- 6.2 The cost of the existing Capita ONE maintenance & support contract increases each year in line with the Retail Price Index. This means it does not offer good value for money and it is hard to budget for future years.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 The contract start date with the new supplier would be 1 January 2019, and would run to calendar year, whereas the current contract with Capita runs according to financial year.
- 7.2 There would be an implementation cost of £339,625 associated with setting up the new system. This would be payable in year 1 of the contract.
- 7.3 There would be a significant reduction in the annual costs associated with running the system.
- 7.4 It will be necessary to have a period of dual running with Capita whilst data is migrated from one system to the other. Therefore, it will be necessary to pay Capita Business Services Ltd for maintenance and support in the 2019/20 financial year in addition to the payments to the new supplier.

The exemption agreed based on the previous cabinet report (Key decision ref no SMBC 1694) already allows for this payment to be made to Capita Business Services Ltd.

- 7.5 The Capita ONE system cannot be replaced until at least 1 April 2020. Notice needs to be given to Capita by the end of September in order to drop any modules from the system for the following financial year. As such the earliest that we could give notice to Capita following the award of a contract would be September 2019.
- 7.6 The total value of the Servelec Contract would be £822,219 when both implementation and annual costs are taken into consideration and if the contract runs for the full seven years.
- 7.7 There are also some additional costs that should be noted in relation to continuing with the Capita ONE contract. There will be a requirement to pay server maintenance costs in 2019/20 which will be between £11,000 and £12,000. A replacement server would be needed post December 2020 as the current server becomes de-supported and no further Software updates or patches will be released. The annual Maintenance will also increase further. The cost for a replacement server and associated installation is currently unknown.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The Education Management Information system is used to produce certain statutory returns and supports various statutory processes. The procurement exercise included criteria that would ensure that the solution could facilitate these requirements.
- 8.2 Under Section 1 of the Local Government (Contracts) Act 1997, the local authority may enter into contracts for the purposes of or in connection with the discharge of its statutory functions.
- 8.3 Contracts must be awarded in accordance with the local authority's Procurement and Contract Procedure Rules and the Public Contracts Regulations 2015.

9 EQUALITY IMPACT ASSESSMENT

- 9.1 An Equality Impact Assessment (EIA) screening has been carried out, and had found that a full EIA is not required for this proposal.

10 DATA PROTECTION IMPACT ASSESSMENT

- 10.1 A Data Protection Impact Assessment has been carried out identified three possible risks, in each case steps are identified to reduce the risk to low.
- 10.2 The Servelec Synergy solution includes a facility for producing comprehensive education information to be used when responding to Subject Access Requests.
- 10.3 The proposed solution also includes specific support to ensure that the Council's retention policy can be complied with.
- 10.4 Appropriate consent will be gathered, and privacy information given, at the point where customers contact the service directly via an internet portal provided as part of the Servelec Synergy Solution.
- 10.5 The contract with Servelec will include the Council's Contract Terms and Conditions which stipulate adherence and compliance with Data Protection requirements.

11 CRIME AND DISORDER AND RISK ASSESSMENT

- 11.1 No crime and disorder issues have been identified.
- 11.2 The Corporate Risk Management Strategy (CRMS) has been complied with to identify and assess risks associated with this decision. This includes (but is not limited to) crime and disorder, political, legislation, financial, environmental and reputational risks. Based on the information provided, it is the officers' opinion that there are no current "red" risks that need to be reported with regards to this proposal.
- 11.3 The project will have a project risk register which will be managed by the supplier and any red risks will be reported to the implementation team.

12 SUSTAINABILITY OF PROPOSALS

- 12.1 The procurement exercise investigated issues relating to the further development of the system to keep pace with industry standards and the ability to respond to statutory changes. The fixed price contract includes a commitment to ensure that the system complies with future statutory changes.

12.2 There is a commitment to re-invest around £2 million per year in the Servelec Synergy product to ensure a sustainable, robust and future proofed solution.

13 **HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)**

13.1 Social value was considered as part of the procurement process at the Selection Questionnaire stage.

13.2 Servelec has made a number of commitments related to social value.

13.3 These commitments included offering some specific support to job seekers within Sandwell and also supporting a work placement opportunity at Sandwell MBC to an individual interested in a role in the IT industry. A request will be made for a graduate to work on this project who may be able to benefit from this placement.

13.4 Servelec has also committed to sponsoring Sandwell Business Awards as part of their commitment to improving social value within Sandwell.

14 **IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND**

14.1 There are no implications for this proposal regarding any council managed property or land.

15 **CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

15.1 It is recommended that a contract be awarded to Servelec HSC Ltd as the clear winner of the procurement exercise based on both cost and quality criteria.

15.2 A cost saving of £216,049 can be achieved over the duration of the contract in comparison to the current Education Management Information System contract, with budget savings evident from year two of the contract onwards.

16 **BACKGROUND PAPERS**

16.1 None

17 **APPENDICES:**

None

Executive Director of Children’s Services, Lesley Hagger

Director – Education, Skills and Employment, Chris Ward

Executive Director – Resources, Darren Carter

