

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Children's Services
Date:	12 July 2018
Title:	Children's Services Procurement - Approval to Spend
Report From:	Director of Children's Services

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1. Recommendation(s)

- 1.1. Approval to spend on the basis set out in this Report is granted to utilise existing revenue and cost of change sources of funding for an IT social care case management system to support the work of the Children's Services Department to a total contract value of £4m over up to 15 years, commencing in early 2019.
- 1.2. As identified in the 12 July 2018 Children's Services Capital programme update report ('the Capital Report'), that approval to spend of up to £0.35m (including fees) be approved from the 2018/19 Capital programme towards The capital improvements referred to in the Capital Report and this Report at the Hamble School Leisure Complex
- 1.3. That a contract is awarded by Hampshire County Council to a leisure operator to manage and operate the Hamble School Leisure Complex on the principal terms set out in this Report, and that delegated authority to finalise the detailed terms and conditions of that contract is delegated to the Director of Children's Services.

2. Executive Summary

- 2.1. The purpose of this paper is to gain approval to spend in relation to contracts for services to be commissioned by Hampshire County Council's Children's Services department.
- 2.1. This paper seeks approval to spend for an IT social care case management system and advises the Executive Lead Member for Children's Services of the process undertaken in order to procure and contract a leisure operator to manage and operate the Hamble School Leisure Complex, in accordance with the Council's Contract Standing orders and Constitution.

2.2. This paper seeks to:

- give relevant background information on the Council's obligations for providing these services;
- consider the finance and the impact on the budget;
- highlight key issues;
- make recommendation to approve award of contract and approval to spend.

3. Contextual Information – IT Social Care Case Management System

- 3.1. On 12 June 2013, the Executive Member for Children's Services gave approval to procure and spend on a number of IT solutions to support the operational and reporting needs of the Children's Services Department. This included replacing the Swift social care case management system in use by the Children and Families branch.
- 3.2. A detailed competitive dialogue procurement process during 2013 explored a range of technical solutions and products to meet the needs of CS (known as the 'TITCH' programme). This allowed an opportunity to fully test the market, particularly in respect of social care case management solutions where four different systems were evaluated. The final decision was to enter into a partnership with Capita to develop a 'new to market' social care case management system.
- 3.3. Children's Services, alongside colleagues in IT, worked in partnership with CAPITA to develop the new case management system called One Social Care from mid 2014. Social care and IT resources were made available to CAPITA through a series of shadowing opportunities and workshops to share best practice; working processes; policies and functional requirements; and to ensure CAPITA had an accurate understanding of the 'on the ground' delivery of social care. In addition, the County Council has provided document review and feedback session to CAPITA, particularly in relation to the proposed approaches to various technical matters such as integration and data migration.
- 3.4. An implementation plan was developed with CAPITA which included the configuration of the system; integrations and data migration for go live in August 2018.
- 3.5. Progress against the plan was delayed by CAPITA in July 2017 due to product development delays and the contract negotiation. In order to progress the negotiation, CAPITA redefined the scope of the case management system to be delivered to the County Council which reduced the system to a 'minimal viable product' (MVP, as determined by CAPITA), and were unable, at that time, to provide a roadmap with timelines for when the out of scope functionality would be delivered.
- 3.6. No payments were made to CAPITA in respect of the social care development project.
- 3.7. Due to concerns relating to the CAPITA delays and the reduced functional scope that was to form the first release of One Social Care, Children's

Services Departmental Management Team took the decision on 7 December 2017 to withdraw from the social care case management component of the TITCH contract. This decision was communicated to CAPITA on 20 December 2017.

- 3.8. On 21 December 2017, the County Council received a letter from CAPITA confirming their decision to pause the development of the One Social Care product.
- 3.9. The Children's Services Department continues to use Swift as its social care case management system. The current Swift contract arrangements expire on 30 April 2019 with the option of two further six month extensions.
- 3.10. Furthermore, the drivers for change indicated in the June 2013 report to the Executive Member for Children's Services remain and Swift is not considered a fit for purpose system for the future.
- 3.11. A business case has been developed and market research undertaken that recommends Children's Services undertake a procurement process for a Children's social care case management system.

4. Finance - IT Social Care Case Management System

- 4.1. Approval is sought to enter into a contract valued up to at £4m over a period of up to 15 years, comprising an initial term of six years followed by three optional extension periods of three years.
- 4.2. The estimated contract value for the initial contract term of six years is £1.5m. This is comprised of one off costs for licenses, migration of data from the current system to the new system and implementation services. Additionally, there will be annual payments associated with maintaining the case management system and ensuring it is kept up to date with statutory and technological changes.
- 4.3. The ongoing revenue costs associated with the new system, once implemented, are estimated to be broadly similar to those currently paid for Swift.
- 4.4. During the contract, it is likely that there will be new or additional services and/ or product developments that fall outside the scope of the support and maintenance arrangements in place with the successful supplier. The contract value makes provision for such changes.
- 4.5. The implementation of a new social care case management system will support Children's Services to support their statutory objectives as well as key transformation initiatives including mobile working, multi-disciplinary working, increased self service, improved management reporting and better transparency of costs for services.
- 4.6. The achievement of these objectives is anticipated to deliver further efficiencies, largely around further reductions in administration support, reduced demand and therefore resource required at the front door and additional capacity released for social workers. Other benefits will include improving the transparency of the system through self service and providing

greater evidence of the voice of the child. In turn, this could lead to greater engagement from service users and quicker and/or improved achievement of outcomes. A further benefit of improved outcomes for service users would be increased staff satisfaction levels which should result in improved recruitment and retention.

- 4.7. Ongoing costs will be funded through existing revenue budgets. One off costs will be funded through a combination of cost of change funding that was available to the previous development work with Capita and through revenue budget funding set aside for this purpose.

5. Consultation and equalities - IT Social Care Case Management System

- 5.1. An equality impact assessment will be completed as part of the procurement process.

6. Future direction - IT Social Care Case Management System

- 6.1. The proposed route to market is for an open OJEU tender process, the expected date for the tender to open is 30 July 2018 with the contract being awarded in early in 2019.

7. Contextual information – Hamble School Leisure Complex

- 7.1. The Hamble School has a range of indoor and outdoor sports facilities that make up the leisure complex, including a sports hall, a small indoor pool, a fitness suite and studio space, an Olympic-level gymnastics training facility and an artificial turf pitch. These facilities are currently either managed by the Hamble School or sub-leased to various community sports groups.

The Complex has accrued a significant deficit and continues to make a loss. A benchmarking exercise has been undertaken by a leisure consultant on behalf of the Council and the Hamble School and has indicated the facilities could generate an operational surplus with changes to management of the complex, increased marketing and improved facilities through a one- off capital investment.

- 7.2. The benchmarking document indicated a potential for the Complex to generate a surplus of up to £170,000 per annum by year three of a contract (as opposed to the current annual operational deficit) whilst understanding that initial improvements would be required to the facilities.
- 7.3. The Council also considered the alternative of closing the facility to avoid incurring further debt, however the Hamble School still requires a sports hall for curriculum use, and the facilities are integral to the community leisure offer promoted by Eastleigh Borough Council. Additionally Sport England provided significant grants totalling c£1m towards these facilities which could be required to be paid back.
- 7.4. An OJEU restricted tender process (Regulation 28 Public Contracts Regulations 2015 (PCR)) to engage a Leisure Operator to manage the complex has been undertaken. A number of applicants expressed interest in

the procurement and passed the initial selection criteria. These applicants were then invited to tender. As part of the tender process bids were invited to include an effective business plan to increase public use and memberships, generate income and to identify any required investment to update and upgrade the facilities. This resulted in one provider submitting a tender.

7.5. The tender submission received was evaluated by key stakeholders including representatives from both the County Council and Hamble School and was determined to be insufficient for award of the contract due to the increased capital funding being required. The tender was therefore considered manifestly incapable, without substantial changes, of meeting the Council's needs (Regulation 32 (3)(a)).

7.6. As the restricted process did not result in a suitable tender; a negotiated process was invoked with the bidder (Regulation 32(2)(a) PCR on the basis that no suitable tender was received following the restricted procedure) in line with procurement regulations, with a view to reaching an agreement on terms sufficient for the contract to be awarded.

Alternative options were explored including restarting the procurement process but were discounted.

7.7. As part of the negotiated process, the bidder proposed an increase in initial capital input from the County Council to make improvements to the facilities in order to increase memberships and usage to deliver a significantly better financial outcome. This capital funding would improve the County Council's asset and local community offer and the Council will approve any plans in advance. The Hamble School has also agreed for some limited use of additional sports facilities, including an area for football pitches, the sports pavilion and hire of artificial turf pitch to be added to the contract which also results in higher overall income potential for the provider and thereby increasing the profitability of the facilities. The Council is working closely with Eastleigh Borough Council who fully supports the retention and improvement of these facilities and have committed to ongoing support in regards to contract management.

7.8. Following the negotiations, the County Council seeks to award the tender to Sports and Leisure Management (SLM); subject to the approval of the Executive Lead Member for Children's Services and the approval of capital funding mentioned in 7.7 above and in further detail in 8.1 below.

7.9. Approval to award the tender is sought in accordance with County Council Standing Orders due to the financial value to the Provider of the contract.

7.10. The County Council will enter into a contract with the leisure operator however, day to day management and monitoring of the contract will be led by the Hamble School. The County Council will have a back-to-back Agreement with the Hamble School that will ensure that all income generated is set against the current deficit as detailed in 8.4 below.

7.11. In line with a grant awarded by Sport England to the Leisure Centre, the operator will also partake of the Sports England National Benchmarking Service and their programming must incorporate a clear philosophy on

sports development and equity informed by current guidance from Sport England.

8. Finance - Hamble School Leisure Complex

8.1. The cost components comprising the contract to operate the Hamble School Leisure Complex are:

- One off capital investment to upgrade facilities which will be funded by the County Council (see paragraph 8.2);
- An annual revenue payment payable to the leisure provider for the first two years of the contract which will be funded by the Hamble School (see paragraph 8.4);
- An annual revenue payment payable to the County Council from the leisure provider for years 3-15 of the contract (see paragraph 8.4);
- Income generated through memberships and bookings which will be retained by the leisure provider. Should additional profit be generated, this will be shared between the leisure provider and the County Council (see paragraph 8.6).

8.2. The Children's Services Capital Programme is reported elsewhere on this agenda and seeks approval to make a capital contribution of up to £0.35m for the expansion of the gym area and creation of a studio room and other improvements. These works will help generate a higher income through increased memberships and usage of the facilities.

8.3. Revenue payments of £119,000 are payable over the first 2 years of the contract. These will be paid from the Hamble School budget.

8.4. All contractual income will be aligned to reduce the current deficit and, together with an agreed contribution from the Hamble School, targets a full repayment within 15 years.

8.5. Any additional income generated, above the initial agreed figures, from the contract will be subject to a profit/surplus sharing agreement between the Provider and the County Council. In the event that the Providers' aggregate actual income in a financial year exceeds the aggregate of the actual expenditure for that period then the surplus shall be apportioned between the County Council and the Provider by an agreed 50:50 split. The contract stipulates that any deficit shall not be shared and will be borne by the provider.

8.6. The School and Council will enter into regular and detailed contract monitoring throughout the contract period. However, in the event of the contract not generating the profit as stipulated within the agreed financial schedule, the Council and the School will review the agreed additional contributions made by the school to ensure that a full repayment of the deficit is still made within 15 years.

9. Consultation and Equalities - Hamble School Leisure Complex

- 9.1. A provider being engaged to manage the complex is deemed to be a positive outcome with the future of the leisure complex secured for the local community. It also ensures the continuation of the provision of these sports facilities for use by the Hamble School.
- 9.2. An equality impact assessment has been completed and published.
[EIA78366697 - CS11109 - Hamble School Leisure Complex Procurement - 26-06-14](#)

10. Other Key Issues - Hamble School Leisure Complex

- 10.1. Contracting a leisure operator to manage the Hamble Leisure Complex at the Hamble School will result in TUPE implications for existing Hamble School staff working at the leisure complex, this equates to 6.5 full time equivalents.

11. Future direction - Hamble School Leisure Complex

- 11.1. Contracting a leisure operator to manage the Hamble Leisure Complex is anticipated to improve the financial viability of the complex, generating income for the County Council therefore easing the financial deficit at the Hamble School.

CORPORATE OR LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	no
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Children's Services Systems Transformation Programme	12 June 2013
Direct links to specific legislation or Government Directives	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equality Duty

- 1.1 The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;

Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;

Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

1. The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
2. Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it
3. Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low

2. Equalities Impact Assessment:

Equality Statements will be completed for each project.

3. Impact on Crime and Disorder:

- 3.1 None.

4. Climate Change:

- 4.1 How does what is being proposed impact on our carbon footprint / energy consumption?
- 4.2 How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?