

## Commissioning and Procurement Sub-Committee

11 MARCH 2015

<b>Subject:</b>	PROJECT EVOLUTION - SOCIAL CARE SYSTEM (CAREFIRST) REPLACEMENT		
<b>Corporate Director(s)/ Director(s):</b>	Alison Michalska – Corporate Director Children & Adults Helen Jones – Director for Adults Social Care Helen Blackman – Director of Children’s Social Care		
<b>Portfolio Holder(s):</b>	Cllr Graham Chapman - Portfolio Holder for Resources and Neighbourhood Regeneration Cllr David Mellen – Portfolio Holder for Children's Services Cllr Alex Norris – Portfolio Holder for Adults, Commissioning and Health		
<b>Report author and contact details:</b>	Colin Monckton - Director of Commissioning, Policy and Insight t: <a href="tel:01158764832">01158764832</a> m: <a href="tel:07930662451">07930662451</a> e: <a href="mailto:colin.monckton@nottinghamcity.gov.uk">colin.monckton@nottinghamcity.gov.uk</a> Lisa Ward – Senior Project Officer T; 0115 87 62618 e: <a href="mailto:lisa.ward@nottinghamcity.gov.uk">lisa.ward@nottinghamcity.gov.uk</a>		
<b>Key Decision</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Subject to call-in</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Reasons:</b>	<input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Revenue	<input checked="" type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Total value of the decision:</b> £4.197m associated with the contract and introduction of the new system over the next 5 years.			
<b>Wards affected:</b>	<b>Date of consultation with Portfolio Holder(s):</b> 3 <sup>rd</sup> April 2014		
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input checked="" type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
The purpose of this report is to seek approval to delegate the authority for the award of the social care system tender to Alison Michalska. The key driver of this project is compliance with the Care Act and rectifying the issues Ofsted have reported around the current social care IT systems.			
There is a business need to ensure that the processes and systems required to support the Children and Adults directorate satisfy regulatory requirements and are fit for purpose and capable of managing the critical information held about the children and vulnerable adults within Nottingham City. This includes the need to ensure that we capture all of the key information not only within the disparate areas of the directorate but also within the different agencies providing services to our citizens.			

Current issues:

- Ofsted report was critical of current systems in operation.
- The Authority is unable to comply with requirements of the Care Act with current systems.
- Lack of investment in IT systems has resulted in inadequate technology and systems.
- Insufficient IT support processes are in place and there is limited capability to change to meet business needs.
- The department needs to become more efficient in order to cope with the expected increase in service users over the next 5 years.
- Market testing has not been completed in over 10 years and improved technology is now available.
- Current software provider has lost significant market share.
- There are too many systems in operation in the department, creating management overheads, increased error rates and inefficiencies impacting the department's capability to deliver the outcomes required of the Children and Adults transformation programmes.

Benefits

1. Avoidance of reputational damage and penalties
2. Compliance with legislative changes
3. Improving business efficiency in Children's & Adults services through process automation
4. De-commission systems and centralise system management
5. Improve data quality, communication and sharing of financial and customer data
6. Increase staff satisfaction and improve staff retention

**Exempt information:**

None

**Recommendation(s):**

1. To delegate authority to the Corporate Director for Children and Adults to approve the outcome and award the tender to the winning vendor to a value of £1.399m. This will be awarded on April 7<sup>th</sup> ;
2. To delegate authority to the Director of Commissioning, Policy and Insight to sign the contract arising from the tender process once the tender outcome is agreed;
3. To approve the spending of £4.197m associated with the contract and introduction of the new system over the next 5 years as indicated in paragraph 4.
4. To approve the sources of funding of £4.197m as indicated in paragraph 4.

**1 REASONS FOR RECOMMENDATIONS**

- 1.1 To enable the timely award of the contract for the social care system in order to achieve first phase delivery in April 2016.
- 1.2 To allocate funding to implement the solution in order to recruit to posts required to deliver the solution within the required time frame.
- 1.3 To comply with our statutory duties under the Care Act. The new solution will also address the issues outlined by the recent Ofsted report.
- 1.4 To support the management and delivery of children's and adults social care transformation programmes and big ticket savings.
- 1.5 To facilitate the funding of the project.

**2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)**

- 2.1 In January 2014 an independent consultant was engaged to carry out a review of the social care IT Systems, the Information Strategy and departmental strategy. The review assessed the systems in use across the directorate and identified a number of significant shortcomings with the current systems; and following a soft market test identified that there was newer technology in the market. The report recommended that the most effective way forward to support the changes in legislation and to deliver more efficient ways of working was to consolidate a number of systems and re-tender based on a specification of requirements that reflect the current and future needs of the department.
- 2.2 The Ofsted inspection of safeguarding and looked after children service report of March 2014 outlined the need to take action to improve the efficiency and effectiveness of the electronic case recording system.
- 2.3 The Adults department are preparing for a significant change in adults social care practices as a result of the Care Act, which will place an increased demand on the department in terms of the number of service users that will require assessments and financial tracking of personal budgets.
- 2.4 Social care managers and staff have been fully involved in the initial options appraisal and have supported with the development of the requirements specification.

### **3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS**

- 3.1 Upgrading CareFirst to the new generation product – there is an option to upgrade to OLM's new product 'Eclipse', however the product has not been tried and tested with other authorities and is still in test phase.
- 3.2 Do nothing – There is the option of retaining the current system and accepting the risks that this presents. These can be summarised as:
  - Systems will be disparate, data will continue to be poor, systems will remain non-compliant and Ofsted feedback will not be addressed.
  - It will prove difficult to meet new statutory and business requirements. This will have an impact on social care practice and the ability to manage cases. Additional bolt on solutions may need to be developed at additional cost to the current contract.
  - The current systems are not easy to use and lack the functionality of newer products on the market. This has resulted in less take up and enthusiasm from users. As a result the Council has not maximised the full potential or benefits from an electronic social care case management and recording system as it perhaps should and could have and data quality is compromised
  - Commissioning of services, forward projection and planning is compromised by the lack of flexibility of the current systems.
  - Financial management will remain limited with little potential for improvement.

### **4 FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

- 4.1 Appendix 1 to this report shows the detailed estimated costs of the initiative. 3 tender bids were received on 20<sup>th</sup> February 2015; the highest values for the purposes of financial prudence have been used. The value of the contract included within this report is £1.399m over a 5 year period including annual support

maintenance. There will be a further £1.850m for infrastructure and implementation costs; a total of £3.249m one off costs. In addition there are further costs of £0.648m for ongoing support and possible development of the system. Contingencies totalling £0.300m are included, making a total cost over five years of £4.197m.

- 4.2 The current licensing costs for CareFirst, ContrOCC, Abacus and other key systems in scope is in the region of £0.170m per annum. This can be used to offset the costs incurred.
- 4.3 Indicative summary position of project costs and associated funding for a 5 year period is:

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
<b>EXPENDITURE</b>						
Capital	1.464	1.299				2.763
Revenue	0.225	0.617	0.203	0.202	0.187	1.434
<b>Total</b>	<b>1.689</b>	<b>1.916</b>	<b>0.203</b>	<b>0.202</b>	<b>0.187</b>	<b>4.197</b>
<b>FUNDING</b>						
Corporate	1.464	1.036				2.500
Departmental		0.775	0.203	0.202	0.187	1.367
ITEF	0.225	0.105				0.330
<b>Total</b>	<b>1.689</b>	<b>1.916</b>	<b>0.203</b>	<b>0.202</b>	<b>0.187</b>	<b>4.197</b>
<b>Analysis of Departmental Funding</b>						
Reserve		0.200				<b>0.200</b>
Revenue			0.170	0.170	0.170	<b>0.510</b>
Savings		0.575	0.033	0.032	0.017	<b>0.657</b>

- 4.4 The proposed system is being designed to address the requirements of the Care Act and the Children and Families Act and to support the integration of social and health care. It is not therefore an initiative that will deliver a return on the investment.
- 4.5 Furthermore there are already significant budget reductions in the Medium-Term Financial Plan (MTFP) and any efficiency as a result of this initiative will contribute to those rather than being available to fund this project. Indeed the above table identifies a significant funding requirement of £0.575m in 2016/17. This is being risk managed as it includes contingency for the 2 years and a higher end estimate for integration with the Corporate Citizen portal. There are two options to achieve this. Either the department will need to identify one off savings as part of the 2016/17 MTFP process or there may be scope to seek carry forward of budget provision if the outturn position for 2014/15 and/or 2015/16 justifies it.
- 4.6 Although not required for a business case, there will be significant benefits arising from this initiative. These can be split into a number of themes.

#### 4.6.1 Releasing Resources

These benefits free up time within various aspects of the service, e.g. reducing the time managers spend on the completion of file audits and the time spent by administrative colleagues in keying information into the various systems. It is estimated that the value of these benefits total about £0.150m

on an annual basis. There will be no reduced spend however and the time freed up will be used to improve the service.

#### 4.6.2 Service User Benefits

In some areas the system will improve the users' experience of the service. For instance, due to reductions in delays within the adult assessment and reablement processes, there will be reductions in the delays before receiving services. Indeed there could be savings as a result of these improvements if an escalation of needs can be avoided. Again such savings cannot be cashed and will be absorbed as the demands for services increase.

#### 4.6.3 Qualitative / Performance Improvements

There are a number of benefits in this theme including improved data quality, improved management of caseloads and more effective financial management. In addition it is felt there will be improvements in workforce morale and satisfaction as a result of the improved management of information.

#### 4.6.4 Compliance

The improved system will allow the Directorate to comply with the requirements imposed by Care Act and the Children and Families Acts. It will also mean that the criticisms levelled by the recent Ofsted inspection can be addressed effectively.

### 4.7 Financial Risk

A contingency allowance of £0.300m has been built into the project costs.

The risk value of this project is estimated at **£0.182m** over and above the contingency based on risks identified in the table below.

<b>Risk</b>	<b>Consequence</b>	<b>Worse Case £m</b>	<b>RISK £m</b>
Increase in internal costs above the contingency	Under investment may reduce the ability to implement effectively	0.190	0.095
Increase in other costs of 10%.	Further savings required within the department.	0.175	0.087
<b>TOTAL VALUE OF RISK REQUIRED TO BE COVERED</b>			<b>0.182</b>

## 5 RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)

### **Impact on resources**

- 5.1 A project of this size and complexity will have a significant impact on resources for the services involved and for support services. There will be major requirements for training, system refreshment, monitoring and evaluation. The table above has put a value to the overall risk associated with the project.

- 5.2 An assessment of the resource requirements has been completed. Insufficient internal resources are available to support the project; therefore additional posts have been identified and are estimated to be needed within the IT Resources and Early Intervention structure on a temporary basis over the next 2 years.

### **Legal Implications**

- 5.3 The legal implications are mainly centred on the commercial aspects of the project, namely contractual arrangements.

The Council is currently in a contractual relationship with OLM, the supplier of CareFirst and OCC the supplier of ContrOCC. 3 months' notice will need to be given to OLM of our intent to withdraw from the annual maintenance and support agreement. This will need to coincide with the implementation of the replacement system.

### **Procurement implications**

- 5.4 Procurement advice has been sought throughout the project so far and the project has proceeded by using the Local Authority Software Application Solutions Framework. The decision to use a framework was made due to the significant time pressures upon the services such as the implementation of the Care Act and the Ofsted inspection feedback.

### **Implementation Approach**

- 5.5 An implementation timetable and plan has been drafted, along with resource implementation costs. Due to the urgency for Children's department to improve and address the issues raised by Ofsted, implementation of the solution will be prioritised for Children's, with consideration of a possible Ofsted inspection during 2016.
- 5.6 There is a key decision to be made regarding the hosting of the solution. Externally hosted solutions sit outside of the Council's IT infrastructure and are supported directly by the supplier. Locally installed systems sit within the Authority's infrastructure, with IT Services acting as at least the first point of contact for support (linking directly with the supplier for issues that cannot be resolved internally).

## **6 SOCIAL VALUE CONSIDERATIONS**

- 6.1 The Public Services (Social Value) Act applies to all public service contracts and framework service agreements above the EU threshold (currently £173,934 over the life of the contract) but not call-offs under those frameworks, therefore in this instance it is not applicable

## **7 REGARD TO THE NHS CONSTITUTION**

- 7.1 Local authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions, we have properly considered the

NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.

**8 EQUALITY IMPACT ASSESSMENT (EIA)**

Has the equality impact been assessed?

- (a) not needed (report does not contain proposals for new or changing policies, services or functions, financial decisions or decisions about implementation of policies development outside the Council)
- (b) No
- (c) Yes – Equality Impact Assessment attached

8.1 The provision of any new IT system, especially one that is based on greater citizen self-service has to be based upon technology that can be used by all sections of the community; that is compliant with disability standards that apply to web based portals and that can provide translation services. We will undertake a specific EIA for this project as part of the next stage of the work.

**9 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)**

None

**10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT**

None

**11 OTHER COLLEAGUES WHO HAVE PROVIDED INPUT**

- Ceri Walters – Acting Head of Departmental Financial Support
- Ian Greatorex - Finance Business Partner for Communities Department
- Rosalie Parkin – IT Category Manager, Procurement
- Naomi Vass - Senior Solicitor, Contracts and Commercial Team
- Simon Salmon – Head of IT, Resources
- John Hardwick – Business Engagement Manager, IT Resources
- Anthony Childs – Information Manager, Early Intervention

