

**Key Decision Report of the Corporate Director - People**

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| <b>Corporate Director - People</b> | <b>Date: 18/05/2021</b> | <b>Ward(s): N/A</b> |
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**APPENDIX 1 TO THIS REPORT IS EXEMPT AND NOT FOR PUBLICATION** as it contains the following category of exempt information as specified in Paragraph 3 of Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)."

**SUBJECT: Social Care System Support and Hosting Services**

**1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of the Social Care System Support and Hosting services in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 This contract is for the provision of both IT system support and maintenance services, and the infrastructure hosting services for the existing Social Care Case Management software and associated components. This system is the primary recording and work management tool utilised across both Children's and Adult care services in carrying out statutory responsibilities. The council holds perpetual licenses for the use of this software.

**2. Recommendations**

- 2.1 To approve the procurement strategy and contract award for Social Care Case Management System software and hosting as outlined in this report.

2.2 To authorise a direct award of contract via the Crown Commercial Service (CCS) Data and Application Solutions (RM3821) procurement framework to system vendor, Liquidlogic Limited under "Lot 3c: Community Health & Social Care". This will provide support and maintenance and system hosting for the existing Social Care Case Management system and associate components. The contract will run for a minimum period of 36 months to commence on 01 July 2021, with the option to extend for a further two periods of 12 months each. See paragraph 4.14 for details of current contractual arrangement for related services.

### **3. Date the decision is to be taken:**

18 May 2021.

### **4. Background**

#### **4.1 Nature of the service**

Social care and early-help (prevention) services across the People Directorate make use of the Liquidlogic case management system to support information recording for both statutory and non-statutory services. An existing agreement with Liquidlogic provides support and maintenance services for the system. This procurement activity will add additional system hosting services to support and maintenance services.

4.2 The council maintains IT hardware infrastructure in order to operate the software and associated technical components. This hardware and accompanying operating systems require regular investment of effort and funding to maintain and update.

4.3 The council's IT application roadmap entails a shift from maintaining onsite IT infrastructure in favour of systems that are hosted by suppliers and/or provided as a service that includes system hosting. This approach avoids periodic spikes in investment followed by degradation in technology performance. Hosted and cloud services are expected to provide enhanced resilience, performance, and accessibility of systems. Business systems are kept up to date by vendors allowing services to make full use of available compute power and functions provided by these software applications.

4.4 This contract will for the migration of the existing Liquidlogic software licenses into a hosted version of the application.

#### **4.5 Estimated Value**

The initial annual commitment for the services provided under this contract is expected as £330,296. The total contract value required is £1,891,975 to cover the potential full five (5)-year duration and additional services (see paragraph 4.8). The contract will entail a minimum (3)-year duration with two (1)-year extensions available. This value includes 2% inflation estimate on relevant services. A breakdown of estimated contract expenditure is provided in Appendix 1 of this report.

4.6 Existing Digital Services budget is provisioned to for support and maintenance services. The additional funding implications of this project have been forecast and will need to be accounted for through a funding bid prior to the implementation of system hosting services via this agreement (see also paragraph 4.8), and to maintain the hosted service.

4.7 This is an increase in revenue expenditure and will avoid capital investment in the wider IT estate. Failing to move systems to hosted IT infrastructure is likely to incur major investment in the council's IT provision and Data Centre facilities as the only sustainable alternative.

4.8 The financial expenditure components relevant to this agreement are:

- Support and maintenance costs for system licensing
- Hosting services for the system
- Supplier implementation costs for hosting services and/or new system features
- System development services
- Technical project management overhead for implementation of hosting services (additional council expenditure, not included in the contract value)

The contract value contains provision for one-off costs with the supplier. This includes professional technical services required to implement system hosting services. It is expected that new system features will be developed by the supplier during the lifetime of this agreement. The contract also includes for the provision for additional software licensing and technical services that may be required to implement new features or address unforeseen system development issues. There is an additional project management overhead expected for council resources to implement the hosted service, these have been identified in Appendix 1.

4.9 It is proposed that the new contract arrangements will be made as a direct award under the CCS, Data and Application Solutions (RM3821) framework. The costs proposed have been benchmarked against a similar service offer for the existing system, through the CCS G-Cloud framework.

4.10 Expenditure over 2019/20 and 2020/21 with suppliers for software licenses and support and maintenance services related to this contract total £381,918. This does not include hosting services.

#### 4.11 **Timetable**

The objective is to have a contract agreement in place to commence on 1 July 2021, but not later than 30 September 2021 (see 4.12).

4.12 The current support and maintenance contract has been extended for support and maintenance services. This agreement will cover the period from April 2021 to June 2021, with a further extension option from July 2021 to September 2021. This arrangement allows for the commercial and technical planning required to migrate systems to the new hosting services and for the key decision process on this longer-term contract.

4.13 Expected activities:

1. 28 Day Notice of Key Decision – w/c 29 March 2021
2. Key Decision sign-off – 30 April 2021
3. Direct award via the CCS Data and Application Solutions framework agreement by 30 June 2021

#### 4.14 Officers and officer groups consulted to date:

- People Directorate Management Team, and Corporate Director People Services
- People (Directorate) ICT Board, and Chair
- Adult Social Care Leadership Team
- Director of Digital Services
- Commercial Manager, Digital Services
- People Application Support Manager, Digital Services
- Architecture and Security Manager, Digital Services
- Business Development Manager, Liquidlogic Limited (Supplier)

#### 4.15 **Options appraisal**

People Directorate services have confirmed the desire to maintain use of the existing Social Care Case Management systems. Moving to an alternative solution would present operational risk through service disruption and high financial cost of change. A project of that magnitude is likely to consume a large amount technical and frontline service resource, take 18-24 months and is not expected to deliver significant service improvement benefits for residents.

4.16 A move of the existing system to a hosted service will accelerate the upgrade path for this application and will unlock additional features that have already been purchased but cannot yet be consumed by frontline service teams with the system in its current version.

4.17 This proposal seeks a direct award via the CCS Data and Application Solutions (RM3821) framework agreement. An alternative procurement route for subscription is available through the CCS G-Cloud framework. This offers a software-as-a-service subscription charging model, including hosting and support costs. The G-Cloud charging model does not represent best value for the council, with a significant uplift in the cost versus a hosted option available through RM3821. Moving to the G-Cloud framework subscription charging model would entail devaluing or writing-off the existing software license assets owned by the council. There is no detriment expected in the service offer via the CCS Data and Application Solutions framework.

#### 4.18 The benefits of the proposal:

- Enhance system performance and resilience.
- Upgrade and update the system in the process of migration and then on a continual basis. Thus, unlocking existing system features that cannot currently be used by the social care services.
- Maintain value in prior investment for software licenses.
- Avoid capital costs of upgrading this system infrastructure and consequently the broader IT estate.
- Avoid regular degradation of IT Infrastructure (following investments),
- If successful a similar solution could be deployed for the separate Liquidlogic solution and contract that supports the Regional Adoption Agency, hosted by Islington.

#### Drawbacks:

- Increase in annual revenue expenditure for the system to consume new services.
- Maintaining a connection between Liquidlogic hosted environment and the Council network to support integrations has been factored into the hosting costs.

- 4.19 There are no options for collaboration as the IT system in question supports specialist professionals working in Islington Social Care services and maintains the recording of their core processes and sensitive information.
- 4.20 **Key Considerations**  
A social value offer will be expected in the new contract terms. Commitments to local initiatives and/or the provision of technology to disadvantaged residents are expected to form part of this agreement. For example, the provision of laptops or equivalent to school aged children, or broadband connectivity vouchers.
- 4.21 Liquidlogic Limited has not committed to any such social value offers at this stage but has provided an overview of their existing commitments as an organisation (4.25 to 4.28).
- 4.22 Although opportunities to secure direct employment and training for local Islington residents will be limited due to the supplier's location (Garforth, near Leeds), they specify an ongoing commitment to recruiting staff in areas where we have customers. Citing examples of existing staff residing in the London area and working between headquarters and customer sites as required.
- 4.23 Liquidlogic support a number of charities which are chosen each year by its members of staff. Regular fund-raising events are organised, and funds raised during that month are donated to the nominated charity. Many of these charities support Children and Families and citizens, both Nationally and in local areas including London.
- 4.24 The supplier has also cited their ongoing commitment to reducing environmental footprint, across, waste creation and disposal, sustainable materials and a reduction in company travel.
- 4.25 The Liquidlogic product roadmap intends to promote participation and citizen engagement as well as enabling service users to self-help. The product offers on-line portals designed to make services accessible to residents in the area, providing information and signposting for support.
- 4.26 The vendor typically requires a 5-year commitment for the provision of hosting services. The proposed contractual arrangements include break points after 3 years, allowing the council to consider best value. The move to hosted services includes the assurance that the system will be kept up to date, ensuring use of the investment to a greater extent by council services. Furthermore, this proposed route to market ensures that the value of the existing software license assets is maintained.
- 4.27 There are no TUPE, or similar implications expected resulting from this contract.

#### 4.28 Evaluation

The CCS Data and Application Solutions (RM3821) framework guidance states, direct award call-off agreements can be completed when the requirement must be intrinsically linked to a system already within the customer's organisation, as is the case in this situation.

#### 4.29 Business Risks

The migration to hosted system services carries some risk to service disruption both from the move of the system and the ongoing operation of the system. These risks are outlined below.

- 4.30 If the council experiences a poor service in the performance, reliability, and resilience during the life of the contract, this will have a detrimental impact on council service operations. This risk should be mitigated through Service Level Agreements (SLA) and any associated penalty clauses with the supplier. Business continuity planning by council services should already allow for these concerns. It is expected the service level provided in the new contract will be an enhancement on the current provision.
- 4.31 Technical activity to migrate system will require both People Directorate and Digital Services resources. A project will be established to scope, manage, and control these activities. Resources required will be identified and allocated as needed.
- 4.32 Resident facing system features (online services) may be disrupted during migration. Appropriate contingency and communication plans will be built into the implementation project.
- 4.33 Technical designs within the project to migrate the system to hosted services may identify additional implementation costs. The contract value includes tolerance for additional technical services as required (see Appendix 1).
- 4.34 The move to a new service provision also presents opportunities for council services. These are outlined in paragraphs 4.36 and 4.37.
- 4.35 With associated upgrades the council services will be able to make use of some system features already charged but not yet available, due to the technical upgrade requirements. Furthermore, contract value contingency will allow for the rapid deployment of new system features as they become available. These will be assessed on an individual business case basis.
- 4.36 Cost of system change and investment into the existing system architecture is unplanned and not budgeted. This proposal mitigates these costs and provides an accelerated path to upgrading the system to current versions via the hosted services arrangement.
- 4.37 The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found

guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.

4.38 The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

| <b>Relevant information</b>                                                                                                            | <b>Information/section in report</b>                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Nature of the service                                                                                                                | <p>IT hosting and support and maintenance services for existing Social Care system.</p> <p>See paragraph 4.1</p>                                                                                                                                                                                                                                                                                                                                                               |
| 2 Estimated value                                                                                                                      | <p>The initial first year commitment is £330,296 with a total contract value of £1,891,975 for the 5-year term.</p> <p>The agreement is proposed to run for a minimum period of 36 months with two optional extensions of 12 months each.</p> <p>See paragraph 4.5</p>                                                                                                                                                                                                         |
| 3 Timetable                                                                                                                            | <p>Key Decision to be approved by 30 April 2021. Contract to be agreed by 30 June 2021.</p> <p>See paragraphs 4.11 to 4.13</p>                                                                                                                                                                                                                                                                                                                                                 |
| 4 Options appraisal for tender procedure including consideration of collaboration opportunities.                                       | <p>The options appraisal assumes direct award via the Crown Commercial Services (CCS), Data and Application Solutions (RM3821) framework to consume additional services for an existing system.</p> <p>The alternative G-Cloud CCS Framework does not represent best value for the council.</p> <p>See paragraphs 4.15 to 4.17</p>                                                                                                                                             |
| 5 Consideration of:<br>Social benefit clauses;<br>London Living Wage;<br>Best value;<br>TUPE, pensions and other staffing implications | <p>Social benefit will be sought through contract negotiation including commitment to local causes and/or the provision of technology to disadvantaged residents.</p> <p>The significant detrimental impact on Best Value resulting from any move to an alternative IT solution resulting from this procurement means the preferred option is to make a direct award to the system support and maintenance supplier to include additional hosting services. This will meet</p> |

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|                                                                | <p>the current and future operational needs of the council.</p> <p>There are no implications for Islington staff resulting from this contract.</p> <p>See paragraph 2 4.20 to 4.27</p>                                                                                                            |
| 6 Award criteria                                               | <p>As set out in the Crown Commercial Services (CCS), Data and Application Solutions (RM3821) framework.</p> <p>See paragraph 4.28</p>                                                                                                                                                            |
| 7 Any business risks associated with entering the contract     | <p>The business risk associated with entering this contract relate to the resilience, reliability, and performance of this IT system. This will be mitigated through contract negotiation and the provision of service level agreements from the supplier.</p> <p>See paragraphs 4.29 to 4.33</p> |
| 8 Any other relevant financial, legal or other considerations. | See paragraph 5 and Appendix 1                                                                                                                                                                                                                                                                    |

## 5. Implications

### 5.1 Financial implications:

The overall cost of implementing this system is £216k. This figure includes £100k of one-off costs in 2021/22, including project management and system development and £116k year one hosting fees. In addition to this the existing Liquid Logic contract costs £176k in support and maintenance fees. This amount is currently budgeted for and is not expected to change other than by inflationary uplift customary for IT contracts.

IDS identified £216k in its current project budget allocation that will be used to cover the one-off project costs and year one hosting fees. Further years' hosting fees will be incorporated into the BAU baseline budget as part of the 2022/23 budget setting process.

### 5.2 Legal Implications:

This report recommends the award of a contract to Liquidlogic Limited for the provision of hosting and ancillary ICT services which support the delivery of the Council's statutory services to Adults and Children under, inter alia, the various UK Care Acts and Children Acts. Section 111 of the Local Government Act 1972 gives the Council power to award this contract as it facilitates the discharge of their said statutory duties to deliver Adults' and Children's Services.

The contract will be for an initial period of three (3) years with a Council option to extend by one (1) year plus one (1) year, a total maximum of five (5) years (3+1+1).

The total contract value over the maximum period of five years is £1,891,975 which is above the £623,541 threshold for "Light Touch" Services under the Public Contracts Regulations 2015 [as incorporated into UK law and subject to The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020].

The proposed procurement route of a direct award to Liquidlogic Limited from the Crown Commercial Services Framework RM3281 is a compliant route to market.

Pursuant to Procurement Rule 18.1.1 the Corporate Director may award this contract as the total contract value is revenue money and is below the £2m limit of delegated authority for Corporate Directors. The process outlined in the body of this Report is compliant with the Procurement Rules.

### **5.3 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:**

N/A

### **5.4 Resident Impact Assessment:**

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

A Resident Impact Assessment was completed on 15 March 2021 and the summary is included below. The complete Resident Impact Assessment is appended.

#### **Summary**

There is no tangible impact on residents from implementing this contract. A privacy impact assessment will be completed in the process of implementing the new arrangements.

## **6. Reasons for the decision:**

- 6.1 The recommendations in this report are approved in order to maintain an operational IT system critical to the delivery of statutory services and provide a system development and enhancement pathway to ensure the ongoing improvement and performance of the system. The decision is in line with the council's IT application roadmap.

## **7. Record of the decision:**

7.1 I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

### **Signed by:**

**Corporate Director - People**

**Date:**

### **Appendices**

- Appendix 1 – Contract Expenditure (exempt from publication)
- Appendix 2 – Resident Impact Assessment (not exempt)

### **Background papers: N/A**

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