

<b>REPORT TO:</b>	<b>CABINET 10 June 2019</b>
<b>SUBJECT:</b>	<b>Education Management IT System – Contract Extension</b>
<b>LEAD OFFICER:</b>	<b>Hazel Simmonds - Executive Director Gateway, Strategy and Engagement Julia Pitt – Director of Gateway Services</b>
<b>CABINET MEMBER:</b>	<b>Councillor Simon Hall Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>All</b>
<p><b>CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON</b></p> <p>The recommendations within this report contribute to the 2018 – 2022 Corporate Plan Operating Model themes below</p> <ol style="list-style-type: none"> <li>1. Evidence is key Building a detailed picture of our borough, our people and our places, by mapping the physical and community assets, spend and demand by localities to understand future opportunities and challenges.</li> <li>2. Preventing issues becoming problems Services designed to identify issues early on and target support on promoting independence and enablement to deliver long-term sustainable solutions.</li> <li>3. Locality matters Place-based, integrated services that help residents to find the information and support they need within their local community and tailored to local need.</li> <li>4. A system wide approach Collaboration across the borough with other public services, business and the community and voluntary sector to create a seamless system of information, engagement and service delivery.</li> <li>6. Organisation design Consideration of the business processes, systems, budgeting, workforce, capacities and capabilities that will reflect the requirements of the operating model.</li> </ol>	
<p><b>FINANCIAL IMPACT</b></p> <p>The proposed CapitaOne system extension will be for 2 years from 31<sup>st</sup> March 2019 until 31<sup>st</sup> March 2021 The extension of the current contract will be funded from the existing revenue and capital budgets held within the ICT and Place Departments. The total anticipated cost over a 2 year extension will be £260,950. The total contract value will be £810,950.</p>	
<p><b>FORWARD PLAN KEY DECISION REFERENCE NO.: N/A</b></p>	

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The Leader of the Council has delegated to the Cabinet Member for Finance and Resources the power to make the decisions set out in the recommendations below.

### 1. RECOMMENDATION

- 1.1 The Cabinet Member for Finance & Resources, in consultation with the Leader of the Council, is recommended by the Contracts and Commissioning Board to approve the contract variation with Capita Business Services Limited to enable an extension of the contract for the Education Management IT System for a further contract term of two years until 31 March 2021 with an additional cost of £260,950 to give a maximum contract value of £810,950 in accordance with Regulation 29 of the Council's Contracts and Tenders Regulations.

### 2. EXECUTIVE SUMMARY

- 2.1 A new Education Management IT system has been procured, with a target date to become operational by 31 March 2021. In the meantime, the existing legacy system, CapitaOne from Capita Business Services Limited, will continue to be required by the Council to provide statutory services.
- 2.2 A variation to extend the term of the CapitaOne Education management system support and maintenance agreement is required to ensure that the system is supported until the new system is implemented and to ensure a smooth handover.
- 2.3 The existing contract was due to expire on 31 March 2019. An agreement has been reached with the Supplier to continue service whilst internal governance is completed.
- 2.4 The original contract commenced in 2015 for a period of two years at an initial value of £275,000 and was extended for two further years by CCB reference CCB1206/16-17 for a further £275,000.
- 2.5 The content of this report has been endorsed by the Contracts and Commissioning Board.

<b>CCB Approval Date</b>	<b>CCB ref. number</b>
<b>17/05/2019</b>	<b>CCB1485/19-20</b>

### 3. DETAIL

- 3.1 The procurement of new system solutions for the service areas will provide the council with opportunities that will improve the way it operates, including greater integration of systems efficiencies which improve data analytics to inform future services strategies and solutions.
- 3.2 A new Education management system has been procured by open OJEU procedure and is in the process of being developed and implemented. Following

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project review, additional time is required to allow for the implementation of the new system and ensure a smooth handover. Due to an extended period of contract clarification the start of the implementation timeline has slipped. This extension period request ties in with the current implementation timeline (to be agreed at contract signing) which will enable Croydon to maintain the current system until the Go-Live of the newly procured system.

- 3.3 The existing contract, which commenced in 2015 for two years at a value of £275,000, was extended in 2017 by CCB reference 1206/16-17 to expire in March 2019. This variation and extension is requested for a further 24 months to ensure that there is sufficient time to implement the new system.
- 3.4 The total contract value, including the proposed extension, will be £810,950 and as such will require Nominated Cabinet Member approval.
- 3.5 The Public Contracts Regulations 2015 (PCR), Regulation 72, restricts the ability to make changes to contracts without a new procurement exercise. Paragraph 1(b) states that:

*for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor—*

*(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, and*

*(ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority, provided that any increase in price does not exceed 50% of the value of the original contract;*

- 3.6 The increase in contract value for this contract has exceeded the PCR 50% threshold but as the Council has re-procured this service this extension is required should additional implementation time be required and is a short term measure. There is minimal risk of challenge to this extension as its purpose is to provide a smooth transition to the new system, a system which was procured via an OJEU compliant Restricted Tender process which allowed all relevant market suppliers to initially tender for.
- 3.7 Strategic contract management will be led by the Directors of People Services with oversight and guidance from the corporate center contracts hub and active oversight from the category manager.
- 3.8 Account performance reviews will be held with the supplier at least quarterly and a contract board established with membership from both departments, Croydon Digital Services and Commissioning and Procurement.

#### 4. CONSULTATION

4.1 The following were consulted both before and during the procurement process for the new provider.

- People DLT
- ICT Systems Procurement Programme Board
- ICT Governance Board
- People ICT Board
- Technical Architect Group
- Education and Youth Engagement Senior Management Team

#### 5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

##### 5.1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2018/19 £'000	2019/20 £'000		
<b>Revenue Budget available</b>				
Expenditure	130	130	130	
Income				
<b>Effect of decision from report</b>				
Expenditure	130			
Income				
<b>Remaining budget</b>	0	130	130	
<b>Capital Budget available</b>				
Expenditure				
<b>Effect of decision from report</b>				
Expenditure				
<b>Remaining budget</b>	0	0		

##### 5.2 The effect of the decision

The implementation of this strategy will commit the Council to a 2 year contract extension at an estimated cost of £260,950 which will be met from existing budget.

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### 5.3 Risks

No.	Risk	Mitigation
1	Supplier looks to increase charges for extension.	Negotiated with Supplier to minimise impact. Costs agreed.
2	There is a challenge from another supplier.	Ensure relevant procurement and legal processes considered. This is a short term measure to ensure sufficient time for implementation. See 3.6
3	The implementation is not delivered in time.	Highlight key dates and milestones and allocate responsibility. Payment by implementation milestones will be a contractual requirement.
4	Lack of funding to progress activities needed to achieve key dates	Outline resource profile developed. Business case developed to secure funding to deliver implementation. Business case approved by cabinet 25.02.19

### 5.4 Options

No other options were considered as the variation and extension is required to ensure there is sufficient time to finalise the implementation of the new system.

The current CapitaOne system is the primary system used by Education Management to management clients within all the Education teams and provide statutory governmental returns. If the current system were not extended it would prevent Croydon from providing essential services creating a serious business critical risk which would leave the Council open to challenge both locally and nationally.

### 5.5 Future savings/efficiencies

The supplier has committed to a price for the term which avoids any indexation charges.

Approved by: Flora Osiyemi, Head of Finance Place on behalf of the Director of Finance.

## 6. LEGAL CONSIDERATIONS

6.1 The Director of Law and Governance it is commented that the legal considerations are as set out in this report.

Approved by: Sean Murphy, Director of Law and Governance and Deputy Monitoring Officer.

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### **7. HUMAN RESOURCES IMPACT**

7.1 There is no expected staff impact from implementing this contract extension.

Approved by: Debbie Calliste, Head of HR on behalf of the Director of Human Resources

### **8. EQUALITIES IMPACT**

8.1 No discernible impacts identified as a result of this strategy - continuation of existing services.

Approved by: Yvonne Okiyo, Equalities Manager

### **9. ENVIRONMENTAL IMPACT**

9.1 No discernible impact identified as a result of this strategy - continuation of existing services.

### **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 There are no direct crime and disorder impacts identified as a result of the proposed contract award.

### **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

11.1 The variation for extension is required in order to allow for the implementation of new Education management IT system for the People department. This is to ensure the continuation of existing support services which is essential to the Education functions of the Council.

11.2 Due to an extended period of contract clarification the start of the implementation timeline has slipped. This extension period request ties in with the current implementation timeline (to be agreed at contract signing) which will enable Croydon to maintain the current system until the Go-Live of the newly procured system.

### **12. OPTIONS CONSIDERED AND REJECTED**

12.1 No other feasible options have been identified. To stop using the system at the end of the contract would adversely affect the functions regarding Education for the Council.

12.2 The current CapitaOne system is the primary system used by Education Management to management clients within all the Education teams and provide

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statutory governmental returns. If the current system were not extended it would prevent Croydon from providing essential services creating a serious business critical risk which would leave the Council open to challenge both locally and nationally.

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**BACKGROUND DOCUMENTS:** None