

MUNICIPAL YEAR 2016/2017 - REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

PORTFOLIO DECISION OF:
Cllr Ayfer Orhan

REPORT OF:

Director of Tony Theodoulou, Director of Children's Services
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Agenda - Part: 1	Item:
Subject: Agreement to award contract for a Select List Supplier process for Provision of Semi-Independent Accommodation with Support for Looked After Children and/or Adolescent & Leaving Care Service clients aged 16+	
Wards: All Key Decision No: 4265	
Cabinet Member consulted: Cllr Ayfer Orhan	

1. EXECUTIVE SUMMARY

Following the decision to tender for Semi-Independent Accommodation with Support for Enfield Looked After Children and/or Adolescent & Leaving Care Services aged 16+ a tendering exercise has been undertaken.

The outcome of the tender process is to award the contract to twelve providers, in the form of a Select List, to supply spot purchased services. The anticipated annual expenditure on this service will be £2.3 million on semi-independent accommodation and support for 16 -24 year olds.

2. RECOMMENDATIONS

To approve twelve providers and appoint them to a select list to provide Semi-Independent Accommodation with Support for Enfield Looked After Children and/or Adolescent & Leaving Care Service Clients aged 16-24. The duration of this list is 3 years (36 months), although providers can be removed during this period if they either cannot fulfil the requirements, fail to meet the required service standards or they request to be removed.



3. BACKGROUND

- 3.1 Initially 21 providers submitted their tender application through the London Tenders Portal.
- 3.2 Scoring was split into four stages.
- 3.3 The initial stage was to look through the costings submitted and eliminate the ones which did not meet our maximum costing stated in the application form. This was the costs that were agreed by Enfield's Strategic Procurement Board.
- 3.4 After the first stage, four providers were eliminated, as their costs were higher than Enfield's Maximum limit.
- 3.5 The second stage was for a panel to score the tender application packs submitted by providers.
- 3.6 Following the second stage, a further three were eliminated as they scored less than the minimum 50 marks.
- 3.7 The third stage was for the Company accounts information supplied as part of the tender to be checked by Enfield's Finance Team. The outcomes were that all of the fourteen providers were deemed to be financial healthy to provide a 16+ semi-independent spot purchase service.
- 3.8 For the final stage, we were looking to interview the remaining 14 providers, with a view of nominating twelve providers for a place on the final Select List. The result of the all the stages is included in the attached Appendix 1.
- 3.9 All providers nominated to the list are aware that they must participate in our Quality assurance programme and that failure to do so could result in them being removed from the list

4. SELECT LIST

- 4.1 Establishing a Select List will enable the Council to choose the best supplier to meet the needs of the child/young person, giving the Council flexibility and control over the placement. The Council will have sole discretion as to which supplier is chosen via a spot purchasing arrangement. A finance agreement, in conjunction with a purchase order, will form contractual agreement with a clear specification of the requirement included. This requirement will be reviewed on a regular basis and any variation agreed with the supplier.
- 4.2 The Select List will be reviewed every three years. The performance of all suppliers will be monitored and assessed on a continuous basis. Those that do not perform to the required standards will be suspended from the Select List. Should it become necessary to replace or add suppliers to the List, the same data provided and scored as part of this assessment process will be used to ensure parity and a DAR will be produced for approval to add a supplier onto the Select List.

5. ALTERNATIVE OPTIONS CONSIDERED

- 5.1 There are no alternative options to tendering externally, as the Council is unable to provide such an extensive specialist service.
- 5.2 Providing Accommodation and Support is an obligation under the Children Leaving Care Act 2000 for those 16/17 year olds, leaving or preparing to leave care and also for those 16 and 17 year olds who are 'looked after children' under section 20 or section 31 Children Act 1989, it is therefore viable to have no service to all.
- 5.3 Corporate Procurement have been fully involved in the process and have agreed that the Select List model would be best suited to our requirements.

6. REASONS FOR RECOMMENDATIONS

The current framework has proved to be successful in securing good quality independent supported accommodation services your Young People aged 16 and 17. The Select List will enable us to continue the work already undertaken through the current framework while allowing us the flexibility to procure from new or specialised providers during the term of the new Select List.

7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES AND OTHER DEPARTMENTS

7.1 Financial Implications

7.11 Annual total spend on all Semi Independent Accommodation and Support placements for young people, over the financial years 2013/14, 2014/15 and 2015/16 (to date) is circa £7million in total.

7.12 These placements are currently funded through the following budgets:

16 year olds and up to their 17 th birthday	Accommodation costs	External placements budget
17 year olds and above	Accommodation costs	Leaving Care budget
16 year olds and up to their 17 th birthday	Support costs	Section 20 budget
17 year olds and above	Support costs	Leaving Care budget
16 year olds and above all UASC	Accommodation and support costs	Asylum budget

7.13 The contact is estimated to be approximately the same cost as has been occurred under the previous contract: £7 million over the three years. This would be funded by the same budgets as is listed above.

7.14 There is a designated role internally within the council structure to monitor the performance of the providers. This is a cost that is already incurred under the original contract and therefore is budgeted for already within the service. There would be no additional cost.

7.15 That specified role discussed in 6.14 is a combined role and so if the contract was to terminate after this period it is not expected that any redundancy costs would be incurred.

7.2 Legal Implications

7.2.1 The Council is seeking to compile what is described as a Select List. In procurement terms, this is more properly known as a Framework Agreement ("the framework agreement"). If the value of the framework agreement (over its term) exceeds the appropriate EU threshold, it will be regulated in both its compilation, and its operation, by Regulation 33 of the Public Contracts Regulations 2015 ("the Regulations"), and must be advertised via an OJEU notice. The appropriate EU threshold to be applied here is £589,148 because Childrens' Services falls under the 'Light Touch Regime' of the Regulations. If the value of the framework falls below this threshold, the Council then has the freedom to advertise in the domestic and local press/media only, and award in accordance with its Standing Orders and SFIs.

7.2.2 The main impact of the Regulations (Reg. 33) are: the term of the framework agreement must not be longer than 4 years; once compiled, only those providers who have been placed on the framework agreement at the time it was compiled, can be awarded call-off contracts from the framework agreement; call-off contracts must be awarded in accordance with the procedures laid down in the framework agreement; if the framework provides for further competition (to award call-off contracts) in the form of mini-competitions, all those providers who are eligible to provide the service under the call-off contract must be written to, and invited to submit tenders, at the time of the mini-competition, and (mini-tender) submissions must be evaluated and awarded in accordance with the evaluation and award criteria as originally laid down in the framework agreement.

7.3 Property Implications

It may be an option for the Council to acquire some larger domestic local properties via the Housing Gateway Limited commercial vehicle for use for semi-independent accommodation. The potential for such acquisitions would depend upon; market availability, location, suitability and price of properties, access to funding and evidence that this approach would make on overall cost saving.

8. KEY RISKS

Key suppliers fail to engage, including those where children are currently placed. In order to mitigate this the project team will develop effective communications and market engagement strategy and ensure Providers are fully briefed about timescales.

9. IMPACT ON COUNCIL PRIORITIES

9.1 Fairness for All

Commissioned services will be Looked After Children 16 -18 and 18+ care leavers. Within this group, all young people will have a Care Plan which will be reviewed at Placement Panel (up to 18). Services will be commissioned on a needs led basis for each individual, to ensure that each young person has access to appropriate resources.

9.2 Growth and Sustainability

Where possible, young people who will receive these services will be placed within Enfield. The support they will be given will enable them to contribute to the local community and workforce. By being placed locally, they will also be supporting local businesses through shopping, entertainment and other activities.

9.3 Strong Communities

Encourage active citizenship: ensuring young people participation by regular consultation on all aspects of the service and by promoting access to other available activities within the borough;

Listen to the needs of local people and be open and accountable by engagement with young people and the development of targeted services responsive to need;

Provide strong leadership to champion the needs of Enfield through representation on key local partnership boards i.e. the Children in Care Council;

Work in partnership with others to ensure Enfield is a safe and healthy place to live by promoting joined up working between the Community Safety team, HEART and children's sectors.

10. EQUALITIES IMPACT IMPLICATIONS

Corporate advice has been sought in regard to equalities and an agreement has been reached that an equalities impact assessment is neither relevant nor proportionate for the approval of this report to re-tender for services. However, once embedded the contract and the service will be subject to the Councils programme of Equalities Impact Assessments.

11. PERFORMANCE MANAGEMENT IMPLICATIONS

Tendering of this service will assist in the attaining of a number of indicators such as:

- Stability of placements of Looked After Children: number of moves
- Stability of placement of Looked After Children: length of placement
- The percentage of 16 to 18 year olds who are not in education, employment or training (NEET).
- Care Leavers in suitable education
- Care Leavers in education, employment or training.
- Average cost per placement

12. PUBLIC HEALTH IMPLICATIONS

Early experiences can have long-term consequences for the health and wellbeing of children and young people. Around half of looked-after children in England are reported to have emotional and behavioural difficulties and looked after children are also more likely to have poorer educational outcomes than children who are not looked after. Stability and permanence are important for looked after children and young people.

The corporate parenting responsibilities of local authorities include having a duty under section 22(3)(a) of the Children Act 1989 to safeguard and promote the welfare of the children they look after. This includes the promotion of the child's physical, emotional and mental health and acting on any early signs of health issues.

The health needs of looked-after children should be taken into account in developing the local Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) and the JSNA should be used to inform commissioning of services for these children and young people.

Older looked after children and care-leavers are expected to take responsibility for their health and lifestyle, including diet, physical activity, oral health and immunisations. They also need support to form healthy relationships and need advice on contraception, sexual health and substance abuse.

GUIDANCE NOTE NO. 6

As children become looked after for a variety of reasons and come from many backgrounds, it would be good public health practice to ensure that there are different types of accommodation available to this cohort that can provide appropriate living conditions and support for their health and wellbeing needs.

Background Papers

There are no other background papers

APPENDIX 1.

Semi-independent Living 16+ Scoring Consensus																						
The Authority indicated maximum Price rates for the provision of 24 hr staffed services. Bidders who submitted prices above the maximum were automatically disqualified.																						
Pricing	fail	fail	fail	fail	fail	fail	fail	fail	fail	fail	fail	fail	fail	fail	fail							
	Abiding Limited	Above Beyond Care	Alpha Care Service	Asphaleia Ltd	Atlantic Lodge (Housing)	Attain Support	Crown Social care Ltd	Finfair Ltd	Aspire Care Services	Jordan Xavier	LCS Partnerships Ltd	Lilian Davis Group	Nelbro Group	NEO Properties (UK) Ltd	North & east London Care	Oak Tree Care Services	Phoenix Community Care	Right Choice Services	St Mungo Community Housing Assoc	Urbanland Mgt Ltd	Youthlink Ltd	
Consensus Scores following Technical Assessment Evaluation																						
Q1	9	11	11	10	6	10	12	4	8	10	10	10	10	10	10	10	10	10	10	10	10	10
Q2	9	10	11	11	3	12	12	6	8	10	9	10	8	10	11	10	10	10	10	10	10	7
Q3	8	9	11	9	9	11	10	7	8	10	10	8	10	10	8	10	10	10	10	9	9	9
Q4	9	10	11	7	6	11	9	3	8	9	10	9	10	10	9	9	11	9	9	8	7	7
Q5	9	8	10	10	6	10	9	5	5	9	9	9	9	9	9	10	10	11	8	9	9	9
Q6	9	10	10	7	9	11	6	3	5	7	10	8	9	10	8	9	10	9	7	8	8	8
Total	53	n/a	58	64	54	39	n/a	65	n/a	n/a	58	42	55	58	54	53	61	61	61	52	50	50
Bidders had to achieve a minimum score of 6 or above for each question and a total score of 50 or more out of the possible 72 marks available to proceed to interview.																						
proceed	yes	n/a	yes	yes	yes	no	n/a	yes	no	no	yes	no	no	yes	yes	yes	yes	yes	yes	yes	yes	yes
Consensus Scores after Clarification Interview Meetings																						
Score	10	n/a	8	9	8	n/a	n/a	9	n/a	n/a	10	n/a	n/a	8	9	10	5	10	10	8	7	7
Total	63		66	73	62		74		68		63	67	67	63	64	58	71	61	71	60	57	57

The panel intends to invite the following providers to join the Select-List:

1. Abiding Limited	7. Neo Properties (UK) Ltd
2. Alpha Care Services	8. North & East London Care
3. Asphaleia Ltd	9. Oaktree Care Services
4. Atlantic Lodge	10. Right Choice Services
5. Finefair Ltd	11. St' Mungos Community Housing Assoc.
6. LCS Partnership Ltd	12. Urban Land Management Ltd

MUNICIPAL YEAR 2016/2017 REPORT NO.

Action to be taken under Delegated Authority

Operational Decision of the:

Director of Finance,
Resources and Customer
Services

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Agenda – Part: 1	Item:
Subject: SAP Support Contract	
KD NO: 4408	
Cabinet Member consulted:	N/A

1. EXECUTIVE SUMMARY

- 1.1. SAP is the line of business application for finance, payroll and HR. The annual support cost of this application is in the top 5 for IT spend and the current support model has been subject to market testing to establish if the arrangement provides the Council with best value.
- 1.2. The Council's IT consultant; Gartner has evaluated this market along with its Report on ERP systems (issued in September 2016) and its findings are set out in paragraph 3 below.
- 1.3. This report proposes a move away from direct SAP support to a third party provider model to reduce Council costs. The report also considers the possible restriction on any future extension of software functionality and the possible risks of moving to a new supplier / support model outlined in paragraph 8 of the report.

2. RECOMMENDATIONS

- 2.1 To note that the Council has served notice on SAP to terminate the current support contract in accordance with the terms and conditions of contract.
- 2.2 To agree the award of call-off contract, in accordance with Crown Commercial Service (Enterprise Application Support Services Framework - RM1032 Lot 2) for the provision of SAP support and maintenance for two years to "Rimini Street" on the terms set out in the Part 2 report.
- 2.3 To agree that in lieu of the unlimited liability normally sought from suppliers, liability, for the purpose of the new contract with Rimini Street, shall be capped at £500,000 and to further agree that the requirement to obtain a performance bond/ parent company guarantee (CPR 21), is waived.

3. BACKGROUND

- 3.1 As part of the ongoing work within the IT service to address the cost pressures faced by the IT application support budget (FG0227) a review was undertaken to test the market to establish if the current contractual arrangements were providing the value for money. The services currently provided by SAP for application support to the Council's financial management system (the existing SAP) has been reviewed as part of the review of supported IT applications.
- 3.2 The requirements for the replacement of the support offered by SAP were drawn up and a mini competition utilising the Crown Commercial Service (Enterprise Application Support Services Framework - RM1032 Lot 2) has been undertaken. This has been considered alongside negotiations with SAP to seek a more competitive price.
- 3.3 The Council's IT consultants Gartner has evaluated this market and its Report on Enterprise Resource Platform (ERP) systems (issued in September 2016) outlined their findings as set out below:

Key findings:

- When executing a postmodern ERP strategy that includes replacing parts or all of their on-premises solution, enterprises must ensure continuity by maintaining the on-premises ERP application(s) during transition to the future state.
- Most enterprises that include some or all on-premises ERP applications in their postmodern ERP strategy are expected to reduce the cost of ongoing maintenance and support.
- Enterprises that plan a slower adoption of postmodern ERP strategies may struggle to justify the value received from the ERP application vendor for maintenance and support services on their aging on-premises ERP software.

Recommendations for ERP leaders with an SAP deployment:

- Understand and evaluate the options provided by Rimini Street and Spinnaker Support for their ERP application technical maintenance and support needs.
 - Make a fact-based decision about from where to source technical maintenance and support services, in order to gain the financial means to invest in modernisation.
- 3.4 It is anticipated that the product roadmaps for SAP will be static until the year 2025 and include no new major features. SAP is a company in transition as it shifts away from its core ERP platforms to become a cloud and platform-based service provider.

3.5 SAP clients using stable and mature ERP platforms continue to evolve and grow by adding innovative and transformational solutions without waiting for SAP by:

- Maintaining the current SAP version that works for the business
- Adding new capabilities including Human Capital Management (HCM) and Procurement
- Redeploying key resources towards strategic IT projects

4. ENFIELD'S BUSINESS NEEDS

Enfield needs to ensure that they have full support for SAP IT system. This is the council's ERP system and as such is crucial to ensure the council's financial transactions are appropriately reported.

The support from SAP for the system largely consists of the supply of upgrades, statutory changes and bug fixes for the software.

As mentioned previously SAP plan no major new features to SAP until 2025. The major requirement for Enfield is to ensure statutory changes are undertaken and that any software bugs are fixed.

5 ALTERNATIVE OPTIONS CONSIDERED

Continuing with SAP's current support arrangements, however, the service offered by the alternative providers, matches if not exceeds the current support offered by SAP. The savings identified are substantial for very little identified risk.

6 REASONS FOR RECOMMENDATIONS

The alternative provision recommended provides Enfield Council with the support they require for SAP going forward but at a substantial cost saving.

The support that is offered by the alternative providers includes:

- Personalised update packages with all updates tailored to our specific deployments.
- Timeliness – The updates for legislative changes are delivered faster than those of SAP as they are specific to the customer.

This compares favourably to the distant support offered by SAP where changes are not client specific and require extensive testing to ensure they work with bespoke areas of coding.

7 COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES

7.1 Financial Implications

The cost of the proposed contract will be met from within the existing budget for the FG0227 cost centre

Any saving realised from this procurement will be utilised to address the budget pressures on the FG0227 IT cost centre.

7.2 Legal Implications

7.2.1 Section 111 of the Local Government Act 1972 gives a local authority power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The services from the IT companies/ contractors detailed and implementation of the project as proposed within this Report are incidental to the functions of the Council's departments and are intended to help ensure an effective IT support to the Council.

7.2.2 The Council also has a general power of competence in section 1(1) of the Localism Act 2011. This states that a local authority has the power to do anything that individuals generally may do provided it is not prohibited by legislation.

7.2.3 Following a mini-competition which has been conducted in accordance with the Crown Commercial Service (Enterprise Application Support Services Framework) - RM1032 Lot 2 ("Framework") the Council proposes to award the contract to Rimini Street. The Council must ensure it complies with the rules of the Framework especially in relation to contract award.

7.2.4 The Council's Constitution, in particular the Contract Procedure Rules ("CPR's") permit the Council to call-off from an existing framework as long as the framework terms permit such. The Council's Corporate Procurement Service has conducted due diligence on the use of the Framework, and is satisfied that the Council may procure such services, in accordance with the Framework.

7.2.5 The Council must comply with its Constitution, CPRs and as the contract value exceeds the EU threshold; it must also comply with the Public Contracts Regulations 2015.

7.2.6 The Council must comply with its obligations relating to obtaining best value under the Local Government (Best Value Principles) Act 1999.

7.2.7 Pursuant to CPR 21, for every contract exceeding £250,000 the Council is required to obtain a performance bond or a

parent company guarantee unless the relevant service Director and the Director of Finance Resources & Customer Services considers this to be unnecessary.

7.2.8 As the contract value exceeds £250,000 this is a Key Decision and the Council must comply with the Key Decision procedure. It has been confirmed that approval from the Procurement & Commissioning Board has been obtained as has ICT project approval.

7.2.9 All legal agreements arising from the matters described in this report must be approved in advance of contract commencement by the Assistant Director of Legal and Governance Services.

7.3 Property Implications

N/A

7.4 Procurement Implications

7.4.1 That in all cases procurement must follow contract procedure rules and EU regulations.

7.4.2 Any call off from a framework must be in line with the framework terms and conditions and that the framework must be legally compliant and be accessible by Enfield Council.

8. KEY RISKS

- If the time to undertake the procurement / service provider transition is delayed this is likely to lead to a period where the Council's SAP support infrastructure will be unsupported or running with a reduced level of support.
- If the transition timescale to the new supplier is delayed and this presents an unacceptable risk to service delivery the option of reinstating SAP support for a full or part year from will be considered.
- If the resources within the LBE to support the migration to the new supplier are overcommitted the risk of transition delays will need to be mitigated.
- The risks associated with not requiring the supplier to provide unlimited liability or a performance bond/ parent company guarantee have been evaluated, with the risks to the Council, including the liability levels set in the framework being felt to be adequate.
- Identified risks will be monitored throughout the course of the transition to the new supplier.

9. IMPACT ON COUNCIL PRIORITIES

9.1 Fairness for All

N/A.

9.2 Growth and Sustainability

N/A.

9.3 Strong Communities
N/A.

10. PERFORMANCE MANAGEMENT IMPLICATIONS
N/A

11. HEALTH AND SAFETY IMPLICATIONS
N/A

12. PUBLIC HEALTH IMPLICATIONS
N/A

Background Papers

None