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**London Borough of Enfield
[Committee Name]**

Meeting Date

Subject: Award of Children services system (Hosted) Contract
Cabinet Member: []
Executive Director: Fay Hammond

Key Decision: [5418]

Purpose of Report

This report seeks the approval to award the contract and is for the existing children's systems that are being provided by LiquidLogic Limited.

Proposal(s)

1. To award a contract to LiquidLogic Limited for an annual contract value as set out in the restricted appendix via a direct call off from the Crown Commercial Service (CCS) framework RM6821 Lot 3c: Community Health and Social Care for the existing Children services system to be hosted.
2. To enter a contract with LiquidLogic Limited for an initial term of three (3) years with the option to extend for two further terms of one year each.

Reason for Proposal(s)

3. The LiquidLogic system is used to support delivery of Children's Services in the council. While the application is robust, there have been issues with slow response times and on occasion the need for the service to use the system out of hours (classed as between 6pm and 8am Monday to Friday and all-day Saturday and Sunday).
4. Enfield's own hosted environment is in Cloud (Azure) and supported by the internal team. The existing application while stable, has both issues with response speeds and no dedicated out of hours support.
5. By moving the application into LiquidLogic's own hosting environment, this will enable both the improved response speeds and dedicated out of hours support. The increased costs will be offset by removing the application from the Azure environment, which will reduce the storage required which will enable a reduction in spending on storage.

6. The cost of the application remains the same, and there is a very small saving on storage costs compared to hosting in Azure which will help fund the relatively low out of hours support cost. This is also likely to be offset by reduced requirement to pay one off support costs via overtime.
7. In addition, we will take the opportunity to add in annual support packs to the contract, rather than the current process for purchasing individually. This will provide a reduced cost compared to one off purchases and predicted use is based on previous purchases.
8. Overall, the increase in costs per annum will be around £10,000 for a quicker service with out of hours support and inclusion of a 15-day service pack support annually.

Relevance to the Council Plan

All aspects of the Council's plan are supported by provision of secure, robust and flexible Digital Service provision. This enables all service provision.

Background

9. The main reason for changing the Hosting is to prevent unnecessary system downtime due to instability of the application running on our Azure environment.
10. This is a critical system as it is used for children services and needs to be stable and available in line with service requirements. There is a risk if we don't move to the hosting that the system will continue perform less well than it could.
11. To replace an existing application and implement it, migrate to it, and decommission, will take 2 to 3 years. This award is to allow enough time to look at the market and replace it in 3 years if applicable. The key deliverable for this contract is to improve the response time and reliability of the current system.
12. The main reasons for recommending the award of this contract are:
 - Improved resilience, support and response times
 - Introduction of out of hours support as required by the service users
 - Small cost reduction in storage costs
 - Opportunity to align contract terms and conditions to DS Strategy
 - Time Frame to look at all Children's and Adult Service Applications against the application rationalisation plan

Main Considerations for the Council

13. The Council's Digital Strategy is to ensure applications are available to support service delivery at any time and on any device. By moving this application into the supplier's hosting environment this will ensure that the system is available longer and works better.
14. The proposal in this report is to award a call off contract via a direct award to LiquidLogic Limited via Lot 3c of the Crown Commercial Services' Framework: RM3821 Data and Application Solutions (DAS)
15. The Framework permits contracting authorities to call of via direct award to one of the suppliers on the framework.
The Framework allows direct award call offs where:
 - The requirement is intrinsically linked to a system already within the customers organisation.
 - The product is on the Government eMarketplace.
 - Framework Schedule 6 Order Form will need to be signed by both parties.

Safeguarding Implications

16. N/A

Public Health Implications

17. N/A

Equalities Impact of the Proposal

18. Equalities impact assessment is not required as we are not changing the current system.

Environmental and Climate Change Considerations

19. The key change is that the application will now be hosted in the suppliers' own data centre. The supplier is compliant with UK sustainability and ethical standards, which is supported as a requirement of the Crown Commercial Services Frameworks.

Risks that may arise if the proposed decision and related work is not taken

20. The application will continue to work as now which means less stable system and no dedicated out of hours critical cover.

21. The council may not achieve the Azure storage saving based on our estimated use.

Risks that may arise if the proposed decision and related work is taken

22. The application hosting does not provide the benefits as expected. This will be mitigated by robust contract and supplier monitoring.

23. The framework does not require a security guarantee, however the council's contract procedure rule requires one. This will be mitigated by the provision of the supplier's financial report to demonstrate their ability to deliver the contract.

Legal Implications

24. The Council 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 and subject to public law principles. There is no express prohibition, restriction or limitation contained in a statute against use of the power as recommended in this report. Section 111 of the Local Government Act 1972 further 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 matters outlined in this report are incidental to the functions of the Council's departments.

Use of a legally compliant framework agreement where the Council is identified as a Contracting Authority able to use the framework is permitted under Reg 33 of Public Contracts Regulations 2015 (PCR 2015). Additionally, the Council's Constitution, in particular the Contract Procedure Rules ("CPRs") state that Frameworks, where they exist, should be used provided Best Value can be demonstrated and managers are required to retain sufficient evidence to demonstrate compliance.

Regulation 33(6) PCR 2015 provides that contracts based on frameworks may under no circumstances entail substantial modifications to the terms laid down in that Framework. Consequently, the terms of the call off contract must be consistent with the framework terms. The call off contract must further be signed under seal and be in a form approved by the Director of Law and Governance.

The contract award must be in accordance with the process for direct award set out in the Framework agreement and the terms of the call off contract must be consistent with the framework terms.

Consequently, a direct award can only be made if (i) Best Value can be demonstrated; (ii) it is permitted by the rules of that Framework; and (iii) the rules of the Framework on direct award are complied with.

This decision is a Key Decision and the Key Decision process in the Constitution must be complied with prior to award of the award.

The Service Department must ensure that sufficient security is obtained for any contract with a value above £1,000,000 in accordance with CPR 7.2. CPR 7.4 provides that where the supplier cannot provide security, but the Council has no acceptable alternative provider or has decided to accept the level of risk, then the Executive Director of Resources must approve the financial risk prior to any award with the relevant Authority Report setting out the reason why it is proposed that the contract should be awarded despite absence of security and what measures are to be taken to manage this risk.

[Legal implications provided by Zainab Salim circulated on 11/02/2022]

Procurement Implications

25. Any procurement must be undertaken in accordance with the Councils Contract Procedure Rules (CPR's) and the Public Contracts Regulations (2015).

The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract. The management of this call off must be done via the London Tenders Portal in order to create a contract record.

All awarded projects must be promoted to Contracts Finder to comply with the Government's transparency requirements.

It is expected that this contract be properly managed, and that the LTP used to upload contract information, and that it comes to the board in a timely manner when renewal is needed, to allow time for a proper market consultation and procurement exercise if needed for re-provision.

The use of the Crown Commercial Services' Data and Application Solutions (DAS) Framework is compliant with using RM3821 (the Framework) Lot 3.

The Framework allows direct award call offs where:

- The requirement is intrinsically linked to a system already within the customers organisation
- The product is on the Government eMarketplace
- Framework Schedule 6 Order Form will need to be signed by both parties

5-year maximum call-off contract duration is also allowed.

In this instance we meet the framework requirements in that the system is intrinsically linked to a system already within the customer organisation.

Procurement notes that the service is looking for a 3 +1+1 term contract. This is permissible under the terms of the framework. The framework allows for up to a 5-year term. Therefore, at the end of this contract, the service will need to carry out another procurement if it wishes to continue to use this application.

Procurement Services also recommend a review of the service at 2 years to see if the extension is likely to be taken, as they will need to start a new procurement at this point if not.

In line with the council's Ethical and Sustainable Procurement Policy, the framework meets sustainability requirements in that it is a government provided framework and is compliant to Government Buying standards. The equipment used will be ethically sourced and will be responsibly disposed of at end of life. As this is a framework the council is governed by the framework terms and conditions, and therefore the ability to negotiate additional social value is limited.

Given the value and the risk associated with this application should it be unavailable. Digital Services need to have a monitoring and contract management schedule in place. Evidence of contract management must be stored in the LTP for audit purposes.

Provided/updated by Claire Reilly on 8/03/2022

Options Considered

26. Do nothing. This would not achieve the outcomes required.

27. To look at alternative applications. There would be insufficient time to identify alternatives and implement them before the current contract ends. The new contract timeline allows time to look at alternatives before the next contract is awarded.

Conclusions

28. The digital services strategy is to ensure services are available anywhere and anytime.

In addition, services will be delivered through the Cloud as default. By moving the current application into the cloud this will improve performance, availability and out of hours support.

This also provides digital services with the option to review the market during the contract lifetime.

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Date of report:

Appendices

Restricted Annex (Confidential Appendix)

Background Papers

The following documents have been relied on in the preparation of this report:

None

29. Restricted Annex (Confidential Appendix)– Not for Publication –

The following items are not for publication as they relate to the following category of exempt information as specified under paragraph 3, Part 1 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).

This report seeks approval to award a 3-year contract plus 1 year plus 1 year extension for the Children services system.

The current system has been running in Enfield since 2008 and the current contract will expire on 31st March 2022.

Having been unable to address above mentioned issues internally, we have asked the supplier to come up with a solution to address these issues, and they have proposed that they take over the hosting of the system and can provide out of hours support.

To put this into place, this would require a move to a 3-year contract (with 1 plus 1 extensions), replacing the existing annual contract which is due to end in March 2022. This contract would be terminated before awarding the new contract to avoid dual running costs.

Breakdown of costs

Current arrangement	Provider	Annual Cost
Liquid Logic application	LiquidLogic	£ 109,026
Azure Storage in	Civica	£ 110,000

the cloud		
	Within DS via overtime @ £23.12ph (400 hours pa including on call every day and fixing between 6 to 8 out of hours calls per year)	
Out of Hours		£ 9,248
Total		£ 228,274

New arrangement	Provider	Annual Cost
Liquid Logic application	LiquidLogic	£ 99,026
Storage hosting	LiquidLogic	£ 106,600
Out of Hours	LiquidLogic	£ 10,000
Annual Service Support pack	LiquidLogic	£ 13,950
Total Annual cost		£ 229,576
One/off cost	LiquidLogic	£ 37,000

The new contract is a direct award to LiquidLogic at a value of up to £1,184,878 for 3 years with 1 year + 1 year extension options. This is made up of an annual cost for 5 years (3 plus 1 plus 1) of £229,576 totalling £1,147,880 plus a one off cost of £37,000.

RPI% will be added to the total amount annually from year 2 onwards. Please note any reimbursable expenses to the supplier which if happens, we will seek separate approval for this spend.

The payment is annually in advance.

The removal of the application from the Azure Cloud is permitted under the existing Civica/Microsoft contract, since this is based on a minimum spend and remaining costs billed by the month in arrears.

Breakdown of one-off cost as Implementation cost:

Item	Cost
Hosting setup cost	£ 12,000
Database move to hosting environment	£ 22,000
Networking setup cost	£ 3,000
Total One-Off Costs	£ 37,000

Below is the breakdown of the total cost for each year:

Module - Support & Maintenance	Year 1	Year 2	Year 3	Year 4 (This is +1 contract extension)	Year 5 (This is 2 nd + 1 contract extension)

Children's Delegation Portal	£5,522	£5,522	£5,522	£5,522	£5,522
Legal Workspace	£1,186	£1,186	£1,186	£1,186	£1,186
CSE Workspace	£1,186	£1,186	£1,186	£1,186	£1,186
Allegations Workspace	£1,187	£1,187	£1,187	£1,187	£1,187
EHM	£15,132	£15,132	£15,132	£15,132	£15,132
Adoptions	£7,538	£7,538	£7,538	£7,538	£7,538
Wisdom Integration	£4,776	£4,776	£4,776	£4,776	£4,776
Wisdom Integration Enhancements	£2,320	£2,320	£2,320	£2,320	£2,320
LCS	£28,652	£28,652	£28,652	£28,652	£28,652
BO Universe	£7,545	£7,545	£7,545	£7,545	£7,545
LCS Integration	£3,773	£3,773	£3,773	£3,773	£3,773
ETS	£6,995	£6,995	£6,995	£6,995	£6,995
Troubled Families Workspace	£903	£903	£903	£903	£903
Number Loader	£913	£913	£913	£913	£913
Children's Portal	£11,398	£11,398	£11,398	£11,398	£11,398
Out of hours Service	£10,000	£10,000	£10,000	£10,000	£10,000
15 Days annual support pack	£13,950	£13,950	£13,950	£13,950	£13,950
Annual hosting cost including separation of test and live environments	£83,200	£83,200	£83,200	£83,200	£83,200
Annual Networking Dual Line Costs	£23,400	£23,400	£23,400	£23,400	£23,400
Total Annual Cost	£229,576	£229,576	£229,576	£229,576	£229,576

Financial Implications

30. The cost of the implementation is £37,000 which is a one-off cost and will be managed within the Digital services contracts budget (FG0227). The annual cost of £219,026 for LiquidLogic is expected to increase by £10,000 and also will need to be absorbed within the Digital services contracts budget.

The increased annual cost includes an out of hours provision in the contract as well as annual service support pack (15 days).

The additional cost of RPI will be funded corporately.

Provided by Omar Syed on 11/02/2022- 23/02/2022

Legal Implications

31. The value of the contract is above the applicable procurement threshold (£213,477 inclusive of VAT) which means that contract award is caught by the Public Contract Regulations 2015 ('PCR') and the full rigours of Part 2 of the PCR will apply. This means carrying out a competition unless it is a call off via direct award in accordance with the terms of a valid framework or the relevant exemption below applies.

To call off from a framework via direct award (without carrying out a mini competition) as recommended in this report, a contracting authority must use the terms of the framework including the prices submitted by the supplier under the framework. To mitigate the risk of challenge, it is advised that the client department should use the prices on the framework to calculate the annual contract price in this report. Failing that, the award is at risk of challenge on the grounds that it is a direct award without competition and an extension of the term of a current contract with the supplier. If challenged, the Council will have a defence if it can demonstrate that the award falls within the exemption under regulation 32 PCR.

Regulation 32 provides that a contract can be directly awarded where:

2(a) no tenders, no suitable tenders, no requests to participate or no suitable requests to participate have been submitted in response to an open procedure or a restricted procedure, provided that the initial conditions of the contract are not substantially altered and that a report is sent to the Cabinet Office where it so requests.

(b) the works, supplies or services can be supplied only by a particular economic operator for any of the following reasons:

(i) the aim of the procurement is the creation or acquisition of a unique work of art or artistic performance,

(ii) competition is absent for technical reasons,

(iii) the protection of exclusive rights, including intellectual property rights,

but only, in the case of paragraphs (ii) and (iii), where no reasonable alternative or substitute exists, and the absence of competition is not the result of an artificial narrowing down of the parameters of the procurement.

The circumstances of the award of this contract does not fit into any of the PCR 32 exemptions listed above (which case law has shown to be narrowly construed by the Courts). Accordingly, if the framework prices are not used to calculate the

contract price and award the contract, the Council will not be awarding the contract in accordance with the terms of the framework and must be mindful of the procurement risks.

Legal Implication provided by Zainab Salim on 11/02/2022