

RECORD OF EXECUTIVE DECISION TAKEN BY AN EXECUTIVE MEMBER OR OFFICER

This form can be used for any decision but **MUST** be used to record:

- any decision taken by the Elected Mayor or an individual Councillor
- a key decision taken by a Council Officer

In these circumstances the form must be completed and passed to the Head of Members' Services no later than NOON on the second working day after the day on which the decision is taken. No action may be taken to implement the decision(s) recorded on this form until 7 days have passed and the Head of Members' Services has confirmed the decision has not been called in.

1. Description of decision

- (a) To revoke Decision 1064 for the approval of the acquisition of the replacement Electronic Case Management System from AzeusCare UK on the partnership basis outlined in the report;
- (b) To note that the requirements for competitive tendering have now been exempted as set out in the Legal Implications section of the report;
- (c) To approve the acquisition of the replacement Electronic Case Management System from AzeusCare UK on the partnership basis outlined in the report.
- (d) To approve the funding of the acquisition and implementation of the replacement Case Management System, in the sum of £128,000, from the established Transformation Reserve.

2. Date of decision

18th January 2013

3. Reasons for decision

This report recommends the revocation of Decision 1064 as that Decision had been taken without any prior formal exemption from the Competitive Tendering Requirements within Contract Procedure Rules. This report recommends the replacement of the current CCM Northgate electronic case management system for children's social care. The current system would require radical revision and amendments in order to provide a single system that enables the records of activity and evidence of safe practice as required by OFSTED. The proposal to replace the Northgate system with a new system designed and developed by AzeusCare UK is expected to provide a much improved safe alternative case management system that would enable the required progress in social work processes and practices to be realised. In addition this would be a much lower cost.

4. Alternatives considered and rejected

To have a competitive tender for the case management system but this was rejected for the reasons set out in the Authorised Officer's Decision.

5. How decision is to be funded

As set out in decision (d) the acquisition and implementation of the replacement case management system in the sum of £128,000 is to be funded from the established transformation reserve.

6. Conflicts of interest

Name of all Executive members who were consulted AND declared a conflict of interest.	Nature of interest	Did Standards Committee give a dispensation for that conflict of interest? (if yes give details and date of dispensation)

The Mayor has been consulted on this decision

N/A

Signed

D. Hodgson

Date

18th January 2013

Name of Decision Taker

MAYOR DAVID HODGSON

This is a public document. A copy of it must be given to the Head of Members' Services as soon as it is completed.

Date decision published:

21st January 2013

Date decision can be implemented if not called in:

30th January 2013

(Decision to be made exempt from call in.....~~YES~~ or NO.....)

Bedford Borough Council – Report to the Mayor

16 January 2013

Report by Executive Director for Children's Services, Schools and Families

Subject: CHILDREN'S SERVICES: REPLACEMENT ELECTRONIC CASE MANAGEMENT SYSTEM

1. Executive Summary

To consider the revocation of Decision No. 1064 (the acquisition of an alternative case management system for Children's Social Care) and to approve the authorisation of the same alternative case management system for Children's Social Care that effectively records case files, supports improved outcomes, including the requirements identified during the recent OFSTED inspection, and provides the capability to adapt to the requirements of future initiatives and Government directives in respect of the social care agenda. The requirements for Competitive Tendering for contracts below £100,000 within the appendix to Contract Procedure Rules had not been exempted before the report for Decision No. 1064 but this has now taken place as indicated within this report.

2. Recommendations

The Mayor is requested to consider the report and, if satisfied, to:

- (a) Revoke Decision 1064 for the approval of the acquisition of the replacement Electronic Case Management System from AzeusCare UK on the partnership basis outlined in the report;**
- (b) Note that the requirements for competitive tendering have now been exempted as set out in the Legal Implications section of the report;**
- (c) Approve the acquisition of the replacement Electronic Case Management System from AzeusCare UK on the partnership basis outlined in the report.**
- (d) Approve the funding of the acquisition and implementation of the replacement Case Management System, in the sum of £128,000, from the established Transformation Reserve.**

3. Reason for Recommendations

This report recommends the revocation of Decision 1064 as that Decision had been taken without any prior formal exemption from the Competitive Tendering Requirements within Contract Procedure Rules. This report

recommends the replacement of the current CCM Northgate electronic case management system for children's social care. The current system would require radical revision and amendments in order to provide a single system that enables the records of activity and evidence of safe practice as required by OFSTED. The proposal to replace the Northgate system with a new system designed and developed by AzeusCare UK is expected to provide a much improved safe alternative case management system that would enable the required progress in social work processes and practices to be realised. In addition this would be a much lower cost.

4. Key Implications

Legal Implications

- 4.1 The compulsory competitive tendering requirements under the Public Procurement Regulations 2006 for "Part A Category Services" (which includes local government application solutions such as that offered by AzeusCare UK) has a threshold of £173,934 below which competitive tendering is not required. As the actual consideration for the contract would be £90,000, it is under the threshold mentioned. The Regulations do still apply in relation to fairness and transparency for contracts below the threshold and the Council has complied with these requirements in the way in which it has considered what other systems are available and the fact that this report is in the public domain.
- 4.2 The Council's Contract Procedure Rules apply in full to contracts whose value is £100,000 and above. Different requirements apply to contracts with a value of less than £100,000 and these are set out in Appendix A to Contract Procedure Rules. For contracts of a value between £10,000 and £99,999, there is a requirement to invite at least three private contractors or suppliers to submit written quotations unless the relevant authorised officer has approved an exemption from this requirement. Contract Procedure 4 sets out the circumstances in which exemptions may be granted which include.
- (1) where the authorised officer considers that one or more of a number of specified circumstances apply or, for other reasons, that "there would be no genuine competition. A note must be recorded on the appropriate file and a copy of that be provided to the Head of Financial Strategy and Review."
 - (2) where the authorised officer, following consultation with the Assistant Chief Executive (Governance) and the Head of Financial Strategy and Review and then the Mayor or the relevant portfolio holder, provides full details why that authorised officer considers that either the contract is required to be entered into so urgently as not to permit tenders to be invited or for some other reason it would not be in the interests of council taxpayers to seek competitive tenders and provides full written details to the Head of Financial Strategy and Review.
- 4.3 As the Council has received an offer which appears to be considerably better than could be achieved following a competitive tendering process the

authorised officer has concluded, following due consideration, that an exemption to the requirement to seek at least three written quotations was justified under Contract Procedure Rule 4.1(a) and also on the grounds that there would be no genuine competition it would be in the interests of council taxpayers for the purposes of an exemption under Rule 4.1(b). The due processes required by Contract Procedure Rules had not been completed at the time decision 1064 was taken. However, they have now been carried out and the decision has been exempted from the Competitive Tendering Requirements of Contract Procedure Rules. For the avoidance of any doubt, it is considered prudent to seek a fresh decision. A copy of the decision of the authorised officer to exempt this decision from the contract procedure rules requirement for competitive tendering is set out in **APPENDIX A**.

4.4 Policy Issues

There are no policy issues directly relating to the acquisition of the alternative software solution.

4.5 Resource Implications

The key resource implications in relation to the acquisition, conversion and implementation of the new Case Management System are as follows:

- (a) Licence Costs: There will be a “one-off” enterprise license cost of £20,000 to the authority (this is a one off cost and provides for use of the software by the Council until such time as the solution is no longer used by the Council). Oracle licenses will also be required in relation to the data base platform and business intelligence tools required. There will be a one-off cost of £3,000 and an on-going maintenance cost of £4,500 per annum.
- (b) Data Migration Costs: Azeus have confirmed that the cap on all data migration is £20,000 covering the conversion of all open cases from the current Northgate solution to Azeus, and the conversion of all closed cases. A further allowance of £20,000 is recommended as a contingency for consultancy days from Northgate in relation to complex cases and records in the conversion process.
- (c) Maintenance and Support costs: As with all software solutions there will be an ongoing annual support and maintenance cost. The proposal provides for this becoming payable after 3 years at an annual cost of £25,000. Prior to entering into the Maintenance and Support costs the Council is able to terminate the contract at no cost to the Council.
- (d) Hardware Costs: There are additional server and infrastructure requirements with an estimated cost of £25,000.
- (e) Implementation Costs: Azeus are offering, as part of the partnership arrangement, to provide a “Gold” standard implementation service, described below, and this should facilitate an effective transition and minimise resource input from the Council. The sum of £64,000 is

already earmarked as part of the “one-off” investment required to support the implementation of the Early Help Strategy and, in particular, to support the transition to the new IT solution. In addition, it would be prudent to allocate the sum of £30,000 to provide the necessary IT support capacity during the implementation phase.

It is recommended that the additional “one-off” implementation costs, totalling £128,000 (i.e. over and above the £64,000 already identified for resource in the Children’s Services, Schools and Families Directorate), is funded from the established Transformation Reserve. It will be necessary to maintain the existing system operational until the new system is fully implemented, including an appropriate period of parallel running, and it is expected that in the medium term the ongoing costs for the new solution will not exceed the costs associated with the current Northgate system.

The actual consideration for the contract with AzeusCare UK would comprise a total payment by the Council of £90,000 itemised within (a) to (c) above namely the one-off licence cost of £20,000, data migration costs of £20,000 and years 4 and 5 maintenance costs of £25,000.

In return for becoming an AzeusCare Development Partner the Council will:

- By acting as a reference site, derive 3% of the gross value or 7% of licence costs of future UK contracts by AzeusCare or any successor body over the next 3 years.
- Need to provide some resource to support the mapping of local processes and to support decision making in those processes, and;
- Commit to being a reference site for the Company in all future tenders for a minimum of 3 years.

AzeusCare UK are offering their Gold Implementation Service free of charge, which amounts to installing the system on behalf of the authority. To buy that service, plus using existing internal resource, the implementation costs would be in the region of £100,000. Implementation includes:

- Business Implementation Consultant
- Project Manager
- Technical Deployment Consultancy and Support
- Change Management Support
- Data Migration Consultant
- Reporting Consultant
- Testing consultancy
- Direct Training
- Integration consultancy

The implementation of a replacement CCM system is not on the current ICT work plan, consequently this will need to be reviewed.

Risk Implications

4.6 The following risks would need to be considered in relation to the proposed software associated with entering a development partnership with AzeusCare UK. These include:

- (a) Risk - *AzeusCare UK system cannot provide the necessary solution* - Full testing has been carried out and it is considered that it can provide the high quality service necessary and that it will be operational within 5 months of the approval coming into force.
- (b) Risk - *AzeusCare UK developed solutions would no longer be supported, whether through a failure to establish a UK market share or otherwise.* To cover what is considered to be an unlikely eventuality, a guarantee of performance is to be provided by the “parent” company of AzeusCare UK, Azeus Systems Holdings Ltd. The actual financial risk to the Council during the first three years, even without the parent Company guarantee, would only be £40,000 as payments for years 4 and 5 maintenance costs of £25,000 would not have become payable.
- (c) Risk – *AzeusCare UK have not yet been awarded a contract following tender processes for their children’s case management system.* However they have been awarded a contract with East Sussex for the SEND pilot work and work has commenced. They have also delivered two projects for the London Borough of Camden, including one for the Children and Young People’s Services. The latter is a public site for citizens with stringent audit and security compliance requirements. They delivered a project for a Learning Disability site for Gloucester too.

The Case Management application is currently fully operational in Hong Kong across the Social Work Department covering Children’s and Adults.

The developed solution already contains a baseline of processes, covering all elements of children’s social care from Duty and Assessment, Children in Care, Children with Disabilities, Looked After Children and Safeguarding. The application comes with

- A Rules Editor – capturing business logic of service goals
- A Workflow Designer – customising system workflow to meet national and local standards
- A QuickForm tool – to allow local customisation of forms and screens
- QTool – ad-hoc query/reporting facility for non-standard reporting

These tools will be used to refine the baseline system to meet Bedford's own local form, workflow/process and reporting requirements to enable the new system to be operational 5 months after the purchasing decision.

- (d) Risk - *The Council would be accused of having a financial interest in any future awards of contracts by AzeusCare UK as a result of references to be given by the Council.* The Council would be open and transparent in the future about its relationship with AzeusCare UK and it would only give a reference that was it considered to be fully correct. The Council proposes to ensure that it has an excellent operational product for its own needs at first and this could then be reflected in the reference that it would provide. In the unlikely event that the product had any elements of poor performance this would accordingly be matched within the reference to be given.
- (e) Risk - *The Council will need to develop an appropriate supplier engagement strategy with Northgate, the current system provider.* The ongoing relationship with Northgate is important as the Company is (i) the provider of the existing software solution (that will be required until the Azeus system has been fully tested in the operational setting) and (ii) the provider of a number of software solutions across the Council's key service areas (i.e. they still, for example, supply the case management system in Adult Social Care). The Northgate system will run parallel to the Azeus system initially until the Azeus system has been fully tested and implemented.

4.7 Environmental Implications

There are no environmental implications.

4.8 Equalities Analysis

In preparing this report, due consideration has been given to the Borough Council's statutory Equality Duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations, as set out in Section 149(1) of the Equality Act 2010.

A relevance test for equality has been completed. The equality test determined that the recommendations contained within this report have no relevance to the Council's duty to eliminate unlawful discrimination, advance equality of opportunity or to foster good relations. An equality analysis for this report is therefore not needed.

5. Details

Background

- 5.1 Children's social care currently operates two key information technology systems; Objective for electronic document records management (system) (EDRMS) and Northgate as a case management system (CCM). The CCM system was acquired by the former Bedfordshire County Council and continued to be deployed for use by both the Borough Council and Central Bedfordshire Council following local government reorganisation on 1 April 2009. It has continued to be developed in line with system upgrades issued by Northgate since 2009 in order to meet the Council's requirements.
- 5.2 Whilst the Council has continued to adapt the Northgate system in the short term, it has been recognised by the Directorate that an alternative long term solution should be sought to provide the Council with an appropriate solution to deliver efficiency improvements and work practices more conducive to the current needs of the service.
- 5.3 The Ofsted inspection, in particular, identified that "the electronic recording system does not support social workers in their practice".... and that,"progress is hampered by the inefficiencies of the electronic system". Ofsted also identified the need for greater end user understanding of the Northgate system (the users of the system know and understand its functionality and how to use it effectively).
- 5.4 Central Bedfordshire has recently made the decision to replace the Northgate product with an alternative system to address the same "inherited" issues.
- 5.5 It is essential that steps are taken to move forward with an appropriate case management system. The Directorate of Children's Services, Schools and Families has, therefore, defined the critical requirement in order to deliver the benefits required for this critical area of service delivery. Normally the council would be legally required to have a compulsory competitive tendering for any case management system of this magnitude but as is explained in the legal implications this is not necessary in this instance as the consideration of £90,000 is under the threshold of £173,934 below which there is no obligation for any competitive tendering. In addition the Executive Director for Children's Services, Schools and Families who is an "authorised officer" for the purposes of Contract Procedure Rules has approved (see Appendix A) the exemption from the Council's own requirements for competitive tendering.

AzeusCare UK

- 5.6 AzeusCare is a leading IT provider based in Hong Kong and the Philippines that provide a comprehensive social care software solution incorporating systems (process) flexibility built on simplified processes. Its philosophy is to create a system that supports improved outcomes, that offers accessible technology and is agile and adaptable. It has an extensive track record of developing large and complex IT systems for the Hong Kong Government. AzeusCare UK are also working within several UK Local Authorities on specific applications to support existing systems.

5.7 AzeusCare UK's implementation focus is to simplify essential tasks whilst recognising that delivering social care is complex. Consequently the solution caters for diverse requirements but minimises the burden of repetitive bureaucratic tasks. It offers the following capabilities:

- **Fully integrated social care case management and finance system that supports the entire process** – from initial contacts and referrals to assessments, supports plans and service provision to case audit and review, case transfers, case closures and case reactivation;
- **Financial Management** – includes scheduling of services and payment releases, invoicing, claw-back, budget management at individual case level and management level;
- **Efficient information sharing in a secure environment** – provides security at a variety of levels and meets data protection and consent needs.
- **Multi-agency working and integration with other systems** – supports secure ad-hoc access from partner organisation and independent reviewers. It allows practitioners and representatives from partner agencies to complete Microsoft Word documents and upload them to the system as structures data;
- **Fully mobile and remote working off-line options** – provides a simple, but highly secure way to capture and access real-time information via an iPad (or equivalent) application that supports face to face assessments and home visits;
- **Integrated dashboard and tabular reporting** – meets and responds to the latest statutory reporting requirements, provides case reports from individual case summaries, aggregates case data, produces outputs for court, case load and performance monitoring reports;
- **Flexibility for local innovation and adaptability for future changes** – new Government initiatives and directives;
- **Family based records** – creates and manages family-based assessments, support plans and reviews;
- **Case Chronology** – develops comprehensive family histories, using information from individual case chronologies;
- **Key information at a glance** – user friendly screens and uses locally configurable reports and dashboards.

The Recommended Proposal

5.8 AzeusCare UK are seeking a reference site in the UK and are offering a partner Local Authority the opportunity to implement their product at a significantly reduced implementation cost. The implementation plan is

predicated on developing the AzeusCare UK solution in parallel with the Council using Northgate to minimise implementation risks. This will have resource implications in terms of staff developing and implementing the new system, but the outcomes are deemed to outweigh the resource inputs.

- 5.9 Consideration is to be given to the ongoing relationship with Northgate as (i) the provider of the current software solution and (ii) the provider of a number of software solutions across the Council's key service areas.

Potential Benefits

- 5.10 It is considered from the research and analysis undertaken that the proposal offers the following benefits:

- It would provide the authority with a safe system;
- It would meet the requirements of OFSTED and much more as it would adapt to meet future initiatives and Government directives as they develop. (i.e. Troubled Families agenda; SEND – for which Azeus have been awarded a contract with East Sussex);
- The system is flexible so that the authority can influence the design and functionality to suit its specific needs without compromising future upgrades and support;
- It will potentially give more capacity for face to face work with families;
- One system where the recording on case files can be consistent and can effectively evidence case work and management oversight and demonstrate the 'journey and experience of the child';
- There is a minimum cost to the Local Authority for a product with leading edge technologies that support the need for local innovation and the development of integrated services;
- There is a financial return, by acting as a reference site, equivalent to 3% of the gross value or 7% of licence costs of future UK contracts by AzeusCare or any successor body over the next 3 years.

ICT Implications

- 5.11 There are a number of ICT implications that will need to be addressed as the implementation project progresses:
- Clear strategy for (i) data population and (ii) wind down of Northgate if this should be the case;
 - Joint working between the existing Northgate systems administration team to ensure equivalent roles in the new system are understood;
 - Data access protocols, especially where this relates to partners outside of the Council;

- Remote working recognising that the Council is a Microsoft house;
- Integration of electronic data records management with Objective (being the Council's EDRMS solution);
- Extension of the Oracle platform (additional servers and Oracle database licences).

5.12 The implementation of a replacement system is not on the current ICT work plan, consequently this will need to be reviewed. It has been agreed that there will be a rigorous project management approach to the design and implementation of the Azeus system, with Azeus committing fully to their Gold Implementation Service and which has the full support of both the business (Children's Social Care) and ICT to ensure that this work is a key priority to enable its successful implementation.

6. **Summary of Consultations and Outcome**

The following Council Units or Officers and/or other organisations have been consulted in preparing this report:

Portfolio Holders
Management Group
Finance & Corporate Services
Legal Services

No adverse comments have been received.

Report Contact Officers: *Margaret Dennison, Executive Director for Children's Services, Schools and Families
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File Reference: *1.2(a)*

Previous Relevant Minutes: *None*

Background Papers: *None*

Appendices: *Appendix A: Authorised Officer's Decision to Exempt the Competitive Tendering Requirement under Contract Procedure Rules*

AUTHORISED OFFICER'S DECISION TO EXEMPT THE PROPOSED CONTRACT WITH AZEUS FROM THE COMPETITIVE TENDERING REQUIREMENTS UNDER CONTRACT PROCEDURE RULES

Summary

This sets out the reasons why I, as the authorised officer, have decided to exempt the proposed contract with Azeus Care UK for the replacement electronic case management system from the Contract Procedure Requirements for competitive tendering.

Decision to Exempt

I hereby exempt the authorisation of replacement electronic case management system from Azeus Care UK from the Contract Procedure Rules Requirement for competitive tendering.

Reasoning for Decision

I do not consider that there should be any competitive tendering process having regard to the unique offer being made to the Council by Azeus. There are two reasons why Contract Procedure Rules should appropriately be exempted. The first one is that there would be no genuine competition as mentioned in Contract Procedure (CPR) 4.1(a)(viii) and the second is 'it would not be in the interests of council taxpayers to seek competitive tendering' for the purposes of 4.1(b). For the purposes of the second reason only, Contract Procedure Rules required that I consult firstly with the Assistant Chief Executive (Governance) and the Head of Financial Strategy and Review regarding my proposed decision and then with the Mayor or relevant portfolio holder. However, my reasoning for the two exemptions overlapped and so I sought comments for both.

My reasoning is based on the exceptionally low cost and therefore favourable terms offered by Azeus in relation to their unique offer of a developmental partnership approach combined with one off licence cost, capping the cost of migration, (which is a key issue in a recently acquired replacement system by a neighbouring authority), exceptionally low maintenance and support costs over a three year period, in addition to a "gold implementation" service that would facilitate an effective transition and minimise resource input from the Council, at a time when the service is having to make more savings and complete a sharp increase in practice effectiveness to meet revised regulatory practice standards.

The sort of cost profile offered by Azeus in the proposed approach is well outside and very much less than any cost profile previously known to me in my experience over the past 8 years in various local authorities. I bear in mind that Azeus's approach is with a view to developing its profile in the UK market and it is partly for that reason that these uniquely favourable terms are being offered. Azeus Systems Holdings Limited, who are the parent company of Azeus Care UK, and who have assets of £6m and who have a case management application fully operational in Hong Kong across the social work department covering children's and adults, have

agreed to give a guarantee for the performance of their Bedford Borough contract. Azeus are able to provide a fully operational children's case management system within five months for the sum in effect of £40,000 (and with further future payments for maintenance costs in years 4 and 5 of £25,000).

Based on my experience, I do not envisage any established operator being willing or able to offer such terms and for these reasons, I consider that there would not be meaningful or genuine competition within the meaning of the Contract Procedure Rules should the matter be put out to tender.

I have been involved in senior management decision making and implementation of ICS in several local authority settings, and I have reached the following conclusion based on that experience. All systems currently in use in England have different strengths and weaknesses. The appeal to me of the proposed partnership with Azeus, apart from the fantastic value being offered, is the design and user-friendly characteristic in their system, the fact that it is fully integrated and supports the entire social work process and offers flexibility for local innovation and adaptability for any future changes.

This, combined with the opportunity to secure an immediate turnaround of system developments requested by Bedford Borough staff i.e. within 24 hours, which is also outside my experience to date, alongside the expert professional advice I've received, confirms my views. These are highly advantageous features of the Azeus solution which would be of great benefit to the service being provided, and I consider that it would be in the interests of service users for that solution to be adopted. Whilst a competitively tendered solution might feasibly provide some of these features (although I am not currently aware of any competitive systems that do) it would be highly unlikely to provide them all and in any event would not provide the other cost-related benefits mentioned above. Accordingly, I consider that it would not be in the interests of Council Taxpayers to seek competitive tenders in this particular instance.

I am aware of criticisms of Azeus regarding their current lack of any UK infrastructure. It is relevant to note in this regard that they have indicated that they are exploring the possibility of establishing their UK office within Bedford Borough as part of their partnership approach. [As well as providing a small but significant tangible logistical benefit in having the provider located nearby, this approach would mean that there would be a benefit to the community more generally in terms of potential business investment in the medium to longer term.] In any event, my dealings with Azeus indicate a professional and responsive outfit which is not disadvantaged by not currently being based in commercial accommodation.

Based on the above, I believe that the proposed partnership with Azeus has the potential to provide a solid basis for the service moving forwards, and that this is an appropriate case for my decision to invoke the exemptions set out above.

Margaret Dennison (Authorised Officer re Azeus Contract)
Executive Director for Children's Services, Schools & Families