



Report for: Cabinet

Date of Meeting:	19 December 2023
Subject:	Procurement of Education IT System
Key Decision:	Yes – Expenditure over £500k
Responsible Officer:	Patrick O'Dwyer, Director of Education
Portfolio Holder:	Cllr Hitesh Karia – Portfolio Holder for Children's Services Cllr Stephen Greek – Portfolio Holder for Performance, Communications and Customer Experience
Exempt:	No – except appendix B is exempt by virtue of paragraph 3 of part 1 of schedule 12 a of the Local Government Act 1972 as amended in that it contains financial information of a commercially sensitive nature.
Decision subject to Call-in:	Yes
Wards affected:	All wards
Enclosures:	Appendix A : Business Case – Procurement of Education System Appendix B: Financial Information (Exempt)

Section 1 – Summary and Recommendations

This report sets out options for the Education IT system in the context that the current contract period ends on 31st March 2024.

Recommendation:

That the Director of Education, and the Assistant Director of Digital, Data and the Customer Experience, following consultation with the Portfolio Holder for Children’s Services and the Portfolio Holder for Performance, Communications and Customer Experience, be authorised to approve the award of a contract by way of direct award for 3 years for Capita One Education Management IT system, with an option to extend for a further 2 years, via the Kent Commercial Services (KCS) Framework or other appropriate procurement route, the total value of the contract is £926,000, including the optional extensions.

Reason:

This recommendation provides a comprehensive and integrated Education System that gives the best value for money for the local authority. It also best meets the needs of the users of the Education IT system across Education Services and the People Directorate over the next 3 to 5 years.

The decisions to extend for years 4 and 5 are separate and will be based on system performance and market review. The work to assess this will be carried out with sufficient time to allow for market testing, should that be deemed necessary.

Section 2 – Report

Introduction

The current contract with Capita Education Services (CES) for its One Education Management System (One EMS), runs to 31st March 2024. This provides a set of integrated modules that give comprehensive coverage for the Council’s Education Services, including Admissions, Special Educational Needs, Educational Psychology, Sensory Services and tracking of achievement, attendance and exclusions in Harrow schools. In addition, as part of the same contract, CES provide an integrated Youth Offending System, and a stand-alone hosted system for Children Centres/Family hubs.

Around 2 years ago, the team began due diligence work in examining options for post 2023, which included liaison with other authorities using other Education systems and seeking information from alternative suppliers.

During this work, it was found that there is only one other supplier in the market that can offer the same level of coverage and integration across Education Services. Informal discussions were held with this supplier to understand the service they could offer and both the estimated cost of change

and the cost of ongoing services. The cost of change was also investigated with Harrow IT services and with other local authorities, leading to the estimates provided in the Business Case and Financial Annex.

Options considered

Note that each of the options follows a review of the market which began in 2021 and involved research of alternative suppliers and experience of other local authorities in both change and day-to-day use of different Education IT systems. The 'Do Nothing' option in this case means not doing anything as a result of this work, until contract expiry necessitates action:

1. Do nothing - does not meet service needs and would be likely to lead to a high cost, short-term extension.
2. Full market testing, with potential change of system - if leading to system change, and a similar level of service with a lower annual cost, would include cost of change that would mean an estimated return on investment would not be achieved until around the 10th year of the contract. This is not a viable timeframe in relation to software.
3. Entering into a new contract with Capita via a compliant framework agreement - provides the best value for money over the period and lowest level of risk, while continuing to deliver a known set of modules in support of Harrow's education and children services, with no cost of change or new integrations with local systems.

Option 3 is recommended and further details for each option are available within the attached Business Case.

Current situation

The Education IT system is currently provided by Capita, fully hosted as 'Software as a Service' and is used throughout Education Services. It is also the main system for the Youth Offending Team and used as a secondary system throughout other areas of Children Services. The contract also covers e-Start, a stand-alone registration system for Children's Centres/Family Hubs

Why a change is needed

The current contract with Capita expires on 31 March 2024. It is vital that Education Services has a reliable and comprehensive IT system to support its activities.

Implications of the Recommendation

The recommendation is to enter into a contract with Capita Education Services, which will meet Education IT needs for the next 3 years. In the second year of this contract, a market assessment will be carried out to determine the offer available from other suppliers, and to see if new suppliers have entered the market. The quality of service and value for money of the proposed contract will be kept under scrutiny throughout the period, and will inform any decisions around extensions or market testing.

Performance Issues

A wide range of performance information relating to educational achievement, attendance, exclusions, SEND, Youth Offending and Children's Centres is generated from the One EMS (and eStart) systems. An integrated system with versatile reporting capabilities is necessary to support monitoring and improvement across education in the Borough.

In terms of the performance of the system, an improvement programme is in place for elements of the current provision, in particular around improving accessibility while maintaining security (single sign-on and multi-factor authentication) and progress in upgrading the Admissions module. These areas have formed part of the contract discussion and will remain priorities for improvement.

Environmental Implications & Social Value

A social value statement is appended to the contract which describes Capita's commitment to reducing its environmental impact, and specifically to achieve full net zero by 2035, with interim steps of 'operational net zero' by 2025 and 'operational + travel net zero' by 2030.

In addition to the environmental impact commitment, the statement also covers Capita's 5-year Responsible Business Strategy, and commits to discussing with the Council how Capita could provide social value in the borough, with examples given of digital skills training for residents, curriculum support in local schools and colleges or support to local voluntary and community sector organisations.

Data Protection Implications

There are no changes to the infrastructure or software associated with entering into the proposed new contract. Nevertheless, the impact assessment that was carried out at the transfer to cloud-based services in 2020 is being reviewed and updated with the Data Protection Officer and Cyber Security Manager. The proposed new contract coincides with the introduction of Wonde software for transfer of schools data, and this is being tested and reviewed to ensure compliant with data protection and security requirements.

Risk Management Implications

See risk section of Business Case. The main risk after mitigation is around the quality of service delivered by CES, and this will be a focus. A service charter and penalties for system down-time are included in the arrangement. There are currently fortnightly meetings with the supplier to track performance and priorities for improvement, and these will continue under the new contract.

Procurement Implications

This proposal has been developed with the Council's Procurement Team and is being established under the Kent Commercial Services (KCS) Framework, which meets competition requirements – see Business Case for further details.

The Intention is to direct award from external KCS procurement services, Managed services framework Ref: Y20023. The Framework user guide and the Form of Direct Award document details that the Council may direct award on the grounds of Continuity of existing goods/services from an awarded supplier.

The existing system already in use by The London Borough of Harrow namely "Capita One Education Software as a Service" is currently supplied by "Capita Business Services Limited". This contract was procured using the previous KCS Framework Ref: Y16018.

To ensure value for money the Council developed a Statement of Requirements in compliance with the Framework direct award procedure to engage with Capita Business Services Limited. The process ensured improvements over the period of the contract and value for money.

It is the opinion of the Procurement team (on behalf of the Head of Procurement) that the procurement process has been conducted compliant with the Public Contracts Regulations 2015 and the Council's Contract Procedure Rules.

The recommended provider namely "Capita Business Services Limited" has demonstrated their service meets the Council's requirements and allows best value. The Procurement team therefore fully support the recommendations made in this report.

Legal Implications

Regulation 33 of the Public Contracts Regulations 2015 allows procuring authorities to enter into contracts called off under existing framework agreements where the framework agreement allows them to do so.

The Contract Procedure Rules (CPRs) set out in the Council's constitution state that contracts awarded under a framework agreement only require a Cabinet report or Gateway 2 report for approval of award recommendations. In this instance a Cabinet report and approval is required given the contract's value.

Section 4.4 of the CPRs states that Framework Agreements that have been established by other Public Sector Bodies that are lawfully accessible to the Council should be used in accordance with the terms and conditions of the relevant framework agreement. The proposed contract would be entered into in accordance with the terms and conditions of the framework agreement.

The framework agreement has been reviewed by HB Public Law with advice being given where needed. and, where permitted, amendments

Financial Implications

There is an annual revenue budget of £185k to support this contract. The proposed three year arrangement at a cost of £528k will represent a saving of £27k over the three year period. The majority of the budget is funded by the Dedicated Schools Grant (DSG) so any savings will be repurposed back into other DSG activities. This provides value for money of the options assessed, and avoids the significant costs of change and risks associated with the change of a complex and multi-faceted IT system.

Total value of the contract, including the optional extension of two separate years, is shown in the table below.

Proposed Contract	2024-5	2025-6	2026-7	3 year total	+1 year 2027-8	+1 Year 2028-29	5 year total
Annual cost	166000	174300	183015	523315			
Budget	185000	185000	185000	555000			
Cost of new Wonde B2B software for school data transfer at 50% discount	1500	1575	1654	4729			
Total contract value	167500	175875	184669	528044	193902	203597	925543
Saving over 3 years	-17500	-9125	-331	-26956			

See Business Case and Financial Annex for fuller detail.

Equalities implications / Public Sector Equality Duty

A wide range of equalities monitoring information is produced from the Education IT System to enable the Council to meet its equalities duties in Education, including:

- Narrowing the gap indicators for vulnerable groups – SEND, free school meals, some ethnic backgrounds
- Timeliness of Education Health and Care Plans
- Tracking achievement, attendance and exclusions across Harrow's schools, and informing school improvement

It also enables the fair allocation of school places via the Admissions module, and the delivery of services to those in need via SEND, Sensory and Education Psychology services.

Council Priorities

A place where those in need are supported.

See Business Case for further details.

Section 3 - Statutory Officer Clearance

Statutory Officer: Jo Frost

Signed on *behalf of/by the Chief Financial Officer

Date: 14 November 2023

Statutory Officer: Gareth Rees

Signed on behalf of the Monitoring Officer

Date: 15 November 2023

Chief Officer: Alex Dewsnap

Signed off by the Managing Director

Date: 16 November 2023

Head of Procurement: Martin Trim

Signed on behalf of Head of Procurement

Date: 9 November 2023

Head of Internal Audit: Neale Burns

Signed on behalf of the Head of Internal Audit

Date: 10 November 2023

Has the Portfolio Holder(s) been consulted? Yes

Mandatory Checks

Ward Councillors notified: No, as it impacts on all Wards

EqIA carried out: No

As the proposal is to continue with the existing supplier under a new contract, which has no material impact on services, and this will enable Harrow to continue to meet its duties in terms of monitoring and supporting equalities in education across the Borough, an Equalities Impact Assessment is not necessary.

Section 4 - Contact Details and Background Papers

Contact: David Harrington, Head of Business Intelligence,
david.harrington@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee: No