

<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">4 NOVEMBER 2019</p>	
<p style="text-align: center;">PROCUREMENT STRATEGY FOR THE REPROCUREMENT OF MOSAIC</p>	
<p>Report of the: Cabinet Member for Finance and Commercial Services – Councillor Max Schmid, Cabinet Member for Health and Adult Social Care – Councillor Ben Coleman and Cabinet Member for Children and Education – Councillor Larry Culhane</p>	
<p>Open Report with Exempt Appendix <i>Appendices 2 and 3 of this report are exempt from disclosure because they contain information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.</i></p>	
<p>Classification - For Decision Key Decision: Yes</p>	
<p>Consultation Adults' and Children's service leads.</p>	
<p>Wards Affected: None</p>	
<p>Accountable Director: Lisa Redfern, Strategic Director of Social Care Lisa Redfern, Interim Director of Children's Services Hitesh Jolapara, Strategic Director of Finance and Governance Veronica Barella, Chief Information Officer</p>	
<p>Report Author: Josh Hadley</p>	<p>Contact Details: Tel: 020 753 1980 E-mail: Josh.Hadley@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. Hammersmith and Fulham Council (H&F) provide social care services to both adults and children, and the provision of these services is supported by a case management platform called Mosaic. This platform is currently provided by the third-party supplier Servelec.

- 1.2. The Mosaic platform is currently provided under two contracts, one covering the Adults Social Care (ASC) instance, and one covering the Children's Services (CHS) instance. The ASC contract is a three-Borough contract, with Kensington and Chelsea (RBKC) and Westminster City Council (WCC) as the other parties. The CHS contract is called off from the Westminster framework.
- 1.3. The H&F share of these contracts amounted to £386,321 in 2018/19, as per the table below. Both Servelec contracts are due to expire in January 2020. As part of H&F's drive to be ruthlessly financially efficient, significant savings will be sought going forward before approving new contracts.

Directorate	Current value of contract
ASC	£228,242
CHS	£158,079

- 1.4. As a result of H&F leaving the shared delivery arrangement, work has already started to disaggregate H&F data from that generated by the other two Boroughs. The result of this will be that H&F Adult Social Care will have its own fully sovereign instance of the Mosaic platform.
- 1.5. To preserve continuity of service in both ASC and CHS, we are seeking to re-procure the Mosaic system from Servelec, via a direct award through the Crown Commercial Service (CCS) Data and Application Solutions Framework (DAS Framework).
- 1.6. We are seeking to combine the provision into a single contract that covers both Directorates and are seeking to secure a five-year contract. The framework contract automatically includes an option to extend for a further two years.
- 1.7. The new procurement is solely for H&F.
- 1.8. The total cost of this proposal can be found in the exempt Appendix 3.
- 1.9. A renegotiation will take place with the supplier as part of the reprocurement to drive costs down in keeping with the Council's priority to be Ruthlessly Financially Efficient. Negotiation will also cover delivery of additional social value to the Council.
- 1.10. Analysis of the proposed GCloud framework, which includes all key providers of Social Care systems, indicates a significant annual saving to the council is achievable as shown in the exempt Appendix 3.

2. RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1. Approves the use of the Crown Commercial Services ('CCS') Data and Application Solutions Framework ('DAS Framework') to procure Mosaic.

- 2.2. Approves the direct award of a call-off contract to Servelec Education Limited via the CCS DAS Framework under Lot 1b: Workflow and Case Management Solutions for a maximum total cost as set out in the exempt Appendix 3.
- 2.3. Delegates to the Strategic Director of Finance and Governance, in consultation with the Cabinet Members for Health and Adult Social Care, Children and Education, and Finance and Commercial Services, the decision to finalise contract arrangements in respect of the contract at paragraph 2.2 above, and the decision to terminate or vary the contract within the above thresholds.

3. REASONS FOR DECISION

- 3.1. The ongoing availability of a case management, care tracking and finance system is a critical requirement for the provision of social care services. Changing to a new platform at this time would entail a significant amount of new investment, as well as a substantial outlay of time and change management. It could therefore, cause significant disruption to the provision of services.
- 3.2. Children's services upgraded to Mosaic from Frameworki around the time the service disaggregated from the previous shared service. Remaining on the same system at this point will minimise disruption to the relatively new sovereign service.
- 3.3. There is also a significant amount of contingent work underway within the Council that requires the ongoing incumbency of Mosaic, including Family Story, the disaggregation of formerly three-Borough data, and other existing software.
- 3.4. Renewed provision of Mosaic will deliver service continuity and allow us to continue building on:
 - A. Integration with Public Health case management processes and systems
 - B. Meeting Care Act compliance and business transformation initiatives
 - C. Sharing of data with the NHS through the Child Protection Information Sharing initiative
 - D. Whole Systems Integration
 - E. Preserving the interface with H&F's Finance and HR systems for processing payments relating to service provision

4. PROPOSAL AND ISSUES

- 4.1. An extension of the current Mosaic contracts is not an option that is available to H&F. This is because the current contracts are between Servelec, the provider, and three Boroughs. Any extension of those existing contracts must therefore be between Servelec and the same three Boroughs.
- 4.2. The Mosaic contract has not been subject to competition for some time. A further direct award could therefore pose a risk to the Council. Awarding the

contract through a framework mitigates this risk, as it means that the Council adheres to competition requirements while also preserving the capability to make a direct award and ensure continuity of service.

Duration of the contract

- 4.3. ASC and CHS have differing requirements as to the duration of the contract. ASC would prefer a long contract, as this will help to motivate efficiencies in cost. CHS, however, requires flexibility in contract duration if alternative plans to deliver better system integration for families becomes viable.
- 4.4. The negotiating strategy adopted thus far has been to seek a 5 year contract with the option to taper down the usage should CHS seek to exit early. This is subject to inserting the call-off Schedule 10 Exit Plan to the Order Form when drafting the contract. Further details can be found in the legal advice on this paper.
- 4.5. To enable CHS to terminate early if required, a variation clause will be included in the order form for the Call-Off Schedule 10 – Exit Plan to facilitate this.

Dependent platforms

- 4.6. The Special Education Needs (SEN) team is considering the adoption of Servelec's Synergy SEN platform for their own case management requirements. This would cost an additional £40,000 per year (in addition to the sums quoted for Mosaic elsewhere in this paper) and would benefit from the ongoing use of Mosaic in the broader CHS environment. However, the service is evaluating whether another third-party system would provide a better solution as it allows parents and carers to log into the system, which is not currently available with Servelec. This would enable the SEN service to modernise its delivery. Therefore, approval for the SEN system will be covered under a separate paper as options are still being evaluated.
- 4.7. A key component of the Adult Social Care service is the monitoring of the delivery of care which is undertaken by the Home Care team. This functionality is provided by EziTracker, a tool which is supplied by a different vendor, HAS Tech Ltd, but integrates into Mosaic. The EziTracker tool is depreciated and its replacement offers more accurate tracking which would offer the council savings in commissioned care costs. A separate paper will be submitted detailing this upgrade.
- 4.8. Mosaic is heavily integrated with the Hampshire IBC system that H&F uses for its finance and HR. This integration was set up during the implementation of Hampshire IBC, and any change in provider would require that integration to be developed anew in partnership with the Hampshire IBC team, and would likely incur further cost.

Terms and Conditions of Servelec contract

- 4.9. Servelec's performance as a provider has come under some scrutiny over the duration of the current contract. This is due to issues arising from a lack in support responsiveness from the supplier, rather than concerns about the stability or functionality of the core application, which is broadly considered to be satisfactory by the business.
- 4.10. To improve the performance of the supplier, an internal performance management group will be setup with senior leads from ASC, CHS, IT and BI to ensure the supplier is delivering an improved service back to H&F. Additionally, the new contract will include strong performance management tools.
- 4.11. The current contract is priced on the basis of a Per User, Per Month (PUPM) licence. Under the terms and conditions set out on the DAS framework, we would be able to move to a single site licence that covered the whole Council and its usage, and would likely seek to do so, provided that it was consistent with the requirements set out in section 4.3 of this paper and that it would provide better value for money. Historically usage numbers have been fairly consistent and stable, so the flexibility of a PUPM model has not been needed.
- 4.12. The current contract is weak in the area of delivering social value back into H&F and the new contract should address this in support of the requirements of the Public Services (Social Value) Act 2012 specifically relating to wider social, economic and environmental benefits.

5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. Three options were considered with regards to the Mosaic re-procurement.
- 5.2. Do nothing:
This option was discarded as the impact upon the capability of the business to deliver critical and required services would be impacted by the failure of the Council to provide adequate case management capability and is therefore not recommended.
- 5.3. Procure a case management system via an open tender:
This option was considered to have advantages; in particular, it offered the lowest legal and procurement risk. However, should this option result in a new supplier there will be additional implementation costs and substantial resource impact on the services. This option is not recommended as it does not deliver on the Council's priority to be Ruthlessly Financially Efficient.
- 5.4. Call off from the CCS DAS Framework to directly award a contract for the provision of Mosaic:
This option offers a compliant route to re-procure Mosaic with greatest assurance around service continuity because of the opportunity to direct award to Servelec. It offers the possibility of negotiating further efficiencies in

the contract. For example, as Option C involves calling off the CCS DAS Framework, the framework provider CCS will help ensure Servelec's service levels remain consistent by way of framework management. Additionally, a market comparison exercise of case management platforms has been carried out and the results support this recommendation. The analysis is captured in the exempt Appendix 2. **Recommended option.**

6. CONSULTATION

- 6.1. The following have been consulted – H&F Contract Management Office, ASC Contracts & Commissioning, Children's Services, Finance, Procurement, and legal advice has been sought from Sharpe Pritchard.

7. EQUALITY IMPLICATIONS

- 7.1 The approval of the contract award, as set out in the Recommendations, does not directly negatively impact on groups with protected characteristics under the Equality Act 2010.
- 7.2 Implications completed by: Fawad Bhatti, Social Inclusion Policy Manager, tel 07500 103617

8. LEGAL IMPLICATIONS

- 8.1. Approval of a Procurement Strategy and Business Case as set out at Appendix 1, is a requirement for all contracts in excess of £100,000 (CSO 8.12). It is possible for a Strategy to cover more than one procurement. This strategy is proposed to cover the period until the end of financial year 2019/2020.
- 8.2. This report recommends a direct award of a call-off contract to Servelec under lot 1b of the CCS DAS Framework with a maximum contract value as set out in the exempt Appendix 3.
- 8.3. The lifetime value of the call-off contract exceeds the current EU threshold of £181,302 for Services set out in the Public Contracts Regulations ('PCR'). Therefore, this procurement is subject to the full procurement regime set out in the Public Contract Regulations ('PCR').
- 8.4. However, the PCR's do allow for use of a legal framework which complies with the PCR under Regulation 33. Use of an existing framework agreement also secures compliance with Contract Standing Order (CSO) 10.2a on permitted tendering procedures.
- 8.5. The CCS DAS Framework was procured in accordance with the PCR. It runs for the 2 years from 25 January 2019 to 24 January 2021 with the option to extend for 24 months. This takes the maximum lifetime of the Framework Agreement to 4 years which is in line with Regulation 33(3) PCR.

- 8.6. The point referred to in 4.4 regarding the option for CHS to terminate the contract early should be secured by inserting Call-Off Schedule 10 – Exit Plan to the Order Form while having consideration to the option to vary the scope of the services within the contract via a deed of variation should ASC seek to remain.
- 8.7. As per 5.4 above, this option provides for the lowest legal and procurement risk and the standard call off terms and conditions drafted by CCS aim to protect the buyer, in this case, H&F.
- 8.8. The report seeks delegation of the decision to extend the contract for a further period of 2 years, to the Strategic Director of Finance and Governance, in consultation with the Cabinet Members for Health and Adult Social Care, Children and Education, and Finance and Commercial Services. Cabinet can delegate this decision under CSO 17.3.1.
- 8.9. *Implications verified/completed by: Hannah Ismail, Solicitor, Sharpe Pritchard LLP, external legal advisers seconded to LBHF, telephone: 0207 405 4600*

9. FINANCIAL IMPLICATIONS

- 9.1. This report seeks approval to direct award a call-off contract to Servelec Education Limited for an initial period of 5 years, at a maximum total value of as set out in the exempt Appendix 3.
- 9.2. The current annual cost outlined in the report to Servelec Education Limited is estimated to be £386,321. As part of H&F's drive to be ruthlessly financially efficient, significant savings will be sought going forward before approving new contracts and it is expected that the procurement and negotiation will deliver a saving against this and will be confirmed following completion of the negotiations.
- 9.3. A credit check of Servelec Education Limited has given rise to a credit rating of 89/100, which indicates that the company is of very strong financial health.
- 9.4. The cost of this contract will be funded from existing revenue budget for IT applications.
- 9.5. Should the council decide to terminate the contract early as referenced in point 4.4 and vary the scope of services, this should be subject to a separate decision paper once the financial implications are fully known.
- 9.6. There is also an additional option to extend this contract by a further 2 years upon expiry of the 5 year contract term. Any future decision on the option to extend the contract by a further 2 years will be subject to a separate decision report as outlined in the exempt Appendix 3.
- 9.7. *Implications completed by: Andre Mark, Finance Business Partner (Corporate Finance), Tel. 020 8753 6729*

9.8. *Implications verified by Emily Hill, Assistant Director, Corporate Finance, Tel. 020 8753 3145.*

10. IMPLICATIONS FOR LOCAL BUSINESS

10.1. This paper has no implications for local businesses.

10.2. *Implications verified/completed by: Albena Karameros, Economic Development Team, tel. 020 7938 8583.*

11. COMMERCIAL IMPLICATIONS

11.1 The recommendation is in line with the Council's Contracts Standing Orders (CSOs) and the Public Contracts Regulations (PCR) 2015. The framework has been procured in line with the Regulations.

11.2 Detailed implications of the procurement are presented under the Legal section above.

11.3 Combining the provisions under one overarching contract can deliver savings for the Council and represents the most commercially viable solution.

11.4 *Implications verified/completed by: Andra Ulianov, Head of Contracts and Procurement, 07776672876.*

12. IT IMPLICATIONS

12.1. The proposed reprocurement of the existing Mosaic social care system de-risks service delivery to residents at a time when both Adults and Children's are disaggregating previously shared services and refocusing on H&F sovereign services.

12.2. The identified procurement framework allows for negotiation on some components of Mosaic, such as licensing, which will drive down operational costs.

12.3. The council's information strategy requires IT systems to be capable of integrating into Power BI to enable services to analyse and inform future redesign of services. Mosaic is already integrated into Power BI.

12.4. *Implications verified/completed by: Veronica Barella, Chief Information Officer. Telephone: 020 8753 2927.*

13. RISK MANAGEMENT

13.1. As set out in the report, the ongoing availability of a case management, care tracking and finance system is a critical requirement for the ongoing provision of social care services. The Council is committed, through its Business Plan, to creating a compassionate council which provides effective and timely

support to vulnerable children, families and adults with a diverse range of needs.

- 13.2. To enable services to be managed effectively, targeting resources, effort and expertise to meet those needs requires systems and processes which support this. In line with the council's objective of being ruthlessly financially efficient, officers have identified the most appropriate route to secure the long term use of the existing system while working with the new supplier to ensure service continuity by undertaking a direct award and seeking to negotiate further efficiencies during the life of the contract.
- 13.3. Officers will ensure that appropriate measures are put in place to protect the sensitive personal data of those who are in receipt of social care services. Officers will also need to ensure that robust contract management arrangements are in place to ensure appropriate and timely support from the provider, due to the critical nature of the system to delivering services.
- 13.4. *Implications verified/completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance on 07817 507695.*

14. OTHER IMPLICATIONS PARAGRAPHS

- 14.1. There are no other implications considered for this paper.

15. BACKGROUND PAPERS USED IN PREPARING THIS REPORT

None

LIST OF APPENDICES:

Appendix 1: Procurement Strategy

Appendix 2: EXEMPT Market comparison of case management platforms

Appendix 3: EXEMPT Total budget request

**REPORT RELATING TO
BUSINESS CASE;
PROCUREMENT STRATEGY; and
PROJECT MANAGEMENT AND GOVERNANCE
FOR MOSAIC**

BUSINESS CASE

1. BUSINESS CASE – WHY THE PROCUREMENT IS NEEDED

The platform being procured is the case management platform used by the Adults and Children's Social Care teams.

This reprocurement seeks to ensure continuity of service, ideally at a reduced cost and with greater surety of performance standards.

This contract has previously been delivered through two contracts, one covering the Adults Social Care (ASC) instance, and one covering the Children's Services (CHS) instance. The ASC contract is a three-Borough contract, with Kensington and Chelsea (RBKC) and Westminster City Council (WCC) as the other parties. The CHS contract is called off from the Westminster framework. These contracts, which were last renewed in 2013, are coming to an end and must be renewed. This reprocurement will seek to establish a fully sovereign H&F instance of the platform.

2. FINANCIAL INFORMATION

The current delivery of this platform costs H&F £386,321 per year.

Directorate	Value of contract
ASC	£228,242
CHS	£158,079

The DAS Framework lists has a complex schedule of pricing for Mosaic. However, the maximum price that is permissible under the framework is lower than that listed here. Moreover, due to government austerity and increasing demographic demands the council will need to seek significant price reductions as part of its drive to be ruthlessly financially efficient. There will therefore be a saving against this value, although the scale of this saving will vary based on further negotiations.

However, it is expected that negotiations with Servelec will take place following the agreement of this procurement strategy, and that further cost savings may be secured for the ongoing provision of the platform.

3. OPTIONS APPRAISAL AND RISK ASSESSMENT

Three options were considered when evaluating this issue:

- A. Do nothing
- B. Procure a case management platform via an open tender
- C. Use the DAS Framework to make a direct award for the provision of Mosaic

The primary consideration when evaluating these options was ensuring continuity of service, with cost and difficulty of implementation being a significant secondary concern.

Also considered was the ecosystem of other apps in place in the Council that interact with the Social Care case management platform.

A SWOT analysis for the three options is included below.

A. Do Nothing	
Strengths: <ul style="list-style-type: none"> • Significant theoretical cost savings 	Weaknesses <ul style="list-style-type: none"> • Disruption to operating practice • Risk of non-delivery of services • Lack of capability to maintain statutory data retention
Opportunities <ul style="list-style-type: none"> • Requires focus on the development of in-house alternatives, such as Family Story 	Threats <ul style="list-style-type: none"> • Potential failure in required central government reporting • Withdrawal of funding
B. Procure a case management platform via an open tender	
Strengths: <ul style="list-style-type: none"> • Offers a low legal and procurement risk profile • May offer greater opportunities to control price and obtain better terms and conditions 	Weaknesses <ul style="list-style-type: none"> • Disruption to operating practice • Duration of procurement process likely to result in lapse of current contract before replacement can be implemented • Implementation likely to be lengthy and expensive
Opportunities <ul style="list-style-type: none"> • Allows for focus on the development of in-house alternatives, such as Family Story 	Threats <ul style="list-style-type: none"> • Potential failure in required central government reporting during interregnum • Potential for other apps in the H&F ecosystem to be disrupted by any change in incumbency for this platform
C. Use the DAS Framework to make a direct award for the provision of Mosaic	
Strengths: <ul style="list-style-type: none"> • Possible cost savings • Continuity of service • No need for disruptive and lengthy procurement or implementation process 	Weaknesses <ul style="list-style-type: none"> • Gives H&F limited room to improve provision or service delivery
Opportunities <ul style="list-style-type: none"> • May allow for H&F to argue for preferential terms on other desired Servelec products, such as Synergy SEN 	Threats <ul style="list-style-type: none"> • H&F enters any negotiation in a position of weakness, with an overall lack of negotiating power • Risk of a legal challenge arising from procurement approach

4. THE MARKET

There are a relatively small number of major providers for this kind of software: besides Mosaic, there is also Liquidlogic, Careworks, and a handful of other, smaller providers.

The major providers have all been in the marketplace for some time.

H&F is working with a small public sector development consultancy to develop its own case management platform for Children's Social Care. This platform is called Family Story. It is, however, not likely to be in a finished state for at least another three years.

The shared service operated by RBKC and WCC has recently procured Mosaic on a Bi-Borough basis for their Adults Social Care function, and WCC has separately procured Mosaic for its Children's Social Care function. Their procurement was completed through the CCS LASA framework, which is a now defunct framework that was very similar to the DAS framework being considered by this paper.

PROCUREMENT STRATEGY

5. CONTRACT PACKAGE, LENGTH AND SPECIFICATION

This contract will cover the provision of the core modules of Mosaic. If an agreement can be reached that makes financial sense to the Council, it may also include the provision of Synergy SEN.

The Council is seeking a 5 year contract, with scope for a further two year extension.

One of the advantages of procuring through the DAS framework is that it offers an enhanced suite of performance monitoring and remediation tools, including service credits to drive cost efficiencies should supplier performance be consistently lacking.

6. SOCIAL VALUE, LOCAL ECONOMIC AND COMMUNITY BENEFITS

This procurement will support the delivery of social value back into H&F and support the requirements of the Public Services (Social Value) Act 2012 specifically relating to wider social, economic and environmental benefits. Areas of social value could include supporting apprenticeships and digital literacy within the borough.

7. OTHER STRATEGIC POLICY OBJECTIVES

The Servelec contract supports the Council in its objective to create a compassionate environment for the delivery of its services.

Through potential self-service and mobile working enhancements, it allows practitioners to spend more time conducting their work with residents and less time enmeshed in bureaucracy. This also leads to potential savings for the Council.

Servelec are the providers of several other pieces of software that are in use in the business, such as Synergy (which is in use in the Special Education Needs [SEN] and Family Information Service [FIS] teams) and the NHS Health integration that is used throughout Adult Social Care.

Finally, the stable provision of Mosaic supports the Council in its development of the Family Story platform.

8. STAKEHOLDER CONSULTATION

The following have been consulted – H&F Contract Management Office, ASC Contracts & Commissioning, Children’s Services, Finance, Procurement, and legal advice has been sought from Sharpe Pritchard.

9. PROCUREMENT PROCEDURE

A call-off from the CCS DAS Framework will be used to make a direct award for this procurement.

10. CONTRACT AWARD CRITERIA

The DAS framework sets out the following criteria for the selection of suppliers for a direct award:

Criteria Number	Criteria - ranked in order of importance	Percentage Weightings (or rank order of importance where applicable) - to be set by the Council conducting the direct award
1	Price (life cycle costs, cost effectiveness & price; price and running costs)	40-60%
2	Technical merit; coverage, network capacity and performance as specified in relevant service levels	0-20%
3	Help desk, account management function and assurance of supply of a range of devices and good value accessories	0-20%
4	Quality (including delivery time, level of service, good value, , service fitness for purpose)	40-60%

Servelec has been evaluated against these criteria. As negotiations continue, the Director overseeing the process will ensure that Servelec’s offer continues to reflect best value against these criteria.

PROJECT MANAGEMENT AND GOVERNANCE

11. INDICATIVE TIMETABLE

After approval, we will seek to agree a favourable price with Servelec before going out to procure through the framework.

The implementation needs to be complete by the end of January 2020.

12. CONTRACT MANAGEMENT

Post-award, the contract will be managed and overseen by the IT Services Contract Management Office (CMO), with support from the Business Systems Manager and her team.
