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| Cabinet 27/01/2021 |  TOWER HAMLETS |
| Report of: Claudia Brown, Divisional Director, Adult Social Care Richard Baldwin, Divisional Director, Children's Social Care Adrian Gorst, Divisional Director, IT | Classification: Unrestricted |
| Approval of extension to existing Servelec contract and SaaS hosting arrangement | |

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| Lead Member | Councillor Danny Hassell - Cabinet Member for Children and Schools Councillor Rachel Blake - Cabinet Member for Adults, Health and Wellbeing Councillor Candida Ronald - Cabinet Member for Resources and the Voluntary Sector |
| Originating Officer(s) | Andrew Cross, Mosaic Delivery Manager |
| Wards affected | All wards |
| Key Decision? | Yes |
| Forward Plan Notice Published | |
| Reason for Key Decision | Financial Threshold |
| Strategic Plan Priority / Outcome | 1. People are aspirational, independent and have equal access to opportunities. |

Executive Summary

Servelec Ltd provide the Mosaic case management solution used across the social care services within both Health, Adults and Communities and Children & Culture.

The Council entered into the current Support and Maintenance contract with Servelec on April 2nd, 2018 for the initial term of three years. A clause within the contract provides an option to extend the contract for a period of a further two years.

48 Possible Extension of Term

48.1 Subject to satisfactory performance by the Contractor during the Initial Term, the Customer may wish to extend the Agreement for a further period of 2 year(s). The Customer may approach the Contractor if it wishes to do so before the end of the Initial Term. The clauses in the Agreement will apply throughout any such extended period unless otherwise stated to the contrary.

In May 2019 Cabinet approved the addition of Supplier Hosted Software as a Service (SaaS) for a two-year coterminous period.

Approval is sought to invoke the clause in the Support and Maintenance contract and extend both this contract and the Supplier Hosted Software as a Service (SaaS) for the two-year period.

Recommendations:

The Cabinet is recommended to:

1. To agree to waive the constitutional requirement to go out to market and utilise the extension to the existing contract with Servelec
2. Authorise the Corporate Director, Resources to approve the execution of all necessary agreements to give effect to recommendation 1.

1 REASONS FOR THE DECISIONS

- 1.1 A Software Support and Maintenance Agreement is a requirement for the Council to be able to implement software upgrades, enhancements and receive support in the form of software patches and through the Servelec Service Desk to resolve issues and software bugs.
- 1.2 The Project to deliver the benefits associated with the initial move to Mosaic is reliant on the support model being in place and the instances of the Mosaic database being hosted in a secure data centre. Supplier hosted Software as a Service (SaaS) is the Council's preferred hosting solution.
- 1.3 The value of the contract change is above the threshold for delegated decision by a Chief Officer with respect to waiver of the Procurement Procedures.

2 ALTERNATIVE OPTIONS

- 2.1 Seek Software Support and Maintenance Services from an alternative source - As supplier of the software and holder of intellectual property rights to that software there is no alternative option to renewing the Software Support and Maintenance Services contract with Servelec.
- 2.2 A change in the hosting arrangement bringing a further party into the arrangement, would create risk that the ownership of issues and problems would fragment, with consequential impact on both the staff using the system

and the support delivered to service users. Under the current arrangements, full accountability for all elements from the hosted environments to software support and fault analysis and rectification falls directly to Servelec

3 DETAILS OF THE REPORT

- 3.1 There are two dominant providers of social care software in the UK and Servelec is one of these. Tower Hamlets Council has used the Servelec case management system in Children's Social Care since 2007 and in Adults since 2010. Locally Hackney, Waltham Forest and the City are Servelec customers, as are our local NHS trusts.
- 3.2 The Software Support and Maintenance Services agreement made provision for the support of both the legacy Frameworkki system and Mosaic, the latest version of the case management system provided by Servelec at the point of signing with no amendments required at migration.
- 3.3 Adult and Children's Social Care moved to Mosaic in April 2020. This move, essentially a 'lift and shift' to remove reliance on legacy software and aged hardware provided the foundations for the delivery of the transformational phases of the project. The Software Support & Maintenance Services agreement and supplier hosted SaaS underpin this journey.
- 3.4 Whilst the supplier hosted SaaS element was signed in 2019, the charges for the first year did not become due until the service became live.
- 3.5 As per the contract terms, indexation will be applied to the period of extension of the Software Support & Maintenance Services agreement but will only apply to one year of the supplier hosted SaaS element.
- 3.6 The addition of the extension of two years to the contract will cost £383,947.56. This is comprised of £189,136.73 for year 1 and £194,810.83 for year 2.
- 3.7 The current cost of the annual maintenance provided through the Software Support and Maintenance Services agreement has been held at the pre-renewal rate of £96,620 for the initial three years of the agreement. With indexation of 3% applied, this will rise to £99,518 in the financial year 2021/2022 and £102,504 in the financial year 2022/2023. The costs for the previous three years have already been met from an existing revenue budget which will remain in place to meet the costs in the coming financial years.
- 3.8 As previously stated, the value of the supplier hosted SaaS element remains unchanged at £89,618 in financial year 2021/2022 and rises to £92,307 in 2022/2023 with the 3% indexation applied. The cost for the first year of this element were met from the Mosaic project budget as there was an overlap with the existing Agilisys charges for the on-premise hosting of the Frameworkki servers. For the two year period of extension these costs will be

met from a revenue budget with funding from the removal of the Frameworki server charges.

3.9 An additional £58,900 was included in the previous request to Cabinet to complete work on the Frameworki to Mosaic migration and database conversion.

3.10 The value of this contract for the full 5 term will be £822,325.

4 EQUALITIES IMPLICATIONS

4.1 There are no equality implications arising from the proposal as it is related to the support and maintenance of software and spending on IT hosting services.

5 OTHER STATUTORY IMPLICATIONS

5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

6.1 This report seeks approval for the proposed extension to the existing contract with Servelec.

6.2 The annual cost for the two-year extension is £189,136.73 in year 1 and £194,810.83 in year 2. The cost will be funded within the existing IT annual revenue budget.

7 COMMENTS OF LEGAL SERVICES

7.1 This approval is necessary as the use of the extension would constitute a new award of a contract to Serverlec under the Council's constitution and previous approvals sought. The relevant Corporate Director's delegation to elect to make a direct contractual award (via Record of Corporate Directors Action) is

restricted to a maximum contract value of £180,000. Therefore, a specific delegation is required from the Mayor in this circumstance as the RCDA .

- 7.2 The Public Contracts Regulations 2015 allow for a direct awards without competition where competition would be absent for technical reasons. The Mosaic system contains information which is proprietary to the contractor and therefore it is unlikely that another contractor could maintain the system and therefore, in the event of a competitive exercise no other contractor would be able to bid for the provision. Also, having just upgraded the system to the SaaS platform it would not represent Best Value to change providers of the whole system at this stage.
- 7.3 The Mosaic system is central for the provision of social care services in the borough. The delays caused by undertaking any form of new procurement may risk a break in the provision of the ICT part of the service and put many of the boroughs most vulnerable residents at risk.
- 7.4 From an Equality Act perspective any potential break in the Mosaic may also prejudice the interests of many people who have a protected characteristic.

Linked Reports, Appendices and Background Documents

Linked Report

- None

Appendices

- None

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

Officer contact details for documents:

N/A