

Forward Plan reference number: Not applicable

Report title: Essex Cares Limited – Access Group Contract	
Report to: Councillor David Finch – Leader	
Report author: Claire Shuter, Corporate Development Director – Essex Cares	
Date: 9 January 2020	For: Decision
Enquiries to: Claire Shuter, Corporate Development Director – Essex Cares	
County Divisions affected: All Essex	

1. Purpose of Report

- 1.1 Essex Cares Limited (ECL) is a company wholly owned by Essex County Council (ECC). Following a procurement process using the G-Cloud Framework ECL has selected Access Group Limited as a provider for an Enterprise Resource Planning (ERP) system. This report asks ECC, in its role as sole shareholder, to agree for ECL to enter into a contract with Access Group Limited.

2. Recommendations

- 2.1 To agree, in its capacity as shareholder, that ECL can award a contract to Access Group Limited for a period of two years with the option to extend by up to an additional two years to provide an ERP solution, at a value set out in the Confidential Appendix.

3. Summary of issue

- 3.1 ECL requires IT systems to function as a care company. The current systems include Payroll and Finance systems and a separate Care and Rostering system.
- 3.2 The Care and Rostering system provides ECL with a system to plan and roster all care staff and provides care planning capability. CACI is the supplier of this system and the current contract expires in April 2020. There is an ongoing requirement for a system with care planning and rostering functionality to support ECL's business.
- 3.3 ECL currently purchases Finance and Payroll systems from Essex County Council via a Service Level Agreement (SLA). These systems allow ECL to run Payroll and provide financial management accounting. There is an ongoing requirement for a system with this functionality. ECL currently does not have a HR or Customer Relationship Management system.

- 3.4 In the absence of a system, ECL currently uses spreadsheets to manage HR and Customer Relationship Management data. This results in loss of integrity and duplication due to manual intervention transferring data between processes and the inefficiency is not satisfactory or sustainable for the business.
- 3.5 The expiry of the Care and Rostering system contract is an opportunity to review ECL's IT systems and look to enable greater integration between the Care and Rostering, Payroll and Finance systems and to address gaps in HR and Customer Relationship Management capability.
- 3.6 To keep and expand ECL's position in the market as a value for money provider, it is important that ECL drives as many efficiencies from its technology portfolio as possible. At present, the inefficiencies caused by manual interventions and duplication means that ECL's costs are higher than competitors.
- 3.7 One of ECL's biggest risks is the lack of insight to drive business decisions due to the fragmentation of its technology solutions. As set out in ECL's Digital Strategy 2018-2021, the company's data is a valuable asset which can be used to optimise business performance and identify commercial opportunities.
- 3.8 In carrying out the review of IT systems, ECL looked into the merits of an Enterprise Resource Planning (ERP) system. An ERP platform would provide the capability for an integrated system to replace the current Finance, HR, Payroll and Resource Planning systems and introduce Customer Relationship Management. The provision of the ERP solution and its integrations would deliver a unified solution that will open avenues of revenue that ECL have been unable to exploit. The Customer Relationship Management system will allow greater insight into customer and marketing activity which will support the development of a private pay offer; an area identified as a significant growth opportunity.
- 3.9 In investigating the ERP platform, ECL conducted significant market research to identify suitable suppliers. It was identified that there are a limited number of suppliers able to provide the care resource planning functionality as part of an ERP. Two suppliers were identified as providing the functionality required. The other supplier is identified in the Confidential Appendix.
- 3.10 Working with representatives from across all ECL business units, ECL identified the core requirements for an ERP system and identified an OJEU compliant framework, through which to procure a supplier to meet its requirements. The G Cloud Framework was chosen for this opportunity as this gave ECL access to rates that had been pre-negotiated using the considerable buying power of the Crown Commercial Service. Purchasing through the framework reduced the procurement process which would have added significant resource cost.
- 3.11 ECL ran a compliant procurement under the terms of the G-Cloud 11 CCS Framework Contract. In accordance with the 'G-Cloud Buyers guide' a mini competition was not required for this contract award. The setup of the Framework provides for direct awards. ECL conducted a thorough evaluation of both systems on offer. A financial appraisal was also completed on the

implementation and ongoing license costs. Following evaluation, Access Group presented a superior offer and demonstrated best value for money.

- 3.12 The Access Group solution provides new capabilities and financial benefits to ECL. The platform offers HR and Customer Relationship Management functions which will provide efficiencies through the reduction of manual interventions and improved commercial opportunities. An integrated Care and Rostering system will optimise route planning for care staff delivering home visits and improve accuracy of mileage claims. Staff utilisation will be improved through reduced travel time which will increase income as more hours of care can be delivered. Paper and manual processes will be eliminated, and associated printing budgets will reduce.
- 3.13 As well as the productivity benefits and efficiencies, the Finance and Payroll systems offer better value for money than the current systems.
- 3.14 ECL's board approved the business case and passed a resolution on 15th August 2018 recommending that ECL enter into the contract. The shareholder approved the business case in April 2019.
- 3.15 The ERP programme is an organisational change programme, not an IT implementation programme. To a greater or lesser extent, all staff members within ECL will be impacted by this programme. Providing focus to the process changes, amended responsibilities and cultural impact will support successful implementation over and above a functional IT solution.
- 3.16 The business case has made provision for resources to support change and transition activities including the cost of migrating data and integrating with ECC infrastructure.
- 3.17 One of the key design principles is that ECL will be implementing a 'vanilla' solution with minimal customisations. This means there will be significant change within the process and policies of the business. Extensive process mapping has been completed to understand the current position in readiness for engaging with the supplier.
- 3.18 ECL has engaged ECC Technology Services to begin scoping out technical requirements and has raised a non-standard service request to request resource allocation.
- 3.19 Once the supplier is contracted further detailed work will be undertaken to establish transition arrangements and key SMEs from ECC will be engaged at this time.

4. Options

- 4.1 ECL conducted an options appraisal of the solution for the company's future technology requirements.
- 4.2 Do nothing – as the existing Care and Rostering system contract is due to expire in April 2020 ECL must re-procure a solution to ensure business continuity. If ECL continued with the current ECC services and manual interventions, the

gaps in capability would continue to compromise business growth and efficiency.

- 4.3 Individual corporate and line of business applications – this would involve procuring individual systems from different suppliers through a costly procurement process with limited ability for integration of data and process. This option would not meet the current needs of the business.
- 4.4 Enterprise Resource Planning - an ERP platform would provide the capability for an integrated system to replace the current Finance, Payroll and Resource Planning systems and introduce HR and Customer Relationship Management. This option meets the current and future needs of the business.
- 4.5 An ERP was identified as the preferred solution.

5. Implications for ECC

- 5.1 ECL has a formal agreement with ECC to provide Finance and Payroll services through a Service Level Agreement. The charges associated with this service are set out in the Confidential Appendix. The Service Level Agreement states:

Should either party chose to terminate the contract or any individual service within the contract, a notice period of six months will be served. On notification of termination we will produce a plan for withdrawal of service which will include the transfer of data. Any work that may be required on the handover of services to new suppliers will be chargeable. A full estimate of charges will be made for ECL approval before work commences.

- 5.2 ECL will give at the required notice to withdraw from the use of ECC services.
- 5.3 To mitigate the impact on ECC's financial position, ECL will continue to pay ECC the SLA value for Payroll services until July 2021. The value of this payment will then be deducted from the Dividend ECL pays to ECC. As the period of payment spans two financial years, this will impact two dividend payments. The details of this arrangement are provided in the Confidential Appendix.
- 5.4 The costs of implementation and transition will be met in full by ECL. This will include (but is not limited to) all reasonable ECC costs arising from the transition including data migration costs, additional TCS and related systems provider costs, costs relating to any additional staff, consultancy or external 3rd parties engaged by ECC to manage the transition (or undertake any work related to the transition) and the costs of any new interfaces etc. Costs will be agreed between the two parties in advance. There is no cap on the ECC costs that ECL will cover.
- 5.5 The Finance system implementation is planned to be concurrent with ECC's future procurement decisions on corporate systems to ensure ECC has no residual liabilities. There is flexibility in the contract with Access Group to

withdraw from implementing the Finance module at no additional cost to ECL or ECC.

6.1 Next steps

- 6.1 Subject to approval of this decision, ECL to enter into the agreement with Access Group Limited.

7. Financial implications

- 7.1 Please see the Confidential Appendix for financial information.

8. Legal implications

- 8.1 The decision by the Leader on behalf of the shareholder will be received in this report and is as effective as an ordinary resolution taken at a shareholder meeting of ECL.

There are no TUPE implications.

9. Equality and Diversity implications

- 9.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:
- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc on the grounds of a protected characteristic unlawful
 - (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.
- 9.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).
- 9.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

10. List of appendices

10.1 Appendix 1 - Confidential Appendix.

10.2 Appendix 2 - Equality Impact Assessment.

11. List of Background papers

11.1 ECL Digital Strategy 2019-2022

I approve the above recommendations set out above for the reasons set out in the report.	Date
Councillor David Finch – Leader	16.01.2020

In consultation with:

Role	Date
Executive Director for Finance and Technology Services (S151 Officer)	15.01.2020
Nicole Wood	
Director, Legal and Assurance (Monitoring Officer)	12.01.2020
Paul Turner	