



<u>Officer and Date</u>
Cabinet 27 th April 2016

<u>Item</u>
<u>Public</u>

1. Social Care System Replacement

Responsible Officer: Andy Begley

1.1 Summary

This report outlines and confirms the approach that Shropshire Council will adopt in replacing the current Adults and Children's Social Care IT System and details the costs and benefits associated with taking the recommended option forward.

The reasons for the project are:-

To ensure that the quality and delivery of social care services for the adults and children of Shropshire are provided in the most cost effective way.

To reduce the ongoing cost of running these services in line with the overall reduction of local authority budgets.

To provide the necessary systems and integration to manage a commissioning based business model.

To provide management information reporting tools which will provide the ability to drive greater efficiency from service and contract delivery.

From initial investigation and analysis of projects within the Digital Transformation Programme, it became evident that the Social Care Project warranted an accelerated path to deliver urgently needed system capability. This is required to inform better management decisions which will drive down the rising cost of providing social care to adults in Shropshire.

New system tools and workflow processes are urgently needed to replace a system that was designed for the way the social care service was operated in 2003. These changes will remove the significant manual effort which is currently required to provide better management visibility of wider health and social care services.

1.2 Recommendations

That Cabinet confirms and approves the approach described within this report to replace the current Adults and Children's Social Care IT System in line with the recommended option and that Cabinet confirms and approves funding from the sources identified to proceed with the system replacement. The funding for this project exceeds £1m and was not reflected in the Council's Budget approved on 25th February. Cabinet is therefore requested to recommend approval of the funding to full Council.

REPORT

2. Risk Assessment and Opportunities Appraisal

2.1 Risks

There are currently very significant levels of operational risk resulting from the continued use of the current CareFirst system. These risks are highlighted below to illustrate the reasons which make it necessary to implement a replacement system.

The existing CareFirst system has been extended beyond a reliable lifetime (currently in its 12th year) and the incremental changes that have been made over the years will create a more inefficient and fragile system.

The limitations of the current system could expose the Council to a situation in which the existing duty of care to citizens may fail.

The separate Social Care and Financial systems create disjointed business functionality that prevents the opportunity to introduce efficiencies.

There is the increasing risk of failure of the Social Care systems that could jeopardise the ability of Social Workers to monitor and manage open cases.

There is an issue that the Ofsted review of Children's services has identified significant issues with the existing case management system. This issue would not be addressed without a plan to replace or significantly upgrade the current system.

2.2 Options Considered

From the analysis completed to date there are 4 options that have been considered:-

- 1. Do nothing option is included for comparison. This retains the current CareFirst social care system and does not introduce any system or process changes.**

This has been discounted as the current level of risk, highlighted above, is considered to be too high. It is therefore necessary for a new IT system and appropriate more efficient operational processes to be implemented.

- 2. Implement a new system to meet minimum current requirements installed and maintained on council operated infrastructure.**

This option has been discounted for two main reasons. It does not deliver the additional systems to enable digital self-service methods for citizens, clients and service providers. It also does not align with the strategy to move to cloud based systems.

- 3. Implement a new system to meet current and future requirements with possibility for further enhancement to meet commissioning roadmap. Externally hosted by new supplier. Data migration and training delivery are managed and delivered by internal resources.**

This option **does** deliver the additional systems to enable digital self-service methods for citizens, clients and service providers and aligns with the cloud based system strategy. This delivers the same system and process improvements as option 4, however Shropshire Council are responsible for the data migration and training programmes, which are two complex areas which require experienced specialist knowledge.

4. Implement a new system to meet current and future requirements and further enhancements to meet commissioning roadmap. Externally hosted by new supplier. Data migration and training delivery are managed and delivered by system provider.

This is the recommended option as it delivers the additional systems to enable digital self-service methods for citizens, clients and service providers and aligns with the cloud based system strategy. It also reduces the risks to Shropshire Council as the system provider is contracted to complete the data migration and training programmes.

2.3 Other Options considered and discounted

A partnership agreement with another local authority, to share the use of an existing social care system, has been considered.

It was discounted for operational business process reasons. The current Shropshire “new operating model” has demonstrated significant success in reducing the demand for “paid for” care services for adults.

If we were to adopt a system that had already reached maturity within another authority, then we would need to adopt their operational process in order to utilise their system workflow.

This is likely to cause a retrograde step for service provision and cost management.

2.4 Opportunities

2.4.1 IT system improvements will lead to efficiencies in staff resource that can be redirected towards processes and practices that result in the reduction in inappropriate expensive levels of care packages.

2.4.2 Improved data capture and quality features will not only provide for more accurate operational information but will also support efforts to predict service demand patterns and trends more accurately.

2.4.3 Existing IT system restrictions and inflexibility will be removed to provide opportunities for staff resources to be redirected to undertake other work which could generate greater cost reductions elsewhere within the service, such as reducing the overall purchasing budget costs through improved commissioning and brokerage activities.

2.4.4 Improved Social Care and Finance links at IT system and business process levels will reduce the current delays in issuing client invoices, which will in turn lead to

a reduction in outstanding debt. There is an estimated potential reduction of up to £500k per annum in aged debt avoidance. A modest estimate of £247k pa has been used for illustration.

2.4.5 Staff cost avoidance is achieved through a combination of IT system and business process improvements. The recommended option will ensure that growth in demand can be serviced through a more efficient complement of staff. Without these efficiencies it is anticipated that Adult Social Care and Children's Services overall would require annual increases.

2.5 Other considerations

Whilst this option includes supplier contracted data migration and training services there would still be a requirement for training management and scheduling on our side. We would also need data migration experts to work with internal teams, to ensure the correct data mapping and to collate various disparate data sources.

Initial investigation and analysis indicates that there is a broad range of current processes that involve daily time consuming manual workarounds, data re-entry and duplication. This leads to significant time inefficiency, risks around data entry error and inconsistent data held in multiple locations. Further analysis is likely to reveal an opportunity to make additional significant time efficiency savings as a result of combined system and business process rationalisation.

Estimated time efficiency savings equate to at least £1.9M per annum in staff time. This is currently not considered as recoverable or cashable due to the reasons outlined below.

There are several factors which are masking the ability to forecast a net time efficiency benefit which include;

A forecast increase in service demand

Areas of current under resourcing

System inefficiencies

Significant staff unrecorded overtime (unpaid)

Due to these factors obscuring the level of time savings that may be realised, a two stage approach is proposed. Firstly to eliminate system inefficiencies and to subsequently carry out an operational process review which will ensure that appropriate staffing levels are in place.

At this point it will be possible to evaluate whether the net effect of time savings, would be best utilised as a staff reduction cashable benefit. Alternatively the resource could be reallocated to better monitor and manage contracts, payments and the overall purchasing budget.

There will also be consideration given to implementing and enhancing initiatives to prevent or minimise the demand for social care.

3. Financial implications

On 25 February 2016 Council approved the Financial Strategy and Budget for 2016/17 which did not include the financial implications of the review of ICT across the Council, as this had not been calculated at that point. Included within the report was Recommendation G which stated: “Note the potential for investment and further savings proposals resulting from the review of the Council’s ICT requirements which are not reflected in this report.”

As a result of work undertaken in the intervening period, the business case for the Social Care System replacement has been produced and given the value of potential investment requires approval at Full Council level. It should be noted that such approval does not take into account the financial implications for other ICT requirements, which will require separate approval. In addition Full Council may need to consider and approve a Flexible Use of Capital Receipts Strategy (should Shropshire Council wish to apply this additional power made available to Local Authorities) for the purposes of funding this or other ICT projects.

To implement the recommended option there is a requirement to fund one off expenditure of £3.318m in the first year, and a further one off expenditure in the second year of £1.591m, ongoing annual costs are forecast to be between £0.212m and £0.232m.

The recommended option, attracts total costs of £6.4 M (over 5 years) and non-cashable benefits of at least £6.6 M giving a return on investment by year 3, albeit that these benefits are considered at this point to be purely efficiency savings.

The one off costs include additional staffing resources required within the Council over the life of the implementation project in 2016/17 and 2017/18 and also include software licences for the new solution and implementation costs from the supplier.

Total ongoing costs of the project include an element of dual running costs of the existing system and the new solution for one year in 2017/18.

All financial figures are in £000s						
COST & BENEFIT CATEGORIES	Year 0	Year 1	Year 2	Year 3	Year 4	Totals
	2016/17	2017/18	2018/19	2019/20	2020/2021	
One off Costs						
Staffing Resources:						
Project Resources plan	1,084	1,446				£ 2,530
New System Costs:						
Software	691					£ 691
Contracts	1,434					£ 1,434
Other Costs:						£ -
Training						£ -
Decommissioning						£ -
Contingency (10% or Resources only)	108	145	-	-	-	£ 253
Total One-off Costs	£ 3,318	£ 1,591	£ -	£ -	£ -	£ 4,909
On-going Costs						
New System Costs:						
Software						£ -
Contracts		212	219	225	232	£ 888
Dual Running of Old System						£ -
Software	174	174				£ 348
Other Licences, Support & Maintenance	6	6	6			£ 17
Hosting/DR	76	76	76			£ 229
Total On-going Costs	£ 256	£ 468	£ 301	£ 225	£ 232	£ 1,481
Total Costs	£ 3,574	£ 2,059	£ 301	£ 225	£ 232	£ 6,390

There are also some associated cashable benefits:

These relate to the total annual printing and confidential paper disposal costs for Children's Services at Mt McKinley currently run at £33,900 of which 60% could be removed through new system efficiencies and improved business process activities. The potential cashable benefit is £20,340, starting in year 2.

There would be a requirement to continue to run the current system at an annual cost of £174k until the end of the contract which ceases in April 2018, and also to continue with the current hosting and DR/BC contracts at an annual cost of £76k until the end of the contract in April 2019. After the period of dual running of both systems has ceased there would be a cashable benefit of £31k in year 3, reducing to £24k in year 4 (due to expected inflation increases in the cost of the new system).

As highlighted in section 2.5, the non-cashable benefits include efficiency savings in staffing generated from process improvements and reduced double input across the service. It is also considered that improved integration and processes between the Social Care system and the Finance system could improve the management and recovery of the service's debtor invoices. This income is credited to the service in full at the point that the debtor invoice is raised and therefore the avoidance of aged debt and potential write off is not considered a cashable benefit.

COST & BENEFIT CATEGORIES	Year 0	Year 1	Year 2	Year 3	Year 4	Totals
	2016/17	2017/18	2018/19	2019/20	2020/2021	
Non-cashable Benefits						
Staff efficiency savings			1,903	1,903	1,903	£ 5,708
Aged Debt Avoidance			247	247	247	£ 740
Environmental						£ -
Other						£ -
Total Non-cashable Benefits	£	£	£ 2,149	£ 2,149	£ 2,149	£ 6,448
Total Benefits	£	£	£ 2,170	£ 2,200	£ 2,193	£ 6,563

It should be noted that the Council already holds a base budget for the existing software maintenance costs of CareFirst and in addition to the cashable benefits noted above, the net position to be funded is £5.1m as detailed below:

	All financial figures are in £000s						
FUNDING POSITION	Year 0	Year 1	Year 2	Year 3	Year 4	Totals	
	2016/17	2017/18	2018/19	2019/20	2020/2021		
Costs:							
One off Costs	3,318	1,591				£ 4,909	
On-going Costs	256	468	301	225	232	£ 1,481	
Total Costs	3,574	2,059	301	225	232	£ 6,390	
Base Budget	243	243	243	243	243	£ 1,215	
Cashable Benefits (excl. system savings as included in base budget)			20	20	20	£ 60	
Required Funding	£ 3,331	£ 1,816	£ 38	-£ 38	-£ 31	£ 5,115	

Funding for this project will be provided from the following sources:

The Funding for this project will be provided from internal borrowing against the Council's current cash balances. This will allow the funding of eligible costs to be spread over a number of years, with annual or ad hoc contributions required to repay the funds allocated plus any internal interest charged. Further refinement of the proposal is required to determine the level of spend that can be capitalised, but on the basis that the full net investment of approximately £5.1m is spread over three years, approximately £1.7m would be required each year for repayment. The following areas have initially been identified to cover this cost:

- Cashable savings and realisation of cashable savings from currently proposed non-cashable savings (to be confirmed between £0.04m and £2.19m, on average, per year)
- Uncommitted Adult Social Care Capital Grant Funding (there is currently £1.277m uncommitted with the potential for a further £0.626m funding in 2017/18 and £1.119m in 2018/19 – based on 2016/17 levels)
- Residual funding from ICT Transformation Project resources (dependent upon progress of other ICT initiatives)
- Review of appropriate earmarked reserves (e.g. Resources Efficiency Reserve)

It may be appropriate to make use of the additional powers made available to Local Authorities as part of the Final Local Government Settlement for flexible use of capital receipts. Such a move would potentially enable non-capital spend to be funded from future capital receipts

generated. Such flexibility would require Full Council to approve a Flexible Use of Capital Receipts Strategy at some point during the current financial year.

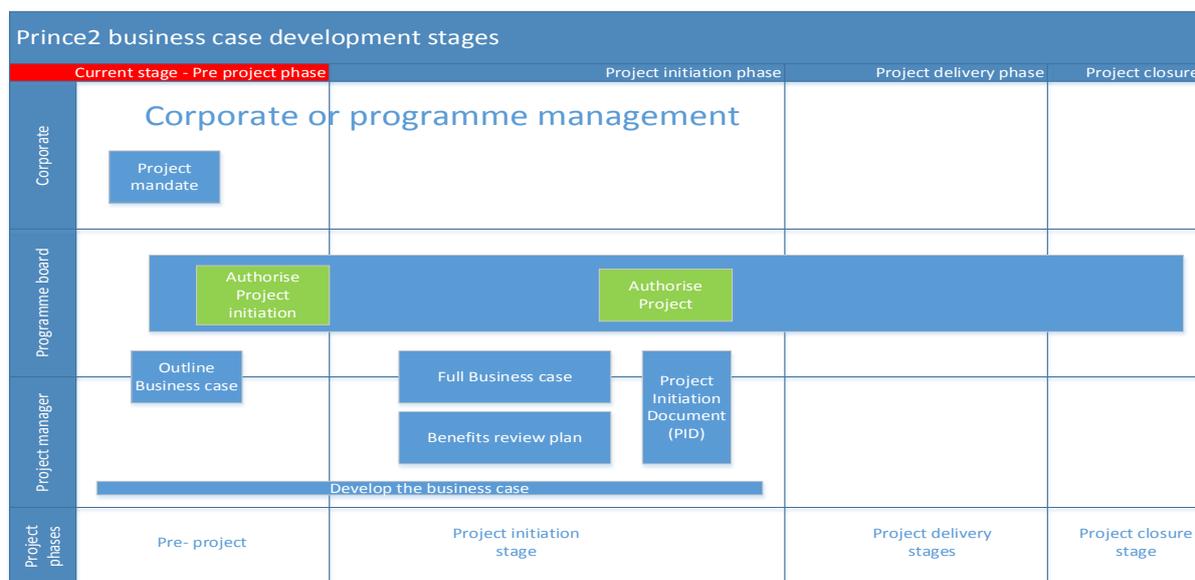
In addition, some of the costs may be funded directly from the Council’s £2m Invest to Save Fund where specific elements of the programme meet the requirements of this scheme.

Further work is to be carried out with the aim to realise greater levels of cashable savings before determining the exact amount of funding that will be provided from each source. The following section considers how this work will be taken forward. Following agreement of the final funding package (by the s151 Officer), cashable savings no longer required to repay internal borrowing (either through substitution or at the conclusion of the project) will be available as base budget savings for the Council.

4. Benefits realisation plan

We are currently at the stage of having outline business case level information and will need to engage some additional project resources to carry out this next round of work. This would not be redundant effort as it will deliver the initial aspects of requirements gathering and specification which will be needed should the full project business case be approved to proceed.

4.1 Develop the business case

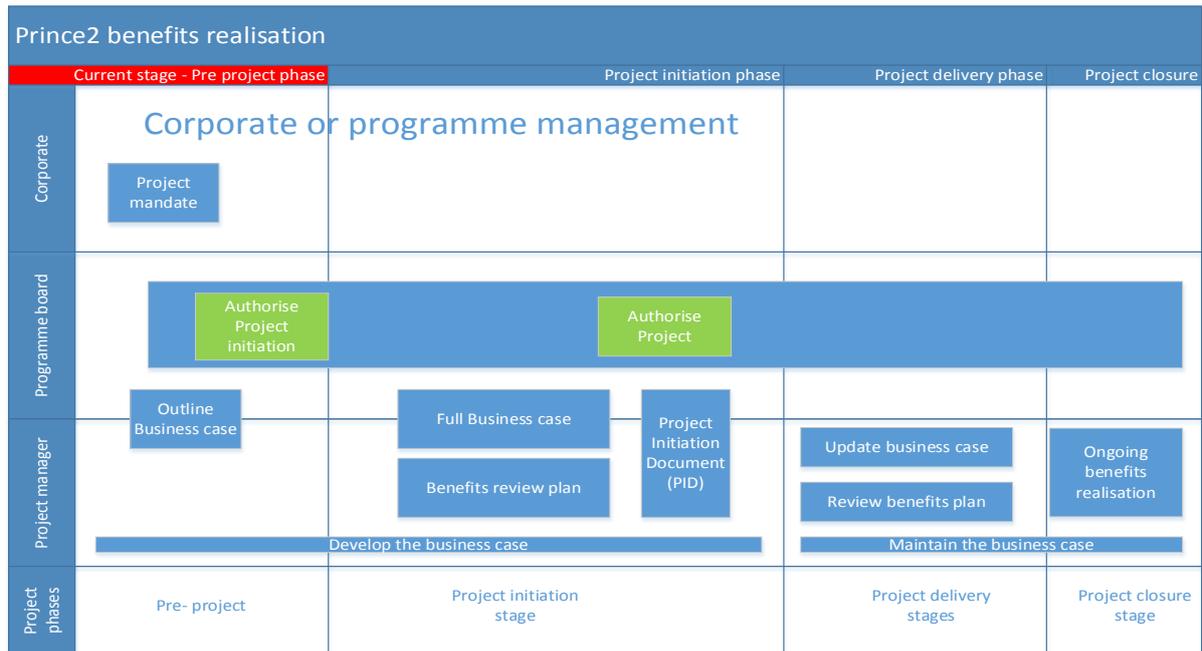


The project progress will be carried out in conformance to industry standard Prince2 methodology which ensures that adequate governance is in place to maintain sight of the forecast costs and benefits of the project.

There will be regular project board reviews of this forecast and if there is an expectation that the agreed project costs will be exceeded, or that the benefits will not be as high as agreed, then the project will be put on hold until the project governance board have agreed an acceptable way forward.

Any amendment to the financial projections of the project will be subject to approval under the Council's virement rules as stipulated in the Financial Rules.

4.2 Develop the benefits review plan

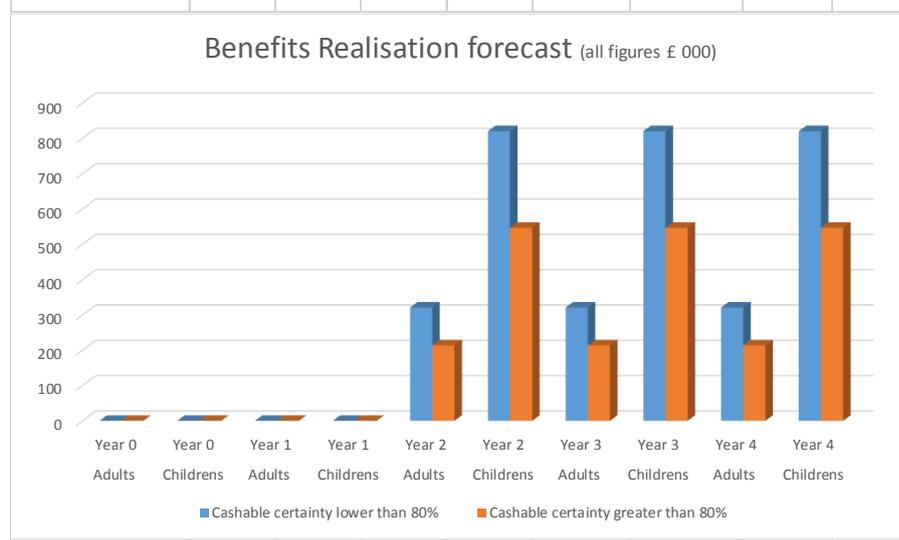


In order to define and agree the detailed plans of how benefits will be realised into cashable savings, it will be necessary to carry out further analysis of the current business and system processes. This will then lead to an informed view of options to release resources to deliver cashable benefits either in the operational budgets or in the purchasing budget particularly for Adult Social Care.

5. Benefits Realisation

Based on the initial review of staffing efficiency savings anticipated, there is a high level of confidence within the project team and senior management of Adults and Children’s Services that at least 40% of these savings will be converted into cashable benefits and therefore can be used towards the funding of the project. This will be monitored and tracked as the detailed benefits review plan is developed but the current projection of benefits realisation at the Outline Business Case stage is detailed below.

	2016/17	2016/17	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	Total
	Adults	Childrens	Adults	Childrens	Adults	Childrens	Adults	Childrens	Adults	Childrens	benefits
	Year 0	Year 0	Year 1	Year 1	Year 2	Year 2	Year 3	Year 3	Year 4	Year 4	
Cashable certainty lower than 80%	0	0	0	0	321	820	321	820	321	820	3,425
Cashable certainty greater than 80%	0	0	0	0	214	547	214	547	214	547	2,283
Total	0	0	0	0	535	1,367	535	1,367	535	1,367	5,708



6. Recommended Option

The recommended option 4, provides for the implementation of a new system to meet future requirements and further enhancements to meet a commissioning roadmap. It includes supplier delivered data migration and a training programme and will provide a fully integrated solution to maximise income and minimise debt. Linking operational activities and associated financial transactions to the provision of assessed social care, it will remove redundant and duplicated processes.

Appendices:

7. Scope

7.1 Children's Social care – service level requirements

Case management – case records, genograms and chronologies
Safeguarding
Compass (MASH)
Family solutions
Targeted youth
PACT Charity Adoption
Foster Care – Records and payments system to carers
External placements – Records of SLA and payments
Disabled Children
Looked after children
Care Leavers
Complaints handling module
E-Start-Consolidation of family information for reporting to government
Troubled Families
ECINS/Early Help
Statutory reporting
Management reporting
Data warehouse or offline copy of data base for reporting purposes.
Gazetteer

7.2 Adult Social care – service level requirements

Safeguarding
DOLS
Early Help (MASH)
E –Market portal
Citizen Portal (signposting)
Client portal – secure communication with service users.
Complaints handling module
Statutory reporting

Management reporting

Data warehouse or offline copy of data base for reporting purposes.

Gazetteer

7.3 Integrated Social care financial management requirements

Accounts payable

Accounts receivable

Client balances and arrears

Contracts management

7.4 Integration requirements

Education – Capita One, SIMS

Integration to General Ledger accounting system (Samis)

Integration to Finance Manager CM 2000 ETMS

Integration with Health

Active Directory integration

Gazetteer

7.5 Current system volumetrics

Adult Social Care Users	346
Children's social Care Users	394
Non Social Care Shropshire Council Users	109
Complex Care Team (Health)	3

8. Timescales

Indicative timeline for Social Care project

