

## Schools Forum – 3 July 2018

### School Information Management System (SIMS) Contract – options

#### Recommendations

1. That the Schools Forum notes the content of this report.

#### Report of the Deputy Chief Executive and Director for Families and Communities:

#### PART A

#### Why is it coming here – what decision is required?

2. To provide Schools Forum with options regarding the SIMS contract ahead of the vote that takes place during October each year.

#### Reasons for recommendations

3. The existing SIMS contract between Staffordshire County Council (SCC) and Capita has the option to terminate in 2019 or to extend for 5 years (until 31/03/2024). Staffordshire County Council, who procures SIMS on behalf of maintained schools, has considered the benefits and risks of extending the contract and has concluded that there are two options as follows (further details are outlined within Part B of the report):

**Option 1** – SCC to extend the existing SIMS contract for 5 years, subject to agreement by Schools Forum that maintained schools will accept payment of any future breakage charges as a result of early termination (i.e. terminating the contract prior to the 31/03/2024). In order to negate breakage charges, 18 months' notice from the October Schools Forum will be required.

**Option 2** – SCC to negotiate an annual rolling contract / extension to the existing SIMS contract and provide information to School Forum for the October 2018 meeting.

#### PART B

#### Background

4. SCC entered into a 20 year contract with Capita for the provision of SIMS for Staffordshire maintained schools. The contract commenced in 2009 and has the option to terminate at 10 years (31/3/2019). However, the contract also has an option to extend for 5 years (until 31/3/2024), and a further 5 years (until 31/3/2029).
5. Schools Forum vote each year on whether or not to de-delegate Dedicated Schools Grant (DSG) to SCC for this contract (the annual vote is in relation to 'licences and subscriptions').
6. A breakage charge is incorporated into the SIMS contract; should Schools Forum vote not to de-delegate DSG to SCC for this contract SCC would then need to terminate the contract early and SCC would be liable for the breakage charge. SCC must give a minimum of 1 year and 1 day's notice of termination. Including additional modules

purchased by maintained schools via SCC the cost of termination to SCC would be £183k (as at the 18<sup>th</sup> May 2018). This figure is likely to reduce each year due to academisation, however it is also affected by the number / price of additional modules purchased by maintained schools under this contract.

7. Details regarding Option 1 and 2, as summarised in Part A above, are as follows:

|   | <b>Advantages</b>  | <b>Disadvantages</b>   |
|---|--|--|
| <b>Option 1 - extend existing contract for 5 years, subject to Schools Forum agreement to pay any future breakage charges</b> | <ul style="list-style-type: none"> <li>Maintained schools continue to benefit from the charges set over 10 years ago for this contract.</li> <li>No work required by maintained schools to procure a new MI system until nearer the next break point (2024), and possibly not until nearer 2029 - subject to a future decision regarding the last 5 year extension period).</li> </ul> | <ul style="list-style-type: none"> <li>Maintained schools to pay any breakage charges for early termination (prior to 31/3/2024).</li> </ul>   |
| <b>Option 2 – negotiate a 1 year rolling contract / extension</b>   | <ul style="list-style-type: none"> <li>No breakage charges (however, as a result annual charges are likely to increase).</li> <li>Ability to review the service received before deciding whether to renew for another year.</li> </ul>   | <ul style="list-style-type: none"> <li>Capita are likely to want to mitigate the loss of guaranteed revenue. This will likely result in increased charges to maintained schools (although this is to be confirmed).</li> </ul> |

8. Further details regarding ‘**indicative**’ charges to schools (for **directly contracting with Capita for SIMS** can be found below. SCC have not yet been provided with charges should Schools Forum wish SCC to negotiate a 1 year rolling contract / extension, but can request this from Capita if this is the preferred option, ahead of October’s Schools Forum.

| Type of school  | *Qty | Licence price <u>per school</u><br>( <i>ONE OFF charge – 2019-20</i> ) | Total<br>( <i>ONE OFF charge – 2019-20</i> ) | ***Qty of pupils | ANNUAL CHARGE                                 |   |
|-----------------|------|--|--|------------------|---|---|
|                 |      |  |  |                  | NEW pupil rate <u>per school</u><br>(2019-20) | CURRENT pupil rate <u>per school</u><br>(2018-19) |
| High School     | 27   | £2,995   | £80,865<br>(27 x £2,995)                     | 995              | £1,932  | £1,784.05   |
| Primary – Large | 75   | £2,495   | £187,125<br>(75 x £2,495)                    | 424              | £1,397  | £966.34   |
| Primary         | 130  | £995   | £129,350<br>(130 x £995)                     | 50               | £1,146  | £643.20   |
| <b>TOTAL</b>    |      |  | <b>**£397,340</b>                            |                  | <b>**£305,919</b>                             |   |

\*Number of Staffordshire maintained schools (May 2018)

\*\*Estimated total charge for 2019-20 is c.£700k (£397,340 + £305,919). The existing charge to schools (2018-19) is £177,353.60.

\*\*\*Prices have been provided by Capita based on the number of pupils on roll within a school (i.e. 995 pupils per school, 424 pupils per school, 50 pupils per school).

| Type of school:      | 2018-19 charge: | 2019-20 charge:               |  |                                     | *Annual charge (from 1/4/2020) - based on number of pupils: |
|----------------------|-----------------|-------------------------------|--|-------------------------------------|---|
|                      |                 | (a) One-off charge (2019-20): | (b) Annual charge (2019-20) - based on number of pupils: | (a+b) <u>TOTAL charge</u> (2019-20) |   |
| High School          | £1,784.05       | £2,995                        | £1,932   | £4,927                              | £1,932  |
| Large Primary School | £966.34         | £2,495                        | £1,397   | £3,892                              | £1,397  |
| Primary School       | £643.20         | £995                          | £1,146   | £2,141                              | £1,146  |

\*Future charges may be subject to inflation and/or other price increases from Capita.  
There would be no one-off charge from 1/4/2020.

**Report author/s:**

Name/s: Karen Coker / Tim Moss / Stewart Cottiss  
Contact No.: 07581 025413 / 01785 277963 / 01785 278094