

Contractual Performance Lessons Learned

Specific lessons learned regarding the audit of the Data Centre.

	Area	Improvement
1	Suitability of environment	This was identified early on as a risk when the decision was taken to retain the Data Centre at Harrow. Capita were unable to find a suitable resource to undertake a risk assessment and so this was included in the remit of the audit. Sopra Steria have since undertaken a health check of the Data Centre as part of their take on and concluded that the environmental controls they are responsible for are sufficient for them to meet their contracted service levels.
2	Responsibility for environmental controls	An issue identified in the audit was a lack of clarity about the plans for preventative maintenance as the newly appointed Facilities Management supplier, Cofely, was in the middle of a site survey. The site survey was completed and the preventative maintenance plan is now in effect. Responsibility between the Facilities supplier, on behalf of the Landlord, and the IT supplier is clear.
3	Capacity of datacentre not actively managed	<p>While it is good practice to understand and plan the heat and power capacity of the Data Centre, Capita were maintaining the systems within tolerance and were reducing the utilisation of the datacentre.</p> <p>As Sopra Steria plan to increase the utilisation of the datacentre in the short term datacentre capacity needs to be actively managed. Sopra Steria have assessed the capacity in terms of both heat and power, and are considering this as part of their capacity management process for each project they are initiating.</p> <p>Utilisation is reported in the monthly Service Report.</p>

Three general improvements to the contract that is now in place with Sopra Steria compared with the contract that was in place with Capita.

	Area	Improvement
1	<i>Material failure in relation to subsidiary performance indicator (SPIs) performance</i>	Where Sopra Steria fail to hit either (i) the minimum level of specified service for a quarter of your SPIs, or (ii) the target level of performance for half of your SPIs, Harrow is entitled to withhold a proportionate amount (at its discretion) of the monthly service charge until such time as Sopra Steria has resolved the performance failure. As SPIs rarely have significant contractual 'teeth' in terms of failure, this represents a good remedy that can have significant cash-flow issues for Sopra Steria and therefore act as a strong incentive to remedy the issue(s).
2	<i>Material failure in relation to key performance indicator (KPI) performance</i>	Where Sopra Steria fail to hit the minimum level of specified service for half of your KPIs then Harrow is entitled to withhold <u>and retain</u> a full month's worth of service charge as a penalty. This provides a better escalation of the standard service credit position where service provision drops to a truly unacceptable level and provides a powerful incentive on Sopra Steria to ensure service provision doesn't drop to this level.

Until recent years, both 1 and 2 above would have been unusual provisions in ICT outsourcing agreements.

3	<i>Appointment of a remedial advisor</i>	<p>Upon certain trigger events (set out in the contract as “Intervention Trigger Events”), which include all the same events that would trigger step-in and many of the events that would trigger the right to terminate (plus some additional ones), Harrow can require Sopra Steria to appoint a third party remedial advisor (at Sopra Steria’s cost) to help to mitigate the effects of, and (to the extent capable of being remedied) to remedy, the cause of the issue at hand and to avoid the occurrence of similar circumstances in the future.</p> <p>This right is a significant addition to some of the more familiar ‘intermediate’ rights (i.e. between breach of contract/service credits and full blown termination) such as step-in, which can be much more difficult in practice to trigger and implement.</p>
4	<i>Client Team</i>	Budget has been increased by £100k and a restructure of the team is planned to re-align the team to manage the key commercial and operational risks associated with the contract.