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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	12 <sup>th</sup> September 2019
<b>Subject:</b>	The Re-commissioning and Re-procurement of the ICT Support Services Contract
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Charlie Stewart - Corporate Director of Resources  Carol Cutler - Director of Customer Services and Business Transformation
<b>Portfolio Holder:</b>	Councillor Adam Swersky Portfolio Holder Finance and Resources
<b>Exempt:</b>	Public but Appendix 1 is exempt by virtue of Paragraph 3 of Schedule 12a to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	ALL
<b>Enclosures:</b>	Exempt Appendix 1 - Harrow ICT Re-commissioning Business Case.doc

## **Section 1 – Summary and Recommendations**

This report sets out the requirement to issue tenders for suppliers to replace the current ICT Support contract.

Cabinet is requested to NOTE that:

1. The current ICT Support Services Contract with Sopra Steria ends on the 31 October 2020 and that planning to ensure ICT Support continuity is dictating the timelines for this proposal.
2. At the beginning of July 2019 Sopra Steria informed the Council they were not intending to seek a contract extension thereby removing an extension of the existing contract with Sopra Steria as an option.
3. Pre procurement Market Engagement and Testing has been concluded with further detail in the supporting Business Case.

**Recommendations:**

Cabinet is asked to:

1. AGREE the recommended new model for the ICT service;
2. GRANT Delegated Authority to the Corporate Director of Resources following consultation with the Portfolio Holder Finance and Resources, to:-
  - a. Procure professional advice and support as necessary to support the procurement and transition to the new model
  - b. Develop a procurement strategy and undertake a procurement for the provision of ICT services
  - c. Award contract(s) following the procurement process at a cost NOT to exceed the current financial budget
  - d. Opt to bring End User Services in house if that proves the more favourable option
  - e. Award contract(s) for critical project work (including projects to refresh end user devices, deploy Windows 10 and Office 365, upgrade telephony, and upgrade local area network and wifi) under relevant CCS frameworks at a cost NOT to exceed the current financial budget
3. Approve a direct contract award for the provision of Print Services to Xerox for 5 Years using CCS Framework 3781.

**Reason: (For recommendations)**

The Council's contract with Sopra Steria for the provision of ICT Services expires on 31 October 2020 and it is necessary to re-procure ICT Services.

Sopra Steria have removed themselves from consideration, but the work done during the pre-procurement phase, in any event, was considering developing a disaggregated procurement strategy and undertaking a procurement exercise for the provision of the service as an option.

The market engagement and testing work undertaken has confirmed that:

- There is a market that can meet Harrow's requirements and the nature of the disaggregated model being proposed is attractive to that market
- There are interested suppliers that have both the capability and culture to provide a modern target model which will deliver Harrow aspirations
- All the indications are that savings will be deliverable in the medium term
- Non-financial benefits are significant
- Projected timelines for the procurement of and transition to such a model are tight but achievable as long as recommended resource is provided
- The option of in-sourcing End User Services to provide a service that is closer to users was difficult to validate given the range of Rough order of Magnitude (RoM) costs. Therefore that option will be evaluated in detail during the procurement process.

The risks and recommended mitigations (including recommendation 2e above) have been evaluated and deemed to be manageable.

## **Section 2 – Report**

### **Introductory paragraph**

The Council's contract with Sopra Steria for the provision of ICT Services has been in place since April 2015 with the initial term running through to 31 October 2020. Given forecast procurement timelines, it is now the right time to evaluate future options.

This report, supported by the attached outline business case, seeks approval for procurement and transition to a new modern contracting model.

The business case:

- Recommends the most appropriate operating model / ICT sourcing approach for the future ICT provision in Harrow, based on insight, analysis and market feedback
- Sets out the benefits and risks involved in moving to this model including identifying the financial implications of the new model covering return on investment and cost of transition
- Provides a pragmatic and achievable timeline and methodology for transition to the new model
- Provides a detailed plan for the next stage

To ensure Harrow effectively guided the options evaluation, Business Representatives from the Services and Council Members have worked with the ICT team (and their supporting external consultants Rainmaker Solutions) to form a vision and a set of aspirations for the future. These have subsequently been approved by the Members Working Group and Corporate Strategy Board.

This vision proposes aspirations that are intended to guide the Council's ICT service in how it will interact and operate to deliver ICT in the future. The end of the current outsourced ICT services contract represents an opportunity to lay a solid foundation and take significant first steps on the journey to delivering them.

In the context of this business case, the aspirations have been used to inform the assessment of future contracting model options. Recently, consideration has also been given to the possible future shape of the Council following the emerging transformation. A review of the current Devolved Applications model, where services own the development of their IT, will be part of the transformation. Possible outcomes of this review have not been included in this paper, but will be part of later considerations.

### **Options considered**

As presented in the previous iteration of the business case (considered by CSB on 06 March 2019 and considered a supporting document to this version of the business case), a structured assessment of available contracting model options resulted in the following conclusions at that time.

- “Option 3c, in that business case, Multi-Source - Dedicated in-house management team, was expected to deliver the greatest combination of financial benefit and service improvements and was therefore selected as the preferred option.”
- “Additionally, with the definition and delivery of Sopra Steria's Plan, it was prudent to also take Option 1b in that business case forward into the next stage. During the next stage we will assess the likely benefits which the Plan will deliver and initiate discussions around the terms for potential contract extension allowing us to test whether this option could become preferred.”

### **Background**

#### **Current situation**

The Council's current ICT services contract gives Sopra Steria end-to-end responsibility for service management and associated implementation services covering mobilisation, transition, technical refresh and transformation.

#### **Why a change is needed**

Early indications from Sopra Steria were that they were keen to ensure Council extended the contract for the maximum period. Over several meetings that occurred over a number of months, senior Sopra Steria representatives affirmed they were working on an extension proposal.

However, at the beginning of July 2019 Sopra Steria advised the Council that they were not intending to seek an extension thereby effectively removing the extension (Option 1b) from further consideration.

## **Implications of the Recommendation**

### **Resources, costs**

Harrow's retained ICT team will be enhanced to support the Council's objective to design and deliver a new disaggregated and multi-supplier model. It will be responsible for driving the service to meet Harrow's aspirations for ICT. The retained function, previously referred to as "The Brain", will allow Harrow to control and drive ICT strategy, policy, project / change assurance, service management and commercial performance. This team will ensure that ICT direction is closely aligned to Council requirements and objectives and is responsive to changing needs and direction.

### **Staffing/workforce**

The current staff of 12 will be enhanced to 25 with cost increase funded by the new service model. A detailed resource list is provided within the business case to show the resource increase.

### **Ward Councillors' comments**

***Not applicable***

### **Performance Issues**

This business case supports council ICT priorities and will allow Harrow to deliver a more modern ICT service for users. This will in turn offer an improved performance to residents of the borough.

If the proposal does not proceed then Harrow will be without an ICT support provider when the Sopra contract initial term ends in October 2020.

### **Environmental Implications**

This is not applicable to this contract.

### **Data Protection Implications**

There will be no change to current data management protocols for the management of Service Desk incident data and associated support data.

### **Risk Management Implications**

This is a large undertaking with a number of risks which will need to be managed carefully. The top risks are included below and a more complete risk register is contained in Appendix G of the Business Case,

Ref	Risk	Prob'ty	Impact	Mitigation	Residual Prob'ty	Residual Impact
R-02	The broader portfolio of change across the Council is impacted by the delivery of the Transition Programme	M	H	Council to mature Portfolio Management regime. Determine planned delivery projects and priorities. Impact assess the portfolio given ICT change planned. Develop balanced plan for running transitions and delivery projects where balancing means considering, cost, benefits and risks.	M	M
R-03	The delivery of the Transition Programme is impacted by other change across the Council	M	H	Council to mature Portfolio Management regime. Determine planned delivery projects and priorities. Impact assess the portfolio given ICT change planned. Develop balanced plan for running transitions and delivery projects where balancing means considering, cost, benefits and risks.	M	M
R-05	Migration to multi-supplier model results in fragmentation of service model with reduction in quality due to lack of end to end accountability	M	H	Design service model up front with peer review from wider Council ICT team and implementation partner. Solution review with potential suppliers prior to formal commencement of procurement. Proving of new services prior to go-live. External assurance from 'peer challenge' sessions and industry experts. Leadership development	L	M
R-12	A failure of EOL Telephony equipment during service transition	M	H	Start the IP Telephony implementation early with a view to transition from the EOL equipment before end of term Retain option to novate and extend incumbent supplier contract to bridge any period between transition to new model and delivery of new solution	L	H
R-20	Inaccurate count of Data Centre servers, network devices, desktop devices, laptops or any other equipment	H	H	Indications are that quantity is less than we are currently told. Use external Due Diligence audit as completed previously so that all servers and other equipment are identified.	M	H
R-27	Capacity requirement driven by Exit management on top of BAU and forecast change is unmanageable	H	M	Establish PMO to coordinate programmes of work.	M	M
R-28	Risk of not being able to recruit the skills/capability required to manage the new service model	M	H	Appointment of specialist recruitment partner. Design retained organisation in early phases to ensure that any lead time for resourcing can be met. Conduct training needs analysis and ensure succession and development plans are in place to grow and nurture skills from within the Council	L	H
R-29	Risk of the timescales to recruit meaning that staff are not in post prior to commencement	M	H	Appointment of specialist recruitment partner. Design retained organisation in early phases to ensure that any lead time for resourcing can be met. Conduct training needs analysis and ensure succession and development plans are in place to grow and nurture skills from within the Council	L	H
R-44	The model does not provide sufficient capacity for managing change	M	M	Additional project resource funded by the project can be introduced to overcome capacity shortfall	L	M
R-08	No bid on an individual lot (failed bid)	L	H	Work to warm up the market and keep them warm particularly on the seemingly well supplied areas such as network / LAN. Re-commence procurement (including consideration of incumbent extension) to avoid loss of service.	L	H

Ref	Risk	Prob'ty	Impact	Mitigation	Residual Prob'ty	Residual Impact
R-36	Delays to overall programme result in a distressed extension of the Sopra Steria contract with inflated costs/risk transfer.	L	H	Development of a robust programme plan and management regime to track and identify and manage risks and slippages to avoid any delay in procurement / implementation. Mitigations identified and in place in the event of potential delays to bring programme back on track eg: extra resource where needed	L	H
R-41	There is a risk that procurement decisions could be challenged	L	M	Ensure all suppliers are clearly informed of outcomes and that all decisions are fully documented. Be prepared to enter discussion over decisions where needed	L	M

Separate risk register in place? Yes

## Procurement Implications

This procurement will be conducted consistent and compliant with the Public Contracts Regulations 2015 and the Council's internal Contract Procedure Rules. The procurement division is working closely with the commissioning experts and other professionals from across the Council to deliver a compliant, on time and value for money procurement.

Various procurement options were considered including European wide advertising.

The most expedient and cost effective route for Harrow is to use the Crown Commercial Service procurement frameworks that are available and provide a structured procurement process to follow.

Due to the importance of a prime quality service to be provided to users the top level evaluation criteria will be:

Price – 35 %  
Quality – 55 %  
Social Value – 10 %

## Legal Implications

The re-procurement of corporate ICT services is subject to public procurement rules, particularly the Public Contracts Regulations 2015 (PCR).

The Council can access the ICT services through current lawfully procured Framework Agreements, such as the Crown Commercial Services Frameworks, where the Council is identified as a potential contracting authority, and the services to be procured are in scope in terms of specification and estimated value.

The procurement process must follow the rules set out in the Framework Agreements.

Legal advice should be sought throughout the process, particularly on calling off contracts under the Frameworks and on the completion and agreement of the contract terms and conditions.

As the existing contract ends there may be TUPE implications in that staff forming part of an organised grouping of staff mainly providing a service to Harrow are likely to transfer to the new provider / Harrow under the Transfer of Undertakings (Protection of Employment) Regulations 2006.

Such staff will transfer under operation of law on their existing terms and conditions. The new provider / Harrow will inherit all rights and obligations under the contracts of employment of the transferring staff and will need to undertake due diligence.

Lot 2 of the CCS Framework 3781 permits a direct contract award for the provision of Print Services to Xerox for 5 Years where the Council can demonstrate 'value for money' when identifying its requirements from the available catalogue.

Legal advice will be sought as appropriate on the on-going contractual relationship and the contract termination.

## **Financial Implications**

This report recommends the development of a procurement strategy and to undertake the procurement process for the provision of IT services.

The cost of the procurement processes (including procurement of critical project work) will be contained within existing resources.

The business case (exempt appendix) does identify a potential revenue saving over the project period based on a set of assumptions. As the procurement exercise progresses and a preferred bidder is identified, the financial implications for the Council, both capital and revenue, can be finalised. At this early stage in the process such financial implications cannot be robustly quantified and hence no adjustments are recommended to the



Council's revenue budget or capital programme.

## Equalities implications / Public Sector Equality Duty

### Council Priorities

Please identify how the decision sought delivers these priorities.

#### 1. Modernising Harrow Council – *This is applicable*

- Deliver excellent value for money services – *improving support services for ICT will allow users a better support experience and save time*
- Use technology and innovation to modernise how the Council works – *this will support the modernisation programs under way e.g. Windows 10 / Office 365; Cloud Migration; and provide a more efficient and flexible support service to users.*
- Improving access to digital services - *this will improve support for user access to digital services across the council.*

### Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 2 <sup>nd</sup> September 2019		
Name: Stephen Dorrian	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 2 <sup>nd</sup> September 2019		

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Name: Lisa Taylor	<input checked="" type="checkbox"/>	on behalf of the * Head of Procurement
Date: 2 <sup>nd</sup> September 2019		

Name: Charlie Stewart

Corporate Director

Date: 2<sup>nd</sup> September 2019

**MANDATORY**

**Ward Councillors notified:**

NO

**EqIA carried out:**

NO

**EqIA cleared by:**

## **Section 4 - Contact Details and Background Papers**

Contact: Ian McArdle, Project Manager, Tel 07831 296594;  
[ian.mcardle@harrow.gov.uk](mailto:ian.mcardle@harrow.gov.uk)

Background Papers:  
None

**Call-In Waived by the  
Chair of Overview and  
Scrutiny Committee**

NO

*(for completion by Democratic  
Services staff only)*