

For General Release

REPORT TO:	Cabinet Member for Finance and Treasury 11 December 2017
SUBJECT:	ICT Services Recommissioning Delivery Partner Contract Award
LEAD OFFICER:	Richard Simpson, Executive Director Resources & S151 Officer Graham Cadle, Director of Customer and Corporate Services
CABINET MEMBER:	Councillor Simon Hall, Cabinet Member for Finance and Treasury
WARDS:	ALL

CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:

Fit for purpose ICT services, that are aligned to the organisations and Boroughs needs are critical to support and enable key services. Technology continues to develop at pace and provides significant opportunities to assist the Council, its partners and the community.

The future ICT sourcing strategy looks to ensure the right technology is provided to all Council services. It looks to ensure we have a flexible and efficient service which can evolve to meet local challenges and maximise the opportunity for innovation, utilising the right mixture of local skills and major providers.

In the past 2 years we have made considerable progress in stabilising and bringing the infrastructure up to date, delivering first class online services to our residents and providing flexible ways of working for our staff - being recognised as Digital Council of the year. This future approach allows us to build on that and to place ourselves in the best position for the next generation of technology

The proposed contract award meets the Council's Corporate priorities to:

- Provide Value for Money to its residents through the redesign and recommissioning of ICT services
- Improve our Assets through investment in our ICT
- Include the Council's commitment to the London Living Wage

The deliverables from the contract will inform the re-scoping and redesign of ICT services delivery and associated commercial arrangements so as to better meet future Council business needs and facilitate efficiencies throughout the Council with the application of information technology as an enabler under the Corporate Plan supporting Ambitious for Croydon.

FINANCIAL IMPACT:

The implementation of this strategy to award the contract will be funded from the existing revenue and capital budgets held within the ICT and Resource Departments. The total anticipated contract value is detailed in Part B.

KEY DECISION REFERENCE NO.: 3717FT

This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Strategic Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the nominated Cabinet Member the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Finance and Treasury, in consultation with the Leader of the Council, is recommended to approve the award of a contract for ICT Recommissioning Delivery Partner Services to the preferred supplier and upon the terms detailed in the associated Part B report.
- 1.2 The Cabinet Member for Finance and Treasury is asked to note that the name of the preferred supplier and price will be released once the contract award is agreed and implemented.

2. EXECUTIVE SUMMARY

- 2.1 This report outlines the implementation of the procurement strategy in relation to the recommissioning and future of ICT services. The procurement of a delivery partner to assist with the recommissioning process via the G Cloud 9 Framework ("the Framework") was approved by Contracts and Commissioning Board on 24 October 2017 (ref CCB1281/17-18).
- 2.2 This report confirms the procurement process followed and recommends a contract award to the preferred supplier following a mini-competition conducted from the Framework.
- 2.3 The contract term for the delivery partner contract will be for up to 22 months with various break points. The proposed contract length covers the initial service redesign before any procurement (first break point) followed by a procurement period before any contract award for new ICT service providers (second break point). There will then optionally be another period for service commencement for the new ICT service arrangements and a period for mobilisation and embedding new arrangements post service commencement from June 2019.
- 2.4 The content of this report has been endorsed by the Contracts and Commissioning Board.

CCB Approval Date	CCB ref. number

3. DETAIL

- 3.1 In accordance with the agreed procurement strategy, a mini-competition was conducted using the Framework.
- 3.1.1 The Framework supports a shortlisting process using filters on the G cloud portal. Suppliers on the Framework publish generic service definitions and rate card pricing. An initial search and filter using the G Cloud web portal functionality produced a long list of potential suppliers. The service definitions from the suppliers on the long list were assessed by the evaluation team against the requirement using the Council scoring methodology.

3.2 Long listing

- 3.2.1 Framework supplier service definitions were assessed against the high level requirements listed below:
- The delivery partner will support the internal LBC team to deliver the re-commissioning and re-procurement of ICT services.
 - The delivery partner will need extensive expertise and experience in user research, technical, delivery, commercial and procurement, change and service design to work with the internal team and stakeholders across the organisation to define, design and deliver these new services.
 - The high level requirements to be met:
 - Outline business case
 - Designing the detailed target operating model
 - Document the current and future ICT service requirements scope and bundling
 - Delivery of the procurement specification for the new target operating model
 - Support in recruiting the new team
 - Designing new ICT processes
 - Supporting the transition away from the current supplier
 - On boarding the new supplier(s)
 - General commercial, programme and finance support

3.3 Results of Long listing

- 3.3.1 The initial search and filter resulted in 84 services definitions from 50 suppliers
- 3.3.2 Following evaluation of the service definitions against the high level requirements, 12 suppliers were shortlisted for further clarification and were invited to tender where there was a match of at least 53% against the requirements. Five (5) of the twelve (12) shortlisted suppliers ranged from small independent companies to SME status companies.

3.4 Short Listed Suppliers Tender

- 3.4.1 The evaluation team acknowledged that they were reviewing generic documents, so where there was a match of 53% against the requirements,

(using the Council standard scoring methodology as set out below in paragraph 3.5.4) the supplier was shortlisted for the further competition. Under the Framework terminology this is referred to as “further clarification”. The Council used a formal invitation to tender process to facilitate the ‘clarification’ in a structured way to ensure a formal and auditable evaluation and selection process.

3.4.2 Shortlisted suppliers were invited to tender via the London Tenders Portal, the outcome of the process and approval of contract award leading to a competitive call off under the framework.

3.5 Tender Evolution Method

3.5.1 The following evaluation criteria, as agreed in the procurement strategy criteria were used for evaluation of the tenders:

- Cost 60%
- Quality 40%

3.5.2 Quality was further broken down - using the G cloud buyers guide for guidance.

Section	Weight
Technical competence	20%
Cultural Fit	13%
Social Value	5%
Early Payment Programme	2%
TOTAL QUALITY	= 40% of overall criteria

3.5.3 Scoring used the Council standard methodology. Proposals were evaluated on:

- Understanding of the Council’s requirement and overall approach.
- Response to the service specification.
- Overall value for money; most economically advantageous solution (MEAT) which includes quality and price

3.5.4 Each item in the Qualitative response in each section was marked on a scale of 0-5 and was calculated as a % out of the total based on individual section weightings.

		How responses were scored
Score	Rating	Details
0	Inadequate	Applies when a Bidder has clearly not understood the Council’s requirement, or to instances where no response is offered.
1	Poor	Applies when the response indicates deficiencies or limitations that indicate that the proposal only partially meets the Council’s requirements.
2	Adequate	Applies when the response indicates minor deficiencies or limitations that indicate that the proposal is inflexible, despite meeting the Council’s minimum requirements, or only partially meets the Council’s detailed requirements.

3	Compliant	Applies when the response is fully compliant and acceptable as meeting the Council's requirements.
4	Good	Applies when the response not only meets the Council's requirements, but offers additional benefits e.g. in terms of functionality, scalability or level of Bidder support.
5	Excellent - Adding Value	Applies when the response meets the Council's requirements and provides significant additional benefits e.g. in terms of functionality, Bidder support and a demonstrated ability to accommodate future developments with minimal effort and cost.

3.6 Price Evaluation method

3.6.1 The tendered prices were evaluated based on Whole Life Costs (WLC). WLC assessment considers:

- Full term of the contract
- Bidders price
- Cost or estimated cost for provision of other services to deliver the scope
- Risks – a value will be assigned to risks identified by the bidder or by the Council and will form part of the evaluated price comparison.

3.6.2 Scores were awarded on the basis of:

- Awarding the bidder with the lowest WLC the maximum score of 60%
- Awarding scores to other bidders on a pro/rata basis based on percentage variation

3.6.3 A financial health check was requested for the preferred supplier. The contract award recommendation is subject to contract and an acceptable financial health rating.

3.6.4 Given the value of the contract, bidders were asked to provide either a parent company guarantee, bond or other guarantee.

3.7 RESULTS

3.7.1 Twelve (12) suppliers were invited to submit a tender. Five (5) bids were received by the closing date of which two (2) were from SME suppliers. There were no late submissions.

3.7.2 Two (2) suppliers opted out and chose not to bid and gave reasons as not having sufficient resources available for the proposed opportunity, citing other commitments or not being in a position to meet the requirements. Five (5) bidders did not respond.

3.7.3 Clarification meetings were held with four (4) of the bidders who had submitted a tender.

3.8 RECOMMENDATION

- 3.8.1 Bidder 5 has been identified as the preferred supplier. It is recommended that a contract for delivery partner services is awarded to Bidder 5.
- 3.8.2 Although Bidder 1 submitted a price nearly half the price of the preferred bidder the supplier did not attain a sufficient quality score and was considered as not meeting the requirements both on initial evaluation of their bid and after clarification took place with the bidder.
- 3.8.3 The detailed evaluation scores are set out in the following Tables with commentary.

Bidder	Technical Competence	Cultural Fit	TOTAL QUALITY	% of threshold attained	RANK
Bidder 1	11.4%	4.81%	16.21%	72.79%	5
Bidder 2	14.43%	7.43%	21.86%	98.16%	2
Bidder 3	14.07%	7.95%	22.01%	98.83%	3
Bidder 4	13.57%	7.83%	21.40%	96.09%	4
Bidder 5	18.73%	9.22%	27.95%	125.51%	1

- 3.8.4 The threshold for what is considered a bid that meets requirements would be where a bidder attains a score of three (3) for each response section evaluated and scored. This would give a target score of 22.27% where a supplier has attained a score of at least 3 out of the maximum 5 for each section being evaluated. A small tolerance of 5% is usually taken into account. The percentage variation from the threshold is expressed as the score attained divided by the threshold target and expressed as a percentage.
- 3.8.4 Bidder 1 did not attain the threshold with a score 27.21% below the target and was therefore excluded. Bidders 2, Bidder 3, and Bidder 4 were within a tolerance level ranging between 1% and 4% of the target.
- 3.8.5 Bidder 5 was ranked first for quality with a margin of 26% over the next ranked bidder, and 25.51% over the quality threshold; providing a good quality response which met or exceeded the requirements.

3.9 PRICING RESULTS TABLE

Bidder	TOTAL PRICE	RANK
Bidder 1	Excluded as did not meet quality threshold	n/a
Bidder 2	60%	1
Bidder 3	59.6%	2
Bidder 4	52%	4
Bidder 5	57.4%	3

- 3.9.1 Of the bidders meeting the quality threshold, Bidder 2 submitted the lowest price and therefore attained the maximum score. Scores for the other bidders are a percentage of the maximum score relative to the lowest priced tender.
- 3.9.2 Bid prices were all within a range spanning just 8%. The price for Bidder 1 was not taken into account as the clarification confirmed that the bidder had not met the requirements, had assigned significantly fewer resources to the deliverables in the proposed contract and was not able to meet the quality criteria.
- 3.9.3 At the clarification meetings, Bidder 5 presented a high quality bid clearly demonstrating their capability to deliver all requirements for Croydon Council. They are committed to ensuring detailed people, process and technology analysis including open engagement across business areas underpins the case for change.
- 3.9.4 Bidder 5 brought a team with strong and relevant experience to drive a robust transformation plan for ICT, who will own and proactively drive key work streams whilst working collaboratively and transparently with internal teams to deliver successful and tangible outcomes. The resource model for delivery and commercial framework is flexible and agile to make sure key deliverables are delivered on time, to cost and quality.
- 3.9.5 The other bids, following clarification meetings, were similar in terms of approach but were comparatively weaker in terms of demonstrating relevant experience, particularly around people changes and service transitions.

3.10 COMBINED OVERALL RESULTS TABLE

Bidder	TOTAL QUALITY	TOTAL PRICE	OVERALL TOTAL	RANK
Bidder 1	16.21%	n/a	n/a	n/a
Bidder 2	21.86%	60%	81.86	2
Bidder 3	22.01%	59.6%	81.65%	3
Bidder 4	21.4%	52%	73.42%	4
Bidder 5	27.95%	57.4%	85.37%	1

- 3.10.1 Bidder 5 has been identified as the preferred supplier. It is recommended that a contract for delivery partner services is awarded to Bidder 5. The combined price and quality scores placed Bidder 5 as the supplier most able to meet requirements and provide the most economically advantageous tender.
- 3.10.2 Bidder 1 did not attain a compliant quality score and was considered as not meeting the requirements both on initial evaluation of their bid and after clarification took place with the bidder. Therefore their bid was not considered to be the most economically advantageous tender.

3.11 Social Value

- 3.11.1 The preferred bidder proposed several initiatives to the Council some of which will be turned into contractual obligations specific to Croydon;
- Supporting children through sporting activities

- Training and mentorship of young and local people through work experience and apprenticeships
- Giving back to local schools through organised charity days which help mainstream and specially educated children (age 14/15/16) prepare for the workplace
- Providing support to ex-service men and women from the Special Boat Service.

4. CONSULTATION

- 4.1 Other councils and public sector organisations have been consulted in the development of the ICT Sourcing Strategy to determine the best procurement strategy and Target Operating Model.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1.1 There are a number of procurement and implementation costs associated with the ICT Sourcing Strategy agreed by the Cabinet on 20th November 2017. These costs will be budgeted for within the Capital programme and transformation budget going forward and will be set out in the February budget report. This type of programme will incur costs in a number of different categories including direct delivery, procurement and transition costs.

- 5.1.2 In the timetable there are two gateway points:

- Before procurement (February 18): To decide whether the soft market testing results and the work of the Delivery Partner determine whether to start the procurement. The programme costs to March 2018 would be approximately: £700k
- After procurement (October 18): To decide whether the procurement results make the new ToM financially viable, and whether to continue the exit away from Capita. The programme costs to September 2018 would be approximately: £2.3m, these include the delivery partner costs and delivery team costs.

- 5.2 The effect of the decision

- 5.2.1 The contract award commits the Council to contract expenditure as detailed in Part B

- 5.2.2 Should the Council choose to stop after Phase 1 or Phase 2 at the contract break points based on go/no go decisions, the Preferred Supplier has indicated that either a break or a down-scoping of activity will result in the Council only paying for activity up to that point in time and will subsequently reduce pricing for downscoping of any further activity.

- 5.3 Options

- 5.3.1 Procurement options were set out in the associated strategy report with the recommended approach and there has been no departure from this.

- 5.4 Future savings/efficiencies

- 5.4.1 There may be direct savings as result of the ICT Sourcing Strategy. Initial

market analysis suggests a model where services such as the service desk, deskside support, apps management etc. are delivered in-house it there could be an overall reduction in operational costs from the current budget of £300k pa from year 2 (2020/21).

- 5.4.2 The initial phase of further analysis will develop our understanding and confidence in the expected costs of those service model options, but also balance those costs with the level of service and business impact/opportunity. For instance a service provided in-house whilst potentially more expensive for “business as usual” may allow more flexibility (cost and pace of change) to meet the organisations business needs.
- 5.4.3 However the real financial impact will be across the organisation by enabling an improved service, utilizing new technologies to provide more efficient and effective services for residents. This will impact most changes the Council take forward, providing a key foundation to deliver service improvements.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council Solicitor comments that the overall procurement process as detailed in this report is in accordance with the Council’s Tenders and Contracts Regulations and seeks to secure best value under the Local Government Act 1999.

Approved by: Sean Murphy, Head of Commercial and Property Law and Deputy Monitoring Officer on behalf of the Director of Law & Monitoring Officer.

7. HUMAN RESOURCES IMPACT

- 7.1 The outcome of the new Target Operating Model for ICT will add additional posts to the staffing establishment, however, the number and level of posts cannot be determined until the end of the procurement exercise. A specialist recruitment partner has been procured to support the recruitment as ICT posts are hard to fill and so offers value for money by minimising the use of contractors.

Approved by:- Sue Moorman, Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 An initial Equality Analysis has been completed for the overall ICT Programme, and a full analysis will be required as part of the commissioning process resulting from the outcomes of this contract. The services will be delivered to support some of the most vulnerable residents in Croydon and as such will need to be assessed as fully meeting their needs in terms of customer care and quality of delivery.

9. ENVIRONMENTAL IMPACT

- 9.1 There are no specific environmental opportunities arising from this contract. However it will inform the ICT strategy for recommissioning ICT services in respect of waste reduction and recycling and the opportunities to move towards more sustainable/environmentally friendly products and new technology over time.
- 9.2 Assuming the delivery partner will assist the Council to a successful eventual outcome will lead to the move to cloud services for the majority of the councils ICT infrastructure; the advantages of this will be:
 - No refresh of hardware, less disposal of redundant kit
 - What will be decommissioned will be disposed of to WEEE standards, re-used within LBC data centre in BWH to provide a disaster recovery solution.
 - Some decommissioned equipment will be available for resale until the digital inclusion policy.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 None identified

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 The preferred identified bidder ranked first (1st) across quality criteria and ranked second (2nd) for the price tendered. The combination of cost and quality demonstrated the tender from the bidder as most economically advantageous as scored against the published award criteria. Although Bidder 1 submitted a price nearly half the price of the preferred bidder the supplier did not attain a compliant quality score and was considered as not meeting the requirements.

12. OPTIONS CONSIDERED AND REJECTED

12.1 No other options were identified for consideration. There were no variant bids.

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BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972

N/A

APPENDIX

N/A