

**CABINET**

**22nd July 2020**

**Subject: Information Technology (IT) Services contract – outcome of recent procurement exercise**

**Cabinet Member: Councillor Varker – Resources**

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**1. Purpose of Report**

- 1.1 To report the outcome of the recently completed tender exercise in respect of the Council's IT Services contract which is due to end on 31<sup>st</sup> March 2021.**
- 1.2 To seek authority to progress with the award of a new IT services contract effective from 1<sup>st</sup> April 2021.**

**2. Links to Council's priorities and objectives**

- 2.1 This report links to the priority "Commercial and Democratically Accountable Council" but Information Technology (IT) is an organisation wide support service.**

**3. Recommendations**

**That Cabinet:**

- 1. Note the procurement process that has been undertaken; and**
  - 2. Notes the outcome of the evaluation of the bids; and**
  - 3. Subject to compliance with the Standstill Period and no legal challenge being received, agrees to award the contract for IT Services to Bramble Hub Limited, commencing from 1st April 2021 for an initial period of four years, extended by a further year subject to satisfactory performance.**
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**4. Background**

- 4.1 The current contract with Capita commenced in 2012 for an initial period of 4.5 years and was originally procured with 3 other Councils, (Rochford, Braintree and Colchester) under the Public Contracts Regulations 2006 and in accordance with the OJEU provisions. Castle Point is the only authority remaining in the arrangement having taken advantage of provisions within the contract to extend.**

**Note: OJEU stands for the Official Journal of the European Union (previously called OJEC - the Official Journal of the European Community). This is the publication in which all tenders**

from the public sector which are valued above a certain financial threshold according to EU legislation, must be published.

4.2 The current contract includes the following service elements:

1. Service Management with 3 full time equivalent (FTE) staff on site at Castle Point plus 2.5 FTE's off-site.
2. Service Desk (main interface with service users)
3. Desktop service
4. Network Infrastructure
5. Server and Data Storage
6. Application Support
7. Security Management
8. Consultancy (IT projects)
9. Asset Management (IT equipment)

4.3 The contract with Capita commencing in 2012 secured financial savings in the order of **55% or £1.6m** over the life of the contract (4.5 years) when compared to the contract it replaced. This is an average saving of **£355k** per annum.

4.4 At the start of this procurement process, the Council anticipated that it would be unlikely to secure an equally advantageous arrangement once the existing contract ended. It was, at that time, also unclear as to whether a single authority contract of the size that Castle Point would represent, would be of interest to the market. Several other larger authorities were notably bringing IT services in-house. Unlike the previous exercise there were no other local authorities interested in a joint procurement / service.

**5. Options appraisal**

5.1 In order to identify and evaluate the service options available, the Council commissioned an appraisal from Socitm (Society for Innovation, Technology and Modernisation) who have worked with the Council previously and supported the procurement process arriving at the current arrangement in 2012. The commission included the following aspects:

- Benchmarking of existing costs
- Organisational and IT specific strategy
- Soft market testing of alternative IT service providers
- Proposal of options at point of "go to market"
- Review in-house service option

5.2 Conclusions and highlights from Socitm's options appraisal are as follows:

- The existing contract demonstrates exceptional value for money and the Council will not be able to maintain the cost at the same level going forward
- CPBC shows the lowest level of spend on Information Technology services against other English District Councils
- Robust contract management is in place
- CPBC shows the lowest level of resources engaged in Information Technology services when compared to other English District Councils

- There needs to be more correlation between the ICT strategy and the service plans of the Council (since resolved)
  - There is a market for a contract of CPBC size which includes the incumbent provider Capita. Only 2 of 20 potential providers approached indicated an interest in bidding for the service in the future
- 5.3 The cost of providing an in-house IT service solution was in the same region as an external arrangement, however given the additional risks, particularly around resilience, this option was effectively ruled out at this stage.
- 5.4 Following further consultation with Socitm and the Braintree procurement hub, the Strategic Director (Resources) took the decision to commence a full tender process using a Crown Commercial Services framework (Technology Services 2 - RM3804). This framework will enable a contract period of five years.
- 5.5 The report at Part 2 provides a summary of the financial aspects of the options appraisal.
- 6. Tender process and evaluation**
- 6.1 The tender and evaluation process has been overseen by the Essex Procurement Hub. The process accords with the UK Public Contracts Regulations 2015. In addition, the Strategic Director (Resources) requested the Council's Internal Audit team to undertake a live audit of the procurement process to ensure robustness.
- 6.2 An invitation to tender (ITT) pack, including a detailed description of the services required was prepared by the Council with support from Socitm. The tender was published on 4<sup>th</sup> March using framework RM3804 which includes 90+ providers, including the incumbent supplier (Capita).
- 6.3 The Council received three bids. Capita did not bid.

#### Evaluation process

1. Three companies submitted their bids to the Council via the Delta e-Sourcing portal.  
  
Note: The delta e-Sourcing portal is a web-based tool that centralises purchasing and procurement and allows buying organisations to manage tenders, suppliers and contracts in a single solution in accordance with UK and EU regulatory requirements.
2. The evaluation panel independently reviewed and scored each submission against the detailed specification using a pre-set scoring criterion. A moderated score was arrived at under the supervision of the procurement hub representative. The quality element of the evaluation process represents 60% of the overall score.
3. The procurement hub representative reviewed the financial aspects of the bids, followed up any issues arising directly with bidders (e.g. omissions of information) and separately released this information to the evaluation panel. This evaluation represents 40% of the overall score.
4. The evaluation panel met with each company (virtually) to receive a presentation of their overall bid with a focus on innovation. This element

was scored by the evaluation panel (included in the quality score above).  
This session also enabled clarification of specific points within bids.

- 6.4 During evaluation and where necessary, specific aspects of bids were clarified with bidders, carefully following legal and procurement guidance to ensure that all bids were comparable and on a like for like basis.

## **7. IT Service Contract – 1<sup>st</sup> April 2021**

- 7.1 The contract is for a period of 4 +1 years commencing 1<sup>st</sup> April 2021, preceded by a transitional period of 6 months commencing from September 2020.
- 7.2 Following conclusion of the evaluation process set out above, the bidder with the highest score was Bramble Hub who are a leading UK supplier under Crown Commercial Service (CCS) frameworks to the UK public sector. Bramble Hub refer to themselves as a thin prime contractor enabling specialist partners (e.g. small and medium sized businesses (SME's)) to engage with the public sector.
- 7.3 Bramble Hub proposed Aujla Business Systems Limited (ABS) as their sub-contractor to deliver the Council's IT service contract. Whilst Bramble Hub will take a commercial and account role, ABS will lead the delivery, implementation and support aspects of the contract with the Council.
- 7.4 The bid assessed by the Council was prepared by ABS who are headquartered in Farnborough. The new contract will continue with an on-site presence and will be managed and supported in much the same way as the existing contract.
- 7.5 ABS is a managed service and security provider, specialising in IT and network infrastructure management and have recently provided services to the Ministry of Defence.
- 7.6 Key aspects of the bid and projects which ABS will be supporting the Council in respect of over the next four years (+ 1 year extension if applicable) include:
- 24/7 service desk support (currently restricted to office hours).
  - Comprehensive review of security policies, providing recommendations on potential risks and mitigations.
  - Full migration from Skype for Business to Microsoft Teams.
  - Focus on security, data, and network optimisation to provide foundation to deliver a roadmap for CPBC to bring next generation technology
  - Development of a roadmap of projects focused areas bringing applications and services closer to the consumer (i.e. citizen, suppliers, staff) as well as driving interaction efficiencies and ultimately reducing costs.
  - 2% year on year cash efficiency savings.

## **8. Contract management arrangements going forward**

8.1 The monitoring arrangements currently in place in respect of the IT service contract were assessed by Socitm to be robust. There is therefore no desire to change the existing arrangements.

8.2 The following reporting mechanisms are included as part of the contract:

<b>Title</b>	<b>Content</b>	<b>Frequency</b>
User Satisfaction Survey	Report of customer satisfaction for the overall service provided to users.	6 Monthly
Monthly Exceptions Report	Report of breaches in the contractual obligations, highlighting security breaches.	Monthly
Monthly Performance Reporting	Report outlining Service Desk Performance for the previous month (8 days after the end of the month)	Monthly
Monthly Availability Reporting	Report outlining availability numbers for both Business-Critical Applications and Infrastructure. Should contain and capacity needs.	Monthly

8.3 A schedule of “service credits” forms part of the contract with credits being awarded to the Council in respect of service performance failures on the part of the contractor. This system has historically worked well for the Council.

## **9. Corporate Implications**

### **a. Financial Implications**

Financial aspects of the bids are commercially sensitive and set out in a separate restricted paper.

It is necessary to resource the process of transition from existing to new supplier. Cost estimates provided by Socitm indicate that this could be in the region of **£70k** to **£90k** (in total).

Legal costs are relatively minimal.

Full provision has been made for the cost of transition from existing to new contract provider as well as ongoing contract costs.

Assurance of the financial viability of each company was sought and obtained from Crown Commercial Services.

### **b. Legal Implications**

The current contract was let for an initial period of 5 years with options to extend for 2 plus 2 years. Given the value for money delivered by the existing arrangement the Council took advantage of these extension opportunities.

The Council has complied with relevant procurement rules and procedures.

Legal and procurement advice was sought at appropriate points throughout the process from the Council's legal team and the procurement hub.

**c. Human Resources & Equality Implications**

There are currently 3 full time equivalent posts engaged by Capita in the fulfilment of this contract. One of these posts is currently vacant meaning that two will be subject of TUPE from Capita to the new provider.

**d. Timescale for implementation & risk factors**

Timetable

The full timetable for the procurement project is set out below. A detailed timetable exists for transition and implementation of the new contract arrangement.

Date	Activity
4th March 2020	Publication of the Further Competition Invitation
4th March 2020	Clarification period starts
22nd April 2020	Clarification period closes ("Tender Clarification Deadline")
3 working days after receipt	Deadline for the publication of responses to Tender Clarification questions
12 noon 11th May 2020 (extended from 29th April)	Deadline for submission of a Tender to the Council Contract ("Tender Submission Deadline")
Week beginning 8th June 2020	Supplier Presentations (Clarification focused on Innovation)
June / July	Preferred bidder identified
July / August	Cabinet / Portfolio holder approval completed & Call in period observed
August 2020	Successful supplier notified Unsuccessful suppliers notified Start date of 10-day standstill period
3rd September 2020	Order Award Date / Project delivery commences Inc. TUPE of staff
1st April 2021	Expected commencement date for the Contract ("Go-Live"). Any implementation period to be agreed and complete prior to the commencement date of the contract.

Risks

A decision not to award the contract at this stage would present a significant financial and operational risk to the Council. There is no provision to extend the existing contract with Capita and a repeated procurement process could not be completed within the available timeframe.

There is a risk that unsuccessful bids could challenge the award in any case. To mitigate this risk as far as possible, a live audit has been undertaken alongside the evaluation process.

**Background Papers:**

1. Benchmarking and options appraisal – SOCITM – 4<sup>th</sup> October 2019
2. Tender return documentation

**Report Author:**

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