

## LONDON BOROUGH OF CROYDON

To: Croydon Council website  
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### **STATEMENT OF EXECUTIVE DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND RESOURCES ON 30 NOVEMBER 2018**

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012.

The following apply to the decisions listed below:

**Reasons for these decisions:** are contained in the Part A report attached

**Other options considered and rejected:** are contained in the Part A report attached

**Details of conflicts of Interest declared by the Cabinet Member:** none

**Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Member:** none

The Leader of the Council has delegated to the Cabinet Member the power to make the executive decisions set out below:

**DECISION REFERENCE NO.: 4118FR**

**Decision Title: Good to Great Programme – Provision of a Managed Print Service**

Having carefully read and considered the Part A report, the associated confidential part B report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finance and Resources in consultation with the Leader of the Council

#### **RESOLVED**

1. The Cabinet Member for Finance & Resources, in consultation with the Leader of the Council, is recommended by the Contracts and Commissioning Board to approve the award of a contract for the Provision of a Managed Print Service to the supplier named in the Part B report on this agenda for an initial contract term of 3 years with one option of a further 12 months for a maximum contract value as stated in the Part B report.

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2. The Cabinet Member for Finance & Resources is asked to note that the name of the successful supplier and price will be released once the contract award is approved.

Notice date: 30 November 2018

<b>REPORT TO:</b>	<b>Cabinet Member for Finance &amp; Resources</b>
<b>SUBJECT:</b>	<b>Good to Great Programme – Provision of a Managed Print Service</b>
<b>LEAD OFFICER:</b>	<b>Richard Simpson, Executive Director of Resources Mark Davies, Interim Head of ICT</b>
<b>CABINET MEMBER:</b>	<b>Simon Hall, Cabinet Member for Finance &amp; Resources</b>
<b>WARDS:</b>	<b>All</b>

**CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON**

Fit for purpose ICT services, which are aligned to the organisation and Borough 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 ICT strategy looks to ensure that the right technology is provided to all Council services. It looks to ensure we have flexible and efficient services which can evolve to meet local challenges and maximise the opportunity for innovation, utilising the right mixture of local skills and major providers.

The proposed contract award supports the Councils Corporate priorities to :

- Provide value for money to its residents, through the redesign and recommissioning of ICT services.
- Provide high quality information, advice and guidance to support people living healthier lives and improve overall wellbeing.

The deliverables from the contract will better meet future Council business needs and facilitate efficiencies with the application of information technology as an enabler under the Corporate Plan supporting Ambitious for Croydon.

**FINANCIAL IMPACT**

There will be a cost to the Council for the provision of this service over the contract period of three years with a one year extension option. The detailed impact is defined in Part B.

**FORWARD PLAN KEY DECISION REFERENCE NO.:** This is not a Key Decision as defined in the Council's Constitution.

The Leader of the Council has delegated to the Cabinet Member for Finance & Resources the power to make the decisions set out in the recommendations below

**1. RECOMMENDATIONS**

1.1 The Cabinet Member for Finance & Resources, in consultation with the Leader of the Council, is recommended by the Contracts and Commissioning Board to

approve the award of a contract for the Provision of a Managed Print Service to the supplier named in the Part B report on this agenda for an initial contract term of 3 years with one option of a further 12 months for a maximum contract value as stated in the Part B report.

- 1.2 The Cabinet Member for Finance & Resources is asked to note that the name of the successful supplier and price will be released once the contract award is approved.

## **2. EXECUTIVE SUMMARY**

- 2.1 This report seeks approval of the award of contract for the Provision of a Managed Print Service as part of the Good to Great Programme. This approval includes all work required by the Council to finalise and enter into the contract with the approved Bidder and all ancillary documentation and activities.
- 2.2 The strategy for the programme was approved by the Contracts and Commissioning Board (CCB) on 10 November 2017 reference CCB1288/17-18 and updated on 5 July 2018. Pursuant to Cabinet recommendation [15/10/18] the Leader has delegated the decision to approve the award of the contract to the Cabinet Member for Finance & Resources in consultation with the Leader [ref. 3618LR.]
- 2.3 The contract term is for an initial period of three years estimated to commence 15<sup>th</sup> January 2019, with an option to extend for a further 12 months.
- 2.4 The contents of this report have been endorsed by the Contracts and Commissioning Board on 15/11/18 ref CCB1425/18-19

## **3. Background**

- 3.1 The Council's ICT services are outsourced to Capita ITES Limited under a single long term contract. The Good to Great Programme is moving the Council from utilising such long term monolithic ICT contracts to a disaggregated model enabling a number of smaller more agile contracts with shorter contract lengths.

A total of eight service towers cover the full range of ICT activities with a reorganisation of the in house ICT team to manage the various service towers and resulting contracts.

- Provision of ICT End User Services;
- Application Management and Support;
- Managed Print;
- Networks;
- Telephony;

- Hosting;
- Hardware and Software.
- Service Management Tool

3.2 Managed Print Service includes the provision of a print fleet including multi-functional devices (MFD), the support and maintenance of that fleet and print management services to enable the Council to better manage resources

3.3 Delivering Information and Communication Technology (ICT) in local government is critical as it underpins the running of the majority of services the council provides. ICT also has a key enabler role underpinning digital delivery to add value to service provision and customer experience.

The Council awarded a contract to deliver ICT services to Capita in 2013 November following a procurement process conducted under the Competitive Dialogue procedure, in accordance with the Public Contract Regulations 2006. The Service commenced in May 2014 and consisted of a 9 year agreement with Capita to deliver ICT services and, a 8 year contract with SunGard for Data Centre services. Capita support the Council infrastructure hosted in the SunGard data centre.

#### 3.4 **Capita Service and Performance issues**

Performance issues in relation to meeting/failing to meet SLA and KPIs has been mixed throughout the term of the Capita contract. As a result, Capita attract maximum service credits on the core KPIs every month. In addition, the following issues have arisen:

- There are too many applications outages for key line of business applications.
- Monthly end user satisfaction with the Capita service desk was rated at 65.8% against a target of 90% in July 17
- The ICT service desk telephone answering time within 20 Seconds and 60 seconds over the last 12 months was 66.35% and 76.54% respectively, against targets of 80% and 100%.
- Individual resolution times are too slow (within 8 hours, over the previous quarter it is 92.62% against a target of 100%)

#### 3.5 **Business issues are:**

The speed and cost of change do not meet service expectations. Every project/change requires a CCN and a Capita project manager, and commercial agreements slow down delivering change.

Capita services are not future focused i.e. lack of expertise in the cloud environment, out of date service desk.

Capita do not deliver many items in the contract, and proactive changes/checks to Croydon's ICT infrastructure meaning high volumes of high impact outages and a reactive service.

Over the past few years Croydon has worked in partnership to improve core ICT services by investing in a Service Improvement Plan (SIP) with Capita and by attempting to amend the Service Level Agreements and Service Credit regime. However, despite such efforts, none of these initiatives have been totally successful.

With a break clause due in May 2019, the Council will continue to work with Capita to deliver the following improvements over the coming months while we proceed with recommissioning services. These workstreams align to the wider future sourcing strategy:

- Moving the corporate document store (SharePoint) from on-premise to a cloud-based model (SharePoint Online) so that corporate documents can be accessed by staff via the internet and can also be securely shared with third parties to improve collaborative working.
- Greater use of Bring Your Own Device to provide more flexible access to business systems and to make savings by reducing the provision of laptops to interim staff and the use of Corporate smart phones.
- Ensuring the workforce is mobile wherever possible, with 250 social workers having flexible laptops that work anywhere.
- Joining up our data across the council to ensure there is a single view of our residents and households.
- Improvement to the guest and Town Hall wifi.
- Implementation of biometric authentication to improve the user logon process.
- Improving the ICT service desk with an on-line portal to improve performance and customer satisfaction.
- A review of our core systems in the People department (social care, housing and education) and across streets and safety services.

3.6 The technology roadmap for the longer term will continue to deliver improvements to agile and flexible working as well as improving resilience and reducing cost. The key areas for investment are:

- Moving services from on-premise infrastructure to a cloud-based model. This will be achieved in part through the use of new business systems and partly through migrating existing systems.
- Unified communications to enable full telephony services via Skype for Business.

- Rationalisation of systems and applications to reduce cost and utilise core systems such as the CRM.
- Ongoing software upgrades to provide new features, for example, to Office 2016.
- Refresh of end user devices and move to more widespread use of BYOD.
- Investment in network infrastructure to manage increasing volumes of internet traffic.
- Investment in Data & Analytics to enable staff to provide insight and more accurate decision making.
- Investment in systems to provide improved security and management
- Key strategic systems reviews – such as “People” and “Place” to ensure better alignment and utilisation of key back office systems

3.7 A future ICT Roadmap, and a target services and support model has been developed. Sourcing options have been appraised and a commercial strategy proposed.

### 3.8 Good to Great Programme Objectives

- Deliver flexible and cost effective multi-sourcing model that enables provision of exemplar services across business as usual and change; and aligned to our vision and values.
- Deliver an ICT organisation with clear roles and responsibilities to regain control of services end to end in order to be accountable for technology services that improves user outcomes and productivity.
- Define ways of working to collaborate and leverage local suppliers enabling innovation to support future opportunities around Digital, Smart Cities and Internet of Things.
- Select and award key suppliers to deliver a new multi-source model to be in place before existing single contracted services come to an end.
- Carry out exit management of existing single contract including a safe and secure transition of services to new multi-source arrangements.

### 3.9 The Procurement

Following the approval of the Procurement Strategy on 10 November 2017 (CCB1288/17-18), detailed market engagement was undertaken to enable the final lot structure and procurement routes to be determined. Following extensive market engagement (see paragraph 4), a review of procurement routes identified the Crown Commercial Services (CCS) Managed Print and

Content Management Services Framework (RM3781), Lot 3 Multifunctional Devices, Managed Print and Content Services and Records and Information Management as the best fit for the Council's requirements. The CCS frameworks are pre-bid EU compliant routes to market. This informed the amended Procurement Strategy presented to CCB on 5 July 2018.

- 3.10 All 7 suppliers on Lot 3 of the framework were contacted to establish their interest in the opportunity. One bidder self –excluded.
- 3.11 On 19 July 2018 an Invitation to Tender was issued to 6 suppliers followed by a period for clarification questions. Final bids were received from 2 suppliers by the close date on 30 August 2018. The bids were then evaluated by a panel of subject matter experts, taken from ICT, Procurement, Facilities Management and Service Users, with advice from legal and finance, between 31 August and 21 September 2018.
- 3.12 The tender was let to the most economically advantageous tender (MEAT) based on an evaluation split of 40% quality and 60% price, the Council standard.
- 3.13 For quality each response to the requirements and the method statements were scored on a 0-5 basis with a minimum unweighted score of 3 for key requirements including social value and a minimum unweighted total quality score of 50 out of 100.
- 3.14 The evaluation criteria for quality were weighted as follows:

<b>Section</b>	<b>Weight</b>
Technical & Service Requirements	23%
Services & Account Management	20%
Implementation/Mobilisation	20%
Transformation/innovation/service improvement approach	25%
Social Value	10%
Early Payment Programme	2%
<b>TOTAL QUALITY</b>	<b>= 100%</b>

- 3.15 Following the initial evaluation, further clarification questions were raised by the Council which led to clarified pricing being submitted to enable an equal evaluation of all bids.
- 3.16 Both bidders were invited to clarify further at meetings with the Council attended by key members of the programme team. This meeting was used to



ensure there was a complete understanding of bids. Bidder references were also taken up. Note that all references received, where taken up, were acceptable.

3.17 The unweighted total scores for each bidder are shown below

Both bidders achieved the 50 out of 100 target overall and met all mandatory questions.

### 3.18 Weighted Quality scores total

Scores were then subject to the weighting applied to the quality evaluation criteria to arrive at the total for quality (note the maximum achievable is 40%)

Section	Bidder 1	Bidder 2
Quality (40%)	24.01%	26.22%

### 3.19 Detailed scores

Question No.		Average		Weighted	
		Bidder 1	Bidder 2	Bidder 1	Bidder 2
1	Scope and Solution	3.38	3.69	6.75	7.38
2	Transition	3.00	3.50	6.00	7.00
3	TUPE	3.00	3.00	6.00	6.00
4	Projects	2.83	3.08	3.54	3.85
5	System Documentation	3.00	3.00	6.00	6.00
6	Customer Satisfaction	3.00	3.67	3.75	4.58
7	Innovation	3.25	3.50	4.06	4.38
8	Continuous Service Improvement	3.25	3.56	4.06	4.45
9	Tech refresh	3.00	3.75	2.30	2.87
10	Problem Management	3.17	3.00	2.43	2.30
11	Change Management	3.00	3.00	2.30	2.30
12	Event Management	3.33	3.33	2.55	2.55
13	Service Asset and Configuration Management	3.00	3.00	2.30	2.30
14	Libraries	3.25	3.25	2.49	2.49
15	Social Value	2.75	3.25	5.50	6.50
16	Prompt Payment	0.00	1.50	0.00	0.60
<b>Total for quality Q1-16</b>				<b>60.03</b>	<b>65.55</b>
				<b>24.01%</b>	<b>26.2%</b>

### 3.20 Pricing evaluation

The following table shows the price evaluations. The lowest priced bid attains the high score of 60% and each bidder price is a percentage of that.

<b>Section</b>	<b>Bidder 1</b>	<b>Bidder2</b>
Price (60%)	31.8%	60%

### 3.21 Final combined evaluation scoring.

<b>Section</b>	<b>Bidder 1</b>	<b>Bidder 2</b>
Quality (40%)	24.01%	26.22%
Price (60%)	31.8%	60%
<b>TOTAL</b>	<b>55.81%</b>	<b>86.22%</b>

3.22 Based on the above it is recommended that Bidder 2 is awarded the contract for the Provision of a Managed Print Service. Details are contained within part B of the report.

3.23 The tender pack included the framework terms and conditions amended by the Council to reflect requirements.

### 3.24 Managing the contract

The in house IT client team will manage the contract and set the working processes required. The supplier will use the Council provided service management tool which will facilitate management, reporting, supplier performance monitoring. The in house team will ensure the supplier follows Council policies and standards, will manage supplier performance through regular reporting against SLAS and KPIS and conduct service and contract management reviews.

Roles in the in house team have been specified and there is a significant strand of the programme to implement a new structure alongside industry standard processes, ensure the council has the appropriate skills and experience to manage a disaggregated delivery model.

The contract has a set of service levels linked to a performance mechanism which includes customer satisfaction, service improvement plans and remedies such as service credits for under performance.

Implementation payments are payable on satisfactory delivery with ongoing payments based around a volumetric usage charge.

#### 4. CONSULTATION

- 4.1 Significant consultation was undertaken around the Good to Great Programme with staff and Directors across the business and with Cabinet.
- 4.2 Extensive consultation was undertaken with suppliers in the market via a series of supplier days, phone calls and product specific webinars to establish the best approach for lots and procurement routes. Feedback was also received on terms and conditions and performance management including service level and service credit approaches.
- 4.3 Finally, market research with key industry experts such as Gartner and Cable was undertaken.

#### 5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1 Please see Part B Report

##### 1 Revenue and Capital consequences of report recommendations

##### 2 The effect of the decision

Please see Part B of the Report.

##### 3 Risks

No.	Risk	Impact	Mitigation
1	Service will not be ready when existing contract expires	ICT front line and first point of contact will be significantly impacted affecting all Council users and delaying resolution of issues.	Sufficient time has been allowed for implementation and contingency allowed for.  Emergency extension of existing contract allowed for.
2	Challenge from an unsuccessful bidder.	Delay to the award and implementation.	EU and Council compliant process undertaken. Robust process in place with sufficient audit and review including external legal advice.
3	Implementation may coincide with ICT Department restructure.	Lack of staff buy in and support. Reduced assistance for new supplier.	Program and project managers appointed and ongoing review of restructure timing and potential impacts.

4	Incumbent supplier's lack of support and documentation.	New supplier will struggle with service transition and may impact on initial performance.	Exit management plan for incumbent in place and closely monitored.
5	Incumbent supplier's resource requirements to assist transition.	Impact on service delivery and increased cost.	Exit management plan for incumbent in place and closely monitored.
6	Issue with dependencies between ICT End User Services supplier, Print supplier and other new suppliers in Good to Great programme.	Impact on service delivery to Council staff and other suppliers. Increased cost.	ICT restructure will appoint key contract management staff to manage dependencies and delivery.

#### 4 Options

Alternative options were considered and rejected in the Procurement Strategy report dated 10 November 2017 CCB reference CCB1288/17-18.

An assessment was made of the costs of running this service in-house, as opposed to outsourcing which showed that, for this service, the annual cost of the successful bid was lower. The longer term benefits of access to resources, utilizing technological change and fit with Council strategy also favour outsourcing.

A financial health check was conducted and no issues were reported.

#### 5 Future savings/efficiencies

The tender issued required the bidders to propose solutions to enhance the quality of services provided to end users and promote opportunities to reduce operational costs.

Approved by: *Ian Geary*, Department Head of Finance

#### 6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council has taken advice from external lawyers in relation to this procurement. The lawyers have confirmed that they believe the process to have been run in a compliant manner.

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

## **7. HUMAN RESOURCES IMPACT**

- 7.1 There are no HR implications for Council employees arising from this procurement process. However the procurement strategy could result in service provision changes which may invoke the effects of TUPE (Transfer of Undertakings (Protection of Employment) 2006 Legislation, amended 2014).

Where TUPE applies, the affected staffing group would transfer to the new service provider on their existing terms and conditions of employment. This may be the Council directly or to a new service provider, for which the Council is the client. The appropriate TUPE protocols must be followed; particularly the duty to consult with the recognised trade unions and affected staff. HR advice should therefore be sought throughout this process.

Approved by: Sue Moorman Director of Human Resources

## **8. EQUALITIES IMPACT**

- 8.1 An Initial Equality Analysis was undertaken to assess the potential impact on groups that share a protected characteristic. This concluded that a full equality analysis will not be required due to the fact that the procurement would not have any adverse impact on protected groups compared to non-protected groups

## **9. ENVIRONMENTAL IMPACT**

- 9.1 There are no environmental impacts arising from this procurement.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no crime and disorder impacts from this procurement.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

- 11.1 The strategy for the programme was approved by the Contracts and Commissioning Board (CCB) on 10 November 2017 and updated on 5 July 2018 with the specific lot structure and procurement approach.
- 11.2 The recommendation to award this contract is based on value for money for the Council based on the agreed evaluation criteria and meets service requirements and provides the opportunity for an enhanced and efficient service. This was shown to offer better value than bringing the service back in-house or continuing with the current arrangements.

## **12. OPTIONS CONSIDERED AND REJECTED**

- 12.1 Alternative options were considered and rejected in the Procurement Strategy report.
- 12.2 An assessment was made of the costs of running this service in-house, as opposed to outsourcing.

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**CONTACT OFFICER:**

Mark Davies, Interim Head of ICT  
Extension 65516.

**APPENDICES TO THIS REPORT:**

None

**BACKGROUND PAPERS:**

ICT Sourcing Strategy Report to Contracts and Commissioning Board.  
Revised ICT Sourcing Strategy Report to Contracts and Commissioning Board.