

REQUEST FOR DMPC DECISION – PCD 383

Title: Data Centre Managed Service Tower Contract Extension

Executive Summary:

This paper seeks approval to exercise an optional extension of up to 2 years (with break point options throughout the extended period), and uplift the value of the Data Centre Managed Services Contract (DCMS), provided by Keysource, by 50% of its original value, from £6.807m to £10.210m in line with the Public Contract Regulations 2015. The extension will enable service provision to continue beyond the initial contract term and provide contingency for projected digital transformation and improvement projects in support of wider transformation by the Metropolitan Police Service to improve services and focus resources on operational policing.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve optional extension of up to 2 years;
2. Approve an uplift of the total contract value of the Data Centre Managed Services Tower contract with Keysource from the original contract value of £6.807m to £10.210m. This is not a request for additional funding or budget growth. This decision is required to ensure legal compliance of the contract in line with projected delivery via the contract.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Sybil Under

Date

08/05/18

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1. The Data Centre Management Services Agreement is for an initial term of 3 years (commenced on 01/09/2015) and has the option to extend for a further period of up to two 1 year extensions, by serving notice at least 4 months prior to expiry of the initial term or 4 months before the end of the First Extension Period (if electing to extend the First Extension Period).

2. Issues for consideration

- 2.1. Keysource have been engaged on works to assist other suppliers within the SIAM/Towers model, as an enabler for further DP transformation over the coming 12-24 Months.
- 2.2. In addition, Keysource are already engaged and will continue to be required to support the Network Tower Agreement LAN/WAN Upgrade project with BT.
- 2.3. Proposals for the above are currently being reviewed and considered. If accepted, future works will form part of the uplifted contract ceiling value.

3. Financial Comments

- 3.1. This extension is to raise the ceiling value on the contract from £6.807m to £10.210m. It does not lead to any funding implications.

4. Legal Comments

- 4.1. The Mayor's Office for Policing and Crime (MOPAC) is a contracting authority as defined in the Public Contracts Regulations 2015 (the Regulations). Awards of public contracts for good and/or service valued at £181,302 or above must be procured and/or modified in accordance with the Regulations. The report confirms the original value of the DCMS contract over the full five year term is £6.807m. Accordingly, the Regulations are engaged.
- 4.2. The report requests an extension of the contract term and an increase to the original contract value of £6.807m which applied to full contract period of five years. Regulation 72 sets out the grounds for compliantly modifying public contracts during their term without the need for a new procurement exercise.
- 4.3. The report confirms the contract terms and conditions expressly provide for the option to extend as proposed in this report. The proposed extension is compliant with the Regulations (regulation 72(1)(a)).
- 4.4. This report identifies, albeit at a high level, a number of technical and economic reasons which would cause MOPAC to suffer significant inconvenience/substantial costs duplication if the MOPAC was to change contractor. On the basis these factual elements can be clearly demonstrated to be accurate and true then regulation 72(1)(b) will be met. The report confirms the increase in value does not exceed 50% of the original contract value.

5. Equality Comments

- 5.1. No issues identified during consultation.

6. Background/supporting papers

6.1. Report

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – NO

ORIGINATING OFFICER DECLARATION

	Tick to confirm statement (✓)
Head of Unit: The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓

OFFICER APPROVAL**Chief Executive Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

R. Lawrence

Date

08/05/18

**MOPAC**MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME**Uplift of the Data Centre Managed Service Tower Contract****MOPAC Investment Advisory Board 26th April 18****Report by Angus McCallum on behalf of the Deputy Commissioner****Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC****EXECUTIVE SUMMARY**

This paper seeks approval to exercise an optional extension of up to 2 years (with break point options throughout the extended period), and uplift the value of the Data Centre Managed Services Contract (DCMS), provided by Keysource, by 50% of its original value, from £6.807m to £10.210m in line with the Public Contract Regulations 2015. The extension will enable service provision to continue beyond the initial contract term and provide contingency for projected digital transformation and improvement projects in support of wider transformation by the MPS to improve services and focus resources on operational policing.

Recommendations

The MPS Portfolio & Investment Board (PIB) is asked to:

1. **Approve optional extension of up to 2 years;**
2. **Approve an uplift of the total contract value of the DCMS Tower contract with Keysource from the original contract value of £6.807m to £10.210m. This is not a request for additional funding or budget growth. This decision is required to ensure legal compliance of the contract in line with projected delivery via the contract.**

If supported by the MPS Portfolio & Investment Board, the Deputy Mayor for Policing and Crime, via the Investment Advisory Board (IAB), is asked to:

1. **Approve optional extension of up to 2 years;**
2. **Approve an uplift of the total contract value of the DCMS Tower contract with Keysource from the original contract value of £6.807m to £10.210m. This is not a request for additional funding or budget growth. This decision is required to ensure legal compliance of the contract in line with projected delivery via the contract.**

Time sensitivity

A decision is required from the Deputy Mayor by 11th May 2018 to provide sufficient time for Commercial Services to formalise the contract extension (MPS are contractually required to give 4-months' notice of its intention to extend prior to expiry of the initial period of Contract in 31st August 2018).

Introduction and background

1. The DCMS Agreement was procured in order to deliver Data Centre efficiency services and forms part of the overall Total Technology Programme - Infrastructure ("TTPI"), SIAM/Towers model.
2. In 2015, Keysource was selected as DCMS Supplier following a competitive OJEU tender process and the Agreement governing the provisions of the DCMS Services was entered into on 1 September 2015 by Keysource and MOPAC.
3. Broadly the DCMS Services comprise the following:
 - Data Centre efficiency Services that will manage capacity, space, power and cooling;
 - Rationalisation of Supplier equipment and power to support ICT environment;
 - Cable and IT asset management;
 - Smart hand operational services (support management);
 - Security;
 - Cleaning and delivery.
4. The Agreement is for an initial term of 3 years (commenced on 01/09/2015) and has the option to extend for a further period of up to two 1 year extensions (1+1), by serving notice at least 4 months prior to expiry of the initial term or 4 months before the end of the First Extension Period (if electing to extend the First Extension Period).

Issues for consideration

5. Keysource have been engaged on works to assist other suppliers within the SIAM/Towers model, as an enabler for further DP transformation over the coming 12-24 Months.

This includes assistance with the rationalisation, centralisation and de-commissioning where applicable of the MPS Technical Equipment Rooms and de-couple the hosting infrastructure from the MPS property estate.

This includes:

- Discovery of TER's (including site access, security and audits of equipment);
- Remediation (performing health and safety audits, risks assessments

- and resolving/fixing issues/risks identified);
- Ongoing management programme to ensure control of installs/moves and changes within the TER estate.

In addition, Keysource are already engaged and will continue to be required to support the Network Tower Agreement LAN/WAN Upgrade project with BT.

In summary this provides transformed LAN and WAN connectivity across the MET property estate. As part of this work there is a requirement to support the roll out of LAN and WAN services across approx. 500 MPS sites.

This includes:

- Management of the Master Site List;
- Ensuring access to sites for BT/BT Openreach to perform site surveys and installs;
- Providing local support/installs from a Power, Space and Connectivity perspective to support the roll out.

Failure to provide suitable access and services to the programme will mean delay charges are presented by BT to the MPS.

From a Strategy and Roadmap perspective in SvD Core Infrastructure we are also initialising the following projects over the next 12-24 months which will require support and services from Keysource:

- Providing a "Secure" Data Centre provision in the existing strategic data centres – There are currently power and cooling risks /issues in our "secure" DC's and to mitigate this we are currently reviewing the feasibility of migrating these into our strategic DC's and on this basis providing a environment to host "secure" services;
- Data Centre Strategy – One of the leases for a strategic data centre expires in less than 2 years. We are currently reviewing more cost effective options for on premise data centre provision.

6. Proposals for the above are currently being reviewed and considered by DP and Commercial Services. If accepted, future works will form part of the uplifted contract ceiling value.

Contributes to the MOPAC Police & Crime Plan 2017-2021¹

7. The DCMS contract is a pillar of the SIAM/Towers model, procured to deliver technology transformation across the MPS. A key driver of the agreement is to identify and deliver Data Centre efficiencies through the rationalisation of power and equipment. DCMS supports the MPS transformation and helps to ensure that officers and staff of the MPS have the digital equipment they need to operate effectively in modern London, as pledged in the MOPAC Police & Crime Plan 2017-2021.

¹ [Police and crime plan: a safer city for all Londoners | London City Hall](#)

Financial, Commercial and Procurement Comments

8. The requested exercise of a foreseen extension option of 2 years and uplift the value of the Data Centre Managed Services Contract (DCMS), provided by Keysource, by 50% of its original value, from £6.807m to £10.210m is fully funded from the approved Digital Policing MOPAC budget. There are no funding implications in this request.

Impact on Revenue Budget:

There are no Revenue implications in the proposal.

Impact on Capital Budget:

There are no Capital implications in this proposal.

9. DCMS contract spend has exceeded initial forecasts due to increased Project costs totalling £1m (originally estimated at £434,100 over 3 years). During this time, the SIAM/Towers' model has evolved and matured significantly, delivering a number of strategic projects to support MPS transformation. A key factor of the increased spend through the DCMS contract is due to the supplier's support on delivering the Data Centre Exit Programme, which focused on rationalisation and transfer of services from the former Capgemini data centre (Kestral) to the Met's Eagle DC (enabling a cost avoidance of up to £25.6m for the MPS). It was anticipated this work would be undertaken by the former ICT provider (Capgemini), however, the programme was delivered via SIAM/Towers, bringing services into the current ICT eco-system whilst mitigating the risk of prolonging agreements outside of the strategic model.
10. There is an expectation that further works delivered via an extension to the DCMS contract will lead to greater cost savings and provide risk mitigation for the Authority, by grouping works together and eliminating areas of duplication, whilst providing up-to-date Health and Safety information for ICT rooms across the estate (section 5 above refers).
11. Keysource have demonstrated good collaborative intent, working closely with MPS Digital Policing and other Tower suppliers on organisational transformation plans. This engagement has helped drive efficiencies by identifying and removing duplication of services across the SIAM/Towers. Furthermore, Keysource have provided a good level of service under the contract, continuously scoring well in the quarterly supplier behaviours/incentive scheme.
12. As an extension to an existing service this work does not change any aspects relating to responsible procurement.
13. This paper is not seeking funding approval for the 50% uplift value of £3,403,000 (which will be covered separately in due course if required, subject to governance procedures under the MOPAC Scheme of Delegation).
14. The alternative option of re-tendering has been considered by DP and

Commercial Services, but is considered to be prohibitive for the following reasons:

- Potentially lead to the break-up of the current SIAM/Towers eco-system, introducing risk and a period of destabilisation;
- Additional cost for SIAM to on-board new supplier;
- New contract term unaligned to other Tower agreements (whereas the recommended extension with Keysource would assist with a co-terminus across SIAM/Towers and strengthen MPS position for re-tender of strategic ICT sourcing model).

Legal Comments

15. The Mayor's Office for Policing and Crime (MOPAC) is a contracting authority as defined in the Public Contracts Regulations 2015 (the Regulations). Awards of public contracts for good and/or service valued at £181,302 or above must be procured and/or modified in accordance with the Regulations. The report confirms the original value of the DCMS contract over the full five year term is £6.807m. Accordingly, the Regulations are engaged.
16. The report requests an extension of the contract term and an increase to the original contract value of £6.807m which applied to full contract period of five years. Regulation 72 sets out the grounds for compliantly modifying public contracts during their term without the need for a new procurement exercise.

Extension of the term

17. The report confirms the contract terms and conditions expressly provide for the option to extend as proposed in this report. The proposed extension is compliant with the Regulations (regulation 72(1)(a))

Increase in original contract value

18. Whilst the report confirms the extension in term was included in the initial procurement it also confirms there is insufficient value remaining in the contract to cover it. Accordingly, the recommendation is to increase the original contract value above that of the initial procurement to allow for additional services to be provided under the contract
19. Regulation 72(1)(b) provides contracts can be modified:

(b) for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor—

(i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, and

(ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority,

provided that any increase in price does not exceed 50% of the value of the original contract;

20. In order to rely on regulation 72(1)(b) the MOPAC would to show that a change in contractor is not possible for economic/technical reasons and to change contractor would result in significant inconvenience/substantial duplications of costs. This report identifies, albeit at a high level, a number of technical and economic reasons which would cause MOPAC to suffer significant inconvenience/substantial costs duplication if the MOPAC was to change contractor. On the basis these factual elements can be clearly demonstrated to be accurate and true then regulation 72(1)(b) will be met. The report confirms the increase in value does not exceed 50% of the original contract value."
- 21.
22. Should the contract value be modified in line with the above the MOPAC will be required to send a notice to that effect for publication in the OJEU (regulation 72(3))

Equality Comments

23. No issues identified during consultation.

Privacy Comments

24. Not used.

Real Estate Implications

25. The data centres costs are funded and paid directly by DP. The lease on the Eagle data centre expires 26/07/20 and therefore may need to be renewed during this extension period. The lease on Hawk doesn't expire until 2025. There are no direct estates implications.

Environmental Implications

26. Keysource are ISO14001 accredited and specialise in the design, build, optimisation, management, maintenance and operations of data centres delivering a range of specialist engineering and technology services. The core service provision of this contract includes IT and Power Efficiency monitoring and reporting obligations via DCBMS. Extension of the current contract will support lower levels of energy use (and associated carbon dioxide emissions) and water consumption in the MPS data centre environment.

Background/supporting papers

27. Not used.

Report author: Matt Wilmot – Commercial Services, Contract Support Manager,
MetPhone 781405 | Telephone 0207-161-1405

