

REQUEST FOR DMPC DECISION – PCD 251

Title: Contractual Formalisation of Atos Services

Executive Summary:

The MPS is seeking approval to extend the existing Service Integration and Management (SIAM) contract with the SIAM supplier Atos to include additional services within the scope of the SIAM contract.

Recommendation:

The Deputy Mayor for Policing and Crime is asked to approve the variation of the Service Integration and Management (SIAM) contract with Atos to formally contractualise additional service desk provision, additional request management services and additional third party extended support services valued at £9.82m. The cost will be funded from existing resources.

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

Edie Henderson

Date

29/8/17

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

Decision required – supporting report

1. Introduction and background

- 1.1. In October 2015, the MPS entered into a contract with Atos to provide Service Desk, Service Management, Major Incident Management and other technology related services across the SIAM and Towers models.

2. Issues for consideration

- 2.1. At the commencement of the contract in November 2015 a number of services were transferred to SIAM management, however the costs were not included in the formal arrangements. During the 2017/18 budget setting these additional costs were provided for in the Digital Policing's budget submission. The contract value now needs to be revised to reflect these additional costs.

- 2.2. See the Part 2 for details.

3. Financial Comments

- 3.1. The cost of £9.82m will be met from existing budgets and by realigning the variable charge model to a fixed charge model, therefore the MPS is not requesting any further funding.

- 3.2. Further details are contained in the Part 2.

4. Legal Comments

- 4.1. Regulation 72 of the Public Contracts Regulation 2015 sets out the limited grounds available to modify an existing public contract during its term without having to undertake a new procurement process. In particular, regulation 72 (1)(b) provides:

A public contract may be modified without a new procurement procedure .. for additional works, services or supplies by the original contract 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, service or installations procured under the initial contract; and
- II. Would cause significant inconvenience or substantial duplication of costs for the contracting authority.

Provided any increase does not exceed 50% of the value of the original contract.

- 4.2. The proposed contract increase does not exceed 50% of the value of the original contract.

5. Equality Comments

- 5.1. There are no direct equality or diversity implications arising from this report

6. Background/supporting papers

- 6.1. Briefing note.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Part 1 Deferral:

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

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 – Yes

If yes, for what reason: EXEMPT under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011.

ORIGINATING OFFICER DECLARATION:

Head of Unit: The Head of Strategic Finance and Resource Management 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 Chief Financial Officer has been consulted on this proposal.	✓
Equalities Advice: No Equality and Diversity issues identified.	✓

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

29/8/17

Investment Advisory Board

17th August 2017

Contractual formalisation of Atos Services

Report by Mark Mcleod (Director SIAM Services) on behalf of Angus McCallum (CIO)

EXECUTIVE SUMMARY

This Business Justification requests approval to extend the existing Service Integration and Management (SIAM) contract with the SIAM Supplier (Atos) to include additional services within the scope of the SIAM contract.

At the commencement of the contract in November 2015 a number of services were transferred to SIAM management however the costs were not included in the formal arrangements. This was resolved with the additional funding provided to Digital Policing (DP) in the 2017/18 budget setting process to cover core budget omissions. The contract value now needs to be revised as indicated above.

This paper also notes the change from a variable charging regime to a fixed charge for SIAM services in order to limit exposure on increasing users and to assist budgeting.

The paper also seeks approval to include a third party extended support service that will provide management of services currently sitting outside of the 'SIAM & Towers' model. The additional services are funded through consolidation of existing budgets and the transition of the contract's variable costs to a fixed charging model.

TIME-SENSITIVITY

A decision is required by 31st August 2017 to secure the commercial offer.

A. RECOMMENDATIONS – That DMPC approves:

1. The variation of the Service Integration and Management (SIAM) Contract with Atos to formally contractualise additional service desk provision, additional request management services and additional third party extended support services valued at £9.82m, which will be funded from existing budgets.

B. SUPPORTING INFORMATION

1. In October 2015, MOPAC awarded a contract with Atos for the provision of Service Integration and Management (SIAM) services for an initial term of 5 years with two one year extension options (5+1+1) at an estimated total contract cost of £74,850,000. This included Service Desk, Service Management, Major Incident Management and other technology related services across the SIAM and Towers model.
2. In 2016, contract extensions for SDIM, Security Operations Centre and Software Licence Management services were approved by MOPAC re-baselining the contract value to £93,626,000.

3. This paper recommends a further extension to the SIAM contract to further optimise services. The total value of these changes to the SIAM Contract amount to of £9,826,842 revising the total contract value to £103,452,842.
4. Of the three services recommended, two of these are currently being provided by the SIAM Supplier (Atos). These being the TUPE transferred staff and services that fall under Additional User Administration Services and Additional Service Desk Provision which were originally contracted in the End User Services contract with DXC (previously CSC). The third and new service, Additional Third Party Extended Support, will be funded from the consolidated budgets as set out in the table at Part 2 Section B (5).
5. There is also a recommendation to change the variable charging regime in the contract to a wholly fixed charge model for SIAM core services in order to limit exposure on increasing users and to assist budgeting. This will result in a reduction of costs equalling £604,488 which will partly be reinvested in the new Additional Third Party Extended Support services.
6. The addition of these services and the positive effect of the fixed charge model is funded through the consolidation of existing budgets which has been made possible by a reduction in overall cost from the SIAM Supplier.

Realignment of Contract Services - Additional Request Management Services

7. Following contract award, a large number of employees TUPE transferred from the previous supplier to the new SIAM Supplier. The overarching TUPE process was fragmented due to the disaggregation of the previous monolithic prime contract with the previous supplier and at the time an assessment was made by the TTPi Programme and 'Tower Suppliers' in respect of which 'Tower' each individual should transfer to.
8. In the case of project management, alarms management, CARM user management, CRIS and Merlin user management and PKI card management, it was assumed by the TTPi Programme that these services were in scope of the 'SIAM & Towers' model however on transfer a service gap was soon identified. To ensure service continuity in the interim period, The gap was temporarily resolved using the risk provision amount that was put in place at Contract Award to cover (among other things) risks associated with the exit of the previous supplier, readiness of the MPS organisation and ability for an interim ICF to execute its obligations and the potential shifting scope of other/ new Towers and in-flight projects.
9. The services mentioned in (8) are essential for the delivery of policing, in that they provide user administration for key operational systems. Without these services access to systems would become fragmented and unmanageable. The PKI function provides access to key confidential systems for which there is no current alternative method of entry. The alarms service manages using administration and facilitates a significant revenue stream into the MPS. The CAD user management service maintains location based comments and provides key information for users around application and access management. The services provided are detailed in Part 1 Appendix (A) section (a).
10. The proposed costs and services supplied are identified in Part 2 of this report (exempt) and are referred to as additional request management activities.

Realignment of Contract Services - Additional Service Desk Provision

11. User administration services (i.e. creation and management of basic user accounts) had originally been included in the End User Services (EUS) contract. During the SIAM Transition, the SIAM Supplier took on a number of tasks that were not in the original contract and this additional scope was reflected in a side letter signed by the Authority and Atos on 29 January 2016. This has meant that services have been delivered via the SIAM Service Desk rather than EUS. Interim arrangements have been put in place to contractualise this arrangement and have continued throughout whilst the longer term service requirement and output was determined.
12. The additional user administration services mentioned above enable access to MPS systems so that MPS officers / staff and partners can undertake their daily duties. The creation of a basic user account enables access across the MPS network with an associated profile which can then be used to access appropriate systems for the role the individual undertakes. The service also provides a password management and reset function for a variety of critical operational policing systems and an account enablement and termination function for joiners / leavers. Effectively this is a 'one-stop shop' function (provided on a 24/7 basis) which is undertaken at the Service / Help Desk and means the user is not passed onto another resolver group.
13. The proposed costs and services supplied are identified in Part 2 of this report (exempt) and are referred to as Service Desk Additional Services. The Authority and the EUS Supplier are engaged in commercial dialogue to de-scope this element from the contract.
14. It should be noted that for both these realigned services it would not be feasible to source these services via an external procurement as this would add complexity to the service model. First line support (which these services amount to) requires Service Desk capacity which provides access to user profiles, enable profile creation and amend access to key systems. To procure another provider (outside of the model) to perform this role would mean amending the Master Services Agreement. To allow one of the suppliers inside the model to perform the services would change the construct of the SIAM & Towers arrangement and would inevitably lead to scope encroachment, duplication and significant inconvenience to the user base. In addition this would bring another risk in that these services are not within the scope of all the other Tower contracts.

Variable to Fixed Cost Model

15. The move from a variable charging regime to a fixed fee arrangement is designed to limit the Authority's exposure to an increasing Active Directory (the database on which the variable charge is based enabling more accurate forecasting).
16. The current SIAM contract has a monthly variable charge based on the amount of users of IT Services across the estate. The amount charged per user varies according to volume and is based on the Active Directory (AD) size (and not Authority employee numbers) which will potentially increase further as and when outsourced arrangements are put in place across the Authority as organisations typically spread activity across a larger workforce. The proposal provided by the SIAM Supplier sets the baseline figure of the AD size at 49,567 users. This represents a cost avoidance of over 4.6% against existing contractual liability given the current AD size is currently at circa 52,000 users. Changing this element of the pricing will also have the benefit of predictability and reduced invoice administration which will have a considerable beneficial impact to the Authority.

17. Value for money considerations have been satisfied in so far as agreeing a fixed number as defined by the AD will secure a fixed price over the contract term which will provide DP with budget certainty and immediate benefit from the fixed charge baseline. Currently the AD figures are far in excess of what was originally anticipated when the contract was awarded, thus leaving the Authority exposed to higher charges if the contract provision remained as is. If AD numbers increase, then the Authority will have avoided additional costs, however if AD numbers reduce, the Authority will not benefit from a reduction in contract cost from the SIAM Supplier. This however is unlikely to happen sufficiently enough to result in the Authority being at a disadvantage.

Services Enhancement - Additional Third Party Extended Support

18. Additional services to enhance service management support have been identified to allow the Digital Policing Service Delivery operating model to be delivered uniformly across all areas inside and outside the Tower framework resulting in a consistent user experience, also enabling the DP ICF to remain as lean as possible. The services will uplift the SIAM service management activity from a "log and refer" service to "log and manage".
19. Under this offering, the SIAM Supplier will extend coverage of SIAM Services to include ITIL functions of 'Incident Management', 'Major Incident Management', 'Change and Release' as well as supplier management to the remaining 53, third party systems and services. These additional services will provide tooling integration of third parties for high impact services and support an improved user experience and effective reporting.
20. The cost for supplying those services is fixed across the life of the contract but also includes a one off project charge. The cost of the Additional Third Party Extended Support services will be funded by the surplus identified in respect of the Service Realignment, User Administration and from changing to a fixed cost model. A breakdown of costs is detailed in Part 2 of this report (exempt).
21. It should be noted it would not be feasible to source these services via an external procurement process as this would add complexity to the current service model. It would also result in additional costs as the SIAM Supplier would have to pass off to another supplier the incident management process for which there will be an additional charge from both the SIAM Supplier and the external supplier. The SIAM Supplier has offered to undertake these services at a preferential commercial discount which immediately benefits the Authority, in return for a commitment over the remaining term of the SIAM contract.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

1. Equality and Diversity Impact (mandatory)

22. There are no adverse implications to Equality and Diversity through the approval of these recommendations.

2. Financial Implications / Value for Money (mandatory)

23. No additional funding is being sought as the cost for these services will be met within existing budgets and by realigning the variable charge model to a fixed charge model. Costs in respect of the realignment of services and user administration are reflected in Part 2 (exempt).

24. The costs of Service Desk Provision and Additional Request Management Services have been built into existing DP budgets. As part of the overall proposal the SIAM Supplier has offered a discount over the term to secure the new Additional Third Party Extended Support services.
25. The cost of the Additional Third Party Extended Support services will be funded by the surplus identified in respect of the Service Realignment (Service Desk and User Administration) and from changing to a fixed cost model. The inclusion of the enhanced service has been made possible by a reduction in the costs of those services identified in Section B paragraphs 1-21. The SIAM has provided costs for those services which reduce over the remainder of the contract. A breakdown of costs is detailed in Part 2 of this report (exempt).
26. The offer provided by the SIAM Supplier presents an opportunity for fixed cost budgeting, there is however a risk that should MPS significantly reduce the numbers in the AD then no benefit will be accrued. However the AD has been increasing as typically when work is moved out of the MPS the organisations that it is transferred to still need access to MPS systems.

3. Legal Implications (mandatory)

27. The Mayor's Office for Policing and Crime (MOPAC) is a contracting authority as defined in the Public Contracts Regulations 2015 (the Regulations). When awarding public contracts for goods and services valued at £164,176 or above all contracting authorities must do so in accordance with the Regulations. The values of the original contract and the proposed modification are such that the Regulations are engaged.

28. Regulation 72 sets out the limited grounds available to modify an existing public contract during its term without having to undertake a new procurement process. In particular regulation 72(1)(b) provides:

...a public contract may be modified without a new procurement procedure ... 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, service or installations procured under the initial contract; and
- (ii) Would cause significant inconvenience or substantial duplication of costs for the contracting authority.

Provided any increase in price does not exceed 50% of the value of the original contract.

29. This report (Part 1 and 2) confirms that the proposed increase does not exceed 50% of the value of the original contract.
30. Engaging a contractor outside of the current 'SIAM & Towers' model would require MOPAC to procure a new Tower Supplier to perform the Helpdesk services and report into the SIAM. A consequence of this would be that the new provider would be required to enter into an amended form of the existing Master Services Agreement (MSA) between the SIAM and current 'Tower Suppliers'. Not only would this alter the overall SIAM/'Towers' model in

a way not envisaged in the original procurement it would also cause significant inconvenience, delays and costs duplication due to the fact all current 'Tower Suppliers' would need to agree the amended MSA. If an amended MSA was not agreed the overall SIAM/'Tower' model would be at significant risk of failure.

31. Equally none of the existing 'Tower Suppliers' can provide the additional services as the services are not within scope of any existing other 'Tower' Contracts and that the proposed services are within scope of the SIAM contract.
32. In the case of the third party extended support proposed in this report the same impacts as mentioned above would apply. Additionally there would also be further duplicated costs to the Authority resulting from the SIAM passing through those services from a new provider.
33. On the basis of the information provided to date, the Directorate of Legal Services believe the Authority appears to meet the criteria set out in regulation 72(1)(b) of the PCR 2015 in order to compliantly modify the SIAM contract to include these additional services.
34. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime has authority to approve all unforeseen variations and extensions to contracts with an original value of £500,000 or above, when the variation or extension is greater than 10% of the original value and/or is for a period of more than 12 months.

4. Consultation undertaken (mandatory)

Consultation grid

Key stakeholder engagement (up to what level)	Supportive / Supportive with concerns / Not supportive / Not affected
Director Commercial and Finance (Lynda McMullan)	Supportive
Service Delivery Director, Digital Policing (Alex Blatchford)	Supportive
Commercial Director (Simon Wilson)	Supportive
Director Contract Management – Commercial (Katherine King)	Supportive
Finance Business Partner - Digital Policing (Michael Killoran)	Supportive note move to fixed charge arrangement

5. Risk (including Health and Safety) Implications (mandatory)

35. Health & Safety: this recommendation is not believed to affect the Authority's H&S policies or affect the H&S of any employees of the Authority.
36. Financial risks: the Authority may not benefit from additional savings should Active Directory numbers reduce however this is unlikely to materialise as services are outsourced by the Authority to third parties acting on our behalf. There is a greater risk of additional unbudgeted costs being incurred should the current position remain unchanged.

37. Service risks: should these additional services not be added to the SIAM contract, there is a risk that service delivery will be adversely impacted, it is likely there will be an inconsistent user experience and a continuing pressure on the Digital Policing ICF which will result in the requirement for additional unbudgeted resources.

6. Responsible Procurement

38. There are no adverse responsible procurement implications associated with this solution.

7. Real Estate and Environmental Implications (if relevant to the subject)

39. There are no known Real Estate or Environmental Implications resulting from this recommendation.

Report author: Mark Mcleod (Director SIAM Services)

Background papers: below

Part 1 - Appendix A

a) Description of Additional Request Management Services identified in Section B (Supporting Information) paragraphs 7-10

1. The scope of support for the SIAM (Digital Policing) Service Desk has been extended to include the following additional service management elements. The SIAM has agreed to provide:
 - a. Approval and issue of EcE cards and addressing current single point of potential failure
 - b. Bulk account creations, account deletions and access management of CRIS and Merlin systems,
 - c. Command and Control system administration and routine updates, including CAD and Associated Apps information and access management
2. A bespoke business process handling capability is being provided to undertake the following:
 - a. Alarms services, handling of new applications, cancellations and variations.
 - b. Manage various MPS customer queries (received from the Alarm Companies).
 - c. Setting up new customers, de-activating old customers and the invoicing process on behalf of MPS
 - d. The service includes developing and sustaining a close working relationship with MPS Accounts Receivable and providing regular reports and updates directly to the end customer in MPS.
 - e. The following AWARE tools are used to provide the service efficiently and effectively:
 - i. ADMS (The Alarms Database)
 - ii. MPS SAP ERP system (Raising invoices in the financial system)
 - iii. Shared Mailbox and Document storage areas on S:\

b) Additional Service Desk - Description of Services identified in Section B (Supporting Information) paragraphs 11-14

1. During the SIAM transition, the SIAM took on a number of tasks that were not in the documented SIAM solution or the requirements scope. This additional scope was reflected in the side letter signed by the Authority and by Atos dated 29 Jan 2016. MPS requested that SIAM take on these additional in order to better manage the end to end user experience and reduce management overheads in the Intelligent Client retained function. These include:
 - a. Account Enable/Disable
 - b. Aware Account Amendment
 - c. Becrypt Password reset
 - d. Crimint Account Amendment
 - e. CRIS password reset

- f. Foundation Amendment
- g. Guardian Angel reset
- h. IIP Amendment
- i. IIP Password reset
- j. Login change
- k. Mailbox amendment
- l. Merlin password reset
- m. Network Password reset.

