

DMPC Decision – PCD 1017

Title: Pegasus Applications ITN Ranges Full Business Case

Executive Summary:

Over the past eighteen months the Pegasus programme (next generation of MPS ICT outsourced contracts and partnering arrangements) has been progressing the requirements and procurement of Digital Policing's two tower Infrastructure and Applications Services Management strategy, to replace the existing multi-supplier arrangements.

The programme has concluded the procurement of the Applications management services as part of this strategy.

The Purpose of this decision is to:

- Present the Full Business Case for the Applications project based on 'High Benefit Case' and 'Low Benefit Case' bidder responses at the Invitation to Negotiate (ITN) stage.
- Secure approval from the Deputy Mayor for Policing and Crime for this Full Business Case based on the Low Benefits Case (highest prices submitted at ITN) and so provide the basis for delegation of the signature of the Applications Service provider contract later in the year based on the best and final offer (BAFO) submission.

Recommendation:


The Deputy Mayor for Policing and Crime is recommended to approve:

1. Award to preferred bidder of the Applications Services contract for an initial term of five years to the value stated in the exempt part 2 section, with the option to extend for two further one year periods. Also to approve additional headroom in the Applications services contract at the amount stated in part 2, with spend against this headroom based on scheme of delegation.
2. That MPS can initiate and award contracts according to applicable scheme of delegation for work needed on exit and transition related services.
3. Delegation of the approval of the Applications FBC post the identification of the preferred bidder to the Chief of Corporate Services, Director of Commercial Services, Director of Finance and Chief Digital and Technology Officer, on the condition that the benefits lie within the ranges specified in the Approvals, which is detailed in Part 2. Further that the contract for the preferred bidder can be signed by the Director of Commercial Services post approval of that FBC.

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 

Date 29/07/2021

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

1. Introduction and background

- 1.1. The Full Business Case (FBC) identifies cashable and non-quantifiable benefits and further has established value for money based on research and analysis by a global external technology research and advisory company, Gartner.
- 1.2. To enable continuity of services until the services are transitioned to the Preferred Bidder and to deliver some transition related activities, MPS is continuing the existing services through current contract mechanisms. This follows a Legal and Commercial risk assessment of options available. Considerations included timescales, risk to service and the prevailing COVID-19 situation and we find there is no alternative but to use the mechanisms within the current contract.

2. Issues for consideration

- 2.1. The current Applications Management contract was coming to an end and so needed to be replaced – this presented an opportunity for Digital Policing (DP) to take control of the timing for going to market to secure better value, improved control and a commercial and contractual platform that is fit for the future.
- 2.2. The drivers for the economic case across both cashable and non-quantifiable areas were determined prior to and during procurement. This involved, early engagement with the Digital Policing Board, validation with incumbent providers, market validation with a globally recognised technology research company, the use of a negotiated procedure (CPN) and external benchmarking.
- 2.3. The economic value being released as a result of the new contract is consistent with the simplification and the management of the contract and reflects advances in technology and process maturity since the current contract was let in 2016.
- 2.4. In addition to any cashable benefits, other non-quantifiable benefits accrue as a result of operational delivery, commercial management and an improved end user experience. In summary the drivers for these benefits are as a result of the below with greater detail provided in the Part 2;
 - Met-led across design and transition
 - Alignment to a strengthened retained organisation
 - Requirements and contract shaped by those owning the service
 - A programme culture and governance of challenge and support
 - Simple but powerful performance management
 - Negotiated procedure accommodates market, bidder and external (e.g. Gartner) input
 - Single supplier accountable for Infrastructure service delivery leads to a streamlined service for applications with fewer hand-offs

- Lessons included from prior contract, the recent infrastructure procurement, wider government (e.g. Outsourcing playbook), market and other large MPS programmes (e.g. Command & Control/Connect)
- 2.5. The delivery of the new service will be across a single transition phase, allowing MPS to manage risks and the realisation of benefits effectively.

3. Financial Comments

- 3.1. The costs and savings and the associated funding position for this contract are detailed in the Exempt Part 2.

4. Legal Comments

- 4.1. The Mayor's Officer for Policing Crime is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts for goods and/or services valued at £189,330 or above will be procured in accordance with the Regulations.
- 4.2. Paragraph 4.8 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve business cases for revenue or capital expenditure of £500,000 or above.
- 4.3. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated 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
- 4.4. Paragraph 4.14 of the Scheme provides that the DMPC reserves the right to call in any proposal to award a contract valued at £500,000 or above.
- 4.5. Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent to approve all proposals to award of all contracts with the exception of those called in through the agreed call in procedure.
- 4.6. Regulation 72 of the Public Contract Regulations 2015 permits contract modifications within specific parameters. In this case the modification required is permitted under Regulation 72.
- 4.7. The procurement has been conducted in accordance with the Public Contracts Regulations 2015 (as amended), and specifically Regulation 29 which governs use of the Competitive Procedure with Negotiation.

5. Commercial Issues

Required Goods and Services

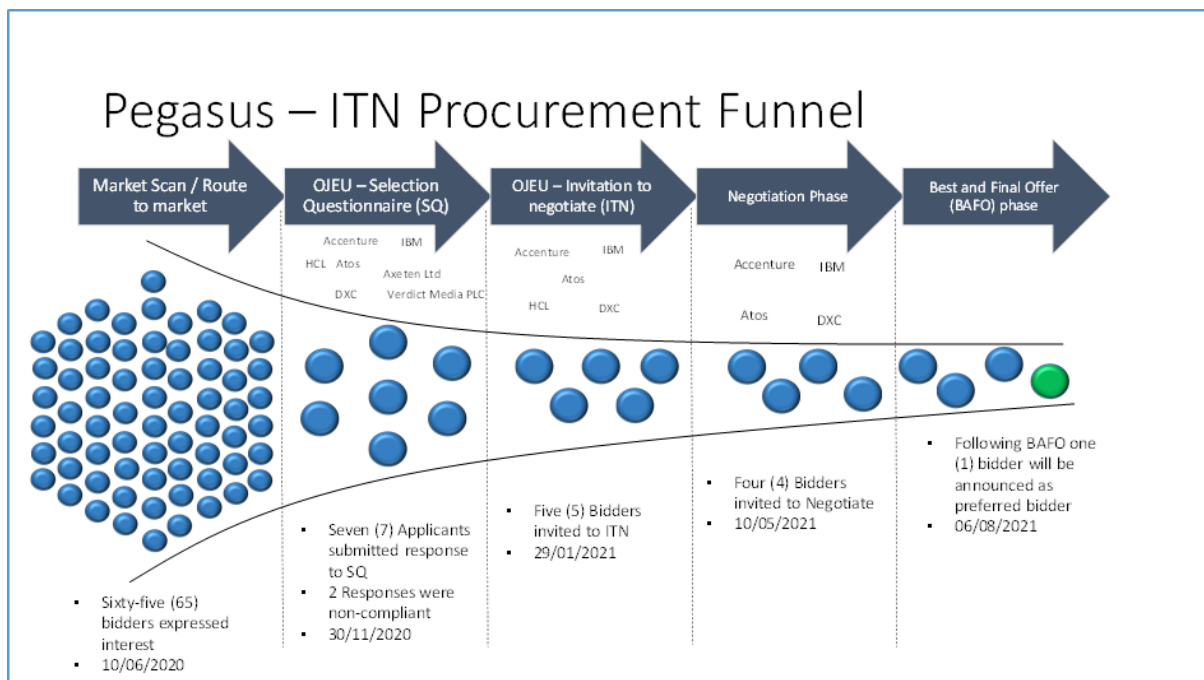
- 5.1. The intention is to procure an Applications Management Provider to replace the existing Applications Management supplier. The services provided by this new provider cover the following three areas;
 - Applications Management Services (Management, Maintenance, Change, Support)
 - Tower Management Services, aligned to the Industry standard ITIL framework
 - Security Services, to ensure secure running of the applications estate and integrating with the wider MPS security function.
- 5.2. Optional services that may be required over the course of the contract covering
 - Cloud Hosting Services
 - End User Software Services
- 5.3. Managed Services; a set of contracts that MPS continues to own and which are managed, to differing levels of maturity, by the applications provider.

Procurement approach

- 5.4. The MPS utilised a compliant procurement process following the Competitive Procedure with Negotiation (CPN) under regulation 29 of the Public Contracts Regulations (PCR). The procurement process was executed with external commercial assistance and validated by external legal counsel (TLT).
- 5.5. A range of appropriate procurement routes were assessed. For the above services an OJEU Competitive Procedure with Negotiation (CPN) was selected. The basis for this was
 - Ensures that the MPS benefit from the best value available in the market; more in-depth negotiation would be required as opposed to just clarification/dialogue as suppliers will have different offerings.
 - The applications supplier will deliver a run and maintain services which requires some detailed negotiation as the MPS IT estate is multifaceted.
 - This is a complex procurement requiring the need to negotiate and have flexibility in key areas. The route and procedure that has been selected is proportionate to the breadth and complexity of the services required.
 - CPN provides MPS the flexibility to break a complex procurement into separate stages (2-4 stages) which take account of the complexity and criticality of the services with the option to negotiate. This enabled the MPS to more deeply interrogate the supplier's bids and to ensure final bids were consistent with the MPS's requirements.
 - Based on the Government Outsourcing Playbook rule 6 the merits of the routes to market and lessons learned from previous procurements were considered and it was decided that the preferred option was to procure a new Applications Management services supplier using the CPN process.
 - Approval to use the CPN process was sought and received from MOPAC in 2020 (PCD 870).
- 5.6. The OJEU Contract Notice for Applications Services was placed on Tenders Electronic Daily (TED) on the 23rd of October 2020.

- 5.7. Following this release, sixty five (65) organisations expressed an interest by requesting the SQ documentation via the eTendering portal, Bluelight. Many of these organisations had attended the Virtual Market Engagement event held on 14th August 2020.
- 5.8. The MPS shared, with the consent of all the attendees, contact details between SMEs and non-SMEs that attended the Virtual Market Engagement. 15 SMEs in total had their details shared. Progression through the procurement pipeline is summarised below;

Figure 11: Procurement Funnell and Timeline



Key Contract Terms

- 5.9. The key terms of the proposed contract(s) are as follows:
- The contract will be awarded for an initial period of 5 years, with two 12 month extension options.
 - The Applications Contract is heavily based upon the Cabinet Office Model Contract, it represents a fair and balanced approach in delivery of the infrastructure services.
 - The Applications Contract has been developed in light of previous procurements with the MPS, notably the Infrastructure procurement carried out in 2020, and takes account of comments received from previous bidders and the market.

6. GDPR and Data Privacy

- 6.1. The programme does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

7. Equality Comments

- 7.1. As this is an extension of an existing service this work does not change any aspects relating to equality or diversity.

8. Background/supporting papers

- 8.1. MPS 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: N/A

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

ORIGINATING OFFICER DECLARATION

Tick to confirm statement (✓)

Financial Advice:

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

Legal Advice:

The MPS legal team has been consulted on the proposal.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

Commercial Issues

The proposal is in keeping with the GLA Group Responsible Procurement Policy.

✓

GDPR/Data Privacy

- GDPR compliance issues are covered in the body of the report.
- A DPIA is not required.

✓

Director/Head of Service:

The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

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



Date 27/07/2021



MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

Pegasus Programme – Next Generation of MPS ICT Outsourced Contracts and Partnering Arrangements

Pegasus Applications FBC ITN Ranges Full Business Case

MOPAC Investment Advisory & Monitoring meeting 9/7/21

Report by Robin Vasudeva on behalf of the Chief of Corporate Services

Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC

EXECUTIVE SUMMARY

Over the past eighteen months the Pegasus programme (next generation of MPS ICT outsourced contracts and partnering arrangements) has been progressing the requirements and procurement of Digital Policing's two tower Infrastructure and Applications Services Management strategy, to replace the existing multi-supplier arrangements.

The programme has concluded the procurement of the Applications management services as part of this strategy.

The Purpose of this paper is to:

- Present the Full Business Case for the Applications project based on 'High Benefit Case' and 'Low Benefit Case' bidder responses at ITN.
- Secure IAM approval to this FBC based on the Low Benefits Case (highest prices submitted at ITN) and so provide the basis for delegation of the signature the Applications Service provider contract later in the year based on the BAFO FBC submission.

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to approve:

1. Award to preferred bidder, [Preferred Bidder], the Applications Services contract for an initial term of five years to a value of [stated in part 2], with the option to extend for two further one year periods. Also to request additional headroom in the Applications services contract of [Stated in part 2], with spend against this headroom based on scheme of delegation.

2. That MPS can initiate and award contracts according to applicable scheme of delegation for work needed on exit and transition related services.
3. That IAM delegate the approval of the Applications FBC post the identification of the preferred bidder to the Chief of Corporate Services, Director of Commercial Services, Director of Finance and Chief Digital and Technology Officer, on the condition that the benefits lie within the ranges specified in the Approvals, which is detailed in Part 2. Further that the contract for the preferred bidder can be signed by the Director of Commercial Services post approval of that FBC.

Time sensitivity

A decision is requested from the Deputy Mayor by 30/07/21. This is to ensure the necessary commercial and legal requirements are in place to start transition activities to the preferred bidder on the 1st of October 2021 and so maximise the benefits of this future contract.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. The Full Business Case identifies cashable and non-quantifiable benefits and further has established value for money based on research and analysis by a global external technology research and advisory company, Gartner.
2. To enable continuity of services until the services are transitioned to the Preferred Bidder and to deliver some transition related activities, MPS is continuing the existing services through current contract mechanisms. This follows a Legal and Commercial risk assessment of options available. Considerations included timescales, risk to service and the prevailing COVID-19 situation and we find there is no alternative but to use the mechanisms within the current contract.

Issues for consideration

The Current Applications Management contract was coming to an end and so needed to be replaced – this presented an opportunity for DP to take control of the timing for going to market to secure better value, improved control and a commercial and contractual platform that is fit for the future.

The drivers for the economic case across both cashable and non-quantifiable areas were determined prior and during procurement. This involved, early engagement with the Digital Policing Board, validation with incumbent providers, market validation with a globally recognised technology research company, the use of a negotiated procedure (CPN) and external benchmarking.

The economic value being released as a result of the new contract is consistent with

the simplification and the management of the contract and reflects advances in technology and process maturity since the current contract was let in 2016.

In addition to any cashable benefits, other non-quantifiable benefits accrue as a result of Operational delivery, Commercial Management and an Improved End User Experience. In summary the drivers for these benefits are as a result of the below with greater detail provided in the Part 2;

- Met led across design and transition
- Alignment to a strengthened retained organisation
- Requirements and contract shaped by those owning the service
- A programme culture and governance of challenge and support
- Simple but powerful performance management
- Negotiated procedure accommodates market, bidder and external (e.g. Gartner) input
- Single supplier accountable for Infrastructure service delivery leads to a streamlined service for applications with fewer hand-offs
- Lessons included from prior contract, the recent infrastructure procurement, wider government (e.g. Outsourcing playbook), market and other large MPS programmes (e.g. Command & Control/Connect)

The delivery of to the new service will be across a single transition phase, allowing MPS to manage risks and the realisation of benefits effectively.

Contributes to the MOPAC Police & Crime Plan 2017-2021

The Met Direction sets out to seize the opportunities of data and digital technology to become a world leader in policing. Seizing these opportunities is critical to equipping our increasingly mobile police force and staff with the best technologies and so free up their time to focus on business priorities and take the best decisions possible. The Pegasus programme delivers against our vision by ensuring our people are well equipped and supported through improved technology and data.

It is only through having fit for purpose and flexible contracts, which capitalise on the advancement and commoditisation of technology services, that we can access services that meet our objective of a transformed and modern Met, enabled by IT that delivers mobility, flexibility and interoperability across our business processes.

The future contractual arrangements must provide a platform to deliver against the Met Direction. This will be achieved through aligning our future requirements to the evolving needs of front line policing and the wider MPS business. This will result in future technology services being delivered in a more innovative, timely and cost effective manner.

Financial, Commercial and Procurement Comments

Budget

The transition to the new Applications provider impacts project and revenue budgets. This is detailed in Part 2.

Funding

Additional revenue expenditure in 2021/22 as detailed in Part 2 for the programme to proceed to exit and transition, will be funded from DP reserves. Information in part 2

Required Goods and Services

The intention is to procure an Applications Management Provider to replace the existing Applications Management supplier. The services provided by this new provider cover the following three areas;

- Applications Management Services (Management, Maintenance, Change, Support)
- Tower Management Services, aligned to the Industry standard ITIL framework
- Security Services, to ensure secure running of the applications estate and integrating with the wider MPS security function.

Optional services that may be required over the course of the contract covering

- Cloud Hosting Services
- End User Software Services

Managed Services; a set of contracts that MPS continues to own and which are managed, to differing levels of maturity, by the applications provider.

Procurement approach

We utilised a compliant procurement process following the Competitive Procedure with Negotiation (CPN) under regulation 29 of the PCRs. The procurement process was executed with external commercial assistance and validated by external legal counsel (TLT).

A range of appropriate procurement routes were assessed. For the above services an OJEU Competitive Procedure with Negotiation (CPN) was selected. The basis for this was

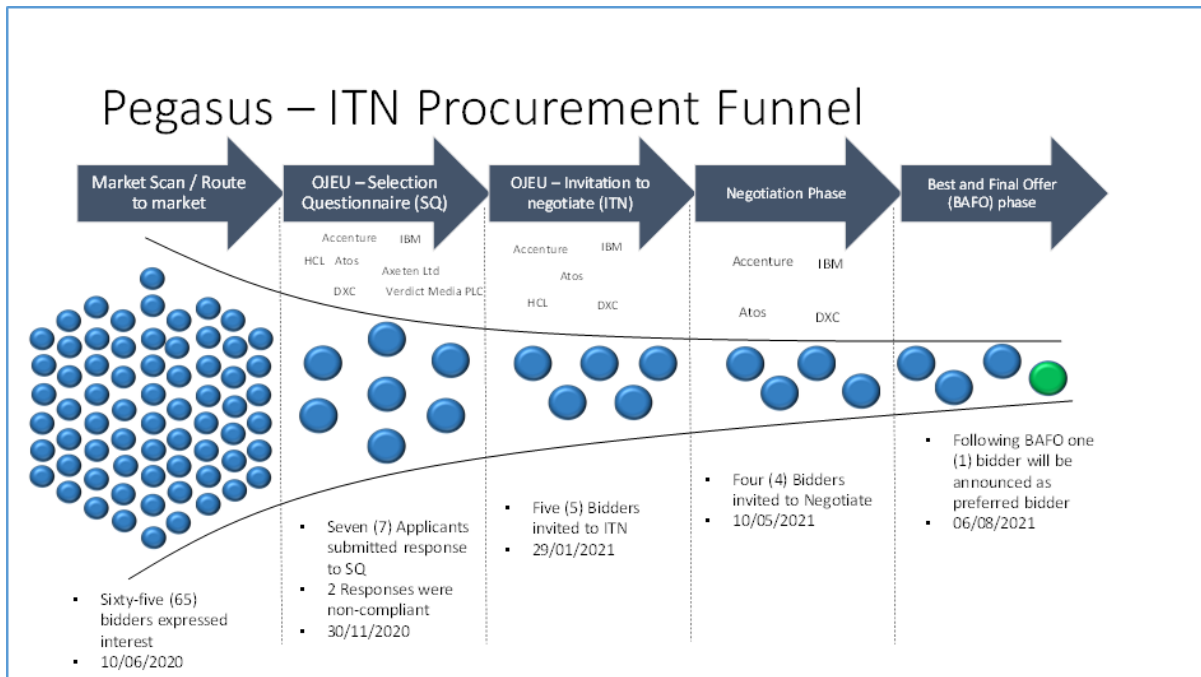
- Ensures that the MPS benefit from the best value available in the market; more in-depth negotiation would be required as opposed to just clarification/dialogue as suppliers will have different offerings.
- The applications supplier will deliver a run and maintain services which requires some detailed negotiation as the MPS IT estate is multifaceted.
- This is a complex procurement requiring the need to negotiate and have flexibility in key areas. The route and procedure that has been selected is proportionate to the breadth and complexity of the services required.
- CPN provides MPS the flexibility to break a complex procurement into separate stages (2-4 stages) which take account of the complexity and criticality of the services with the option to negotiate. This enabled the MPS to more deeply interrogate the supplier's bids and to ensure final bids were consistent with the MPS's requirements.
- Based on the Government Outsourcing Playbook rule 6 the merits of the routes to market and lessons learned from previous procurements were considered and it was decided that the preferred option was to procure a new Applications Management services supplier using the CPN process.
- Approval to use the CPN process was sought and received from MOPAC

The OJEU Contract Notice for Applications Services was placed on Tenders Electronic Daily (TED) on the 23rd of October 2020.

Following this release, sixty five (65) organisations expressed an interest by requesting the SQ documentation via the eTendering portal, Bluelight. Many of these organisations had attended the Virtual Market Engagement event held on 14th August 2020.

The MPS shared, with the consent of all the attendees, contact details between SMEs and non-SMEs that attended the Virtual Market Engagement. 15 SMEs in total had their details shared. Progression through the procurement pipeline is summarised below;

Figure 11: Procurement Funnell and Timeline



Key Contract Terms

The key terms of the proposed contract(s) are as follows:

- The contract will be awarded for an initial period of 5 years, with two, 12 month extension options.
- The Applications Contract is heavily based upon the Cabinet Office Model Contract, it represents a fair and balanced approach in delivery of the infrastructure services.
- The Applications Contract has been developed in light of previous procurements with the MPS, notably the Infrastructure procurement carried out in 2020, and takes account of comments received from previous bidders and the market.

Legal Comments

The Mayor's Officer for Policing Crime is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts for goods and/or services valued at £189,330 or above will be procured in accordance with the Regulations.

Paragraph 4.8 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve business cases for revenue or capital expenditure of £500,000 or above.

Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated 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

Paragraph 4.14 of the Scheme provides that the DMPC reserves the right to call in any proposal to award a contract valued at £500,000 or above.

Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent to approve all proposals to award of all contracts with the exception of those called in through the agreed call in procedure.

Regulation 72 of the Public Contract Regulations 2015 permits contracts modifications within specific parameters. In this case the modification required is permitted under Regulation 72.

The procurement has been conducted in accordance with the Public Contracts Regulations 2015 (as amended), and specifically Regulation 29 which governs use of the Competitive Procedure with Negotiation.

Equality Comments

1. As this is an extension of an existing service this work does not change any aspects relating to equality or diversity'.

Privacy Comments

2. The programme does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

Real Estate Implications

3. There are no real estate implications.

Environmental Implications

The benefits from this contract as they relate to Environmental and Sustainability factors is also worth highlighting, noting that this contract is fundamentally a run and maintain contract and so the new provider is walking in and taking over the delivery of the current estate and so with its existing environmental and sustainability characteristics. Notwithstanding this, the benefits are;

- Not committing to providing space in our buildings
- Accepting where possible proposals on colocation of MPS and bidder staff at bidder locations.
- Cost benefits and space saving as a result of home working in areas such as service desk, precipitated by COVID.

- Any disposal of kit will be required to comply with WEEE Regulations (Waste Electrical and Electronic Equipment Directive 2002/96/EC), and this is in the service requirements.
- MPS are not making any infrastructure obsolete as a result of the transition to a new Applications Services Provider.

Background/supporting papers

4. N/A

Report author: Robin Vasudeva, Pegasus Programme Director, 07768 196342

Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 is:
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of “Pegasus Programme – Next Generation of MPS ICT Outsourced Contracts and Partnering Arrangements – Pegasus FBC ITN Ranges” is exempt from publication for the following reasons:

- Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011 (Data Protection Section 43 – Commercial Interests).
- The relevant sections under the FOIA that would exempt this information from disclosure, for example:
 - Commercial Interest Section 43

The paper will cease to be exempt in November 2028