

REQUEST FOR DMPC DECISION – DMPCD 2016 10**Title: Contract Award – Technology Hosting Services****Executive Summary:**

This paper requests the approval to award one contract for the provision of technology hosting services and two fixed price change notices to enable the migration to the new data centres with a combined value of £104.79m.

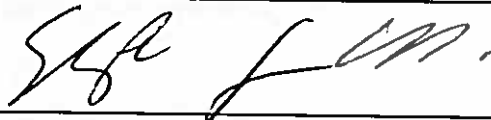
Recommendation That The DMPC is asked to approve the:

- Total Technology Programme Infrastructure Hosting full business case;
- Award of a 6 year contract to CSC, with break clauses at years 4 and 5, for the provision of Hosting Services with a value total value of £94.72m;
- Award of two Fixed Price Change Notes to Capgemini for the Wintel Migration and User Acceptance Testing with a combined cost of £10.07m

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**

26/1/2016

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

Introduction and background

1. Following approval of the Total Technology Programme Infrastructure Outline Business case in December 2014 the MPS have carried out an OJEU compliant competitive procurement process to award a contract for the provision of Hosting Services.
2. In March 2015 nine Pre-Qualification Questionnaire responses were received with five taking part in the initial evaluation. Following the withdrawal of 3 suppliers from the process CSC and Unisys submitted best and final offers in October 2015. CSC has been selected as the preferred supplier.

Issues for consideration

3. By undertaking a formal competitive exercise value for money has been maximised. CSC will deliver an encompassing solution at a significantly lower cost than the current contract.
4. The incumbent, Capgemini, will provide services to enable the migration from the current servers to the new data centres, the decommissioning of the current servers and user acceptance testing to support the migration.

Financial Comments

5. The cost of the proposed contracts will be funded from within existing budgets.
6. CSC will now provide End User and Hosting Services to MOPAC, owing to this cost savings of £2m have been identified over the term of the contracts. In addition to this the Hosting contract will deliver savings of £54.4m by 2020/21.
7. The Outline Business Case included a provision of £162m for Hosting Services, following a competitive process the core contract with CSC and the provision for third party contracts requires an investment of £111m.

Legal Comments

8. The recommendation can be lawfully approved in accordance with MOPAC Contract Regulations and EU/UK Procurement law.
9. In accordance with the MOPAC Scheme of Delegation and Consent (4.8), the DMPC must approve all requests to go out to tender for contracts that exceed £500,000.
10. Full details are contained within the reports attached.

Equality Comments

11. There are considered to be no negative equality or diversity implications arising from this procurement process. The applicants short listed were evaluated for acceptable equality and diversity statements as well as their ability to meet MPS requirements under the Equality Act 2010 as a supplier to MOPAC. The evaluation exercise considers the applicants ability to act as a responsible employer and meet employment obligations deemed commensurate with wider GLA objectives.

Background/supporting papers

12. Joint Investment Board Papers

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.

Is the publication of **this** form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **part 2** form – YES

If yes, for what reason: Confidential Information

ORIGINATING OFFICER DECLARATION:

	<i>Tick to confirm statement (✓)</i>
Head of Unit: Rebecca Lawrence 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 Operating 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 26/01/2016

CONTRACT AWARD FOR RECOMMENDATION OF HOSTING SUPPLIER

Report by Director of Digital Policing on behalf of the Commissioner

EXECUTIVE SUMMARY

This paper requests approval to award a new Hosting Contract to CSC for a contract term of 6 years with two break clauses at the end of year 4 and end of year 5. This term length has been chosen due to a full infrastructure refresh in year 4, allowing the supplier to fully amortise the cost of these assets over the life of the contract and provide the Authority with price certainty. We are asking for approval for a total value contract of £94.72m which includes:

1. The contract with CSC for Hosting Services on a 6 year basis. This funding is included in the TTPi Hosting Full Business Case. This includes provisions of:
 - i. Funding to cover supplier incentives for the 6 year term.
 - ii. Funding to cover delivery contingency for the six years (relating to Data Centre Migration risks and supplier gateway and IL4)
2. Additional to the core contract, including provisions, there is additional allocation for the provision of non-committed project expenditure through this contract. This is based on previous project spend within the Hosting space under the incumbent supplier and is in line with what has been communicated to bidders through the procurement process.
3. Provision of allocation of funding to cover optional delivery of the Data Centre Migration project by CSC. Migration is currently being delivered by Capgemini and funding has already been approved by a separate Contract Award paper. This paper includes an option to cease Data Centre Migration delivery with Capgemini and transfer it to CSC.
4. Provision of allocation of funding to cover optional delivery of enhanced security services. The funding for this service is not included in the TTPi Full Business Case and will need to be approved by a separate Business Case.
5. In order to deliver the overall scope of the Hosting Tower Microsoft and Oracle licenses will be required. This paper and the TTPi Full Business Case are not asking for approval of funding for these licenses. These include:
 - 5.1. Microsoft (CSA and MS enterprise agreement) and Oracle licenses (listed as other contracts) required for the delivery of the Hosting Service. Further detail can be found in the financial implications section and the breakdown of funding provision is shown in Appendix 6.
 - 5.2. MPS could contract for the Microsoft and Oracle licenses through one of the following options:
 - 5.3. Directly with Microsoft and/ or Oracle
 - 5.4. Through the existing VAR contract with Insight
 - 5.5. Through the SIAM Supplier
6. As approved in the Outline Business Case (OBC) the following Hosting 'run' services have been procured by the TTPi (Total Technology Programme – infrastructure) Programme these will be transformational; by utilising industry standard, repeatable and modular components and services. The benefits to the Met will be agile, scalable and reliable hosting service with the ability to optimise physical hardware through cloud based solutions with other police forces and/ or other public sector bodies.
7. Value for Money has been assured by conducting competition via an OJEU Negotiated Procedure procurement and a robust analysis against the OBC, itself based on market testing and Gartner benchmarking, has been undertaken. The contract value offered by CSC is within the OBC allocation.
8. The break option within this contract and extension options within the other Towers

combined with differing term lengths also provide the Mayor's Office for Policing and Crime (MOPAC) with complete flexibility and service continuity ahead of the time when each Tower will need to be re-competed. This will avoid a co-terminus contract expiry across all IT Services, which is currently the case with our single source Capgemini outsource services arrangement.

This paper recommends that the Director of Strategic Procurement Approves the contract award to CSC for Hosting Services for a contract of total value of £94.72m, to include all the elements described above.

A. RECOMMENDATIONS - That the Director of Strategic Procurement

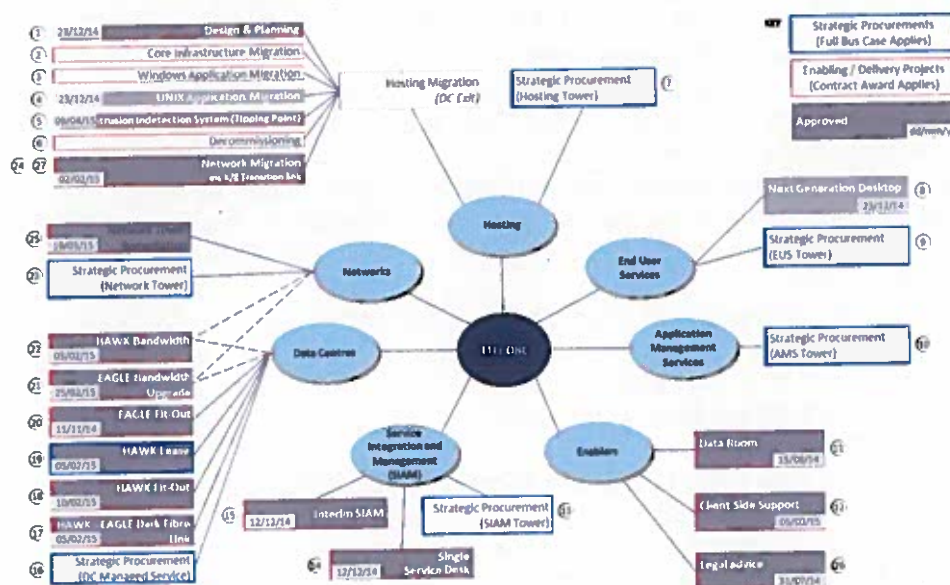
Approves the contract award to CSC for Hosting Services for a contract of total value of £94.72m, to include all the elements highlighted in table B8 in Appendix 3.

B. SUPPORTING INFORMATION

Background

1. This contract award forms part of the overall TTPi Programme and follows on from the TTPi OBC approved in October 2014.

This is part of a wider transformation by the MPS to improve services and focus the MPS resources on operational policing.



2. The MPS is fully aligned to help deliver the 20/20/20 strategy including the need to reduce spend by 20%. The MPS took the decision to adopt a multi-sourced "Tower Model" that will see several new Suppliers replace the single Capgemini contract. There was recognition commercial agreements needed to improve as

the current supply chain is complex, inefficient, lacks flexibility and comes at too high a cost.

3. The TTPI Programme is procuring new contracts that offer: greater value for money; increased flexibility and control; improved contract terms; transparency; reduced risk; improved supplier relationships; consumption-based charging.
4. A number of key Commercial Principles have been adopted for the TTPI programme which includes:
 - All aspects of commercial activity should align to overall MPS/MOPAC objectives and adhere to MPS' robust commercial governance arrangements. This includes contributing to the MPS' wider responsibilities as a public sector employer (for example to issues of equality and diversity)
 - A clear and detailed understanding of the baseline service and future requirement is needed and should be driven by operations
 - All commercial opportunities should balance short-term needs with long term value for money
 - Future sourcing make or buy decisions should consider operational, organisational, financial and political dimensions and ensure that effective operational policing is not put at inappropriate risk
 - Future sourcing options should be assessed against the range of the MPS requirements
 - Future goods and service contracts should be flexible, align to commercial best practice. Improve effectiveness, reduce costs and protect the MPS interests.

The outcomes of adopting these commercial principles in the Hosting procurement will be:

- Lower cost hosting environment, both for physical infrastructure and services;
- Price certainty, with the ability to flex volumes up with no restriction and down (within defined bands) based on demand;
- Volume growth of 10% compute capability and 20% growth in storage year on year included within the core charges to allow price certainty for future growth;
- In addition the contract includes catalogue prices for a number of services MPS may wish to purchase under this contract in the future. This includes both new services and volumes of current services outside of the pre-agreed banding;
- Improved service levels and Service Availability including self-healing and automated disaster recovery;
- Refreshment of all hosting hardware included within the core contract price to ensure assets are continually up to date and paid for throughout the term with no spikes at any time to pay for these;
- Speed of deployment, new servers and services deployed into live service in minutes rather than months;
- Introduction of new technologies to enable Body Worn Video (BWV), Met Integrated Policing System (MIPS) and Digital Asset Management System (DAMS), (the volumes required to deliver these programmes will be purchased from the catalogue where they are additional to the growth outlined above); and

- Support for legacy hosting services underpinning legacy applications that are uneconomical to refresh because they will in time be replaced by new strategic applications.

The new hosting services, will unshackle the MPS from the legacy inflexible services of the past and enable the journey to the cloud, whilst still providing the security and integrity required for our secure (IL4) data.

Procurement Strategy Information

5. In Q4 2014 MOPAC approved TTPi Outline Business Case which confirmed the sourcing strategy and competitive process to be adopted using an OJEU Negotiated Procedure procurement process for the Hosting contract.
6. Pre OJEU market interest was stimulated for all TTPi Tower procurements at a Market Engagement Event held on the 27th November 2014 attended and led by MPS & MOPAC Senior Executives.
7. The initial contract term of six (6) years with two break options at the end of year four and five ensures the Supplier is able to smooth the cost of all hardware purchased during the contract term. This allows for minimal exit payments at the end of the term as well as reducing spikes in charges during the contract term.
8. The contract outlines that the Hosting Supplier will be given a 'right to use' current Authority owned Hardware from Service Commencement Date (SCD). The contract then requires that the Hosting Supplier ensures that no Hardware used in the provision of services is older than 5 years. At the point at which refresh is required the Hosting Supplier will purchase these assets and charge the Authority for them over the course of the contract. At the end of the contract term these assets will be transferred to the Authority with no additional payments.
9. In the event of early termination these assets will be transferred to the Authority upon payment of outstanding Hardware charges relating to these assets.
10. TTPi has adopted and enhanced the Cabinet Office pan government standard form of ICT Managed Service contract. The enhanced form of contract is comprised of two main parts (i) a Master Agreement and (ii) a Tower Agreement. Refer to the General Contract Information section.

Tendering process

11. On the 25th February 2015 Procurement Services issued an OJEU Contract Notice and PQQ via the Bluelight e-tendering system.
12. On 27th March nine (9) respondents submitted PQQ responses. Two (2) of the respondents were SME's who simply submitted their details only for passing on to short listed Bidders with seven (7) organisations submitting fully completed PQQ documentation

- Agilisys
 - CSC
 - Dimension Data Communications
 - HCL Axon
 - HP Enterprise Services
 - Navisite
 - Unisys
13. Five (5) respondents were fully evaluated during the initial due diligence stage and were successfully short listed for ITN/ISOS
- Agilisys
 - CSC
 - HCL Axon
 - HP Enterprise Services
 - Unisys
14. Prior to the ITN/ISOS being published the MPS received three formal notifications of formal withdrawal from the process. The reasons provided for these withdrawals are detailed in Appendix 2.
15. The ITN/ISOS was published on the 10th June 2015 via the Bluelight eTendering system to:
- CSC
 - Unisys
16. CSC and Unisys submitted their ITN/ISOS responses on 6th June 2015. Given two (2) Bidders remained in the competition a down-select in advance of the Negotiation stage was not undertaken. Full evaluations of the Bidder's submissions took place to inform the agenda's for the Negotiation Stage. The evaluation team had representation from a broad range of subject matter experts with two evaluators for each having responsibility for assessing and scoring independently. Thereafter a two stage consensus and moderation process followed - initially between subject matter experts followed by an exercise by independent senior procurement TTPI resources. The approach reduces the risk of positive or negative bias ensuring all matters are considered fully, robustly and reliably ensuring process integrity.
17. Both the ITN/ISOS and BAFO evaluation was performed using the Most Economically Advantageous Tender (MEAT) evaluation and scoring methodology (as per the EU Procurement Regulations). The high level criteria and weightings were:
- Price (Total Contract Value) - 50%
 - Net Present Cost @ 90%
 - Sample projects @ 10%
 - Non Price - 50% (further subdivided)

- Solution @ 50%
- Transition & Transformation (T&T) @ 20%
- HR @ 10%
- Legal & Commercial @ 8%
- Responsible Procurement @ 2%
- Bidder Behaviors (BAFO stage only) @ 10%

More detailed sub criteria were published with the ITN/ISOS and BAFO documentation set. The high level remain unchanged throughout the procurement. Some of the more detailed sub criteria changed from ITN/ISOS to BAFO to reflect changes in the MPS requirements during the Negotiation stage.

18. A period of Negotiation with all Bidders took place between July 2015 and September 2015 covering topics such as; Technical and service solutions, commercial derogations proposed at ITN/ISOS, TUPE implications, implementation plans, projects and rates, financial assumptions and charging mechanisms.
19. BAFO was issued on 13th October 2015 with responses received from CSC and Unisys on 23rd October 2015.
20. Bidder solution presentations took place on 23rd October 2015, with a broad representation across BAU stakeholders alongside the evaluation team. Whilst presentations were not scored as part of the formal evaluation the content and delivery was used to inform the evaluation of the BAFO submissions.
21. Initial evaluation of BAFO submissions took place between 23rd October 2015 and 8th December 2015. Having reviewed both bidders' responses it was necessary to ask a series of clarification questions where bidders' responses were unclear. In addition, there were some elements of the service which were identified as incomparable between the two bidders. Efforts were made to resolve these areas through clarification sessions.
22. At the conclusion of the clarification period a new stage was introduced within the process whereby bidders were asked to submit a revised BAFO. This was due to concerns that we did not have complete or like for like bids. As part of this process an updated scope document (making it clearer what hardware would be provided to the successful supplier) was provided and bidders were asked to re-submit their pricing template to take account for the revised volume information. This updated submission also included updated legal and commercial terms. All other aspects of the previously submitted BAFO remained unchanged.

It was hoped that this would enable the Authority to have two like for like bids which were comparable with one another. However, following re-submission it was still not possible to conclude the financial evaluation of these bids on a like for like basis. The reasons for this are detailed in Appendix 2.

23. Evaluation was completed with unanimous consensus of the result on 7th December 2015.

24. It was communicated to Unisys that their bid was not capable of acceptance by the Authority and that their response was non-compliant in a number of material respects and therefore that the Authority were exercising their right to eliminate the Unisys bid from the competition and look to award the contract to CSC.

25. CSC UK Limited is based at Kings Cross, London and is part of CSC global based in Virginia, USA. CSC UK is a major supplier of Consulting and IT services and they deliver to a number of leading organisations, including National Grid, National Rail, Royal Mail, NHS plus a portfolio of private sector customers. They have c.6,500 employees in the UK. CSC is a global leader of next-generation information technology (IT) services and solutions, they have locations in over 70 countries with over 70,000 professionals and in FY14/15 they reported a revenue of \$11.7billion.

26. A simple summary of the overall CSC proposal is provided in Appendix 7.

Value for Money Statement

1. By undertaking a formal OJEU competitive exercise the MPS and MOPAC have achieved the best possible total contract value for the 6 year term. The final BAFO scores that underpin the recommendation of CSC as Preferred Bidder can be found at Table B5 within Appendix 3.
2. The BAFO Pricing Response Template was designed to capture a complete cost of service breakdown and Bidders' profit margin. Profit reporting is a standard provision within the TTPi tower agreements together with obligations to report any excess profits and a contract commitment to gain share. These provisions are further complimented with MOPAC having full audit, open book and benchmarking rights.
3. The CSC response was seen to provide good value for money, as they will deliver an encompassing solution at a significantly lower cost than currently seen through the incumbent.
4. Contract close prior to the standstill period will ensure we are able to move successfully with them from Preferred Bidder to Supplier with the Award of Contract on 4 February 2016.

Responsible Procurement

1. There were no sustainability issues / impacts arising during the procurement process. CSC have agreed to comply fully with the terms of GLA Responsible Procurement Policy and the MPS Responsible Procurement Code of Conduct. Monitoring and ongoing compliance will be the responsibility of the Hosting Contract Manager.

General Contract Information

1. TTPi has adopted and enhanced the Cabinet Office pan government standard form of ICT Managed Service contract. The enhanced form is comprised of a Master Agreement and a Tower Agreement. The Master Agreement includes provisions to facilitate cross tower cooperative and collaborative working and service performance provisions such as:
 - Incentive Regime
 - Governance
 - Change Control Procedure
 - Dispute Resolution Procedure
2. The Tower Agreement deals with TUPE, financial and security matters as well as service levels, performance indicators and service credits.

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

1. There are considered to be no negative equality or diversity implications arising from this procurement process. The applicants short listed were evaluated for acceptable equality and diversity statements, as well as their ability to meet the MPS requirements under the Equality Act 2010 as a supplier to MOPAC. The evaluation exercise considers the applicants ability to act as responsible employers and meet employment obligations deemed commensurate with wider GLA objectives.

HR Implications

1. There will be TUPE implications to this contract. Employees from Capgemini are currently in scope for secondary TUPE transfer and MPS staff are currently in scope for primary TUPE. Detailed TUPE information was included within the MPS BAFO with each Bidder providing detailed TUPE transition plans. Detailed TUPE information is included in Appendix 8.
2. Formal staff consultation will commence in the New Year in advance of services migrating from the existing Capgemini contract during February 2016.

Financial Implications

1. A full total contract value analysis and comparison was undertaken for CSC pricing but was not possible to conclude for Unisys. This is shown in Appendix 9.
2. Since the BAFO and as part of contract close, we have clarified the boundaries of Core Service vs variable (Project) charges in scope by including a break fix service relating to Technical Equipment Rooms (TERs) within the core scope in

line with the current Capgemini contract. In addition we have included an additional obligation relating to IL4 environments which have both increased CSC's overall price but had no bearing on the overall ITT evaluation result.

3. Given CSC will now be awarded both the EUS and Hosting Towers we have also worked with them to identify areas for cost saving across the two towers this has resulted in a saving over the term of the contract. In addition Microsoft licenses will be provided by the Authority and not CSC further reducing the price outlined at BAFO. Therefore the effect of these changes since BAFO has been a reduction in the core contract value over the six year term.
4. The Hosting core contract includes all charges relating to delivering current volumes of all services within the Hosting scope. In addition the core contract cost includes year on year growth of 10% growth within Compute (physical and virtual services) and 20% of storage. These figures are based on the predicted MPS growth and industry standard growth in equivalent services. This includes growth due to business as usual and new projects.
5. Where a project has a significant additional infrastructure or storage requirement these will add additional variable charges to the core contract and will be purchased from the predefined and fully costed catalogue. The associated project resource to deliver these requirements will be subject to a rate card that has been fixed for the six year period. Through this catalogue and the rate card the Hosting Supplier will provide appropriate capability and resources to support a number of projects across the Digital Policing Portfolio which will be managed overall by SIAM. A provision has been included for these additional projects.
6. The OBC included an approved Hosting provision for six years. It should be noted that the OBC provision for the six years does not allow us to extract the necessary cost for the Hosting Tower so that they can be directly compared to the CSC's contract for the same period. Therefore, we have added provision for a number of third party contracts (i.e. Microsoft Enterprise Agreement) integral to the delivery of the Hosting tower to CSC' contract value, to make it comparable to the OBC provision.

Legal Implications

7. MOPAC is a contracting authority as defined in the Public Contracts Regulations 2015 the tender was undertaken under the 2006 regulations (the Regulations). When awarding public contracts for good and/or services valued at £172,514 or above all contracting authorities must do so in accordance with the Regulations. This report confirms the value of the proposed contract exceeds the above threshold. Accordingly, the Regulations are engaged.
8. Section B confirms the Outline Business Case has already been approved. Paragraph 7.23 of the MOPAC Scheme of Delegation and Consent (the Scheme) grants consent to the MPS Director for Strategic Procurement to approve the award of all contracts, with the exception of those called in through the agreed call in procedure.

9. Paragraph 4.14 of the Scheme provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to reserve the right to call in any MPS proposal to award a contract for £500,000 or above. Accordingly, the DMPC should be notified of the intention to award the proposed contract in order that he may elect whether or not to call the matter in.
10. The procurement of the Hosting Service is subject to contract. External lawyers have been involved throughout the procurement process, having been instructed through Met Law (DLS).
11. On the basis of the information contained within this report, DLS confirms that the recommendations can be lawfully approved in accordance with relevant UK and EU law and the MOPAC Regulations.

Consultation Undertaken

12. The following key stakeholders have been consulted and any comments / recommendations have been progressed:

Consultation grid

Key stakeholder engagement (up to what level)	Supportive / Supportive with concerns / Not supportive / Not affected
Design Authority (mandatory)	Kim Bentley
Your Finance Business Partner (mandatory)	Andy Proudfoot -
Portfolio Delivery Office (mandatory)	Barbara Donegan
Diversity Adviser - DCFD (mandatory)	Darryl Troth
Digital Policing	Ayo Alfonso
Directorate of Legal Services	Steven J Seacole
Your business group risk co-ordinator or MPS Health & Safety advisor	Mike Chinchin
Property Services / Environmental Management	David Taylor Clive Burdall Sarah Foster
Training	
Procurement	Mark Faraway - TTPI Commercial Meetings
Shared Support Services	Faye Robinson

Risk (including Health and Safety) Implications

13. The project has assessed and documented the safety impact of the proposed activities and future working arrangements. It is believed there is no impact to the wider MPS but any areas of concern will be documented and escalated, as appropriate, to the risk register including supporting mitigation plans. Arrangements are in place to regularly review project safety impacts and potential shortfalls in future health and safety performance. Unions and staff associations are being appropriately consulted on any project health, safety and welfare issues. As part of their submission CSC confirmed that they will comply the MPS Health and Safety Policy.
14. The MPS provided comprehensive TUPE, Security Vetting and Transition information to Bidders during the tender process so associated risks have been mitigated. On time transition with service commencement on the 5 May 2016 will require notification to Bidders as early as possible. External legal counsel are actively supporting that activity.

Environmental Implications

15. The Preferred Bidder is ISO14001 accredited. During the MPS initial due diligence stage CSC supplied evidence of this accreditation and a copy of their Environmental Policy as part the PQQ response. The MPS Environment and Sustainability Team have been consulted during the procurement and have been involved in the evaluation of bidder's responses.

Background papers:

TTPi Hosting Final Business Case
TTPi Outline Business Case

