

REQUEST FOR DMPC DECISION – DMPCD 2016 15

Title: Contract Award – Application Management Services

Executive Summary:

This paper requests the approval to award a contract for the provision of Application Management Services with a maximum term of £8 years and a maximum value of £85.99m.

Recommendation That The DMPC is asked to approve the:

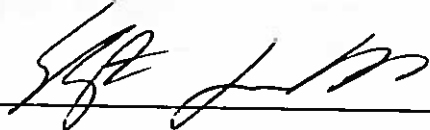
- Total Technology Programme Infrastructure Application Management Services full business case;
- Award of an 8 year contract to Accenture for the provision of Application Management Services with a value total value of £85.99m

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

12/2/2016

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 Application Management Services.
2. In August 2015 eight Pre-Qualification Questionnaire responses were received with five taking part in the invitation to tender stage which. Following this competitive process Accenture scored the highest on both price and technical. Accenture has been selected as the preferred supplier.

Issues for consideration

3. By undertaking a formal competitive exercise value for money has been maximised. Accenture have demonstrated they have the corporate stability, depth of capability and breadth of experience to be a stable provider of the AMS service.

Financial Comments

4. The cost of the proposed contracts will be funded from within existing budgets.
5. The contract will deliver annual revenue saving of £2.5m.
6. The Outline Business Case included a provision of £92m for Application Management Services; following a competitive process the contract with Accenture requires an investment of £86m.

Legal Comments

7. The recommendation can be lawfully approved in accordance with MOPAC Contract Regulations and EU/UK Procurement law.
8. 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.
9. Full details are contained within the reports attached.

Equality Comments

10. 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

11. 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? YES

If yes, for what reason: Standstill period

Until what date (if known):

Is there a **part 2** form – YES

If yes, for what reason: Confidential Information

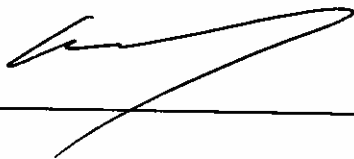
ORIGINATING OFFICER DECLARATION:

		Tick to confirm statement (✓)
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

12/2/2016

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Management Board – 26 January 2016

CONTRACT AWARD FOR RECOMMENDATION OF AMS SUPPLIER

Report by Director of Digital Policing on behalf of the Commissioner

EXECUTIVE SUMMARY

This paper requests approval to award a new AMS (Application Management Services) Contract to Accenture for an initial term of 5 years with three one year extension options (5+1+1+1). We are asking for a contract for total value of £85.99m which includes:

1. The contract to Accenture for AMS Services on a 5+1+1+1 year basis. This funding is included in the TTPI AMS Full Business Case.
2. Provision to cover supplier incentives.
3. Provision to cover delivery contingency.
4. Allocation of a provision of non-committed project expenditure through this contract based on the sample projects value received from the Bidders during ITT. This will be subject to a rate card that has been fixed for the five year period. This provision will likely include application enhancements, the introduction of new applications into scope and application rationalisation projects.
5. Optional Enhanced Security Services have been included in the financial model as a catalogue item which can be called off at the MPS' discretion. The funding for this service will need to be approved through a separate business case.
The full breakdown of funding provision is shown in Appendix 6.
6. As approved in the Outline Business Case (OBC) the following AMS services have been procured by the TTPI (Total Technology Programme – infrastructure) Programme. The day 1 scope has been defined by those applications currently supported under the existing Capgemini ICT contract (Appendix 8). The new agreement provides the ability to add new and remove old applications to scope on a per application basis, with the charges defined according an agreed categorisation of applications, according to their size and complexity. Accenture are using a proven and standardised approach. A full description of Accenture's services is give in Appendix 7.
7. Value for Money has been assured by virtue of conducting competition via an OJEU procurement (Competitive Procedure with Negotiation) whereby a total contract value comparison analysis has been completed and a robust analysis against the OBC, itself based on market testing and Gartner benchmarking, has been undertaken. This procurement route only became available in line with the new regulations and was selected over a restricted procedure (as originally approved) because it was not clear that MPS had a sufficiently complete understanding of the requirements to conduct a restricted procedure successfully.
8. The extension options 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 Accenture for Application Management Services for a contract of total value of £85.99m, to include all the elements described above and laid out in the table in A. Recommendations. This will be a non-exclusive contract.

A. RECOMMENDATIONS

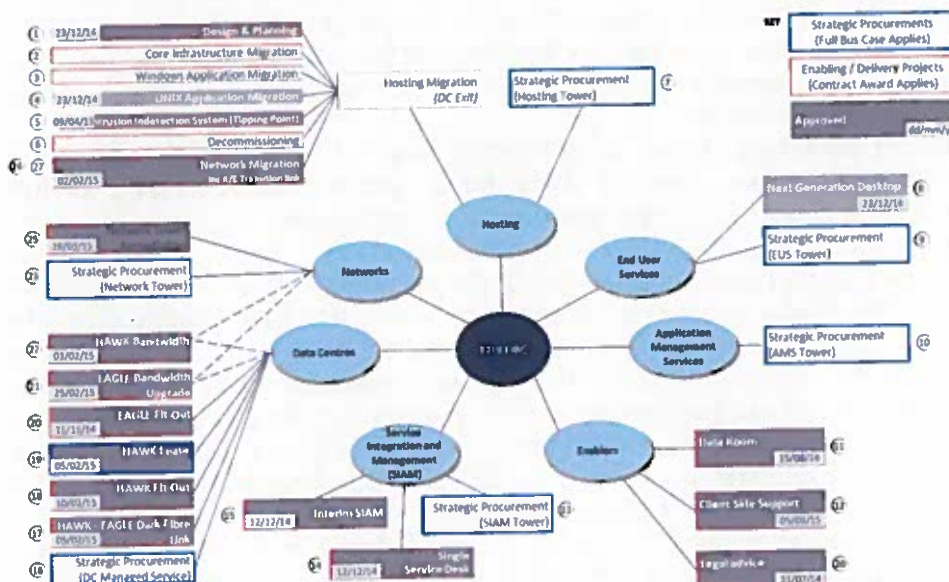
Approves the contract award to Accenture for AMS Services for a contract of total value of £85.99m to include all the elements highlighted in table B8 in Appendix 3.

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.

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 AMS contract. The Negotiated Procedure was superseded by the Competitive Procedure with Negotiation in the new legislation, which came into force in February 2015 prior to the commencement of this procurement process.
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 for AMS has been set at five (5) years with three one (1) year extension options. The extension options ensure MOPAC have flexibility and service continuity ahead of each tower being re competed in the future.
8. 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

9. On the 10 July 2015 Procurement Services issued an OJEU Contract Notice and PQQ via the Bluelight e-tendering system.
10. On 10 August 2015 eight (8) respondents submitted full PQQ responses. No (0) SME's submitted their details for passing on to short listed Bidders.

The eight (8) respondents were:

- Accenture

- Capgemini
- CGI
- CMC Informatics
- HCL
- IBM
- Lockheed Martin
- Unisys

11. Seven (7) respondents passed the PQQ and were successfully short listed for ITT. CGI qualified themselves out of the process prior to issue of the ITT, which was published on the 15 September 2015 via the Bluelight eTendering system to the remaining six (6) suppliers:

- Accenture
- Capgemini
- CMC Informatics
- HCL
- IBM
- Lockheed Martin
- Unisys

12. Capgemini elected not to attend the first clarification meeting and then decided to qualify themselves out of the ITT process. The five (5) remaining bidders (Accenture, HCL, IBM, Lockheed Martin and Unisys) all attended every clarification session.

13. Accenture, HCL, IBM, Lockheed Martin and Unisys submitted their ITT responses on 30 October 2015.

14. Individual evaluation of the bids began on 2 November 2015 and lasted two and a half weeks until 18 November 2015.

The evaluation team had representation from a broad range of subject matter experts with minimum of two evaluators for each workstream having responsibility for assessing and scoring independently. Following individual evaluations, scores were moderated between the subject matter experts overseen by independent senior TTPi team members. This approach reduces the risk of positive or negative bias ensuring all matters are considered fully, robustly and reliably ensuring process integrity.

15. The Legal and Commercial evaluation could not be completed during this time as there were some key points which required clarification from the bidders before it was possible to make a decision on whether we could award against the ITT response or we would need a period of negotiation. Clarification sessions were held with each of the five bidders at the start of December and re-submission of the Legal and Commercial response and pricing were received on the deadline of 9 December 2015. This enabled the evaluation and moderation to be completed.

16. The ITT 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%

More detailed sub criteria were published with the ITT documentation set.

17. All responses were fully compliant with no areas of material additional or erroneous requirement priced for, all solutions 'met' the technical requirements.

18. Evaluation was completed with unanimous consensus of the result on 14 December 2015.

19. A simple summary of the overall Accenture proposal is provided in Appendix 7.

Value for Money Statement

20. By undertaking a formal OJEU competitive exercise the MPS and MOPAC have achieved the best possible total contract value for the 5+1+1+1 year term. The final ITT scores that underpin the recommendation of Accenture as Preferred Bidder can be found at Table B5 within Appendix 3.

21. The ITT 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.

22. Accenture have demonstrated they have the corporate stability, depth of capability and breadth of experience to be a stable provider of AMS service for the duration of the term. 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 8 February 2016.

Responsible Procurement

23. There were no sustainability issues / impacts arising during the procurement process. Accenture 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 AMS Contract Manager.

General Contract Information

24. 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

25. 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

2. There will be TUPE implications to this contract and employees from Capgemini / Unisys are currently in scope for TUPE transfer. There are no staff members from the MPS in scope for TUPE. Detailed TUPE information was included within the MPS ITT with each Bidder providing detailed TUPE transition plans. Detailed TUPE implications are included in Appendix 9.
3. Formal staff consultation will commence post contract award.

Financial Implications

4. Full total contract price analysis and comparison was undertaken on the pricing submitted by bidders as shown in Appendix 10.
5. Since the ITT and as part of contract close, we have clarified that particular applications will be de-scoped from the end of June 2017. This has resulted in an

adjustment to the Accenture Price but has no bearing on the ITT evaluation result.

6. The AMS 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. This will be subject to a rate card that has been fixed for the five year period (and is on average lower than that used with the incumbent today).
7. Accenture's contract is expected to deliver an average operating revenue cost saving of £2.5m per annum, against the FBC baseline, by FY19/20.
8. The OBC includes an approved AMS budget for five years. The new contract value with Accenture for five years falls within this budget.

Legal Implications

9. MOPAC is a contracting authority as defined in the Public Contracts Regulations 2015 (the Regulations). When awarding public contracts for goods 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.
10. Section B confirms the 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.
11. 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.
12. The procurement of the AMS Service is subject to contract. External lawyers have been involved throughout the procurement process, having been instructed through Met Law (DLS).
13. 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

14. 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 Farraway
Shared Support Services	Faye Robinson

Risk (including Health and Safety) Implications

15. 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 matters. As part of their submission Accenture confirmed that they will comply the MPS Health and Safety Policy.

16. 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 1 May 2016 will require notification to Bidders as early as possible. External legal counsel are actively supporting that activity.

Environmental Implications

17. The Preferred Bidder is ISO14001 accredited. During the MPS initial due diligence stage Accenture 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 AMS Final Business Case
TTPi Outline Business Case

