

REQUEST FOR DMPC DECISION – PCD 442**Title: Uplift of the Application Managed Service Tower Contract****Executive Summary:**

This paper seeks approval to uplift the value of the Application Managed Service (AMS) Contract by 50% of its original value, from its original value of £85.99 million to £128.99 million. This is to accommodate current projected spend on digital transformation and improvement projects and act as an enabler to facilitate wider organisational transformation by the MPS to improve services and focus resources on operational policing and deliver improved technological capabilities and support services to end users.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve an uplift of the total contract value of the Application Managed Service Tower contract with Accenture from the original contract value of £85.99 million to £128.99 million. This is not a request for additional funding or budget growth. This decision is required to ensure legal compliance of the contract in line with projected delivery via the contract.

Deputy Mayor for Policing and Crime

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

The above request has my approval.

Signature**Date**

22/08/2018

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

Decision required – supporting report

1. Introduction and background

- 1.1. Accenture was selected as Application Managed Service Supplier following a competitive tender process and the Agreement governing the provisions of the Application Managed Services was entered into on 1 March 2016 by Accenture and MOPAC.
- 1.2. The Agreement is for an initial term of 5 years commencing on the Effective Date (1st March 2016) and contract extensions up to 2024.
- 1.3. It is expected that this will be the only request for an increase in the value of the AMS contract and should be able to last until the end of the extension term in May 2023, hence why the full 50% permissible under the Regulations is being requested. Commercial Services will monitor the expenditure under the contract together with Digital Policing colleagues and will work to control organisational expenditure in so far as possible.

2. Issues for consideration

- 2.1. Accenture are a critical feature in Digital Policing work due to their involvement in essential and publicly committed projects such as Body Worn Video, enabling video recording and archiving for all officers, and Mobility delivering mobile devices to all officers and staff throughout the MPS.
- 2.2. At the time of creating the AMS Tower contract these Digital Enablement projects were not envisaged or planned. These projects subsequently secured funding and resources to enable delivery and are now contributing to the increase in contract spend within the AMS tower. This request for contract value uplift ensures that the contractual cap reflects the overall commitments by the MPS to deliver the digital enablement that have already been made.
- 2.3. It is expected that due to this greater focus on 'digital enablement' and Accenture's proven capability as a key supplier within future transformation projects, the contract cap needs to reflect the funded projects that are embedding change.

3. Financial Comments

- 3.1. This paper requests the re-baseline of the contract value ceiling of the Application Management Services (AMS), provided by Accenture, by 50% from its original value of £85.99 million to £128.99 million.
- 3.2. There are no funding implications in this request as there is no request for additional funding. The request will not guarantee the additional 50% uplift will be consumed, but rather provides flexibility to spend legally and compliantly on the AMS contract up to this revised limit. This will ensure compliance with contractual obligations of meeting the initial term of the contract and avoid finding alternative routes to market for a service that has already been procured.

4. Legal Comments

- 4.1. The Mayor's Office for Policing and Crime (MOPAC) is a contracting authority as defined in the Public Contracts Regulations 2015 (the Regulations). Awards of public contracts for good and/or service valued at £181,302 or above must be procured in accordance with the Regulations. The report confirms the value of the AMS contract and the proposed value uplift exceed this threshold. Accordingly, the Regulations are engaged.
- 4.2. Regulation 72 sets out the grounds for compliantly modifying public contracts during their term without the need for a new procurement exercise. Regulation 72(1)(b) provides contracts can be modified:
- (b) for additional works, services or supplies by the original contractor that have become necessary and were not included in the initial procurement, where a change of contractor—
 - (i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, services or installations procured under the initial procurement, and
 - (ii) would cause significant inconvenience or substantial duplication of costs for the contracting authority, provided that any increase in price does not exceed 50% of the value of the original contract.
- 4.3. The current contract value will be exhausted before the end of the current contract term because of the additional work as described in the report. These works were not included in the initial procurement and it was necessary to use the AMS contract for both technical reasons (Regulation 72(1)(b)(i)) and because there would have been significant inconvenience and duplication of costs (Regulation 72(1)(b)(ii)). Therefore it is the professional opinion of MPS Commercial Services that this increase in contract value is compliant with the Regulations for the reasons as set out in Regulation 72(1)(b).
- 4.4. The increase in the contract value does not exceed 50% of the original contract and is thus compliant with the Regulations. It will not be possible to increase the value of this contract again and the MPS would need to undertake a new procurement should the need arise.
- 4.5. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent (the Scheme) provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve all unforeseen variations to contracts with an original value of £500,000 or above, when the variation is greater than 10% of the original contract value. This report confirms the value of the unforeseen variation is more than 10% of original contract value.

5. Equality Comments

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

6. Background/supporting papers

6.1. Report

Public access to information

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

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

Part 1 Deferral:

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

If yes, for what reason:

Until what date:

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

Is there a **Part 2** form – YES

ORIGINATING OFFICER DECLARATION

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

OFFICER APPROVAL**Chief Executive Officer**

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

Signature

Stephen Paul
with delegated authority.

Date 22/08/2018





MAYOR OF LONDON

Uplift of the Application Managed Service Tower Contract

MOPAC Investment Advisory & Monitoring Meeting 26th July 2018

Report by Angus McCallum on behalf of the Deputy Commissioner

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

EXECUTIVE SUMMARY

This paper seeks approval to uplift the value of the Application Managed Service (AMS) Contract by 50% of its original value, from its original value of £85.99 million to £128.99 million. This is to accommodate current projected spend on digital transformation and improvement projects and act as an enabler to facilitate wider organisational transformation by the MPS to improve services and focus resources on operational policing and deliver improved technological capabilities and support services to end users.

Recommendations

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

- 1. Approve an uplift of the total contract value of the AMS Tower contract with Accenture from the original contract value of £85.99 million to £128.99 million. This is not a request for additional funding or budget growth. This decision is required to ensure legal compliance of the contract in line with projected delivery via the contract.**

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

- 1. Approve an uplift of the total contract value of the AMS Tower contract with Accenture from the original contract value of £85.99 million to £128.99 million. This is not a request for additional funding or budget growth. This decision is required to ensure legal compliance of the contract in line with projected delivery via the contract.**

Time sensitivity

A decision is required from the Deputy Mayor by 9th August 2018 to provide sufficient time for Commercial & Finance and Digital Policing to arrange restructuring of budgets, re-planning of projects, and exploring alternative routes to market should the decision not be approved. Once the decision is approved, Commercial Services & Directorate of Legal Services will also need to publish a s.72(3) notice as per the Public Contract Regulations confirming the extension of the value.

Introduction and background

1. Accenture was selected as AMS Supplier following a competitive tender process and the Agreement governing the provisions of the AMS Services was entered into on 1 March 2016 by Accenture and MOPAC.
2. The Agreement is for an initial term of 5 years commencing on the Effective Date (1st March 2016) and contract extensions up to 2024.

Broadly the AMS Services comprise the following:

- Design and development of Applications
 - Application 'readiness' preparation and testing
 - Application Release deployment
 - Application decommissioning
 - Application Support and Maintenance
 - Application Backup and Recovery
 - Application Enhancement (changes / upgrades to existing AMS Applications)
 - Application Management, providing administrative and other support to an AMS Application environment
 - Application rationalisation, seeking to rationalise MPS' application portfolio
 - Application performance management.
3. The SIAM & Towers introduced a new model of IT services to the Authority and a change to the delivery vehicle of IT services from single supplier outsourcing to multi-supplier supply chain. This operating model has taken longer than envisaged to achieve due to organisational changes and extension of transformation programmes.
 4. It is expected that this will be the only request for an increase in the value of the AMS contract and should be able to last until the end of the extension term in May 2023, hence why the full 50% permissible under the Regulations is being requested. Commercial Services will monitor the expenditure under the contract together with Digital Policing colleagues and will work to control organisational expenditure in so far as possible

Issues for consideration

5. As part of the commitment for the MPS to be the 'best digital police force' as stated by the current Commissioner and the 2016 MPS IT strategy, Digital Enablement of Officers is essential to evolving the MPS for the future.
6. Accenture are a critical feature in this activity due to their involvement in essential and publicly committed projects such as Body Worn Video, enabling video recording and archiving for all officers, and Mobility delivering mobile devices to all officers and staff throughout the MPS.

7. At the time of creating the AMS Tower contract these Digital Enablement projects were not envisaged or planned. These projects subsequently secured funding and resources to enable delivery and are now contributing to the increase in contract spend within the AMS tower. This request for contract value uplift ensures that the contractual cap reflects the overall commitments by the MPS to deliver the digital enablement that have already been made.
8. In addition to the Body Worn Video and Mobility projects, Accenture led and completed the Data Centre Exit (again fully funded) which led to a cost avoidance of £25.6 million for MPS and MOPAC
9. It is expected that due to this greater focus on 'digital enablement' and Accenture's proven capability as a key supplier within future transformation projects, the contract cap needs to reflect the funded projects that are embedding change.
10. If the AMS contract value is not extended, the Authority will need to source an alternative supplier to provide the service currently provided by Accenture which would consume a significant amount of effort, resource and cost.

Contributes to the MOPAC Police & Crime Plan 2017-2021¹

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

Financial, Commercial and Procurement Comments

12. This paper requests the re-baseline of the contract value ceiling of the Application Management Services (AMS), provided by Accenture, by 50% from its original value of £85.99 million to £128.99 million.
13. There are no funding implications in this request as there is no request for additional funding. The request will not guarantee the additional 50% uplift will be consumed, but rather provides flexibility to the Authority to spend legally and compliantly on the AMS contract up to this revised limit. This will ensure the Authority remains compliant with its contractual obligations of meeting the initial term of the contract and avoid finding alternative routes to market for a service that has already been procured.

Impact on Revenue Budget:

There are no Revenue implications in the proposal.

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

Impact on Capital Budget:

There are no Capital implications in this proposal.

14. The re-baseline is required as the total contract spend will exceed the original contract value. This is a result of increased Project spending (originally estimated at £10 million over 5 years but is currently at £35 million over 2 years). A key factor of this project spend is due to the AMS supplier's support on delivering several large funded transformation projects such as the Data Centre Exit Programme, which focused on rationalisation and transfer of services from the former Capgemini data centre (Kestrel) to the Met's Eagle Data Centre (enabling a cost avoidance of up to £25.6 million for the MPS). Further work in this area will potentially lead to greater cost savings and provide risk mitigation for the Authority.
15. Accenture have provided a good level of service under the contract and continue to work closely with MPS Digital Policing on organisational transformation plans. This engagement has helped drive efficiencies by identifying and removing duplication of services across the SIAM/Towers. Accenture's positive performance has meant that they are the only tower to have benefited from the Incentive Scheme.
16. If approval is not granted, the MPS will be unable to fulfil its contractual obligations such as payment of contract service charges for the initial term of the AMS contract, resulting in the Authority being in breach of contract and susceptible to a potential claim for restitution by Accenture.

Legal Comments

17. The value of this contract uplift is above the threshold defined in the Public Contracts Regulations 2015 (the Regulations) and thus must be procured in accordance with the Regulations
18. Regulation 72 sets out the grounds for compliantly modifying public contracts during their term without the need for a new procurement exercise. Regulation 72(1)(b) provides contracts can be modified:

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

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

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

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

19. The current contract value will be exhausted before the end of the current contract term because of the additional work as described in para 14. These works were not included in the initial procurement and it was necessary to use the AMS contract for both technical reasons (Regulation 72(1)(b)(i)) and because there would have been significant inconvenience and duplication of costs (Regulation 72(1)(b)(ii)). Therefore it is the professional opinion of MPS Commercial Services that this increase in contract value is compliant with the Regulations for the reasons as set out in Regulation 72(1)(b).
20. The increase in the contract value does not exceed 50% of the original contract and is thus compliant with the Regulations. It will not be possible to increase the value of this contract again and the MPS would need to undertake a new procurement should the need arise
21. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent (the Scheme) provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve all unforeseen variations to contracts with an original value of £500,000 or above, when the variation is greater than 10% of the original contract value. This report confirms the value of the unforeseen variation is more than 10% of original contract value.

Equality Comments

22. There are no adverse implications to Equality and Diversity through the approval of this recommendation.

Privacy Comments

23. As this is a legal compliance exercise of an existing contract, there are no perceived privacy impacts. Accenture will continue to maintain their obligations under the contract concerning the Data Protection Act and new General Data Protection Regulation.

Real Estate Implications

24. There are no known Real Estate Implications resulting from this recommendation.

Environmental Implications

25. There are no known Environmental Implications resulting from this recommendation.

Background/supporting papers

26. Attached

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Part 2 - This section refers to the details in Part 2 Business Justification Paper which is NOT suitable for MOPAC publication

The Government Security Classification for Part 2 is Official Sensitive (Commercial).

Part 2 of IAM Business justification paper 'Uplift of the AMS ICT Tower Contract' is exempt from publication for the following reasons:

- Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011
- The relevant sections under the FOIA that would exempt this information from disclosure: Commercial Interest Section 43
- The date at which Part 2 will cease to be confidential: July 2024