

REQUEST FOR DMPC DECISION – PCD 437**Title: Uplift of the SIAM ICT Tower Contract****Executive Summary:**

This paper seeks approval to uplift the value of the SIAM Atos Contract by 50% from its original value of £96 million to £143 million for the life of the contract. This is to accommodate current projected additional commitments for digital transformation and improvement projects and act as an enabler to facilitate wider digital transformation by the MPS to improve services, focus resources on operational policing, and deliver improved technological capabilities and support IT services to end users.

Recommendation:

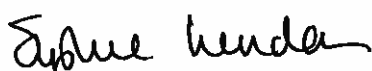
The Deputy Mayor for Policing and Crime is recommended to:

- Note and approve the uplift of the total contract value of the SIAM Tower contract with Atos from the OJEU published contract value of £96 million to £143 million. This decision is required to ensure legal compliance of the contract under the Public Contract Regulations s.72(b)(ii). This is not a request for additional funding or budget growth, nor a commitment to spend up to this revised limit, but solely to provide contract flexibility for the remainder of the SIAM contract life.

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**

30/07/18

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

Decision required – supporting report

1. Introduction and background

- 1.1. Atos were selected as the Authority's SIAM (Service Integration and Management) Supplier following a competitive tender process in 2014/15. Atos and MOPAC entered into the Agreement governing the provisions of the SIAM Services on 24th August 2015.
- 1.2. The Agreement is for an initial term of 5 years commencing on the Effective Date (2nd November 2015).
- 1.3. It is expected that this will be the last request for an increase in the value of the SIAM contract. Commercial Services will monitor the expenditure under the contract and together with Digital Policing colleagues, will work to control organisational expenditure in so far as possible.

2. Issues for consideration

- 2.1. In October 2015, MOPAC granted approval of the award of a contract with Atos for the provision of Service Integration and Management (SIAM) services for an initial term of 5 years with two one-year extension options (5+1+1). It was expected that the cost of the initial 5-year term contract, plus an estimated £5 million per annum project expenditure, would total £74,852,000. For the avoidance of doubt, the Met's TTPI programme published a contract award notice in the Journal of the European Union (OJEU) for the SIAM contract anticipating the total expenditure of the contract to be £96,000,000 (inclusive of projects, extensions and variations).
- 2.2. Atos are a critical feature in MPS digital transformation activity due to their role in supporting and managing a wide range of key IT programmes along with the Other Tower Suppliers. In the last two years this has included: Body Worn Video deployment; Mobility roll-out; old NSY exit and relocation to the new NSY site; Data Centre Exit project; Met Command & Control systems upgrade and controlled shut-downs; software licence management and a Service Desk with increasing services being supported. As most of the Authority's IT requirements is being driven under the Towers Model, having a flexible contract value would be beneficial to the Authority to allow future transformational work to continue.
- 2.3. At the time of creating the SIAM & Towers contracts, many 'digital enablement' projects were not envisaged or planned or were in early stages of development. These projects have secured additional funding and the resources to enable them across the whole Tower 'eco-system' and thus contribute to the increases in contract spend within the SIAM Tower. This decision will ensure that the contractual cap reflects the overall commitments by the MPS to deliver digital enablement that has already started.
- 2.4. It is expected that due to this greater focus on 'digital enablement' and Atos' 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 total contract value of the SIAM Contract by 50% (as permitted by the Public Contract Regulations), from the original total contract value of £96 million (as published in the OJEU Journal in August 2015), to a revised figure of £143 million (which includes the potential to cover an extension period of up to two years).
- 3.2. There are no funding implications in this request as there is no request for additional funding being made by Digital Policing. Approval of this request does not guarantee consumption of the 50% increase, but rather provides flexibility to the Authority to spend legally and compliantly on the SIAM contract up to this revised limit should it so require. This will ensure the Authority remains compliant with its contractual obligations of meeting the cost of the contract's initial term and avoids having to finding alternative routes to market for a service that the Authority has already 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 goods and/or services valued at £181,302 or above must be procured in accordance with the Regulations. The report confirms the value of the SIAM contract and the proposed value uplift exceed this threshold. Accordingly, the Regulations are engaged.
- 4.2. Regulation 72 sets out the limited grounds for compliantly modifying public contracts during their term without the need for a new procurement exercise. Regulation 72(1)(b) in particular provides a contracting authority may modify a public contract without requiring a fresh procurement:
- (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. This report confirms the increase in contract value does not exceed 50% of the original contract value. The report also confirms that the overall SIAM and Towers model and ecosystem means that a change in the MOPAC's SIAM contractor cannot be made for economic or technical reasons and to do so would cause MOPAC to suffer significant inconvenience or substantial duplication of costs. Where such technical or economic reasons can be shown to exist which would result in MOPAC suffering either significant inconvenience or substantial duplication of costs regulations 72(1)(b) will be met.
- 4.4. Regulation 72(3) requires that contracting authorities which modify a contract under 72(1)(b) must publish a notice to that effect in the Official Journal of the European Union.

- 4.5. 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 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 this is 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

R. Lawrence

Date

26/07/18

Uplift of the SIAM ICT 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 SIAM Atos Contract by 50% from its original value of £96 million to £143 million for the life of the contract. This is to accommodate current projected additional commitments for digital transformation and improvement projects and act as an enabler to facilitate wider digital transformation by the MPS to improve services, focus resources on operational policing, and deliver improved technological capabilities and support IT services to end users.

Recommendations

1. The MPS Portfolio & Investment Board (PIB) is asked to:
 - a) **Approve an uplift of the total contract value of the SIAM Tower contract with Atos from the OJEU published contract value of £96 million to £143 million. This decision is required to ensure legal compliance of the contract under the Public Contract Regulations s.72(b)(ii). This is not a request for additional funding or budget growth, nor a commitment to spend up to this revised limit, but solely to provide contract flexibility to the Authority for the remainder of the SIAM contract life.**
2. 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:
 - b) **Note and approve the uplift of the total contract value of the SIAM Tower contract with Atos from the OJEU published contract value of £96 million to £143 million. This decision is required to ensure legal compliance of the contract under the Public Contract Regulations s.72(b)(ii). This is not a request for additional funding or budget growth, nor a commitment to spend up to this revised limit, but solely to provide contract flexibility to the Authority for the remainder of the SIAM contract life.**

Time sensitivity

3. 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. If the decision is approved, Commercial Services & Directorate of Legal Services may wish to publish a s.72(3) notice as per the Public Contract Regulations confirming the extension of the value.

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

Introduction and background

4. Atos were selected as the Authority's SIAM (Service Integration and Management) Supplier following a competitive tender process in 2014/15. Atos and MOPAC entered into the Agreement governing the provisions of the SIAM Services on 24th August 2015.
5. The Agreement is for an initial term of 5 years commencing on the Effective Date (2nd November 2015).
 - a) Broadly the SIAM Services comprise of the following:
 - Integration and management of the IT services delivered by the Towers to end users;
 - Day to day operational management of all Tower Suppliers on behalf of MPS;
 - ITIL-aligned IT service management processes to ensure seamless IT services are delivered to end users;
 - Provision of a service desk, acting as the single point of contact for all IT-related issues for the MPS;
 - Provision of an end user IT portal to enable self-service and lower the cost of IT support;
 - Enhanced security services (SOL-05), a Security Operating Centre and Security Information and Events Management, part of the protective monitoring service;
 - Provision of a Solution Delivery & Integration Management function (SDIM Service) for IT projects and programmes.
6. In October 2015, MOPAC granted approval of the award of a contract with Atos for the provision of Service Integration and Management (SIAM) services for an initial term of 5 years with two one-year extension options (5+1+1). It was expected that the cost of the initial 5-year term contract, plus an estimated £5 million per annum project expenditure, would total £74,852,000. For the avoidance of doubt, the Met's TTPI programme published a contract award notice in the Journal of the European Union (OJEU) for the SIAM contract anticipating the total expenditure of the contract to be £96,000,000 (inclusive of projects, extensions and variations). Based on advice from

Directorate of Legal Services, this is the figure of the baseline contract value from which the 50% uplift request in this paper is being made.

7. 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. The SIAM layer was designed to allow the Authority's retained function to be more agile, strategic and customer centric rather than running operational delivery. This operating model has taken longer than envisaged to achieve due to organisational changes and extension of transformation programmes. The SIAM contract has therefore required a number of extensions to switch on optional services and to introduce new IT services to meet the Authority's demands and requirements.
8. Because of this, the initial contract value has deviated from the original projected glide path due to a number of changes (including variations to include SDIM services and SOL-05 – Security Operations Centre) and delays in the transformation of the Towers including SIAM.
9. Between November 2016 and January 2017, MOPAC approved contract variations to the SIAM contract for SDIM (Solution Delivery Implementation Management), Security Operations Centre (SOL-05) and Software Lifecycle Management (SLM) services, increasing the MOPAC approved total contract value from £74.852 million to £93.626 million. As this new value was within the overall published contract value (as stated in paragraph 8 above), a mandatory notice was not required to publish the new value. These variations to the SIAM contract have driven up costs beyond original expectations. Risk provisions were built into the pricing but these have also been exceeded mainly owing to the number of users being higher than expected, therefore driving up the variable pricing of the contract. Catalogue expenditure across the organisation has also been higher than expected, which proves a further challenge to managing expenditure under the SIAM contract, as anyone in the business can request goods and services from Atos.
10. In August 2017, MOPAC approved another variation to the SIAM contract to formalise residual activities that the SIAM had taken on from the previous IT supplier CapGemini. This included additional service desk provisions, additional request management services and additional third party extended support services. These services were valued at £9.82 million, therefore increasing the total contract value to £103,452,000, which is the current MOPAC, approved total contract value. This now conflicts with the OJEU published value and as it currently stands, the Authority would be required to issue a mandatory notice as per the Public Contract Regulations to re-align the current value with the published value.
11. It is expected that this will be the last request for an increase in the value of the SIAM contract. Commercial Services will monitor the expenditure under the contract and together with Digital Policing colleagues, will work to control organisational expenditure in so far as possible.

Issues for consideration

12. Digital enablement of the MPS is essential to preparing the Met for the future and if the organisation aspires to continue to be the 'best police service in the world'¹. If the MPS wishes to 'exploit the digital potential and becoming a more flexible structure [so] that [it] can work in an agile, collaborative way'², then further digital transformation is required.
13. Atos are a critical feature in this transformation activity due to their role in supporting and managing a wide range of key IT programmes along with the Other Tower Suppliers. In the last two years this has included: Body Worn Video deployment; Mobility roll-out; old NSY exit and relocation to the new NSY site; Data Centre Exit project; Met Command & Control systems upgrade and controlled shut-downs; software licence management and a Service Desk with increasing services being supported. As most of the Authority's IT requirements is being driven under the Towers Model, having a flexible contract value would be beneficial to the Authority to allow future transformational work to continue.
14. At the time of creating the SIAM & Towers contracts, many 'digital enablement' projects were not envisaged or planned or were in early stages of development. These projects have secured additional funding and the resources to enable them across the whole Tower 'eco-system' and thus contribute to the increases in contract spend within the SIAM Tower. This decision will ensure that the contractual cap reflects the overall commitments by the MPS to deliver digital enablement that has already started.
15. Much of the increases to the SIAM contract thus far have been linked to variations or change requests. It is worth noting however that these are in turn linked to increased activity from the Other Tower Suppliers that subsequently flows up to the SIAM as a support service. The IT transformation activity therefore adds work to the whole eco-system not just one Tower. It is therefore a proportionate approach to uplift the contract value by the permitted 50% under the Regulations.
16. It is expected that due to this greater focus on 'digital enablement' and Atos' proven capability as a key supplier within future transformation projects, the contract cap needs to reflect the funded projects that are embedding change.
17. If the SIAM contract value is not extended, the Authority will need to source an alternative supplier to provide the service currently provided by Atos which would consume a significant amount of effort, resource and cost. Engaging a contractor outside of the current 'SIAM & Towers' model would require MOPAC to procure a new Tower Supplier. A consequence of this would be that the new provider would be required to enter into an amended form of the existing Master Services Agreement (MSA), which is the agreement that binds the current 'Tower Suppliers' with the Authority. Not only would a new provider alter the overall SIAM/Towers' model in a way not envisaged in the

¹ Metropolitan Police Service Business Plan 2017-18 Summary.

² As above

original procurement, it would also cause significant inconvenience, delays and cost duplication;

18. All the current 'Tower Suppliers' would need to agree the amended MSA and would require a re-tendering of a SIAM Supplier two years before the contract expires, a procurement which is expected to take 18 months to complete. If an amended MSA was not agreed the overall SIAM/'Tower' model would be at significant risk of failure and would mean the Authority would be faced with a choice to either re-tender the contract or bring back in house the outsourced IT Services which Atos provides, which the MPS does not currently have resources or capability to do so.

Contributes to the MOPAC Police & Crime Plan 2017-2021³

19. The SIAM contract is one of five SIAM & Towers model suppliers and provides the overarching layer which integrates the six Towers together (the others being Hosting, End User Services, Networks, Data Centres, and Applications Management). Atos provide the Digital Policing helpdesk which is available 24/7/365 to help support MPS officers and staff across the capital with all IT matters. The aim was to introduce a consolidated, one-stop-shop for all IT services and requests that Atos provide via the helpdesk. The SIAM contract has been varied to include effective management of third party contracts (i.e. non-Tower ICT suppliers and services) by Atos on behalf of the MPS, helping to achieve the one-stop shop concept. Atos also 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

20. This paper requests the re-baseline of the total contract value of the SIAM Contract by 50% (as permitted by the Public Contract Regulations), from the original total contract value of £96 million (as published in the OJEU Journal in August 2015), to a revised figure of £143 million (which includes the potential to cover an extension period of up to two years).
21. There are no funding implications in this request as there is no request for additional funding being made by Digital Policing. Approval of this request does not guarantee consumption of the 50% increase, but rather provides flexibility to the Authority to spend legally and compliantly on the SIAM contract up to this revised limit should it so require. This will ensure the Authority remains compliant with its contractual obligations of meeting the cost of the contract's initial term and avoids having to finding alternative routes to market for a service that the Authority has already procured.
22. **Impact on Revenue Budget:**
There are no Revenue implications because of this decision being granted, as there is no request for additional revenue or budgets. The decision will allow

for compliant revenue expenditure under the SIAM contract by the Authority.

Impact on Capital Budget:

There are no Capital implications because of this decision being granted, as there is no request for capital funding. The decision will allow for compliant capital expenditure under the SIAM contract by the Authority.

23. The re-baseline is required because the total contract spend in the lifetime of the contract (note: there are 28 months left on the initial term), is anticipated to exceed the original contract value by at least £30.6 million based on current spending patterns. Whilst MOPAC have permitted variations to the SIAM contract causing the approved contract value to increase, an uplift of 50% of the original £96 million value is required to ensure future spend under the SIAM contract by the Authority is legally compliant.
24. Authority spend under the SIAM contract has been higher than originally anticipated owing to a number of factors explained in the early parts of this report, which has given rise to increased spending across the Authority via catalogue (product) orders, projects which have been larger and costlier than envisaged, and variations to the contract to introduce additional services.
25. The SIAM team within Atos have provided the services in accordance with contractual obligations and continue to work closely with Digital Policing on organisational transformation plans and improvements to Service Delivery and end-user experiences with IT services and equipment. This engagement has helped drive efficiencies by identifying and removing duplication of services across the SIAM/Towers. Digital Policing with Commercial Services have also recently approved Total Cost of Ownership Savings Report to bring down the cost of the contract to the Authority by 5% per year to help towards MOPAC saving targets for the MPS. Collaboratively with Digital Policing senior managers, Commercial Services have helped to drive down the running costs of SIAM Services by agreeing fixed price models for charging of new services with Atos. This will also help in forecasting contract value increases. The concept of reconciling consumption volumes has also been agreed with Atos to avoid uplifts in advance to the annual value of the contract and instead to be done following a service wide true-up.
26. 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 SIAM contract, resulting in the Authority being in breach of contract and susceptible to a potential claim for restitution by Atos. Current and future transformational work will also have to be sourced via alternative procurement routes leading to delays in project timelines and deliverables as well as risks in procuring these services from alternative suppliers and a duplication of costs in effort.

Legal Comments

27. 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 goods and/or services valued at £181,302 or above must be procured in accordance with the Regulations. The report confirms the value of the SIAM contract and the proposed value uplift exceed this threshold. Accordingly, the Regulations are engaged.

28. Regulation 72 sets out the limited grounds for compliantly modifying public contracts during their term without the need for a new procurement exercise. Regulation 72(1)(b) in particular provides a contracting authority may modify a public contract without requiring a fresh procurement:

- (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;*

29. This report confirms the increase in contract value does not exceed 50% of the original contract value. The report also confirms that the overall SIAM and Towers model and ecosystem means that a change in the MOPAC's SIAM contractor cannot be made for economic or technical reasons and to do so would cause MOPAC to suffer significant inconvenience or substantial duplication of costs. Where such technical or economic reasons can be shown to exist which would result in MOPAC suffering either significant inconvenience or substantial duplication of costs regulations 72(1)(b) will be met.

30. Regulation 72(3) requires that contracting authorities which modify a contract under 72(1)(b) must publish a notice to that effect in the Official Journal of the European Union.

31. 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 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

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

Privacy Comments

33. As this is a legal compliance exercise of an existing contract, there are no perceived privacy impacts. Atos will continue to maintain their obligations

under the contract concerning the Data Protection Act and its successor, the General Data Protection Regulations (GDPR). Atos are due to provide the MPS with a report detailing the impact of the GDPR and the SIAM contract will be updated to reflect this General Change of Law as per the contract requirements.

Real Estate Implications

34. As this is a legal compliance exercise of an existing contract, there are no perceived real estate implications. A separate paper will go to MOPAC in 2019 when a decision will be required whether to extend or re-tender the SIAM contract and any real estate implications will be determined at that time.

Environmental Implications

35. As this is a legal compliance exercise of an existing contract, there are no perceived environmental implications.

Background/supporting papers

36. Supporting Paper – Part 2 – exempt from MOPAC publication
37. Supporting and background papers and data can be requested from the Contract Management Team within Commercial Services and from the Service Delivery Team within Digital Policing.

Report author: Shirin Georgiani (Commercial Services) on behalf of Director of SIAM Iain Lovatt & Service Delivery Director Alex Blatchford (Digital Policing).

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 SIAM 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