

LONDON BOROUGH OF CROYDON

To: Croydon Council website
Access Croydon & Town Hall Reception

STATEMENT OF EXECUTIVE DECISIONS MADE BY THE CABINET MEMBER FOR FINANCE AND RESOURCES ON 21 NOVEMBER 2018

This statement is produced in accordance with Regulation 13 of the Local Authorities (Executive Arrangements) Meetings and Access to Information) (England) Regulations 2012. Further to the associated public notice of key decisions no scrutiny call-in has been received, and therefore the following decisions can be implemented.

The following apply to the decisions listed below:

Reasons for these decisions: are contained in the Part A report attached

Other options considered and rejected: are contained in the Part A report attached

Details of conflicts of Interest declared by the Cabinet Member: none

Note of dispensation granted by the head of paid service in relation to a declared conflict of interest by that Member: none

The Leader of the Council has delegated to the Cabinet Member the power to make the executive decisions set out below:

CABINET MEMBER'S KEY EXECUTIVE DECISION REFERENCE NO.: 3418FR

Decision Title: Good to Great Programme – Provision of Telephony Services

Having carefully read and considered the Part A report, the associated confidential part B report, and the requirements of the Council's public sector equality duty in relation to the issues detailed in the body of the reports, the Cabinet Member for Finance and Resources in consultation with the Leader of the Council

RESOLVED:

1. To approve the award of a contract for the Provision of Telephony Services to the supplier named in Part B of this report for a contract term of 2 years with one option to extend for a further 12 months for a maximum contract value as stated in Part B.
2. To note that the name of the successful supplier and price will be released once the contract award is approved.

Notice date: 29 November 2018

REPORT TO:	Cabinet Member for Finance & Resources
SUBJECT:	Good to Great Programme – Provision of Telephony Services
LEAD OFFICER:	Richard Simpson, Executive Director of Resources Mark Davies, Interim Head of ICT
CABINET MEMBER:	Simon Hall, Cabinet Member for Finance & Resources
WARDS:	All

CORPORATE PRIORITY/POLICY CONTEXT/ AMBITIOUS FOR CROYDON

Fit for purpose ICT services, which are aligned to the organisation and Borough needs are critical to support and enable key services. Technology continues to develop at pace and provides significant opportunities to assist the council, its partners and the community.

The ICT strategy looks to ensure that the right technology is provided to all Council services. It looks to ensure we have flexible and efficient services which can evolve to meet local challenges and maximise the opportunity for innovation, utilising the right mixture of local skills and major providers.

The proposed contract award supports the Councils Corporate priorities to :

- Provide value for money to its residents, through the redesign and recommissioning of ICT services.
- Provide high quality information, advice and guidance to support people living healthier lives and improve overall wellbeing.

The deliverables from the contract will better meet future Council business needs and facilitate efficiencies with the application of information technology as an enabler under the Corporate Plan supporting Ambitious for Croydon.

FINANCIAL IMPACT

There will be a cost to the Council for the provision of this service over the contract period of two years with a one year extension option. The detailed impact is defined in Part B.

FORWARD PLAN KEY DECISION REFERENCE NO.: 3418FR This is a Key Decision as defined in the Council's Constitution. The decision may be implemented from 1300 hours on the expiry of 5 working days after it is made, unless the decision is referred to the Scrutiny & Overview Committee by the requisite number of Councillors.

The Leader of the Council has delegated to the Cabinet Member for Finance & Resources the power to make the decisions set out in the recommendations below

1. RECOMMENDATIONS

- 1.1 The Cabinet Member for Finance & Resources, in consultation with the Leader of the Council, is recommended by the Contracts and Commissioning Board to approve the award of a contract for the Provision of Telephony Services to the supplier named in Part B of this report for a contract term of 2 years with one option to extend for a further 12 months for a maximum contract value as stated in Part B.
- 1.2 The Cabinet Member for Finance & Resources is asked to note that the name of the successful supplier and price will be released once the contract award is approved.

2. EXECUTIVE SUMMARY

- 2.1 This report seeks approval of the award of contract for the Provision of Telephony Services as part of the Good to Great Programme.
- 2.2 The strategy for the programme was approved by the Contracts and Commissioning Board (CCB) on 10 November 2017 reference CCB1288/17-18 and updated on 5 July 2018. Pursuant to Cabinet recommendation [15/10/18] the Leader has delegated the decision to approve the award of the contract to the Cabinet Member for Finance & Resources in consultation with the Leader [ref. 3618LR.]
- 2.3 The contract term is for a period of two years (with an estimated commencement date of January 2019) with an option to extend for a further 12 months.
- 2.4 The contents of this report have been endorsed by the Contracts and Commissioning Board. (ref CCB1426/18-19 16/11/18).

3. Background

- 3.1 The Council's ICT services are outsourced to Capita ITES Limited under a single long term contract. The Good to Great Programme is moving the Council from utilising such long term monolithic ICT contracts to a disaggregated model enabling a number of smaller more agile contracts with shorter contract lengths.

A total of eight service towers cover the full range of ICT activities with a reorganisation of the in house ICT team to manage the various service towers and resulting contracts.

- Provision of ICT End User Services;
- Application Management and Support;
- Managed Print;
- Networks;
- Telephony;
- Hosting;
- Hardware and Software.
- Service Management Tool

3.2 Telephony Services include the provision of contact centre solution, back office telephony, switchboard functionality, call recording, call logging and reporting, lines and call charges plus support for the solution with service desk activity. The contact centre is the first point of contact to the Council for residents, members of the public, businesses. It is also used by council staff for outbound calling.

3.3 The current telephony solution is going end of life at the end of 2018. Manufacturer support is being withdrawn and the solution will be unsupported with only a reasonable endeavours approach. There will be no software support and spare parts for hardware will become more difficult to source from the second hand market in the event of hardware failures.

3.4 Delivering Information and Communication Technology (ICT) in local government is critical as it underpins the running of the majority of services the council provides. ICT also has a key enabler role underpinning digital delivery to add value to service provision and customer experience.

3.5 The Council awarded a contract to deliver ICT services to Capita in 2013 November, following a procurement process conducted under the Competitive Dialogue procedure, in accordance with the Public Contract Regulations 2006. The Service commenced in May 2014 and consisted of a 9 year agreement with Capita to deliver ICT services and, an 8 year contract with SunGard for Data Centre services. Capita support the Council infrastructure hosted in the SunGard data centre.

3.6 **Capita Service and Performance issues**

Performance issues in relation to meeting/failing to meet SLA and KPIs has been mixed throughout the term of the Capita contract. As a result, Capita attract maximum service credits on the core KPIs every month. In addition, the following issues have arisen:

- There are too many applications outages for key line of business applications.
- Monthly end user satisfaction with the Capita service desk was rated at 65.8% against a target of 90% in July 17
- The ICT service desk telephone answering time within 20 Seconds and 60 seconds over the last 12 months was 66.35% and 76.54% respectively, against targets of 80% and 100%.

- Individual resolution times are too slow (within 8 hours, over the previous quarter it is 92.62% against a target of 100%)

3.7 **Business issues are:**

The speed and cost of change do not meet service expectations. Every project/change requires a CCN and a Capita project manager, and commercial agreements slow down delivering change.

Capita services are not future focused i.e. lack of expertise in the cloud environment, out of date service desk.

Capita do not deliver many items in the contract, and proactive changes/checks to Croydon's ICT infrastructure meaning high volumes of high impact outages and a reactive service.

Over the past few years Croydon has worked in partnership to improve core ICT services by investing in a Service Improvement Plan (SIP) with Capita and by attempting to amend the Service Level Agreements and Service Credit regime. However, despite such efforts, none of these initiatives have been totally successful.

With a break clause due in May 2019, the Council will continue to work with Capita to deliver the following improvements over the coming months while we proceed with recommissioning services. These workstreams align to the wider future sourcing strategy:

- Moving the corporate document store (SharePoint) from on-premise to a cloud-based model (SharePoint Online) so that corporate documents can be accessed by staff via the internet and can also be securely shared with third parties to improve collaborative working.
- Greater use of Bring Your Own Device to provide more flexible access to business systems and to make savings by reducing the provision of laptops to interim staff and the use of Corporate smart phones.
- Ensuring the workforce is mobile wherever possible, with 250 social workers having flexible laptops that work anywhere.
- Joining up our data across the council to ensure there is a single view of our residents and households.
- Improvement to the guest and Town Hall wifi.
- Implementation of biometric authentication to improve the user logon process.
- Improving the ICT service desk with an on-line portal to improve performance and customer satisfaction.
- A review of our core systems in the People department (social care, housing and education) and across streets and safety services.

3.8 The technology roadmap for the longer term will continue to deliver improvements to agile and flexible working as well as improving resilience and reducing cost. The key areas for investment are:

- Moving services from on-premise infrastructure to a cloud-based model. This will be achieved in part through the use of new business systems and partly through migrating existing systems.
- Unified communications to enable full telephony services via Skype for Business.
- Rationalisation of systems and applications to reduce cost and utilise core systems such as the CRM.
- Ongoing software upgrades to provide new features, for example, to Office 2016.
- Refresh of end user devices and move to more widespread use of BYOD.
- Investment in network infrastructure to manage increasing volumes of internet traffic.
- Investment in Data & Analytics to enable staff to provide insight and more accurate decision making.
- Investment in systems to provide improved security and management
- Key strategic systems reviews – such as “People” and “Place” to ensure better alignment and utilisation of key back office systems

3.9 A future ICT Roadmap, and a target services and support model has been developed. Sourcing options have been appraised and a commercial strategy proposed.

3.10 **Good to Great Programme Objectives**

- Deliver flexible and cost effective multi-sourcing model that enables provision of exemplar services across business as usual and change; and aligned to our vision and values.
- Deliver an ICT organisation with clear roles and responsibilities to regain control of services end to end in order to be accountable for technology services that improves user outcomes and productivity.
- Define ways of working to collaborate and leverage local suppliers enabling innovation to support future opportunities around Digital, Smart Cities and Internet of Things.
- Select and award key suppliers to deliver a new multi-source model to be in place before existing single contracted services come to an end.

- Carry out exit management of existing single contract including a safe and secure transition of services to new multi-source arrangements

3.11 **The Procurement**

Following the approval of the Procurement Strategy detailed market engagement was undertaken to enable the final lot structure and procurement routes to be determined. This informed the amended Procurement Strategy presented to CCB on 5 July 2018.

3.12 Following extensive market engagement (see paragraph 4), a review of procurement routes identified the Crown Commercial Services (CCS) Network Services Framework, RM1045 Lot 10 Integrated Communications as the best fit for the Council's requirements. The CCS frameworks are pre-bid EU compliant routes to market and include a wide range of suppliers from large multi-nationals to SME's.

3.13 All 23 suppliers on Lot 10 of the framework were contacted to establish their interest in the opportunity and were invited to tender. 4 suppliers opted out of bidding citing lack of resources or were unable to meet requirements.

Four suppliers opted out with the following reasons given:

- "no reason given"
- "unable to meet requirements"
- "not in a position to respond"
- "lack of TUPE clarity"

3.14 The other suppliers did not respond. The project team has contacted several suppliers to establish why they did not respond and the reason given from several suppliers was a lack of available resources to work on tenders during the summer when many staff were on holiday.

3.15 On 27 June 2018 an Invitation to Tender was issued followed by a period for clarification questions. Final bids were received from 1 supplier by the close date on 8 August 2018. The bid was then evaluated by a panel of subject matter experts, taken from ICT, Procurement, and Service Users, (with advice from legal and finance) between 8 August and 29 August 2018.

3.16 The tender was let on the basis of the most economically advantageous tender (MEAT) based on an evaluation split of 40% quality and 60% price, which is the Council standard.

3.17 For quality each response to the requirements and the method statements were scored on a 0-5 basis with a minimum score of 3 for key requirements including social value and a minimum unweighted total quality score of 50 out of 100.

3.18 The instructions to tender highlighted several requirements set out in the method statement questions as mandatory and a minimum score of 3 needed to be achieved.

The evaluation criteria for quality were weighted as follows:

Section	Weight
Technical & Service Requirements	23%
Services & Account Management	20%
Implementation/Mobilisation	20%
Transformation/innovation/service improvement approach	25%
Social Value	10%
Early Payment Programme	2%
TOTAL QUALITY	= 100%

3.19 Following the initial evaluation, further clarification questions were raised by the Council in respect of technical and functional aspects of the solution and clarification around pricing.

3.20 The bidder was invited to a clarification meeting attended by key members of the programme team. This meeting was used to ensure there was a complete understanding of the solution and the bid. Bidder references were also taken up. All references received, where taken up, were acceptable.

3.21 The following method statement questions required bidders to attain an unweighted score of at least 3 out of 5 or their bid would be excluded:

Question Ref	Question	Tier 2 Quality Category
1.	Scope and Solution	Service and Account Management
2.	Transition	Implementation and Mobilisation
6.	Innovation	Transformation/Innovation and Service Improvement
8.	Public Facing Contact Centre Support /Innovation	Transformation/Innovation and Service Improvement
9.	Staff Telephony/Transformation	Transformation/Innovation and Service Improvement
11.	Flexible Working	Transformation/Innovation and Service Improvement
17.	Social Value	Social Value

The bidder was not excluded on the above basis and exceeded the minimum 50 out of 100 target overall with a total of 60.39.

3.22 Weighted Quality scores total

Scores were then subject to the weighting applied to the quality evaluation criteria to arrive at the total for quality (note the maximum achievable is 50%). Weighted = 24% scored

Section	Bidder 1
Quality (50%)	24%

3.23 Pricing evaluation

The following table shows the price evaluation. The lowest priced bid attains the high score of 50% and each bidder price is a percentage of that. With only one bid received therefore the maximum score was attained.

Section	Bidder 1
Price (50%)	50

3.24 TOTAL Score

Final combined evaluation quality and price combined.

Section	Bidder 1
Quality (50%)	24
PRICE (50%)	50
TOTAL	74%

3.25 Social Value

The bidder plan for Croydon is to make social value a fixed agenda item on our regular account manager reviews. Progress will be monitored and reviewed over the course of the contract, with the following agenda items;

- Network improvements that aid the Council in attracting new businesses to Croydon
- Shared information on the application processes for workplace schemes to enable the Council to promote this to their schools, colleges and citizens to enable work opportunities for Croydon's citizens.
- Diversity programmes that may benefit Croydon's residents
- Volunteering opportunities for Croydon's community and charity projects.

- Previous projects include helping at foodbanks and helping the elderly to increase their digital skills. “We are keen to work with the Council to identify organisations in Croydon that would benefit from voluntary support. “

The bidder confirms they pay the living wage for all employees based outside of London, and London Living Wage for employees whose contracted work location is in London. This applies to all employees, including those that would work on a contract with the Council.

3.26 Detailed Scores

The scores for each quality criterion are set out below.

Question No.			Average	Weighted score
			Bidder	Bidder
1	Scope and Solution	Service and Account Management	3.75	5.0
2	Transition	Implementation and Mobilisation	3.40	13.6
3	Ad-hoc projects	Service and Account Management	2.40	3.2
4	System Documentation	Service and Account Management	3.20	4.3
5	Customer Satisfaction	Transformation Innovation and Service Improvement	2.80	2.0
6	Innovation	Transformation Innovation and Service Improvement	3.40	2.4
7	Continuous Service Improvement	Transformation Innovation and Service Improvement	3.20	2.3
8	Public facing Contact Centre Support / Transformation	Transformation Innovation and Service Improvement	3.10	2.2
9	Staff Telephony Transformation	Transformation Innovation and Service Improvement	3.50	2.5
10	Staff Telephony - Fixed	Transformation Innovation and Service Improvement	3.00	2.1
11	Flexible Working	Service Improvement	2.80	2.0
12	Problem Management	Technical Requirements	3.00	2.8
13	Knowledge Management	Technical Requirements	3.00	2.8
14	Change Management	Technical Requirements	3.00	2.8
15	Event Management	Technical Requirements	3.00	2.8
16	Service Asset and Configuration Management	Technical Requirements	2.40	2.2
17	Social Value		2.75	5.5
18	Prompt Payment		0.00	0.0
Total for quality Q1-18				60.39

3.27 The proposed solution will provide to the Council:

- A new and transformed solution completely replacing the current out of support and end of life solution (by July 2019)
- Revised call rates offering savings on telephone calls
- A cloud based solution which matches the technology strategy of the council and integrates with our Microsoft environment.
- Functionality to meet our business requirements and provide a platform for future development.
- The supplier has excellent customer references
- The supplier has experience of delivering to other London local authorities

3.28 Based on the above it is recommended that Bidder 1 is awarded the contract for the Provision of Telephony Services. Details are contained within part B of the report. As there was only 1 tender costs have been compared to G Cloud pricing to establish value for money.

3.29 The tender pack included the framework terms and conditions amended by the Council to reflect requirements.

3.30 Managing the Contract

The in house IT client team will manage the contract and set the working processes required. The supplier will use the Council provided service management tool which will facilitate management, reporting, supplier performance monitoring. The in house team will ensure the supplier follows Council policies and standards, will manage supplier performance through regular reporting against SLAS and KPIS and conduct service and contract management reviews.

3.31 Roles in the in house team have been specified and there is a significant strand of the programme to implement a new structure alongside industry standard processes, ensure the council has the appropriate skills and experience to manage a disaggregated delivery model.

3.32 The contract has a set of service levels linked to a performance mechanism which includes service improvement plans, customer satisfaction and remedies such as service credits for under performance.

4. CONSULTATION

- 4.1 Significant consultation was undertaken around the Good to Great Programme with staff and Directors across the business and with Cabinet.
- 4.2 Extensive consultation was undertaken with suppliers in the market via a series of supplier days, phone calls and product specific webinars to establish the best approach for lots and procurement routes. Feedback was also received on terms and conditions and performance management including service level and service credit approaches.
- 4.3 Finally, market research with key industry experts such as Gartner and Cable was undertaken.
- 4.4 References were taken up with customers including local authorities, public and private sector customers of the preferred bidder. The references were all acceptable.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1

1 Revenue and Capital consequences of report recommendations

Please see Part B Report

2 The effect of the decision

Please see Part B Report

3 Risks

No.	Risk	Impact	Mitigation
1	Service will not be ready when existing contract expires	ICT front line and first point of contact will be significantly impacted affecting all Council users and delaying resolution of issues.	Sufficient time has been allowed for implementation and contingency allowed for. Emergency extension of existing contract allowed for.
2	Challenge from an unsuccessful bidder.	Delay to the award and implementation.	EU and Council compliant process undertaken. Robust process in place with sufficient audit and review including external legal advice.
3	Implementation may coincide with	Lack of staff buy in and support.	Program and project managers appointed

	ICT Department restructure.	Reduced assistance for new supplier.	and ongoing review of restructure timing and potential impacts.
4	Incumbent supplier's lack of support and documentation.	New supplier will struggle with service transition and may impact on initial performance.	Exit management plan for incumbent in place and closely monitored.
5	Incumbent supplier's resource requirements to assist transition.	Impact on service delivery and increased cost.	Exit management plan for incumbent in place and closely monitored.
6	Issue with dependencies between Telephony Services supplier and other new suppliers in Good to Great programme.	Impact on service delivery to Council staff and other suppliers. Increased cost.	ICT restructure will appoint key contract management staff to manage dependencies and delivery.
7	Current system end of life and unsupported until transformed solution available in July 2019	Related faults, failures and errors lead to non-availability of inbound and/or outbound telephony	Note this is BAU issue until G2G mitigate risk by procuring new solution. Current solution will be supported on reasonable endeavours basis. Exploit supplier/manufacturer relationship. Ensure Cisco qualified support staff deployed. Explore second hand market for spares in event of hardware failure.

A financial health check showed a health score of 57 against an industry average of 62. No issues were reported.

4 Options

Alternative options were considered and rejected in the Procurement Strategy report.

An assessment was made of the costs of retaining the current contract arrangements for this service. The cost of the successful bid included a complete replacement of the telephony solution. The longer term benefits

of access to resources, utilizing technological change and fit with Council strategy also favour the recommendation.

5 Future savings/efficiencies

The tender issued required the bidders to propose solutions to enhance the quality of services provided replace the out of support solution and promote opportunities to reduce operational costs.

Approved by: Ian Geary, Department Head of Finance

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Council has taken advice from external lawyers throughout this procurement. The lawyers have confirmed that they believe the process to have been run in a compliant manner.

Approved by: Sean Murphy, Head of Commercial and Property Law on behalf of the Director of Law and Monitoring Officer

7. HUMAN RESOURCES IMPACT

- 7.1 There are no HR implications for Council employees arising from this procurement process. However the procurement strategy could result in service provision changes which may invoke the effects of TUPE (Transfer of Undertakings (Protection of Employment) 2006 Legislation, amended 2014).
- 7.2 Where TUPE applies, the affected staffing group would transfer to the new service provider on their existing terms and conditions of employment. This may be to the Council directly or to a new service provider, for which the Council is the client. The appropriate TUPE protocols must be followed; particularly the duty to consult with the recognised trade unions and affected staff. HR advice should therefore be sought throughout this process.

Approved by: Sue Moorman Director of Human Resources

8. EQUALITIES IMPACT

- 8.1 An Initial Equality Analysis was undertaken to assess the potential impact on groups that share a protected characteristic. This concluded that a full equality analysis will not be required due to the fact that the procurement would not have any adverse impact on protected groups compared to non-protected groups.

9. ENVIRONMENTAL IMPACT

9.1 There are no environmental impacts arising from this procurement.

10. CRIME AND DISORDER REDUCTION IMPACT

10.1 There are no crime and disorder impacts from this procurement.

11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION

11.1 The strategy for the programme was approved by the Contracts and Commissioning Board (CCB) on 10 November 2017 and updated on 5 July 2018 with the specific lot structure and procurement approach.

11.2 The recommendation to award this contract is based on value for money for the Council based on the agreed evaluation criteria and meets service requirements and provides the opportunity for an enhanced and efficient service.

12. OPTIONS CONSIDERED AND REJECTED

12.1 Alternative options were considered and rejected in the Procurement Strategy report. (Options to award, not award and stay with Capita, not award and break (no service), not award and retender. The Council has received a bid capable of meeting the requirements so all other options have been rejected.

CONTACT OFFICER:

Mark Davies, Interim Head of ICT
Extension 65516.

APPENDICES TO THIS REPORT:

None

BACKGROUND PAPERS:

ICT Sourcing Strategy Report to Contracts and Commissioning Board.
Revised ICT Sourcing Strategy Report to Contracts and Commissioning Board.