

Report to	Policy & Resources Committee
Date	26 September 2019
By	Head of Business Services
Title of Report	ICT Contracts Renewal 2020

Recommendation: The Committee is recommended to

- 1) Approve the commencement of procurement processes leading to the appointment of contractors to provide ICT Infrastructure as a Service and Deskside Support services to SDNPA for a period of three years from July 2020, with a further possible two extensions of one year each.**
- 2) Approve delegation of Authority to the Chief Executive to award contracts for the above, following a competitive process carried out under the terms of the Public Contracts Regulations 2015**

1. Summary and Background

- 1.1 The report describes the process for tendering the ICT services contracts and the proposed timetable for this.
- 1.2 The current ICT contracts were let by SDNPA in 2015 and the final extension allowable under the terms of the contracts ends in June 2020. A new competitive process is therefore required to put any new outsourced arrangements in place.
- 1.3 There were significant levels of competition for the work packages tendered in 2015 and it is anticipated that there will once again be sufficient interest from the marketplace to allow SDNPA to obtain competitive bids for the contracts.

2. Options for Future Service Delivery

- 2.1 Re-tender on current terms – The current contracts replaced an all-inclusive ICT packaged contract, which did not deliver an acceptable level of service or value for money for SDNPA. Within the current contract term by contrast, there has been an increase in the level of service, not just in the core ICT delivery but also by moving specialised data handling requirements, for GIS for example, into the package. In terms of value for money, the costs over the term of the current contract have been £750,000 less than the previous contract rates.
- 2.2 The current approach has been to unbundle the ICT services, dealing directly with other suppliers for communications and telephony, acquiring print services through a Crown Commercial Services framework agreement, and with the main services split over two contracts, the first providing Infrastructure as a Service and the second providing Deskside support.
- 2.3 Single Contract – There would be no significant disadvantage to SDNPA of a single contractor providing both Deskside Support and Infrastructure as a Service, and indeed this may turn out to be the outcome of the tender process. This approach could restrict the sort of companies able to tender and if possible SDNPA would want to encourage small and

medium sized companies to deliver services to the organisation.

- 2.4 In-house Provision – Many other National Park Authorities manage their ICT requirements in-house and a small group of Authorities have begun to share their in-house expertise to make the operation more resilient. SDNPA has engaged with this group but have noted that their arrangements are based on ‘best endeavours’. It is unlikely that SDNPA could recruit the range of expertise required to deliver the service in-house at a price that would significantly reduce the overall cost of the service. An in-house solution would also provide less resilience to the organisation than the current contractual arrangements.
- 2.5 The prospect of taking the deskside support in-house has been given serious consideration. This would however mean SDNPA would need to make arrangements for holiday and absence cover, which is currently guaranteed under the contract. It would also be necessary to provide ‘help desk’ facilities.
- 2.6 The preferred option is to replicate the current position, where two separate tenders are issued for Infrastructure as a Service and Deskside Support. There is no restriction on a single supplier bidding for both contracts.

3. Procurement Route

- 3.1 The Services to be procured are above the 2018 EU threshold for services (£181,302) under the Public Contract Regulations 2015. As SDNPA is considered a contracting authority under the regulations, these services must be subject to a competitive tender exercise. The estimated value of the services to be tendered over three years is Infrastructure as a Service; £400,000 and Deskside Support; £200,000.
- 3.2 There are a number of procurement processes available to SDNPA under the Public Contract Regulations. The two most appropriate to the ICT contracts are the ‘Open’ and ‘Restricted’ routes. The main reason for using the restricted process is to use selection criteria to reduce a large number of bids to a more manageable set before the main tender and award process. Using the restricted process runs the risk of capable organisations being excluded from the shortlist, while companies who are selected at this stage then decide not to submit a bid. This is becoming more common and was certainly a factor in the process to award the ICT contracts during the last procurement process.
- 3.3 For this reason the preferred route is to use the open process and publish the full tender documents through SDNPA’s In-tend portal as the Contract Notice appears on OJEU. The contract will also be advertised on the SDNPA website and through England’s Contract Finder National website.
- 3.4 The specification for the Infrastructure as a Service contract in particular is outcome based and contains a full set of service standards that must be met and will form Key Performance Indicators for the delivery of the contract. The bidding organisations are allowed discretion over how they propose to deliver the service to those standards to enable SDNPA to consider innovative solutions.

4. Evaluation of the tenders

- 4.1 Tender evaluation for SDNPA contracts is carried out in two main stages; Selection and Award
- 4.2 An SDNPA tender carries a detailed questionnaire, which each bidder must complete, giving details of the organisation, their structure, legal and business history, technical capacity, experience (with references) and financial capacity. They are required to meet minimum requirements on several of those in order to pass to the next phase of the evaluation. Organisations not meeting the minimum criteria, or triggering any of the EU mandatory exclusion criteria, will be excluded at this point.
- 4.3 SDNPA use the MEAT criteria for awarding the contract, using a combination of quality factors, such as Approach to the Contract, Project Resourcing etc and price based on lifetime costs.
- 4.4 Evaluation is carried out by a number of officers scoring independently, before meeting on a

panel basis. The evaluation programme will also allow for a process of clarification on all aspects of bids and due diligence before Intention to Award

5. Outline Timetable

- 5.1 With Committee Approval, it is intended to publish the Contract Notice and release the documents in early October.
- 5.2 The tenders will remain open for a period of around five weeks, allowing for questions from bidders, with a tender deadline in early November
- 5.3 Evaluation of the tenders, including clarification and due diligence will take place during November with an Intention to Award notice being issued in early December
- 5.4 This contract will be subject to a Mandatory Standstill Period and award will therefore take effect in the second half of December, thereby allowing a lead in time of six months to allow for any necessary data transfer process and transition planning before the contract goes live on 1 July 2020.

6. Other Implications

Implication	Yes*/No
Will further decisions be required by another committee/full authority?	No
Does the proposal raise any Resource implications?	SDNPA has sufficient resources in place, both in term of staff qualified to undertake the procurement exercise, and revenue budget to meet the costs of the on-going contract
How does the proposal represent Value for Money?	The competitive tender process is aimed at delivering value for money for SDNPA
Are there any Social Value implications arising from the proposal?	Consideration has been given as part of the procurement strategy as to how the tender process could be formed to enhance social value
Has due regard has been taken of the South Downs National Park Authority's equality duty as contained within the Equality Act 2010?	The procurement exercise and the terms of the subsequent contract will meet the terms of the Equality Act.
Are there any Human Rights implications arising from the proposal?	No
Are there any Crime & Disorder implications arising from the proposal?	The Crime and Disorder implications are met through the EU mandatory exclusion clauses in the selection stage of the procurement process. As part of the contract the supplier will require to adhere to rules on money laundering etc.
Are there any Health & Safety implications arising from the proposal?	No
Are there any Sustainability implications based on the 5 principles set out in the SDNPA Sustainability Strategy:	The new contract will include sustainability requirements and targets for the contractors.

7. Risks Associated with the Proposed Decision

- 7.1 There are four well documented risks with any procurement and those are listed as follows;
- 7.2 *Commercial Risk* – That either the price objectives aren't achieved up front or there are other costs that arise during the contract that diminish the overall benefits. The easiest way to mitigate this risk is to use an outcome based specification which will prove more resilient to changes brought about by legal (tax regime, legislation et.) or technical changes. An outcome specification is also easier for organisations to bid for and therefore should encourage more competition, which is the key to achieving price objectives. The Deskside Support Contract in particular does have TUPE implications and those present an additional commercial risk; although this is mainly borne by the respective contractors.
- 7.3 *Technical Risk* – This concerns the difficulty in being able to specify the desired outcome and on the market being able to deliver to the specification. There is no difficulty in specifying the outcome in what is substantially a re-buy situation.
- 7.4 *Performance Risk* – This concerns the ability of suppliers to perform consistently over the life of the contract to deliver the planned benefits. The use of key performance indicators to measure the contractors' performance and to set targets for improvement are critical to the success of a term contract of this nature.
- 7.5 *Contractual Risk* – This covers things like being able to remedy the shortcomings in the contractors' performance without severely damaging the contract and about avoiding reliance on the contracted supplier as the contract develops. It is impossible not to rely on a contracted supplier in a contract such as this and it is important that the evaluation at the outset, in both stages, capability and award, is thorough.
- 7.6 In Public Procurement, there is also the *Legal Risk*, where a procurement is found unsound in law, either through the remedies directive or the public procurement rules or the original Treaty of Rome principles. The main mitigation to this is to have a procurement professional responsible for the exercise and to keep Legal Services involved at the right stages. SDNPA has carried out several procurement processes under the 2015 legislation and the implications of this, including the introduction of the European Single Procurement Document, have been taken into account within our corporate processes.

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SDNPA Consultees	Chief Executive; Director of Countryside and Policy; Director of Planning; Chief Finance Officer; Monitoring Officer; Legal Services
External Consultees	None