



Report of: Head of ICT Strategy, Architecture & Commissioning

Report to: Chief Information Officer

Date: 4th May 2015

Subject: ICT Services Framework Contract

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): Potentially all wards over time based on certain criteria.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4(3)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of Main Issues

Although the Council's technology infrastructure and end user computing facilities are relatively up to date and well supported, many of the diverse business applications that underpin our essential business services and future business change are not as well supported and this poses a potential risk to operational service delivery as well as delivering our key change programmes and wider city outcomes.

A framework contract is required to facilitate a blend of specialist ICT and Digital Suppliers and to supply services to the Council and potentially other public services across the city and wider region. From time to time we use niche suppliers to undertake particular projects on a case by case arrangement and these are procured on a 'one off' basis. This creates overheads in terms of familiarisation with our organisation e.g. methods and standards and ongoing support and also with our business units; as well as a procurement overhead each time we go to the market. The possibility for skills transfer is quite limited with these 'one off' arrangements. If suppliers were to be used more strategically i.e. as part of a medium term framework contract rather than tactically then benefits would accrue.

Recommendations

The Chief Information Officer under his delegated authority approves the initiation of a procurement exercise to establish a framework contract to allow the appointment of up to three primary suppliers to provide a range of specialist IT and Digital services.

1 Purpose of this Report

- 1.1 The purpose of this report is to seek approval from the Chief IT Officer to initiate a procurement exercise to establish a framework contract to allow the appointment of up to three primary suppliers to provide a range of specialist IT and Digital services.
- 1.2 Any resulting arrangements will be for a period of four years.

2 Background Information

- 2.1 We have an ambitious Best City and Best Council vision for change and we have a significant ongoing financial strategy to deliver that seeks to limit the impact on front-line services.
- 2.2 All of our key change programmes within the Council and more widely across the city are hugely reliant on ICT and capacity and is sometimes a challenge and we sometimes struggle to deliver the current 'must do initiatives' as quickly as we need to.
- 2.3 Although the Council's core technology infrastructure and end user computing capabilities are relatively up to date and well supported, many of the diverse applications and technologies that underpin essential business services and future business change are not and this poses a risk to operational service delivery as well as delivering our key change programmes and city outcomes.
- 2.4 In May 2014 the 'Best Council Design Team' approved a multi-point plan to increase our multi source capacity and capability and a key component of that plan was to conduct a procurement to establish the framework agreement as outlined in this report.

3 Main Issues

- 3.1 The principle issue is that ICT Services does not have the capacity and in some cases the capability to meet the demands and therefore the Council and in some cases the wider city and region will not deliver what needs to be delivered.
- 3.2 There is insufficient internal capacity within some key technology areas (mainly Microsoft and new areas of 'digital') and certain specialisms e.g. IT security and 'digital' to meet the current and forecast demand.
- 3.3 In some of these new technical areas we sometimes lack the capability – the skills, knowledge and experience to get adequate traction and deliver quickly.
- 3.4 There is sometimes difficulty retaining skilled resources in certain technologies in particular to meet current and forecast demand with higher salaries being paid in the external market.
- 3.5 LCC is competing with other recruiting organisations for people with strong technical skills but the salaries being offered by LCC are sometimes not competitive in terms of some of the key technology areas and calibre of resource required.
- 3.6 The ad-hoc use of contract staff or external suppliers to develop and deliver solutions introduces an overhead in passing knowledge and skills on to LCC employees who need to support new solutions. This is particularly challenging when contractors, suppliers and our staff are fully occupied delivering what they presently need to deliver day to day.

- 3.7 The ad-hoc use of contractors or suppliers to develop and deliver solutions is inefficient (first time around) where they are unfamiliar with our technical landscape, systems, procedures and standards. A more permanent arrangement is required.
- 3.8 Business capacity and capability to articulate requirements and deliver change, including ICT change, is very limited and there is a general lack of people with business analysis skills across the council and also within the IM&T areas of ICT Services. Similarly there is a general lack of systems analysis skills within ICT Services.
- 3.9 There is currently no framework contract for a supplier (or group of suppliers) to develop and deliver solutions in some of these key technologies as business cases justify. Individual 'one off' procurements are adding to the time taken to respond but they also create an overhead in terms of resources and effort to fulfil. Continuity and support is also an issue with this 'one off' approach.

4 Corporate Considerations

- 4.1 **Consultation and Engagement** – The need for this framework has been discussed widely, has been on the Council's list of 'Forthcoming Decisions' for some time and was discussed, agreed and recorded at the 'Best Council Design Team' in May 2014.
- 4.2 **Equality and Diversity / Cohesion and Integration** – Appointed suppliers will need to comply with our policies and standards in terms of equality, diversity, cohesion and integration when undertaking work and developing solutions.
- 4.3 **Council Policies and City Priorities** – Creating the basic capacity and capability to develop and deploy solutions to underpin our priorities and city outcomes is a fundamental requirement. This arrangement will also be fundamental in assisting with the delivery of our key '21st Century City' ambitions and will look to utilise the capabilities of niche providers to help with the co-production and support of solutions across the city and region. This arrangement will be extended as an option to other public service providers across Leeds and West Yorkshire.

4.4 Resources and Value for Money

4.4.1 Full Scheme Estimate

Not applicable. This procurement exercise does not require any capital or revenue outlay. The arrangements when in place will be drawn down subject to individual business cases. There is no obligation on the Council to draw down any services from this framework if business cases are not forthcoming or approved.

4.4.2 Capital Funding and Cash Flow

Not applicable. No capital funding is required to conduct this procurement.

4.4.3 Revenue

Not applicable. No revenue funding is required to conduct this procurement.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This tendering process and any ensuing contracts will be conducted in line with Leeds City Council's Contract Procedure Rules and procurement policies.

4.5.2 The potential expenditure throughout the duration of the framework is above the threshold at which the Public Contract Regulations 2015 apply.

4.5.3 This decision is eligible for call in because any arrangement/contract(s) following this procurement phase is likely to incur expenditure above £250K.

4.5.4 This decision does require invocation of the Access to Information Procedure Rules.

4.6 Risk Management

4.7 There is no risk associated with this procurement other than the ICT Services 'opportunity cost' required to conduct the procurement. There is a minimal risk that the market does not respond sufficiently to this opportunity and the framework contract cannot be established or the desired three primary suppliers cannot be appointed.

4.8 Risk against individual call-offs under the framework will be managed as part of those projects.

5 Recommendations

5.1 The Chief Information Officer under his delegated authority approves the initiation of a procurement exercise to establish a framework contract to allow the appointment of up to three primary suppliers to provide a range of specialist IT and Digital services.

6 Background Documents ¹

6.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.