

## **IT Project, Future State Assessment. Appendix A.**

**Cabinet- 05/03/2019**

### **Summary**

This report is an Appendix to the Key Decision Pathway “FSA Assessment – Delivery Partner and Procurement Approach” being presented at Cabinet in March 2019. It provides the necessary background to support Cabinet approval.

It is the recommendation of the FSA Transformation Programme’s Senior Responsible Officer, supported by Independent Assurance, Scrutiny Committee review and FSA Delivery Board review, that Cabinet;

1. Approve the procurement of an FSA Delivery Partner via GCloud to an estimated value to not exceed £12m.
2. Delegate authority to the Executive Director Resources and Head of Paid Service in consultation with the Deputy Mayor to take all necessary steps to award the contract.

### **Background and Timescales**

The funding and approval to commence the FSA Transformation Programme was achieved in July 2018. Original report:

<https://democracy.bristol.gov.uk/ieListDocuments.aspx?CId=135&MID=3092#AI11791>

The incoming Director for Digital Transformation commenced with the Council in August 2018 and became the Senior Responsible Officer (SRO) for the FSA Transformation Programme.

The FSA Delivery Board was formed in August 2018. This has Cabinet representation from Cllr Cheney as well as Executive Director representation from Mike Jackson. The board is made up from officers directly involved in the delivery of the FSA Transformation Programme, as well as wider business representatives.

At the FSA Delivery Board in September 2018, the decision to potentially move to a single delivery partner model for c80% of the Programme was not explicitly supported, but approval to investigate the approach was given.

Scrutiny were informed of the FSA Delivery Board decision, and advised on progress, in September and December 2018. A further update will be provided in February 2019.

At the October 2018 FSA Delivery Board, the decision was made to focus any future Delivery Partner investigations on Cloud Migration and/or IT Service Integrators as approaches.

The revised approach in regards to Delivery Partner was articulated at Resources ELM in November 2018.

Soft-market testing has been undertaken since November 2018 with the aim of further defining our requirements, and to assess the appetite, costs and capability of the market.

Independent Assurance was sought and provisioned in regards to the FSA Transformation Programme by the FSA Delivery Board. The draft report was delivered in January 2019 and a final version is due in February 2019. The report supports the recommendations within this report in regards to delivery partner approach and procurement approach.

The FSA Delivery Board accepted the recommendation from the Senior Responsible Officer and Independent Assurance, in regards to delivery partner approach, in January 2019. The FSA Delivery Board agreed to seek Cabinet approval for the recommended procurement approach.

The decision pathway for the Delivery Partner procurement was approved by Resources EDM in January 2019.

## **Original Vs New Approach**

The original proposal for the FSA Transformation Programme focused on 12 themes and c34 projects and advised on indicative costs and timescales.

The actual technology approach to be utilised, and the key strategic decisions in regards to the approach to the technology was absent in the original report, however it was envisioned that the use of c9 delivery partners (preferably local SMEs) would be able to undertake the necessary assessments and deliver within the broad financial envelopes identified. It was also envisioned that the bulk of the technical delivery would be undertaken using internal ICT resources (using a mix of existing, new permanent and contract staff).

As initial discovery was undertaken, it became clear that the significant technical and delivery interdependencies between the projects would necessitate a more mature and capable technology function (Enterprise Architecture, Programme Management and Processes such as Change Management) than that which was available within the Council or was able to be established quickly.

Furthermore, it was understood that previous, smaller transformation programmes had failed due to capability and capacity issues. These risks are amplified considering the scale and complexity of the FSA Programme.

Whilst the FSA Programme initially sought to build a client function capable of delivering the originally envisioned approach, this posed significant risk to the Council as it would be liable for the technical solution; ensuring all delivery partners were aligned in terms of technical decisions, timescales and costs.

It is now our intention on ensuring that the IT Staffing Structure is designed to meet the anticipated on-going needs of the organisation, augmented with contracted expertise during the delivery phases. Knowledge Transfer has been a key focus of the scope of delivery by any Delivery Partner to ensure that we are self-sufficient in the technologies in the long-term.

## Soft Market Engagement

As part of Soft Market Engagement, a number of organisations were approached and invited to engage with BCC.

Supplier-led workshops (attended by both IT and non-IT colleagues) have taken place between November 2018 and January 2019, with the agreement that the outputs would be owned by BCC and could be used as part of a future procurement process.

The outputs of the Soft Market Engagement undertaken so far has been to better define requirements for a potential future procurement and understand likely costs and approaches from the market in the form of 5 indicative proposals from suppliers.

This process helped us refine requirements: including confirming the complexity and the inter-dependencies between the strands of work – further validating the approach of utilising a single strategic delivery partner, and the market’s capability and interest in deliver this.

Furthermore, it confirmed our assumptions of the advantages that a single provider should bring in terms of being able to sequence strands of work appropriately, avoid duplication of work which in turn would reduce the risk of inefficiencies which could materialise if different partners are delivering different components of the overall solution.

## Procurement Approach

In order to award a contract to our Strategic Partner of choice The FSA Programme has identified two appropriate and compliant routes to market:

1. Award a contract via G-Cloud; a pre-qualified Crown Commercial Services (CCS) government framework.
2. Undertake an OJEU Competition with Negotiation procurement process; as defined within the Public Contracts Regulations 2015.

## GCloud Framework

The GCloud framework is an agreement between government and suppliers. G-cloud is specifically designed to enable the public sector to adopt digital cloud based technology and reduce barriers to SME’s. The G-Cloud process has access to over 3500 suppliers, 90% of whom are SME’s providing a range of different cloud centric services. All of the suppliers involved in our market engagement exercise provide service offerings on G-Cloud.

Procurement officers are able to carry out a contract execution after following the 5 CCS-defined steps via the framework;

1. Define the requirements
2. Search for suitable suppliers
3. Shortlist and assess the suppliers that meet the requirements
4. Identify a suitable supplier
5. Enter into an already agreed set of terms and conditions which outline requirements and desired delivery.

In awarding a contract through G-Cloud, the Council would be contracting on the supplier's terms and conditions but with the overarching set of CCS framework terms and conditions taking precedence over them. Whilst the CCS terms and conditions have been defined through the framework and are not bespoke to the Council's need, BCC have engaged with CCS to ensure there is sufficient flexibility within the required Terms and Conditions to allow a fit for purpose contract to be executed between BCC and the chosen delivery partner.

The pre-determined T & C's, pre-vetted suppliers and standardised service offerings results in a greater speed to market. Timescales are still dependent on the supplier and the buyer agreeing to the requirements and their delivery, however this normally only takes a month. This high speed to market is one of G-Cloud's main attractions and is widely used across the public sector. The increased speed can have advantages for buyers and suppliers as it reduces the procurement resource costs and allows swifter release of benefits and cost savings resulting from the procurement and subsequent delivery.

G-Cloud may not provide the most competitive pricing bespoke to specific need. However the reduced barriers and ability to pre-define terms and service offerings, coupled with access to the entire public sector, should encourage suppliers to submit competitive pricing.

G-Cloud permits clarification of pricing, service offering and terms and conditions should this be required. The indicative prices obtained from suppliers during soft market testing were similar which should provide additional reassurance around value for money when the final price is obtained.

## **OJEU Competition with Negotiation**

Procurement officers are able to carry out an OJEU Competition with Negotiation and would follow the high level steps below:

1. Define the requirements and draft all tender documentation
2. Develop bespoke terms and conditions
3. Undertake Selection Questionnaire
4. Shortlist suppliers
5. Undertake Invitation to Tender
6. Evaluate and shortlist suppliers for negotiation
7. Undertake series of negotiations to refine and clarify bids
8. Identify preferred supplier
9. Award and execute contract

The Competition with Negotiation is open to all suppliers for the Selection Questionnaire stage, however the protracted and bespoke nature of the process can be an inhibitor to SME's and decrease their participation in procurements.

The Council would need to develop a bespoke set of terms and conditions prior to going to market. Whilst providing additional protection to the Council, this would also significantly increase the length and cost of the process and potentially dissuade suppliers from engaging in the procurement.

Whilst the requirement to develop all documentation prior to going to market, bespoke terms and conditions, and multiple stages of the procurement can result in well-defined deliverables and robust contract, a conservative estimate would indicate the process is likely to take between 6-9 months.

As part of the Competition with Negotiation, a process of negotiating pricing, service offering and terms and conditions should be undertaken which in conjunction with the competition can deliver best value. However the increased procurement resource costs and delayed release of benefits and cost savings should be taken into account.

## **Procurement Value**

All suppliers have indicated an estimated value for the anticipated scope of works to be procured to be between £10m-£12m.

The Key Decision report is requesting delegated authorisation for Cllr Cheney to award a contract of a value of up to £12m.

The reason for this increased value is two-fold;

1. As with any large scale IT project scope, there will need to be a mechanism to bring additional items into scope in the event of misaligned requirements or issues within BCC's capacity/capability.
2. The exact contract value cannot be finalised until the procurement process has been completed, therefore the upper value estimate is being requested.

As a result of the existing Cabinet decision that any spend above £0.5 should be referred back to Cabinet, and acknowledging the delays this would incur, it is felt prudent to enable Cllr Cheney to be able to make timely decisions on further spend within the contract based on the FSA Delivery Board recommendations without the need to seek further Cabinet approvals.