



**URGENT LEADER OF THE COUNCIL
CABINET MEMBER MEETING
24 June 2015**

ITEM 5

Report of the Director of Information Systems

New Information Systems Solution

SUMMARY

- 1.1 In June 2015, Council Cabinet approved a proposed new Information Systems service delivery model.
- 1.2 A preferred supplier has now been chosen using the G-Cloud framework contract following detailed evaluation. This is being reported in the Contract Procedures and Financial Matters Report to Council Cabinet in July.
- 1.3 To avoid any delay it is proposed to place an order for a small amount of defined work with this supplier until the end of July. The preferred supplier has previously undertaken associated design work under contract for the Council.

RECOMMENDATION

- 2.1 To approve an order for 61 days' work at a value of £46,665 be placed with the preferred supplier, pending Cabinet approval of the award of the main contract to the preferred supplier for provision of services in relation to the proposed new service delivery model.
- 2.2 To note that the award of the contract is being submitted for approval to Cabinet as part of the contract procedures and financial matters report. It is proposed that the contract is awarded to risual Limited.

REASONS FOR RECOMMENDATION

- 3.1 The work required to achieve exit from the contract with Serco by the deadline is considerable and not starting now would increase the risk of missing the March 2016 date which could lead to high costs of extension.
- 3.2 The contract award value is in two parts:
 - a) Implementation services at a cost of £ 555,050
 - b) Cloud operational services at a cost of £ 797,016

Thus a total cost of £ 1.352 million. The proposed advance order value is £46,655 which is 3.45% of the total order. Due to the values these are being reported for approval to full Cabinet.

- 3.3 The order of magnitude costs included in the cost model approved in June 2015 were higher than this at £ 1.7 million. The tender exercise and negotiations with the preferred bidder has achieved a reduction of £ 0.348 million.

SUPPORTING INFORMATION

- 4.1 The G-Cloud tender process resulted in three suppliers submitting proposals. One of these was rejected on the grounds it did not meet the minimum requirements and the other two were evaluated using a combination of quality and cost.
- 4.2 The outcome of this evaluation was that the proposal from risual was selected as the preferred solution, subject to final negotiation of the terms and conditions. This proposal better met the Council's needs than others proposed and in particular there was more confidence that this could be delivered in the required timescale and without any additional costs. risual have also agreed to a fixed price subject to any change controls requested by the Council. Other proposals were based on time and materials for estimated number of days.

OTHER OPTIONS CONSIDERED

- 5.1 Delay all work until July Cabinet has approved the full contract award; but this increases the risk of late completion with extra costs of at least £250,000 for each month of delay.
- 5.2 Ask for an urgent decision to award the full contract by the lead member. It was felt this was not the best option due to the contract value and the fact that the call of work needed before July Cabinet would still be needed if Cabinet decided not to award the full contract to this supplier. The work is planning and design work.

Legal officer	Emily Feenan
Financial officer	Andrew Grover, Toni Nash
Human Resources officer	
Estates/Property officer	
Service Director(s)	Nick O'Reilly – Director of Information Systems
Other(s)	Lynda Innocent – Head of Information Software Support
For more information contact:	Nick O'Reilly 01332 643254 nick.oreilly@derby.gov.uk
Background papers:	Cabinet Report June 2015
List of appendices:	Appendix 1 – Implications

Appendix 1

IMPLICATIONS

Financial and Value for Money

- 1.1 The tender evaluation has followed normal procedures both of the council and that apply to the Gcloud framework. This includes relevant financial and reference checks on the supplier.
- 1.2 The budget to cover the call off order is within the approved cost model and in the Information Systems budget.
- 2.1 The call off order is limiting the value of work to the price quoted and is not the full contract award; the Gcloud framework allows for such call off orders.
- 2.2 A number of changes to the standard terms included as part of the pre-approved Gcloud framework terms have been prepared by legal services and agreeing these is required before the award of the full contract. This is part of the normal process for preferred bidders.

Personnel

- 3.1 None

IT Impact

- 4.1 Delaying the initial work means a shorter time and higher risk to achieving successful end of the contract with Serco. IT also increase uncertainty and risk that staff the council may need to transfer from Serco or to assist with the transfer of service leave.

Equalities Impact

- 5.1 None

Health and Safety

- 6.1 None.

Environmental Sustainability

- 7.1 None.

Property and Asset Management

8.1 None

Risk Management

9.1 Commencing this defined and contained work now reduces risk of delays and having to extend the contract with Serco. Note the existing contract does require Serco to extend all or part of the service for up to 12 months, but the monthly costs is high.

Corporate objectives and priorities for change

10.1 None