

CAPITA CONTRACT EXTENSION

Report of the Director of Finance

SUMMARY OF REPORT

- 1.1 This report provides a summary of the proposed two year extension to the Capita contract for the provision of IT services.
- 1.2 The report provides details of the revised costs, which include core service charging arrangements and their associated:
 - cost variations tables
 - day rates
 - installation charges
 - procurement mark-up information.

It also gives details of other associated changes to the contract. These include the implementation of IT Infrastructure Library (ITIL) standards by Capita, extended support arrangements for Councillors, direct access for IT liaison officers to help desk information, and improved turnaround times for the procurement of standard items.

- 1.3 Detailed costing information and service changes are provided in the Annexes to this report.

OPTIONS CONSIDERED

- 2.1 Capita tabled two proposals for extending the existing contract: one to extend to October 2005 – a two year extension, and the other to extend to October 2008 – a five year extension. The five year extension was Capita's preferred option.
- 2.2 Our initial focus was on the five year extension proposals, and a small team was set up to oversee the evaluation. It had representatives from service and central departments, with additional membership from the central IT and e-Business Unit.
- 2.3 The team evaluated the five year extension proposals against key requirements from our IEG1 statement, our vision for IEG2, the Government's Draft National strategy for e-Government, and the ICT Best Value review.
- 2.4 The five year extension proposals were built around continuing to provide core services, for example PC support and network support, but with additional 'value added' services, built mainly around Capita Direct, Capita's 'IEG in a box' software solution. Other 'value added'

items included the introduction of an 'intelligent' help desk, reductions in Academy Housing software support charges, and extended support hours for members.

- 2.5 The proposals included significant 'value added' around the implementation of Capita Direct, something in the region of £600,000 over the five years. They also included reductions in housing software support, an £80,000 reduction over the five years. The intelligent help desk and extended PC support for members were included in the core services pricing structure.
- 2.6 The two year extension option did not include the Capita Direct proposals or the housing software support reductions.
- 2.5 Overall, the evaluation team felt that they were unable to recommend the five year extension proposals, and propose that we should implement the two year extension. In particular, it was recognised that as a council, we have not yet developed a significantly strong and clear strategic direction, and as such there were significant risks in tying ourselves into a five year outsourcing deal built around a specific software solution.
- 2.6 Assuming the two year extension proposals are accepted, we have agreed to allow Capita to respond to our newly developed e-Derby strategy, which should be available in April. A six month window has been set aside for this process, and it will include an option for them to present revised proposals for a five year extension. We have agreed not to formally pursue this with any other commercial organisation during this period. We will however continue our work with the Derbyshire Partnership. Should we decide not to proceed with a further extension, a full programme of review and analysis will take place on how we would want to provide our ICT services after October 2005.

RECOMMENDATIONS

- 3. To agree the proposals to extend the current Capita contract by two years to October 2005, and to implement the new arrangements from 1 April 2003.

REASONS FOR RECOMMENDATIONS

- 4.1 The current Capita contract terminates in October 2003. We have to put in place arrangements to continue to provide IT services beyond that date.
- 4.2 A two year extension will allow us time to develop our vision and strategy beyond 2005, and will give us time to fully consider any longer term arrangements, based on our newly developed e-Derby strategy. The e-Derby strategy will be available in April.

MATTERS FOR CONSIDERATION

- 5.1 Capita provided two options for extending the contract, one for two years, the other for five years.
- 5.2 An evaluation team, consisting of officers from service and central departments, considered both options, and propose that we extend the current contract by two years.
- 5.3 Overall, the proposals are cost neutral. However, the charges have been restructured to reflect more accurately the cost of providing the services. Some charges have been reduced, for example, there are significant reductions in PC and network support charges, but others have increased, for example, day rates. In general, the reductions are offset by the increases.
- 5.4 In addition to changes to the charging arrangements, there are a number of changes to service levels, and some additional value added services. These include:
- extended support arrangements for Councillors
 - plans by Capita to adopt the ITIL Service Management Best Practice structure for the delivery and support of services
 - using Clarify web 'self service' functionality, council IT liaison officers will be able to access and monitor their outstanding help desk calls
 - improved turnaround times for the procurement of standard items

Full details are provided in Annex 1 and Annex 2.

FINANCIAL IMPLICATIONS

- 6.1 Overall, the proposals for the two year extension are cost neutral compared to the current contract, with an expected standard service annual spend of £2,525,000.
- 6.2 Annex 3 to Annex 7 provide full details of the service charges, day rates, installation charges, procurement charges and cost variations. However, due to the commercially confidential nature of the financial information, these annexes have been distributed to members separately. If members wish to discuss the financial information in detail, this can be covered in the section of the agenda with the public excluded.

- 6.3 The charges are based on the Council agreeing to a minimum annual spend of £2,525,000. This figure has been included in the Computer Services budget for 2003/04.

LEGAL IMPLICATIONS

7. The current contract has provisions for contract extensions up to October 2008, a maximum of 5 years.

PERSONNEL IMPLICATIONS

8. None

ENVIRONMENTAL IMPLICATIONS

9. None

EQUALITIES IMPLICATIONS

10. None

Annex 1

ITIL Service Management Best Practice

Capita is striving to improve the service levels that it provides to customers and has adopted the ITIL Service Management Best Practice structure. The following paragraphs summarise how ITIL Best Practice has evolved, over the last few years and the standards and processes that Capita will be working to.

IT SERVICE MANAGEMENT BEST PRACTICE

Best practice in IT Service Management has evolved since 1989, which saw the publication of the first elements of the IT Infrastructure Library (ITIL) by the UK Government's Central Computer and Telecommunications Agency (CCTA), now the Office of Government Commerce (OGC).

Available best practice now comprises integrated guidance from the OGC and the British Standards Institution (BSI). Its use is supported by a qualification and training structure that has been adopted world-wide to recognise professional competence in IT Service Management.

SERVICE LEVEL MANAGEMENT

The Service Level Management process manages, monitors, reviews the actual service levels achieved against the service level agreement (SLA) targets, and how improvements can be made to the service being provided to the client.

The Service Manager acts as the interface between the IT Services Delivery units and the Client Business Unit, to deliver the IT services defined in the SLA.

SERVICE MANAGEMENT PROCESS

Service management processes are at the heart of ITIL and are considered as two core areas:-

Service Support

This includes the Service Desk, Incident Management, Problem Management, Configuration Management, Change Management and Release Management.

Service Delivery

This area includes Service Level Management, Financial Management for IT Services, Capacity Management, IT Service Continuity Management, Availability Management.

Service Support generally concentrates on the day-to-day operation and support of IT Services, while Service Delivery looks at the long term planning and improvement of IT service provision. Providing reports and using monitoring tools to improve service provision to the client.

Activities include:

- Provision of a single point of contact for all services
- Pro-active call management and problem resolution
- Service quality auditing and analysis
- Change Management, reporting and administration
- SLA management and administration
- Complaint and problem escalation
- Customer service delivery management

Annex 2

Changes to Service Levels

1. Clarify web 'self service'

The web 'self service' functionality with access to help desk calls will be implemented and made available to Derby City Council by 1st May 2003. This service will restrict access to view only.

2. Procurement

Capita will introduce a two tier SLA for procurement. As of 1st April 2003, standard PCs and printers that can be held by the supplier will be subject to the following service levels:

- quotation turnaround within 2 days
- 95% of installations within 7.5 working days of receipt of the order

Providing the Council agrees to transfer the Microsoft Select Agreement from ICL to Computerland, Capita is agreeable to reduce the MS Select mark up in Annex 4 from 5% to 4%.

3. Provision of monthly statistics

As of 1st April 2003, the monthly statistics will be provided to the Council on the eighth working day of the month.

4. Helpdesk

As of 1st April 2003, priority 5 calls logged on the Clarify system will be subject to a service level of 85% fix within 20 working days. This excludes third party calls, projects and chargeable work which will be subject to reasonable endeavours.

5. Supported hardware/software

Please refer to table attached (Supported Software & Hardware)

6. Extended support for Councillors

Hours of Service

Capita will provide a telephone support service from 6.00pm to 9.00pm from Monday to Friday, excluding Bank Holidays.

Introductory training will be provided for newly elected Councillors covering Windows, e-mail and Internet access as appropriate, to a maximum of half a day per person. This will need to be booked with at least 5 days notice.

Call Handling Outside of Normal Service Hours

Capita is proposing the following procedures for call handling out of hours:

- (1) Councillors themselves will log calls. The Councillor should call the engineer direct. A mobile number will be published which can be used for all out of hours calls.
- (2) In the event of the engineer being unavailable, the Councillor will be referred to an answer phone. The engineer will contact the Councillor within 1 Hour of the message being left.

Any penalty scheme agreed with DCC for the support service inside normal working hours will not apply to the out of hours service.

Imaging of each Councillors PC

As part of the standard support service provided to Councillors, Capita is proposing to take a copy of each Councillor's hard disc on their PC, this will be used as a baseline for support. This copy will be reloaded in circumstances where significant problems have occurred. However, the Councillors themselves will be responsible for loading any specific software installed by them since the base copy was created. Any changes to these copies will be taken as a variation and as such chargeable work.

The backup of the d:\ drive data will be the responsibility of the Councillor.

Customer Responsibilities

Democratic Services and Councillors will be responsible for the following:

1. Logging all problems with the nominated Capita Engineer as soon as possible and agreeing a priority level.
2. Providing adequate notice for training requests.
3. Ensuring that no unlicensed or unofficial software is loaded on PCs - including games, free software provided by magazines, etc.
4. Taking regular backups of data.

Democratic Services will liaise with Councillors to ensure that the computer inventory is up to date and that software is licensed.

General Considerations

Capita is able to provide software support on all Councillors PCs and printers, which have been installed within their own homes. This agreement covers only Councillors PCs that are part of the 4 phases of the Councillors project (51 PCs in total). Any additional PCs or software, which DCC wish Capita to support at home, will require an additional agreement to be covered under the contract.

Out of hours software support will be provided on the standard image, which is kept on the Capita Derby site.

Support of software outside of the agreed portfolio will be by prior arrangement only. These requests need to be made through the agreed Council representative.

Hardware maintenance service calls can be logged during the extended service period but will not be serviced until the next working day.

Capita is unable also to deal with any BT problems that are experienced. Any BT problems that are identified after normal working hours will need to be given to the agreed Council representative on the next working day. It is the Councillor's responsibility to log these calls.

The service is based on the service hours described above and an image of each PC being available to restore from if required, within normal working hours and that a maximum 51 PCs will be covered.

