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Meeting	Cabinet Resources Committee
Date	18 October 2012
<b>Subject</b>	<b>Information Systems – Infrastructure Managed Service Contract</b>
Report of	Deputy Leader of the Council and Cabinet Member for Resources and Performance
Summary	The report seeks waiver of relevant rules within the Council's Contract Procedure Rules to enable additional purchases to be made in 2012/13, in the sum of £710,000, with 2e2 UK Limited the Council's Managed Service for IT Infrastructure provider.

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Officer Contributors	Andrew Gee, Head of Information Systems Service Delivery
Status (public or exempt)	Public
Wards affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	Not applicable
Function of	Executive

Contact for further information:

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## **1. RECOMMENDATIONS**

- 1.1 That, in response to identified Council risks and One Barnet change projects, the Committee authorise a waiver of Contract Procedure Rules to enable purchases to be made with 2e2 UK Limited, the council's Managed Service for IT Infrastructure provider, the additional annual cost for 2012/13 being £710,000. The annual contract cost of £836,000 and is due to expire 21 June 2013.

## **2 RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet Resources Committee, 2nd November 2009, (Decision Item 13) - resolved that the IT Infrastructure Managed Services contract with 2e2 UK Limited be renegotiated and extended from 20 June 2010 for a period up to three years.
- 2.2 Audit Committee at its meetings on 16th June 2011 and 6th September 2011 reviewed and agreed the Procurement Controls and Monitoring Plan produced following the comprehensive review of the Councils contract monitoring arrangements.
- 2.3 Audit Committee 8 December 2011, (Decision Item 10) - resolved to note the progress that management has made in implementing the agreed actions against the Procurement Controls and Monitoring Action Plan.
- 2.3 Cabinet Resources Committee, 28 February 2012, (Decision Item 12) - resolved the regularisation of the existing contractual arrangement with 2e2 for the provision of WISDOM support up to the end of the existing managed service support contract with 2e2 in June 2013. This has an annual cost of £56,000 (includes supplier RPI uplift).
- 2.4 Cabinet Resources Committee, 28 February 2012, (Decision Item 12) - resolved the variation of the council's managed service support contract with 2e2 in order to include, within the contract, the provision of support for the WISDOM software.
- 2.5 Cabinet Resources Committee, 4 April 2012, (Decision Item 17) - resolved to authorise: (i) the variation of the existing contract between the Council and 2e2, who currently provide the council with a managed service for infrastructure, including authorisation of additional expenditure associated with the Telephone Technology Refresh Project, and Infrastructure Refresh Activity (cost £350,000); and (ii) to spend £18,000 to provide a Contract Management E-Learning module for staff.

## **3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The aim of the suggested recommendation to spend is to ensure that Information Services (IS) does not hinder or impede the Council's 'One Barnet' objectives. Therefore, IS require authorisation to procure infrastructure services to deliver identified One Barnet projects and corporate risk mitigation.
- 3.2 The regularisation and extension of contracts, going forward, will progress with priority as per the Council's Corporate Plan: Better services with less money – through efficient procurement and contract management, including reduction of administration costs associated with placements.

#### **4. RISK MANAGEMENT ISSUES**

4.1 If the spend, identified in this report, is not approved, the Council:

- will be exposed to continuing data loss risk (back ups),
- may lose compliance for secure data transfer between public services,
- may not deliver optimum One Barnet solutions for data connectivity
- may be unable to deliver NHS connectivity within ASCH transformation initiatives,
- will continue to be exposed to business continuity risks.

4.2 Unless the option to authorise spend with 2e2 is exercised the Council will need to carry out costly tendering processes before April 2013, resulting in arrangements that may not deliver best value for money.

#### **5. EQUALITIES AND DIVERSITY ISSUES**

5.1 Under the Equality Act 2010, the council and all other organisations exercising public functions on its behalf must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex and sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.

#### **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

6.1 The annual Managed Support contract with 2e2 expires on 21 June 2013.

6.2 The annual Managed Service contract for 2012/13 has a value of £836,000

6.3 Cabinet Resources Committee's approved spend with 2e2 in addition to the Managed Service Contract for 2012/13 is:

	<b>Contract spend</b>
Wisdom Support	£56,000
IPT and Infrastructure Refresh	£350,000
E-learning	£18,000

6.4 Total spend since 2005 with 2e2, and including capital costs associated with approved IT Infrastructure projects is:

	Contract spend
2006/07	£939,147.72
2007/08	£1,585,718.07
2008/09	£1,670,963.66
2009/10	£1,634,043.32
2010/11	£1,066,401.60
2011/12	£1,465,039.16
2012/13	£667,071.94
	<b>£9,028,385.47</b>

6.5 The following spend with 2e2 UK Limited is anticipated for the following projects identified prior to the NSCSO transfer to date:

	Estimated total spend
Data Back Up improvements	£300,000
GCSx / PCI / PSN / N3 compliance	£10,000
Telephony changes	£50,000
Transport service network changes	£10,000
Public Health programme	£20,000
NHS N3 network link	£10,000
Shared Case records	£10,000
Business Continuity	£300,000
<b>Total additional 2e2 spend</b>	<b>£710,000</b>

6.6 There are no issues related to Staffing and Property.

## 7. LEGAL ISSUES

7.1 In the event that the lifetime values of the contract dealt with within this report, exceeds the, relevant, European Threshold, the Public Contracts Regulations 2006 (as amended) will apply. Any non-compliance with the Regulations carries a risk of legal challenge and the imposition of sanctions if successful.

7.2 The aggregate value of additional spend against the 2e2 contract has a value above the, relevant, EU threshold. It is considered that reliance may be placed upon Regulation 14 of the Public Contracts Regulations 2006 (as amended), which implement the European Directive into domestic legislation. Regulation 14 enables a Contracting Authority to

negotiate a contract with a particular supplier, without the publication of a contract notice, when, for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the public contract may be awarded only to a particular economic operator.

- 7.3 The Treaty provisions of equal treatment, fairness and non-discrimination must be complied with, by the council, in carrying out its functions and in exercising its powers.
- 7.4 With respect to the council's own Contract Procedure Rules, the Cabinet Committee has power to waive any one or more of those Rules if satisfied that waiver is justified on any one or more of the grounds set out in Section 8, below.

## **8. CONSTITUTIONAL POWERS**

- 8.1 Constitution, Part 3, Section 3.6 details the functions of the Cabinet Resources Committee. Section 5.8 of the Contract Procedure Rules provides that the Committee has the power to waive the provisions of the Contract Procedure Rules where the Committee is satisfied, after considering a written report by the appropriate officer, that the waiver is justified because:
  - 8.2.1 the nature of the market for the works to be carried out or the supplies or services to be provided has been investigated and is demonstrated to be such that a departure from the requirements of Contract Procedure Rules is justifiable; or
  - 8.2.3 the contract is for works, supplies or services that are required in circumstances of extreme urgency that could not reasonably have been foreseen; or
  - 8.2.3 the circumstances of the proposed contract are covered by legislative exemptions (whether under EU or English Law); or
  - 8.2.4 there are other circumstances which are genuinely exceptional.
- 8.2 A waiver of the Contract Procedure Rules is being sought, herein, on the basis of exceptional circumstances, in view of the complex nature of the contract which requires regularisation the time which it would take to carry out full procurement process(es); and the impending externalisation of NSCSO to an private partner.
- 8.3 As the aggregated value of the contract spend is above £500k, under Article 13 of the council constitution, this is a Key Decision.

## **9. BACKGROUND INFORMATION**

- 9.1 A number of critical and short-term change projects underway within the Council, require changes to IT services currently managed by 2e2 under the Managed Services contract. These changes are outside the contracted provision and will incur cost from 2e2. The alternative to tender for these changed services will not provide best-value for the council and could add risk to the council IT infrastructure.
- 9.2 The Council has a current Medium / High risk (12) on the capability to restore IT services following the loss of the NLBP data centre. A full disaster recovery solution is specified for delivery under the One Barnet NSCSO process, for anticipated delivery within 12 months of award. CDG and IGC have approved £300k expenditure to enhance off-site

data back ups to enable restoration of data at a Business Continuity site. The solution must integrate with Managed Service solutions currently in-situ.

- 9.3 A Business Continuity suite has been identified in Barnet House, and requires IT infrastructure to enable council service continuity. The work will require enhancements to current IT Managed Services currently delivered by 2e2 (£300k)
- 9.4 Council IT must be compliant with standards for data transfer through public service networks (GCSx, PSN, N3) and must be compliant with card payment standards (PCI). Maintenance of these compliance standards requires changes and improvements to Managed Services (firewalls, data comms links). (£10k)
- 9.5 One Barnet change projects (Customer Services and Transport) require IT changes. These IT changes are required within the Managed Service. (£60k)
- 9.6 The Adults Transformation programme, including integration with Public Health services, and NHS initiatives requires further data exchanges to be implemented, requiring changes to the IT Managed Service. (£40k)

## 10. LIST OF BACKGROUND PAPERS

10.1 None

<b>Cleared by Finance (Officer's initials)</b>	<b>AT/MC/JH</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>SS</b>