
Meeting	Cabinet Resources Committee
Date	24 June 2013
Subject	Information Systems Contract Extensions
Report of	Deputy Leader and Cabinet Member for Resources and Performance
Summary	<p>This report seeks authority for the extension of contracts identified by Information Systems as necessary to maintain business as usual delivery during transition of services to the Council's New Support & Customer Services Organisation (NSCSO) partner. This is required for contract arrangements which have expired or are due to expire before 31 July 2013 for which transitional arrangements have been delayed in light of a Judicial Review and subsequent pending appeal.</p>

Officer Contributors	Andrew Gee, Head of Information Systems
Status (public or exempt)	Public (with separate exempt section)
Wards Affected	All
Key Decision	Yes
Reason for urgency / exemption from call-in	Exempt from call-in for the reasons stated under sections 4.1 to 4.4 and section 8.5
Function of	Executive
Enclosures	Appendix A - Information Systems contracts for extension during transition arrangements to NSCSO Partner
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1. RECOMMENDATIONS

- 1.1 **That the Cabinet Resources Committee approve the extensions to the existing contracts as identified in Appendix A, valued at cost £2,125,264.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resources Committee, Agenda Item 21, 25 February 2013, approving the extension of corporate contracts, including Information Systems contracts, for a twelve month period to 31 March 2014.
- 2.2 Cabinet Resources Committee, Agenda Item 17, 4 April 2012, approving the extension of Information Systems contracts for a twelve month period to 31 March 2013.
- 2.3 Cabinet Resources Committee, Agenda Item 12, 28 February 2012, approving the extension of Information Systems contracts for a twelve month period to 31 March 2013.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Council's strategic objectives as stated in the Corporate Plan 2013 – 2016 are all to some extent dependent on the Council having secure and effective IT systems supporting both frontline and back office services. The contracts to be extended are all related to ensuring on-going security and support of IT systems and services.

4. RISK MANAGEMENT ISSUES

- 4.1 The contracts highlighted in Appendix A have been identified as having either expired or due to expire during the period 1 March 2013 and 31 July 2013 with a continued requirement for the contracted services past the contract expiry dates. Corporate Procurement have identified a risk should arrangements not be put in place to maintain business as usual under contract in view of the fact that discussions with the NSCSO partner regarding transition of contracts cannot be concluded, pending the outcome of the Judicial Review and subsequent appeal.
- 4.2 The Council will continue to ensure that the contracts identified in Appendix A are compliant with all the service requirements of the contracts. Extension to the contract arrangements will deliver business as usual pending the outcome of the appeal and address the Public Contracts Regulations 2006.
- 4.3 Whilst all of the contracts to be extended are essential in order that Information Systems can continue to support the Council's business as usual activities, the extension of the SAP Managed Service provided by CGI IT UK Ltd is most critical and is the reason the report has been submitted with exemption from call-in.
- 4.4 The contract with CGI IT UK Ltd expires 31 July 2013 and the supplier now requires signed contract extensions by 30 June 2013 in order to guarantee continuation of the service. The NSCSO provider has separately discussed with the supplier how this service would be extended after transfer to NSCSO

but in the absence of the NSCSO contract the Council requires CGI IT UK Ltd to continue to deliver the services.

- 4.5 SAP supports many of the Council's critical back office functions (e.g. payroll, accounts payable, accounts receivable) as well as being the main Customer Services system for managing contact with citizens. Without a signed extension the supplier cannot be held accountable for continued availability of SAP systems and could begin the process of decommissioning the service and support capability prior to the expiry date resulting in additional costs to re-instate.
- 4.6 Loss of SAP systems would leave the Council unable to process payments to any suppliers, including foster carers and suppliers of social care services, putting some of the most vulnerable citizens at risk.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Pursuant to the Equality Act 2010, the Council and all other organisations exercising public functions on its behalf must have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; advance equality of opportunity between those with a protected characteristic and those without; promote good relations between those with a protected characteristic and those without. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination. This duty is non-delegable. However, the Council will also require private contractors providing public services on behalf of the Council also to assist the Council to comply with this duty.
- 5.2 The suppliers for the contracts to be extended were evaluated on equality grounds as part of the tendering process for the original contracts.
- 5.3 The Council has had due regard to the public sector equality duty pursuant to section 149 of the Equality Act 2010 and given this proposes a continuation of service "as is", there will be no change in impact on those with protected characteristics.
- 5.4 Conversely, if the contracts are not extended the loss of SAP systems in particular could have an adverse impact on citizens with protected characteristics for reasons identified in section 4.6.

6. USE OF RESOURCES IMPLICATIONS (FINANCE, PROCUREMENT, PERFORMANCE & VALUE FOR MONEY, STAFFING, IT, PROPERTY, SUSTAINABILITY)

- 6.1 Appendix A identifies the contracts which require extension to accommodate transition to NSCSO partner arrangements, pending the outcome of the appeal referred to above. These have been identified as ongoing requirements which are essential to maintain business as usual for the authority and contract compliance during the transition period.
- 6.2 The appeal referred to within this report will be heard on 15 and 16 July 2013. The contracts to be extended have expired or are due to expire at or

before the anticipated, deferred, service commencement date for the NSCSO contract which the Council has not entered into in light of the Judicial Review and subsequent appeal.

- 6.3 The total number of contracts requiring extension is 10, the value of contract extensions identified in Appendix A for the period of extensions will be £2,125,264. The cost of the contract extensions will be contained within the IS budget.
- 6.4 Should the outcome of the of the Court of Appeal hearing following the Judicial Review prevent the Council from continuing with the award of the NSCSO contract it will be necessary to review all of the extended Information Systems contracts and carry out full procurement of the services.

7. LEGAL ISSUES

- 7.1 The advice in this section is included in the exempt part of the report on the grounds of legal professional privilege, i.e. Local Government Act 1972, Schedule 12A, Part 1, paragraph 5: Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

8. CONSTITUTIONAL POWERS (RELEVANT SECTION FROM THE CONSTITUTION, KEY/NON-KEY DECISION)

- 8.1 Council Constitution, Part 3, Responsibilities for Functions, Sections 4.5 and 4.6 detail the responsibilities of the Cabinet Resources Committee.
- 8.2 Council Constitution, Contract Procedure Rules – Rule 14 (Extensions and Variations) details the circumstances in which contracts can be extended or varied. Rule 14.1 states that contracts may only be extended or varied if all of the following conditions have been met:
- the initial contract was based on a Contract Procedure Rules compliant competitive tender or quotation process;
 - the value of the extension or variation added to the value of the original contract does not exceed the original Authorisation threshold as defined in Appendix 1, Table A;
 - the extension or variation has an approved budget allocation;
 - the extension or variation is in accordance with the terms and conditions of the existing contract;
 - if the initial contract was subject to EU tender procedure, that the extension option was declared within the OJEU notice and the original Acceptance (Delegated Powers Report/Cabinet Resources Committee Report) ; and
 - the contract has not been extended before.
- 8.3 Rule 14.3 states that if the conditions of Rule 14.1 cannot be met, then either a waiver must be sought in accordance with Section 15 (Waivers) or a new procurement commenced.
- 8.4 Council Constitution, Contract Procedure Rules – Rule 15 (Waivers) enables the requirements of the Contract Procedure Rules to be waived in the event that the application of the rules prevents or inhibits the delivery or continuity of service. In these circumstances, Directors or Assistant Directors, Lead Commissioners and Heads of Service may apply to the Cabinet Resources

Committee for a waiver, specifically identifying the reason for which a waiver is sought, including justification and risk. The detailed justification for the requested a waiver of the Contract Procedure Rules is set out in Section 4 (Risk).

- 8.5 Council Constitution, Overview and Scrutiny Procedure Rules, Section 15 (Call-in) – details the procedure for call-in of Executive decisions which are classified as ‘key’. Section 16 (Call-in and Urgency) states that the call-in procedure shall not apply where the decision being taken by the Executive is urgent. Urgent decisions are classified as those which, if not taken promptly or would otherwise be delayed by the call-in process, would seriously prejudice the Council’s or public’s interests (Rules 16.1 – 16.3). In accordance with Rule 16.4, the Chairman of the Business Management Overview and Scrutiny Committee has agreed that this decision be exempted from the call-in process. Rule 16.8 stipulates that decisions exempted from call-in must be reported to the next available Council meeting.

9. BACKGROUND INFORMATION

- 9.1 Transition arrangements and discussions in relation to the NSCSO contract will not be concluded prior to the end of contract dates for existing contracts highlighted in Appendix A, pending the outcome of the appeal.
- 9.2 As a result of 9.1 Information Systems officers have identified existing contracts as recorded in Appendix A with start and end dates; provision of service/supply; confirmation of on-going requirement for provision; and, extension recommendation which is required to deliver business as usual.
- 9.3 All but one of the extensions will be for one year. In the main this is because the services are for, or include, software licenses which are renewable annually. In the case of eDBA an extension of 6 months is proposed as this is a resource-based service which the supplier is able to extend at the same effective rate as for a one year extension.
- 9.4 The extension periods have been discussed with the NSCSO partner’s ICT lead officer to make clear that these are required to maintain business as usual and to determine impact on NSCSO partner’s plans. Based on current earliest anticipated date of transfer to NSCSO partner of September 2013, none of the extensions are expected to constrain the partner’s transformation and service improvement plans.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Cleared by Finance (Officer’s initials)	JH
Cleared by Legal (Officer’s initials)	HR/JF

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Information Systems contracts for extension during transition arrangements to NSCSO Partner

Appendix A

Delivery Unit	Service	Contract Name	Contract Description	Supplier	Extension period and justification	End Date	Extension Date to cover handover to NSCSO Partner	Value of Extension
NSCSO	IS	Checkpoint	Corporate Encryption solution for PCs and removable storage media	Insight Direct (UK) Ltd	1 year. Software licensed annually.	31/5/2013	31/5/2014	£95,000
NSCSO	IS	FAST	Federation Against Software Theft - Compliance with licensing regulations	Fast Corporate Services Ltd	1 year. Annual membership fee.	28/2/2013	28/2/2014	£24,000
NSCSO	IS	Jadu	Support, maintenance and hosting of Council website and Content Management System (Barnet Online)	Jadu Ltd	1 year. Service includes software licenses renewable annually.	30/4/2013	30/4/2014	£51,500
NSCSO	IS	Legacy Applications Managed Service	Support and maintenance of legacy applications including Saffron	CGI IT UK Limited (formerly Logica)	1 year. Service includes software licenses renewable annually.	31/7/2013	31/7/2014	£157,764
NSCSO	IS	LogRhythm	Security monitoring logs for IS infrastructure	Caretower Ltd	1 year. Software licensed annually.	31/3/2013	31/3/2014	£32,000
NSCSO	IS	MessageLabs	Email scanning and secure email service	Symantec Corporation	1 year. Minimum period for software-as-a-service renewal.	31/3/2013	31/3/2014	£122,000
NSCSO	IS	Microsoft EA	Enterprise Agreement for all Microsoft licenses used by the Council (Windows, Office, Server licenses etc.), including allowance for 'true-up' of new licenses required	Specialist Computer Centres	1 year. Microsoft enterprise license agreement is 5 years to June 2015 renewable at end of years 3 and 4. Re-seller for year 4 appointed via Government Procurement Framework.	30/6/2013	30/6/2014	£465,000
NSCSO	IS	PSN / GCSx	Connection to Public Services Network (PSN) services, formerly Government Connect Secure extranet (GCSx)	London Grid For Learning Trust	1 year. Standard annual renewal.	31/3/2013	31/3/2014	£42,500
NSCSO	IS	SAP Managed Service	Support, maintenance and hosting of SAP	CGI IT UK Limited (formerly Logica)	1 year. Service includes annual agreements with third parties (leased communications lines, software licenses).	31/7/2013	31/7/2014	£1,102,500
NSCSO	IS	SWIFT e-DBA	Management and monitoring of SWIFT Oracle systems	e-DBA Ltd	6 months, allowing review once transferred to NSCSO partner.	10/6/2013	10/12/2013	£33,000
								£2,125,264