

To: POLICY & RESOURCES COMMITTEE (FINANCE) SUB COMMITTEE		Subject: TENDER REPORT: ICT SERVICE DELIVERY PARTNERSHIP
From: DIRECTOR OF FINANCE		
Date: 24 August, 2005	Ref: MG/RMCB	

1. Purpose of Report

The purpose of this report is to appraise the Committee of the outcome of the ICT Service Delivery Partnership tender exercise and to seek approval for the recommendations contained within the report.

2. Background

- 2.1 North Lanarkshire Council currently has a number of ICT service contracts with a range of different suppliers. As each of these contracts has come up for extension the Finance Sub-Committee has approved an extension period that brings their termination date to 31 December 2005. This has been done to maximise the potential for future revenue savings by exploiting the cost efficiencies of combining a number of individual contracts into a single ICT Service Delivery Partnership.
- 2.2 Over the last 4 years there have been significant increases in the ICT technology base used by the Council, with the number of personal computers rising to over 5500, in excess of 300 networked sites many utilising the latest voice over IP technology and all departments' business plans and service delivery mechanisms directly linked to this technology infrastructure.
- 2.3 The North Lanarkshire Council ICT Services has established itself as a leading player within the Scottish public sector market. It is widely recognised that the Councils deployment and use of technology and application systems is very effective and cost efficient. The Councils spend on ICT and the resources and establishment supporting the wide range of services delivered stands favourable comparison with any of our public sector peer groups.
- 2.4 Innovation is a particular strength of the Council and the proposed ICT Service Partnership is another example of the Authority leading the way. By establishing such a model, which will be the first of its type in Scotland, we are leading by example whilst addressing the Modernising and Efficient Government agendas. The proposed partnership demonstrates our commitment to pursue best value and places the Council in a position of strength to address shared service requirements in the future.
- 2.5 The contract term for the ICT Service Delivery Partnership will be for a period of 4 years commencing on 1 January 2006 until 31 December 2009 with the option to extend to a maximum of an additional 3 years at the Council's sole discretion.

3. Contract Structure and Evaluation

The invitation to tender comprised of 6 separate service modules and 5 acquisition framework agreements.

The 6 Service modules are as follows:

- Module 1 Help Desk/Service Centre – This is the first point of contact for any member of staff in the Authority with an ICT related problem, request or query.
- Module 2 Windows Environment Services – This covers the entire lifecycle of Windows PC's, servers and associated peripherals. From providing technical advice to customers, procurement, installation of hardware and software, license management, moves/changes, hardware and software support through to the final disposal of redundant equipment.
- Module 3 Enterprise Environment Services – This module includes the full range of Unix computing administration support and maintenance services.
- Module 4 Networking Environment Services – This module includes support of the Council's data and voice network services.
- Module 5 Operations Environment Services – This module covers the duties involved in the daily operation of the Council's main computer rooms.
- Module 6 Corporate Printing, Enveloping & Mailing – this module covers the provision of a managed printing, binding, enveloping and mailing facility generated from the various corporate applications. Due to the specialist nature of this service module the Authority has reserved the right to consider this module as a separate contract or to identify a preferred supplier for this module and request the Service Delivery Partner initiate discussions to subcontract this module to the Council's preferred supplier.

It is our preference to enter into a contract with one lead partner as this approach maximises the potential for year on year efficiencies.

The 5 acquisition framework agreements are as follows:

- Framework 1 Supply of hardware for the Windows Environment – Procurement of PC's, servers and peripheral equipment.
- Framework 2 Supply of office productivity applications and operating system software for the Windows environment – Procurement of operating system software, office productivity software and associated application packages.
- Framework 3 Supply of hardware, application software and operating system software for the enterprise environment – Procurement of enterprise hardware, operating system software and associated application packages.
- Framework 4 Supply of hardware and software for the networking environment – Procurement of data and voice related hardware and software.
- Framework 5 Supply of data and telephony cabling for the networking environment – Procurement of cabling and ducting services to supplement the extensive voice and data wide area network infrastructure throughout the Council.

- 3.1 The Authorities Buying Consortium, on behalf of the Council, issued a questionnaire requesting detailed information on prospective supplier's financial standing, previous and relevant experience and technical capability to enable the Council to establish their suitability for inclusion in a restricted list of companies who were then invited to tender for this contract.
- 3.2 I.T. Services commissioned the consultancy group PriceWaterhouseCoopers (PWC) to assist in the evaluation of the questionnaire, the preparation of the tender documentation and the evaluation of the returned tenders.
- 3.3 A total of 36 companies returned a completed questionnaire to the Authorities Buying Consortium. Of these, 27 companies selected to bid for 1 or more of the Service Modules and 32 companies selected to bid for 1 or more framework agreements.
- 3.4 After a detailed examination of the returned questionnaires by both I.T. Services and PWC, including a check on the company's financial standing, tender documentation was issued through the Authorities Buying Consortium as follows:
- 10 companies received tender documentation for service modules 1 to 6.
 - 2 companies received tender documentation for service module 6 only.
 - 28 companies received tender documentation for 1 or more of the 5 framework agreements.
- 3.5 Details of the returned tenders were as follows:
- Of the 10 companies who received tender documentation for all 6 service modules 7 submitted completed tenders.
 - Of the 2 companies who received tender documentation for Service module 6 both suppliers submitted completed tenders.
 - Of the 28 companies who received tender documentation for the 5 framework agreements 17 submitted completed tenders.
- 3.6 There followed a detailed evaluation of the tender responses. The evaluation was split into 3 logically separate categories. Due to the specialist nature of Module 6, Corporate Printing, Enveloping & Mailing, the evaluation of this module was carried out separately from the core Service modules 1 to 5. The categories were as follows:
- Companies bidding for Service Modules 1 to 5
 - Companies bidding for Service Module 6
 - Companies bidding for inclusion in 1 or more Framework Agreements
- The detailed evaluation of the companies bidding for Service Modules 1 to 5 was carried out by both I.T. Services and PWC. The actual scoring process was carried out independently with joint meetings with PWC taking place to review findings.
- 3.7 Tenders were received from the following suppliers for Modules 1 to 5.

Cost for initial 4 years of the contract

Company	Cost	Cost (After Clarifications)
Steria Ltd	£5,000,525	£4,804,171
Sx3/Northgate	£4,772,000	£6,392,000
SCC	£4,063,708	£6,276,023
Computacentre	£5,891,196	£5,060,059
Itnet/Serco	£8,477,496	£6,052,772
Capgemini	£7,253,000	£7,253,000
Vivista Ltd	£11,985,636	£11,985,636

After a detailed evaluation including quality of service, ability to execute the contract, contractual arrangements, technical merits, supplier evaluation and financial viability, Steria Ltd has been recommended as the supplier for modules 1 to 5.

- 3.8 Tender documents were issued to 2 suppliers for module 6 and both returned completed tenders. In addition Steria Ltd bid for module 6 with the work subcontracted to Docuserve.

Cost for initial 4 years of the contract

Company	Cost	
Docuserve	£649,077	Includes £33,210 set-up costs in year 1
Stortext	£560,632	Includes £8,000 set-up costs in year 1
Cendris	£549,420	

After a detailed evaluation of the 3 companies bidding for Service Module 6 Corporate Printing, Enveloping & Mailing was carried out the most economically advantageous tender that represented best value for the Council was from Cendris, who are the current provider of these services to the Council. The costs quoted by Cendris are largely in line with the charges levied in the current contract. All costs are based on the indicative volumes issued in the tender documentation and do not include any postage charges from Royal Mail. Actual costs are dependant on the volumes printed.

- 3.9 The detailed evaluation of the 17 companies bidding for inclusion in the 5 Framework agreements was carried out by I.T. Services. These Framework agreements do not commit the Authority to any expenditure over the period of the contract. Appendix 1 contains a list of the successful companies in each of the 5 Framework Agreements.

4. Benefits of the New Contract

- 4.1 The new services adopt industry standard IT Infrastructure Library (ITIL) processes which are the most widely accepted approach to IT service management in the world. ITIL provides a cohesive set of best practice, drawn from the public and private sectors internationally. It is supported by a comprehensive qualifications scheme, accredited training organisations, and implementation and assessment tools. The best practice processes promoted by ITIL are supported by the British Standards institution's standard for IT service management (BS15000).
- 4.2 An improved Help Desk where calls are taken by technical staff and when possible the issue is resolved there and then for the user. Currently no attempt is made to resolve calls at first point of contact as all calls are passed to other ICT sections to resolve. It is expected that the percentage of calls that can be resolved at first contact will rise to an initial service level target of 45% and be developed soon after to between 60% and 70%.
- 4.3 Technical staff will have the ability to take remote control of a users PC to fix a problem or explain how to do specific functions. A facility called Virtual Tutor will be available to all Council's users. This is a service whereby in addition to the normal how-to-use type service delivered by telephone, help and instruction can be provided by a remote tutor using remote viewing and take-over techniques to explain concepts and facilities to users.

- 4.4 The service hours have been increased to enable a faster and more flexible response to user requests. The service availability for all service modules is now a minimum of 08:00 to 18:00 Monday to Friday. The total number of service hours worked in the Council computer rooms will reach 110 hours over a 7 day week.
- 4.5 Working with a service partner will realise early opportunities to make service improvements and potentially create savings for the Council. It is anticipated that efficiency savings of approximately £100,000 will be made in the first year of the contract. As part of the new contract a business analyst resource is provided to work with the Council to identify and develop opportunities aligned to efficiency objectives. A firm commitment has already been secured as part of the proposed new contract to reduce costs by 4% per annum over the initial 4 year contract period.
- 4.6 Service improvement plans will be developed by internal I.T. Service staff in conjunction with the service partner and will in each case be supported by a business case to assist in prioritising the initiatives and objectives to be pursued.
- 4.7 There will be a reduced management overhead for I.T. Services Section managers enabling more time to be concentrated on strategic direction rather than day to day service management.
- 4.8 The ICT Service Delivery Partnership will provide a platform from which internal ICT staff can be freed up to work more closely with service departments of the Council to exploit the information and telecommunication technologies which currently exist within the Council. North Lanarkshire Council are in a strong position to take full advantage of the previous investments made in infrastructure and software toolsets, and will be well placed to participate in the "shared services" agenda and Efficient Government initiatives.
- 4.9 The partnership will enable greater flexibility in support service resources by sharing resources across the service modules.
- 4.10 Improvements will be gained to the procurement service with self help and other online information and catalogues available to users via their PC.
- 4.11 The proposed service partner has local premises at Newhouse Industrial Estate and it is their intention to develop this site into a centre of excellence able to support all of their Scottish Operation. This will enable the Council to have new equipment delivered, built and tested prior to delivery and installation at departmental offices.

5. Corporate Considerations

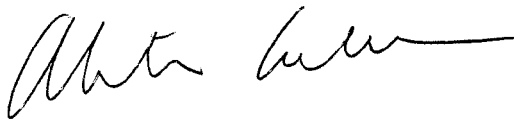
- 5.1 The Council ICT staff have been heavily involved in this tendering exercise, with a number of staff briefings taking place and input from Section managers and staff to specify the detailed requirements.
- 5.2 The Finance Department Unison representative has been kept informed throughout the process with no issues raised.
- 5.3 Legal Services Division have been working closely with I.T. Services throughout this exercise and subsequently with the proposed partner to ensure the Terms & Conditions of the contract are appropriate and conform to the Council's Contractual standing orders.
- 5.4 Funding is contained within the current I.T Services Revenue Budget and full consultation has taken place with appropriate members of the Finance Department.

5.5 The initial savings generated from this contract will contribute towards the 2005/06 efficiency savings for the Finance Department.

6. Recommendation

It is recommended that the committee:-

- 6.1 Authorise the Director of Finance to enter into an agreement with Steria Ltd for Modules 1-5 of the ICT Service Delivery Partnership contract.
- 6.2 Authorise the Director of Finance to enter into an agreement with Cendris for Module 6 of the ICT Service Delivery Partnership contract.
- 6.3 Authorise the Director of Finance to include the successful companies in each of the 5 Framework agreements as listed in appendix 1.



Director of Finance

APPENDIX 1 Framework Agreements

Framework 1: Supply of hardware for the Windows Environment – Procurement of PC's, servers and peripheral equipment.

NVT Computing
Earn House
Earn Avenue
Righead Industrial Estate
Bellshill
ML4 3LW

SCC Plc
Westpoint
4 Redheughs Rigg
South Gyle
Edinburgh
EH12 9DQ

Computacentre (UK) Ltd
Keith House
2 Redheughs Rigg
South Gyle
Edinburgh
EH12 9DQ

Service & Systems Solutions Ltd (SX3)
20 Sandyford Place
Glasgow
G3 7NG

Dell Computer Corporation
Dell House
The Boulevard
Cain Road
Brachnell
Berkshire
RG12 1LF

Cappgemini
Regent Court
70 West Regent Street
Glasgow
G2 2QZ

Insight UK
Alperton House
Bridgewater Road
Wembley
HA0 1EH

Framework 2: Supply of office productivity applications and operating system software for the Windows environment – Procurement of operating system software, office productivity software and associated application packages.

NVT Computing
Earn House
Earn Avenue
Righead Industrial Estate
Bellshill
ML4 3LW

Service & Systems Solutions Ltd (SX3)
20 Sandyford Place
Glasgow
G3 7NG

Computacentre (UK) Ltd
Keith House
2 Redheughs Rigg
South Gyle
Edinburgh
EH12 9DQ

ITNET UK Ltd
Boundary House
2 Wythall Green way
Middle Lane
Wythall
Birmingham
B47 6LW

Esteem Systems
Willow House
Strathclyde Business Park
Bellshill
ML4 3PB

Dell Computer Corporation
Dell House
The Boulevard
Cain Road
Brachnell
Berkshire
RG12 1LF

Capgemini
Regent Court
70 West Regent Street
Glasgow
G2 2QZ

Insight UK
Alperton House
Bridgewater Road
Wembley
HA0 1EH

Framework 3: Supply of hardware, application software and operating system software for the enterprise environment – Procurement of enterprise hardware, operating system software and associated application packages.

SUN Microsystems Ltd
Springfield
Linlithgow
West Lothian
EH49 7LR

ITNET UK Ltd
Boundary House
2 Wythall Green way
Middle Lane
Wythall
Birmingham
B47 6LW

Service & Systems Solutions Ltd (SX3)
20 Sandyford Place
Glasgow
G3 7NG

Access Computing Ltd
Sycamore House
Quarrywood Court
Livingston
EH54 6AX

SCC Plc
Westpoint
4 Redheughs Rigg
South Gyle
Edinburgh
EH12 9DQ

Esteem Systems
Willow House
Strathclyde Business Park
Bellshill
ML4 3PB

Computacentre
Keith House
2 Redheughs Rigg
South Gyle
Edinburgh
EH12 9DQ

Capgemini
Regent Court
70 West Regent Street
Glasgow
G2 2QZ

Insight UK
Alperton House
Bridgewater Road
Wembley
HA0 1EH

Framework 4: Supply of hardware and software for the networking environment – Procurement of data and voice related hardware and software.

NVT
Earn House
Earn Avenue
Righead Industrial Estate
Bellshill
ML4 3LW

Redstone Communications Ltd
Phoenix House
Phoenix Crescent
Strathclyde Business Park
Bellshill
ML4 3NJ

NTL
60 Maxwell Road
Glasgow
G41 1PR

Service & Systems Solutions Ltd (SX3)
20 Sandyford Place
Glasgow
G3 7NG

Birmingham

SCC Plc
Westpoint
4 Redheughs Rigg
South Gyle
Edinburgh
EH12 9DQ

Alfred MacAlpine
Ellismuir Way
Tannochside Business Park
Uddingston
Glasgow
G71 5PW

Computacentre (UK) Ltd
Keith House
2 Redheughs Rigg
South Gyle
Edinburgh
EH12 9DQ

Capgemini
Regent Court
70 West Regent Street
Glasgow
G2 2QZ

ITNET UK Ltd
Boundary House
2 Wythall Green way
Middle Lane
Wythall
B47 6LW

Insight UK
Alperton House
Bridgewater Road
Wembley
HA0 1EH

Framework 5: Supply of data and telephony cabling for the networking environment – Procurement of cabling and ducting services to supplement the extensive voice and data wide area network infrastructure throughout the Council.

NVT Computing
Earn House
Earn Avenue
Righead Industrial Estate
Bellshill
ML4 3LW

Computacentre (UK) Ltd
Keith House
2 Redheughs Rigg
South Gyle
Edinburgh
EH12 9DQ

NTL
60 Maxwell Road
Glasgow
G41 1PR

Computer Links Ltd
7 Grange Road
Houstoun Industrial Estate
Livingston
West Lothian
EH54 5DE

Vivista Ltd
Marshfield
Chippenham
Wiltshire
SN14 8SR

ITNET UK Ltd
Boundary House
2 Wythall Green way
Middle Lane
Wythall
Birmingham
B47 6LW

Service & Systems Solutions Ltd (SX3)
20 Sandyford Place
Glasgow
G3 7NG

SCC Plc
Westpoint
4 Redheughs Rigg
South Gyle
Edinburgh
EH12 9DQ

Alfred MacAlpine
Ellismuir Way
Tannochside Business Park
Uddingston
Glasgow
G71 5PW

G2 2QZ

Hamlet Electronic Hardware
Unit 6
Lowmoss Industrial Estate
5 Wellington Road
Bishopbriggs
Glasgow
G64 2SA

Insight UK
Alperton House
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HA0 1EH

Capgemini
Regent Court
70 West Regent Street
Glasgow