

Notice of additional meeting and agenda

Finance and Resources Committee

2.00pm, Monday 3 August 2015

Dean of Guild Court Room, City Chambers, High Street, Edinburgh

This is a public meeting and members of the public are welcome to attend

Contact

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Tel: 0131 529 4283 / 0131 529 4319



1. Order of business

- 1.1 Including any notices of motion and any other items of business submitted as urgent for consideration at the meeting.

2. Declaration of interests

- 2.1 Members should declare any financial and non-financial interests they have in the items of business for consideration, identifying the relevant agenda item and the nature of their interest.

3. Deputations

- 3.1 If any

4. Reports

- 4.1 ICT Services and Transformation Procurement – Final Stage report – report by the Deputy Chief Executive and the Chief Operating Officer (circulated)

Carol Campbell

Head of Legal, Risk and Compliance

Committee Members

Councillors Rankin (Convener), Bill Cook (Vice-Convener), Corbett, Dixon, Edie, Godzik, Griffiths, Ricky Henderson, Jackson, McVey, Ross, Walker, Whyte, Burns, (ex officio) and Howat (ex officio)

Information about the Finance and Resources Committee

The Finance and Resources Committee consists of 15 Councillors and is appointed by the City of Edinburgh Council. The Finance and Resources Committee usually meets every four weeks.

The Finance and Resources Committee usually meets in the Dean of Guild Court Room in the City Chambers on the High Street in Edinburgh. There is a seated public gallery and the meeting is open to all members of the public.

Further information

If you have any questions about the agenda or meeting arrangements, please contact Veronica MacMillan or Laura Millar, Committee Services, City of Edinburgh Council, Business Centre 2.1, Waverley Court, 4 East Market Street, Edinburgh EH8 8BG, Tel

0131 529 4283 / 0131 529 4319 or e-mail veronica.macmillan@edinburgh.gov.uk / laura.millar2@edinburgh.gov.uk

A copy of the agenda and papers for this meeting will be available for inspection prior to the meeting at the main reception office, City Chambers, High Street, Edinburgh.

The agenda, minutes and public reports for this meeting and all the main Council committees can be viewed online by going to www.edinburgh.gov.uk/meetings

For the remaining items of business likely to be considered in private, see separate agenda.

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Finance and Resources Committee

2.00pm, Monday 3 August 2015

ICT Services and Transformation Procurement – Final Stage Report

Item number	4.1
Report number	
Executive/routine	
Wards	All

Executive summary

This report provides an update on the key activities undertaken throughout the ICT Services and Transformation Procurement project.

The current contract for ICT services is due to expire in March 2016 and consequently, in October 2013, the Council approved the procurement of a new contract through a competitive dialogue process.

The Project Board is now seeking committee approval of award of contract to CGI IT UK Ltd and for the Deputy Chief Executive to complete contract signature.

The aim of this procurement project is to deliver an ICT solution that best meets both the current and future needs of the Council in the digital age within an overall finite resource level. The sum involved is £185.7m over seven years, resulting in a minimum saving of £45m against the current budget.

Additionally, CGI has committed to a range of Community Benefits including the provision of 221 new jobs and 60 modern apprenticeships in Edinburgh.

Links

Coalition pledges	7, 15, 16, 28
Council outcomes	08, 25
Single Outcome Agreement	S01, S03

The Project Board is confident that this Agreement will allow the Council to successfully achieve all of the objectives of the Project, that it represents excellent value for money, that it will progress the implementation of the Council's ICT & Digital Strategy and that critically, it will support the Council's Transformation programme.

ICT Services and Transformation Procurement – Final Stage Report

Recommendations

- 1.1 It is recommended that the Finance and Resources Committee:
 - 1.1.1 notes the progress through the ISFT (Invitation to Submit Final Tender) stage of the procurement;
 - 1.1.2 notes the outcome of the procurement process and the recommended bidder identified to provide future ICT services for the Council;
 - 1.1.3 note the significant savings, the improvements to the ICT service, and the wider benefits to staff and citizens which will derive from this new contract; and
 - 1.1.4 authorises the Deputy Chief Executive Officer to sign the contract after the standstill period, substantially on the terms set out in Appendix 1 of the B agenda report relating to this procurement.

Background

- 2.1 In 2001, the Council appointed BT as their Contractor for outsourced ICT Services. This was originally contracted for a period of 10 years, and was subsequently extended in 2006 for an additional 5 years which ends in 31 March 2016.
- 2.2 Approval was given by Finance and Resources Committee on 31 October 2013 to procure a new contract for ICT services in line with the Council's ICT and Digital Strategy. This procurement project has the following overall aims:
 - to save the Council at least £6m per annum against the current ICT spend/budget;
 - to procure ICT services on a utility basis (flexible “pay as you go” terms);
 - to deliver against the aspiration to have 25% of the value of ICT services delivered by SME's;
 - to continue with a prime supplier model but in a non-exclusive contract;
 - to transform the existing ICT service into a flexible, scalable service;
 - to implement an Output based contract(s) (“*what*” we get rather than “*how*”); and

- to base the Contract on best practice Contract Characteristics which are outlined at Appendix 1.

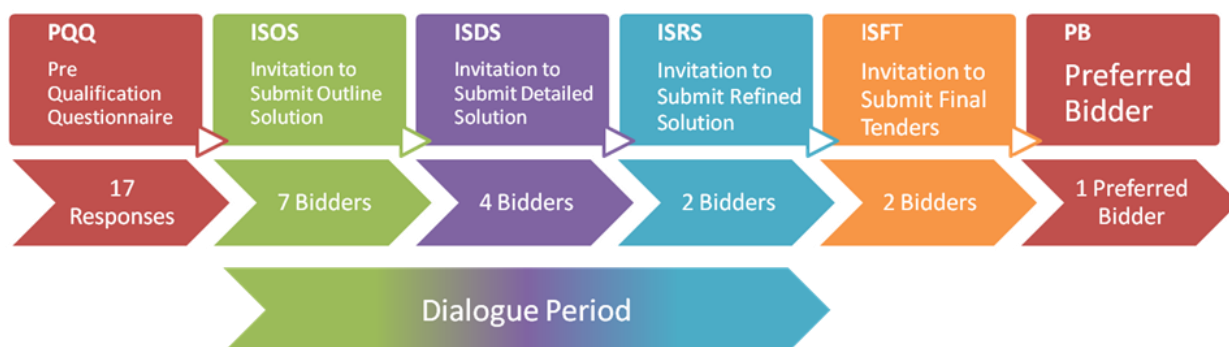
The achievement of these aims is described in detail in Section 4, 'Measures of Success'.

Main report

Project Timeline

3.1 In compliance with Regulation 18, Competitive Dialogue, of the Public Contracts Scotland Regulations 2012 the project has followed these five procurement stages:

- 3.1.1 PQQ – Pre-qualifying Questionnaire (January to March 2014)
- 3.1.2 ISOS – Invitation to Submit Outline Solution (April to July 2014)
- 3.1.3 ISDS – Invitation to Submit Detailed Solution (August to November 2014)
- 3.1.4 ISRS – Invitation to Submit Refined Solution (December 2014 to May 2015)
- 3.1.5 ISFT – Invitation to Submit Final Tender (May to July 2015)



Pre-qualifying Questionnaire (PQQ) Stage

- 3.2 The team evaluated the 17 Pre-qualifying Questionnaires that were received.
- 3.3 An Invitation To Participate in Dialogue (ITPD1) was sent to the eight bidders who emerged successfully from the Pre Qualification Questionnaire (PQQ) stage of the Procurement on 12 April 2014.

Invitation to Submit Outline Solution (ISOS) Stage

- 3.4 Two of the bidders chose to leave the process during the ISOS stage (one of the bidders left to become a sub-contractor of one of the remaining bidders). Dialogue sessions were conducted with each of the remaining six bidders.
- 3.5 The bidders submitted their Outline Solutions on 23 June 2014 and evaluation of these bids commenced on that date. Following these individual assessments, the Evaluation Teams met to agree their assessments at moderation/ consensus meetings, to determine the potential suppliers being asked to participate in the ITPD2 (ISDS) stage of the project. The outcome of this second stage of the

evaluation process was that four suppliers were asked to participate in the ISDS stage.

- 3.6 The Project Board subsequently approved the evaluation process and results at its meeting on 28 July 2014.

Invitation to Submit Detailed Solution (ISDS) Stage

- 3.7 The ISDS stage of the project commenced with the four bidders on 6 August 2014.
- 3.8 The Council team held 15 dialogue sessions with each bidder, including Dialogue meetings with Elected Members and senior managers of Service Areas.
- 3.9 Early in the ISDS stage of dialogue, one bidder withdrew from the process, which meant the ISDS stage proceeded with the three remaining bidders. Near the end of the ISDS stage of dialogue another bidder also withdrew.
- 3.10 The remaining suppliers were asked to finalise their detailed submissions and these submissions were then evaluated, with a report on the results then being submitted to the Project Board and approved on 9 December 2014.

Invitation to Submit Refined Solution (ISRS) Stage

- 3.11 The ICT procurement team engaged with the two remaining bidders on the Refined Solution stage of the competitive dialogue process.
- 3.12 Dialogue meetings were held with each of the two remaining bidders. Feedback received from all of the bidders confirmed that they had been comfortable with the way the competitive dialogue had been conducted.
- 3.13 The ISRS stage also contained an focused Due Diligence exercise, carried out by each bidder with the Council and the incumbent supplier, to ensure that all of the relevant details of the current estate were provided.
- 3.14 The two bidders submitted their Refined Solutions submissions on 23 March 2015 and evaluation of the bids commenced. Individual assessments were undertaken using the approved evaluation methodology and matrix with the Evaluation Teams then meeting to reach a consensus outcome.
- 3.15 Heads of Service had also identified additional evaluators to use their business knowledge on behalf of the service area to contribute to the solutions being proposed. In total, 28 evaluators from across the business were involved in evaluating the submissions put forward by the bidders.
- 3.16 Following this next evaluation stage, further dialogue (ISRS Phase Two dialogue) continued with the two bidders until 20 May 2015. During this stage further structured dialogue meetings were held with the two bidders, again supported by exhaustive due diligence activities. Once again feedback received from the bidders confirmed that they had been comfortable with the way the competitive dialogue had been conducted.
- 3.17 The Project Board provided its approval to proceed from ISRS Phase Two dialogue into ISFT on 13 May 2015.

Invitation to Submit Final Tender (ISFT) Stage

- 3.18 Further dialogue was held with the bidders to ensure that any remaining clarifications from ISRS would be addressed in the final submission. ISFT documentation was issued to the two remaining bidders on 26 May 2015, requesting them to submit their responses by 9 June 2015.
- 3.19 The outcome of this final stage of procurement process is shown in the table below. The Project Board is requesting that the Committee authorises the Deputy Chief Executive Officer to sign the contract after the standstill period, substantially on the terms set out in Appendix 1 of the B agenda report relating to this procurement.

	CGI	Capita
Total Score	83.83%	79.15%

- 3.20 This authorisation will then allow for the transition period to start between contract award and the end of the service with the incumbent supplier by 1 April 2016.

Governance

- 3.21 The project was governed in accordance with the Corporate Programme Office (CPO) guidelines, ensuring that the delivery of the project was effectively managed and that key stakeholders within the business were kept up to date and informed of progress, risks and issues.

The groups involved in governance are:

Group	Role	Positions
Finance and Resources Committee	<ul style="list-style-type: none"> Updated on key decision points and progress. Approval of contract award 	
Project Board	<ul style="list-style-type: none"> Provide overall strategic direction of the procurement. Approval of key deliverables. Reporting on progress to Finance and Resources Committee. Commissioning of CPO Gateway reviews. Sign-off of downselection decisions including preferred supplier. Engaging with relevant Directorate SMTs to understand their requirements and to update them of progress 	<ul style="list-style-type: none"> Deputy Chief Executive (Sponsor and Chair) CIO (SRO) Head of Finance Commercial and Procurement Manager Head of Customer Services Head of Transport (representing SfC) Head of Resources (representing C&F) H&SC Research and Information Manager (representing H&SC)

Group	Role	Positions
Working Group	<ul style="list-style-type: none"> Operational direction and overview of the project. Providing insight and assurance to the dialogue and evaluation teams. Approval of tender documentation. Management of risk register and developing reports for Project Board. Accountable for dialogue and evaluation teams. 	<ul style="list-style-type: none"> SRO (Chair) Head of Customer Services Project Lead Legal Advisor Commercial Advisor Procurement Advisor

3.22 The Project Board authorised the acceptance of all major aspects of the project before it progressed to the next stage.

The Project team was professionally advised by Pinsent Masons, their opinion of the contract is as follows:

LEGAL OPINION ON THE AGREEMENT

Our opinion on the Agreement from a legal perspective is as follows:

- (i) The Agreement has been prepared using the current version of the model agreement issued by the Cabinet Office for use in documenting large scale public sector IT projects.

- (ii) The model agreement has been adapted so that it reflects the Council's approved procurement and negotiation strategies as developed in detail through the dialogue process with the preferred bidder.

- (iii) Following the clarification process that will take place with the preferred bidder from the 4th to the 18th of August 2015, it is our view that the Agreement will provide a comprehensive foundation for the successful delivery of the project.

- (iv) The legal mechanisms, remedies and protections set out in the Agreement reflect current best practice as found in public sector IT projects of this size and complexity.

Pinsent Masons
24 July 2015

Engagement Activities

3.23 The Project recognises the importance of engaging with all relevant stakeholders and a range of activities have been undertaken such as:

- meetings with service managers to refine and finalise service requirements, including engagement with Service Area Senior Management Teams;

- involvement of key service managers in dialogue meetings with bidders;
- Corporate Leadership Group (CLG) being regularly updated on progress of the project;
- engagement sessions and ICT open days involving employees across the Council, these sessions were open to all;
- Elected Members being kept up to date with developments in the project through individual and Group meetings as well as the Elected Member Sounding Board;
- the ICT Procurement Project Stakeholder Group meeting on at regular basis (at least monthly). The Stakeholder Group was formed to ensure comprehensive representation across all service areas;
- Peer Review meetings with the representatives of the wider Scottish Public Sector procurement community; and
- monthly updates on the progress of the project are included on the Orb. The Orb pages also have an email address for enquiries relating to the project as well as information on nominated contacts.

Assurance

- 3.24 The project has been reported through the Finance and Resources Committee, the ICT & Digital Sounding Board and the Governance, Risk and Best Value Committee (GRBV). As a Major Project, it is also included in the Major Project Portfolio which is reported by the Corporate Programme Office (CPO) to the Corporate Leadership Group (CLG) (every two months), Finance and Resources Committee (every quarter) and Governance Risk and Best Value Committee (every six months). The most recent quarterly Status Report on the project was provided to the CPO at the end of June 2015.
- 3.25 As part of the project's internal governance and control arrangements, the Project has been subject to regular Assurance Reviews undertaken by Corporate Programme Office (CPO) with specialist external technical assurance from NCC Group. Three Assurance Reviews have been carried out at strategic gateway points in the timeline. Each of the reports' recommendations have been implemented in full.
- 3.26 The latest assurance review, published 29 June 2015, awards the project an Green - Amber rating – "Delivery Likely". This highlights the continuous progress the project has made and the successful mitigation of previously identified risks and issues.

Contractual Terms

- 3.27 The Agreement is based on the Crown Commercial Service ICT services model contract and is a single prime supplier model.

The contract is non-exclusive.

The Agreement offers a flexible and scalable service, the services have been designed in a way that ensures that the Council only pays for what we use and that the cost of these are transparent and capable of flexing both up and down, on a monthly basis, e.g. the e-mail service will be charged on the basis of the number of e-mail users that month.

- 3.28 CGI will provide the following Services: Transition Service, Transformation Services, Operational Services initially comprising of 93 Output Based Specifications (OBS's) including Base Services and Utility Services, and Business Case (BC) Development Services.
- 3.29 The Contract term is seven years with a Council option to extend for a further five years from the end of current term and then a further five years from the end of that term and finally a further two years from the end of that term. Extension requires six months written notice prior to the end of each period.
- 3.30 A comprehensive summary of the contract terms is contained in the B Agenda report associated with this procurement of the Council's ICT and Transformation services.
- 3.31 A confidential data room has been established since July 7th giving Committee members full access to the documentation relating to the tender, contract and diligence.

Risks and mitigations

- 3.32 This item is of a confidential and/or commercially sensitive nature and is detailed within the B Agenda report associated with this procurement of the Council's ICT and Transformation services.

Due Diligence

- 3.33 Several additional diligence activities were taken throughout the project to supplement the day-to-day governance including;

Financial Diligence

- 3.34 Financial diligence was carried out in the PQQ, ISDS and ISFT stages. In the PQQ stage extra work was carried out to ensure that the financial accounts submitted by those entering the competition were compliant with the Council's requirements.
- 3.35 In the ISDS stage, the bidders were required to appoint an independent specialist, approved by the Project Working Group, to warrant that the values proposed by each bidder for Community Benefits represented a true and fair view and were realisable.
- 3.36 In the ISFT stage, the ISFT document required each of the two final bidders to commission an independent audit company to provide an opinion on four different aspects of its proposed financial model:

- the assumptions used in the financial model have been reflected in the bid forms
- the financial model has been reconciled to the underlying submission documentation including all versions of the funding documentation;
- the logical integrity, internal consistency and arithmetic accuracy of the formulae, algorithms and calculations within all cells of the model has been ascertained and
- the model has been prepared in accordance with UK GAAP or IFRS and the current or envisaged taxation framework.

Council Directorates / Services / departments

3.37 The project sought internal subject matter advice and input from a large number of departments in all Council directorates during the compilation of the 93 Output Based Specifications which form the key elements of the contract schedules.

3.38 In order to carry forward the use of this internal knowledge, 17 members of staff from the directorates supplemented the evaluation team during the ISRS stage

External Advisers

3.39 The project sought external advice from a number of subject matter experts at appropriate points in the procurement.

Contingency

3.40 This item is of a confidential and/or commercially sensitive nature and is detailed within the B Agenda report associated with this procurement of the Council's ICT and Transformation services.

Contract Management

3.41 ICT has become increasingly important to the Council's operations and is recognised as a key enabler for transforming delivery of Council services in the digital age. To ensure the Council realises the full potential of this new contract it is vital that the Intelligent Client function is appropriately resourced in terms of capability and capacity. Consequently the financial model makes provision for the addition of suitably qualified and experienced staff to ensure the Council takes full advantage of the opportunities offered by this contract, this provision being estimated at £400k p.a. which has been included in the budget.

Measures of success

4.1 The success of the new service will be measured against the objectives developed to support the ICT strategy and the future delivery of services. The outcomes with respect to each of the objectives set out on page 2 above, and others, are set out below.

4.1.1 To provide an improved ICT service where required.

4.1.2 The procurement process systematically identified all the key opportunities to improve the current ICT service and combined this with expert input on best practice. The new service addresses all these and puts the new contract at the forefront of ICT service procurement/ delivery. Examples of service improvements include:

- Service Level Agreements (SLAs) and Service Credits – all services are measured against SLAs both in terms of availability and system responsiveness. Failure to meet SLAs results in stringent service credits, multiple failures result in escalating remedies and ultimately trigger termination rights.
- Disaster Recovery – every service has improved disaster recovery targets. A test schedule will ensure that every service is tested within timescales that exceed the Council's Disaster Recovery Plan objectives.
- Support Hours – have been extended and adapted to cover flexible working patterns. Support has been extended by 2 hours per day for all services (7am to 7pm). The services desk, key customers and critical systems will be supported 24x7x365.
- Service Range – the inclusion of support for iPads and other devices into the provided service.
- Security – the provision of a wide range of security protection and testing, including, permanent vulnerability assessment, email encryption, independent penetration testing and tools to highlight unusual or malicious activity within the organisation.
- Changes – all normal changes relating to all services are included in the price and a significant level of major upgrades are also the responsibility of the new ICT partner.

Significant Enhancements

4.2 The procurement project worked closely with all service areas to identify the enhancements in service that were required. The new services include a significant level of enhancements, including:-

- 4.2.1 Replacement of the obsolete Accounts Receivable/ Finance, Procurement system and corporate HR system with a full Enterprise Resource Planning System (ERP).
- 4.2.2 The introduction of a corporate Document Management system, allowing staff to access their documents from any secure device, meeting Records Management standards, and integrating with housing and social work systems so field workers do not need to carry paper.
- 4.2.3 The introduction of Office365 for all staff and school pupils to ensure office tools are always at the latest version and accessible from any device.
- 4.2.4 The implementation of the next phases of the Channel Shift programme, making many more transaction types available to citizens.
- 4.2.5 The introduction of collaboration tools to improve facilities for working together across the Council and with partners.
- 4.2.6 Replacement of the Local Area Network equipment in all schools which will reduce the number of network failures in schools and make the best use of the new network connections.

- 4.2.7 4,000 additional wi-fi controllers will be provided across the entire schools estate to support flexible learning.
 - 4.2.8 The introduction of a new telephony solution providing a single system for the entire Council and improved services for the Contact Centre.
 - 4.2.9 The introduction of resilience across the Council Wide Area Network and an increase in bandwidth for all Council sites, including all secondary schools increasing to 1GB, locality office to 1Gb, and libraries increasing to 100Mb.
- 4.3 The total value of these enhancements has been calculated to be in the region of £46 million.

To save the Council £42m over 7 years

- 4.4 The Councils current ICT budget for the initial seven years of the contract is £231m (excluding inflation). The procurement team have worked with all stakeholders to ensure that the savings targets can be met whilst all the key business objectives are delivered. The result is a total cost for the new contract, and associated Council costs, of £185.7m over seven years. These costs are fully inclusive of all ICT costs associated with the required improvements and enhancements. The project will therefore deliver a minimum of £45m cashable savings over seven years against the target of £42m savings.

To secure a single prime ICT Partner

- 4.5 In line with the Council's ICT Strategy and to ensure the correct level of risk transfer, the Council is aiming to have a single prime contractor who has the capability, capacity and experience to deliver both the Councils current and future needs.
- 4.6 The Supplier will take on the management of all third parties necessary, but the Council will be able to determine who the third parties are, and to have full visibility on their costs.

To transform the existing ICT service into a flexible, scalable service

- 4.7 The new ICT contract has been designed with flexible and scalability at its heart. The contract allows the Council to buy all services on a pay as you go basis. The Contract's principal features are:
- 4.7.1 Volume Flexibility – the services have been designed in a way that ensures that the Council only pays for what we use and that the cost of these are transparent and capable of flexing both up and down, on a monthly basis, e.g. the e-mail service will be charged on the basis of the number of e-mail users that month.
 - 4.7.2 Service Flexibility – we have the ability to terminate all of the 93 individual OBS services at a pre-agreed cost. On average the notice period is around 3 months to terminate.
 - 4.7.3 Non Exclusive – the contract does not obligate the Council to use the new partner for any service.

All of the features are summarised at Appendix 2 – List of Contracts Characteristics.

To implement an output based contract

- 4.8 All 93 services operating under the new ICT contract have been specified as outputs. These Output Based Specifications (OBSs) have been developed by the services with support from specialists in the field. To ensure business alignment all OBSs have been prioritised in line with the Councils assessment of system criticality (Council Business Continuity Plans). The OBSs were further refined at every stage of the procurement clarifying with the business and other experts as needed. There were also a series of Open Days available to all staff to allow them to raise issues to be addressed by the new contract. The OBSs were all reviewed and approved by Directors and their SMTs to ensure accuracy and strategic alignment.

To drive for 25% SME involvement target

- 4.9 In line with Council Outcome C08, Coalition Pledges 15,16 & 28 and the Scottish Governments guidance to deliver 25% involvement from SMEs the Project will deliver a commitment from its new ICT partner to deliver 25% or more of the contract value to SMEs by 2018. In addition, CGI has committed to create at least 221 new jobs and 60 apprenticeships, and invest over £1.5m in other initiatives that will benefit the community.

Ensure the contract can be used by others

- 4.10 In line with the recommendations of the McClelland report, the procurement aims to deliver a contract that can be used by other public sector organisations. Fifty four public sector organisations actively chose to be named in the procurement notice. This allows these organisations to leverage the buying power of the Council, and allows all participating bodies to enjoy further volume discounts. This will also enable a platform for Shared Services because multiple organisations will be able to purchase the same systems from one supplier.

Financial impact

- 5.1 There will be an average of £6.4m saving per annum, post March 2016. This supports an important assumption of a £6m pa saving included within the Council's Long Term Financial Plan.
Refer to Section 4.4 for further detail.
- 5.2 The essential improvements and enhancements included within this contract are critical to the Council future operation and would have cost the Council an estimated £46m over seven years delivering significant value in addition to the substantial cashable savings noted above.
- 5.3 The cost of the Procurement is currently projected to be the £1.6 million, which is accounted for in the current budget. This figure is inclusive of costs for external consultants and advisers.

Risk, policy, compliance and governance impact

6.1 Below is a summary of the potential impacts of the proposed project and the anticipated mechanisms to mitigate them. These impacts are potential unintended consequences which will require managing. There are additional risks of a confidential, commercial nature that are considered in the B agenda report relating to this procurement.

Theme	Potential impact	Comments / mitigating action
Citizens & service users	Positive	The new service will provide an enhanced experience for citizens and service users. See section 4 above for further details.
Small & Medium-Sized Business	Positive	SMEs will be used as part of the overall supply chain. See section 4 above for further details.
Council staff	Positive	It is fully expected that there will be an improvement in the service quality and functionality of the ICT service. See section 4 above for further details.
The environment	Positive	CGI is committed to reducing and preventing pollution through energy, waste and resource management best practices and seeks to minimise travel by promoting tele-working, or alternative commuting options, where possible to reduce energy consumption. From a technology perspective, CGI is recognised as an industry leader in power usage effectiveness.

6.2 There is very significant risk to the Council if a contract is not awarded to the successful bidder. The contract with the incumbent expires on 31 March 2016 and cannot practically be extended. The improvements and enhancements listed in Section 4.5 above can only be realised by awarding the contract. Any delay in awarding the contract will have a serious impact upon the transition of services from the incumbent to the new supplier.

Equalities impact

7.1 CGI has a strong and well-established policy for Equality and Diversity. The presence and application of these policies was an important aspect of the Pre-Qualification Questionnaire stage of the process. The Corporate Policy and Strategy Manager has conducted dialogue with CGI.

- 7.2 CGI supports the principle of equality in all its employment practices, policies and procedures and fully comply with The Equality Act 2010. CGI regards diversity as a priceless resource and is committed to achieving and maintaining a workforce which broadly reflects the relevant local or national catchment area within where it operates.

Sustainability impact

- 8.1 CGI has strong and well-established corporate social responsibility policies in key sustainability areas such as travel, waste and procurement. The CGI policy of sustainable procurement extends to its partners and suppliers and takes into account the environmental impact of the products and services procured. It selects only partners/suppliers that comply with internationally recognised human rights standards and applicable legislation; it selects local suppliers where possible, leveraging its SME Accelerate programme which assesses and promotes the use of SMEs in its supply chain.

Consultation and engagement

- 9.1 An extensive programme of engagement has taken place across all Service Areas and with CLG, Departmental Management Teams (DMT's) and Elected Members. Nominated representatives across Service Areas have been identified for the Project Board, Evaluation teams and Stakeholder Group, supplemented by other specialist advisors as required. See section 3.23 for further details.

Background reading/external references

Relevant internal references include:

[ICT Strategy Development, Corporate Policy and Strategy Committee, 4 December 2012](#)

[ICT Update, The City of Edinburgh Council, 13 December 2012](#)

[ICT & Digital Transformation Programme Update, Finance and Budget Committee, 19 September 2013](#)

[Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources, 30 October 2014](#) This report was referred to [GRBV](#) on 13 November 2014

[Review of contract procedures relating to the Council ICT procurement process, report to Finance and Resources Committee, 15 January 2015](#)

[Review of Contract Procedures relating to the Council ICT Procurement process, report to Finance and Resources 13 May 2015](#)

Relevant external references include:

[McClelland Review of ICT Infrastructure in the Public Sector in Scotland](#);

Alastair D Maclean

Chief Operating Officer

Deputy Chief Executive

Contact: Danny Gallacher, Head of Customer Services, Corporate Governance

E-mail: danny.gallacher@edinburgh.gov.uk | Tel: 0131 469 5016

Links

Coalition pledges	P7 - Further develop the Edinburgh Guarantee to improve work prospects for school leavers P15 - Work with public organisations, the private sector and social enterprise to promote Edinburgh to investors P16 - Examine ways to source new funding to support small businesses P28 - Further strengthen our links with the business community by developing and implementing strategies to promote and protect the economic well being of the city
Council outcomes	CO8 - Edinburgh's economy creates and sustains job opportunities CO25 - The Council has efficient and effective services that deliver on objectives
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential
Appendices	Appendix 1 – Outcome of ISFT Evaluation & Moderation Appendix 2 - Contract Characteristics

Appendix 1: Outcome of ISFT Evaluation & Moderation

ISFT

	CGI	Capita
Combined Scoring	83.83%	79.15%

Appendix 2: Contract Characteristics (founding principles of the contract)

1. The Contract will be between the Council and a single prime contractor.
2. The Supplier will be proactively engaged in supporting the development of the Council's IT strategy.
3. Service scope will be subdivided into Service Segments.
4. Each Service Segment will be described by reference to a segment-specific Output Based Specification.
5. Service Segments will be classified as "Base" or "Utility".
6. Public Sector Partners must be entitled to take up individual Service Segments.
7. The usage of Service Segments will be regularly reviewed and altered where necessary.
8. The Supplier's pricing model must be compartmentalised between Service Segments.
9. The Supplier's pricing model must be designed to share benefits.
10. The Supplier will provide suitable Financial reporting and Cost Transparency.
11. Escalating Remedies will have a key role to play in making the Contract an effective tool in the delivery of a successful Project.
12. Commercial and contractual risk will sit with the party best placed to manage the risk concerned.