

DMPC Decision – PCD 923

Title: Pegasus Programme FBC for the Infrastructure Project

Executive Summary:

Over the past eighteen months the Pegasus programme (next generation of MPS ICT outsourced contracts and partnering arrangements) has been progressing the requirements and procurement of Digital Policing's two tower Infrastructure and Applications Services Management strategy, to replace the existing multi-supplier arrangements.

The programme has concluded the procurement of the Infrastructure management services as part of this strategy.

The Purpose of this paper is to:

- Present the Full Business Case and secure approval to award a contract for Infrastructure services to the preferred bidder.
- Request an uplift to a number of supplier contracts in order to manage the contractual arrangements during transition.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to approve:

1. Award to preferred bidder, Capgemini, of the Infrastructure Services contract for an initial term of five years to a value of £187.67m, with the option to extend for two further one year periods. Also to approve additional headroom in the infrastructure services contract over seven years, detailed in Part 2, with spend against this headroom based on the scheme of delegation.
2. Uplift of the total contract value for: End User Services with DXC to £177.50m (additional £22.3m); NTA services with BT to £207.80m (additional £21m); CRA services with BT to £15.3m (additional £2.1m); Transition services for two Bloom contracts, Kendall Associates to £1.9m (additional £540K) and Investigo to £479K (additional £137K).
3. Additional revenue expenditure in 2021/22 as detailed in Part 2 for the programme to proceed to exit and transition, to strengthen the Retained Organisation to deliver the enhanced service and benefits and for a risk provision. This will be funded from reserves, subject to approval by

Finance. Any draw down from the central reserve in 2021/22 will be replenished from baseline savings.

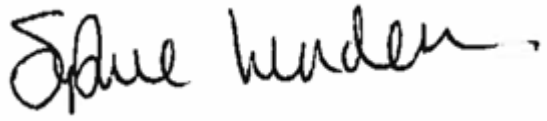
4. That the MTFP be adjusted to reflect the savings after any repayment to reserves and contributions to existing DP efficiency targets as detailed in Part 2
5. That MPS can initiate and award contracts according to the applicable scheme of delegation for work needed on exit and transition related services.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature



Date

1/02/2021

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. Current outsourced IT contracts are coming to an end and so need to be replaced. This presented an opportunity for Digital Policing (DP) to take control of the timing for going to market to secure better value, improved control and a commercial and contractual platform that is fit for the future (allowing provision of cloud, SaaS, and integrated services).
- 1.2. A strategic review of what the Metropolitan Police Service (MPS) needs from these contracts concluded the following:
 - The Met Direction sets out to seize the opportunities of data and digital technology to become a world leader in policing. Seizing these opportunities is critical to equipping an increasingly mobile police force and staff with the best technologies and so free up their time to focus on business priorities and take the best decisions possible. The Pegasus programme delivers against the MPS vision by ensuring its people are well equipped and supported through improved technology and data.
 - The future contractual arrangements must provide a platform to deliver against the Met Direction. This will be achieved through aligning future requirements to the evolving needs of front line policing and the wider MPS business. This will result in future technology services being delivered in a more innovative, timely and cost effective manner.
- 1.3. Progressing with the two tower model as a starting point for the service management strategy and subsequent procurement was concluded based on a review of alternative models by DP board and discussions with its reporting management team in the final quarter of 2018. This study reviewed alternate models (e.g. one provider across all services, three towers with network split out as an example, two towers with a cloud / non-cloud split). Also discussed was the guidance from Cabinet office and lessons learnt from a number of public sector bodies. This guidance and lessons resonated strongly with the data from within MPS; that a multi-tower approach was fundamentally an unnecessarily complicated mechanism through which to deliver the services needed for the MPS. Further that such an approach was eroding rather than creating value. Importantly the two tower model was a starting point through which engagement with incumbents, pre-procurement market engagement, Gartner and the Selection Questionnaire (SQ) phase of the procurement process would provide important decision points as to whether an alternative strategy was needed.
- 1.4. Other areas identified through a discovery phase relevant to the strategic case are:
 - Reduction in service touchpoints across the supply chain would greatly enhance the user experience (e.g. single points of accountability and fewer handoffs) and reduce cost and complexity.
 - Ability to allow competition for key services (especially cloud based) across the two towers together with contractual obligations to ensure services are delivered in line with industry benchmarks and so result in ongoing value for money over the life of the contract.

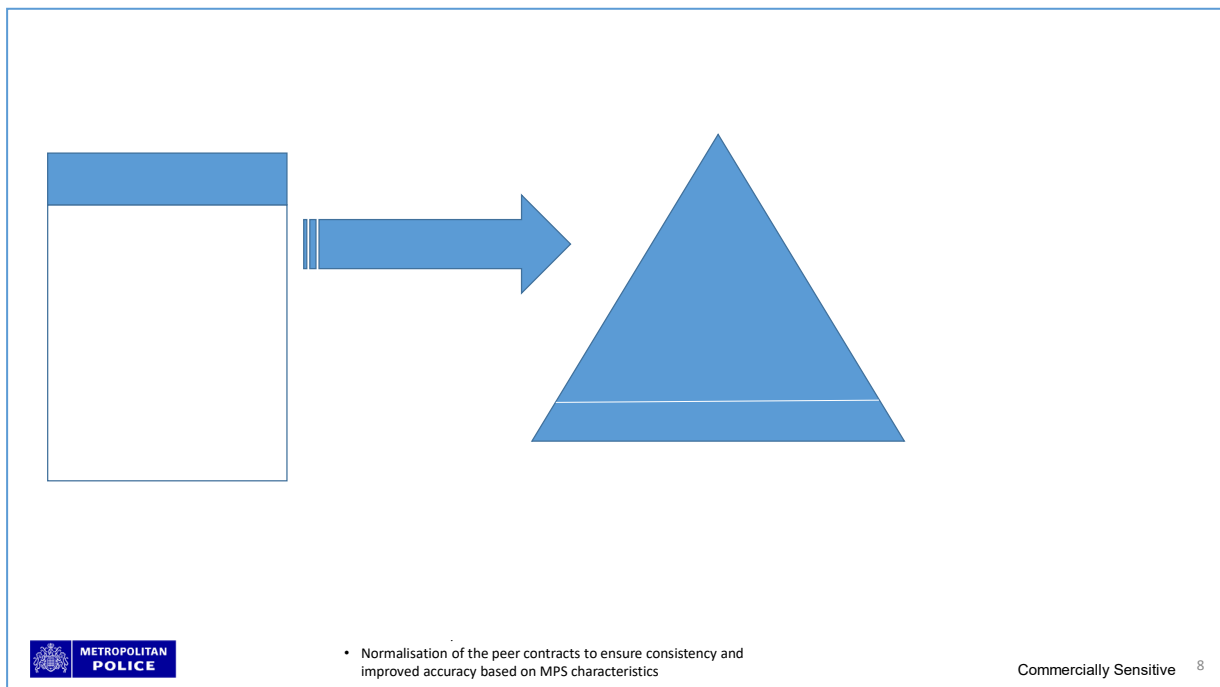
- Increased MPS control of service management: As they move to a simplified structure the MPS's ability to take more control of the service management and integration capability will be a key driver of improved responsiveness to front line policing, ensuring improved fulfilment, right first time and faster issue resolution.
 - Improved tooling to increase visibility of supplier performance and orchestrate services is a key enabler for improved control.
- 1.5. Responses at ITN and BAFO committed to greater flexibility and value for money in line with expectations. This is further detailed in Part 2.
 - 1.6. This Full Business Case (FBC) relates to the Infrastructure management services as part of this strategy.
 - 1.7. The FBC identifies cashable and non-quantifiable benefits and further has established value for money based on research and analysis by a global external technology research and advisory company, Gartner.
 - 1.8. To enable continuity of services until the services transition to the Preferred Bidder and to deliver some transition related activities, MPS is continuing the existing services through current contract mechanisms. This follows a Legal and Commercial risk assessment of options available. Considerations included timescales, risk to service and the prevailing COVID-19 situation and there is no alternative but to use the mechanisms within current contracts.

2. Issues for consideration

- 2.1. Three external assurance processes for the programme, in addition to the 'Adequate Assurance' Status provided by DARA in their draft report, are summarised below:
 - **Competitive Procedure with Negotiation (CPN) process:** This approach to securing the services ensures that all bidders have the same clarity of requirements, approach to pricing and the ability to surface questions in advance of submitting their ITN solutions. The negotiation phase allows MPS to emphasise key points that it feels important and allow the bidder to discuss those fully and again clarify through questions and RAID (Risk, Assumption, Items, and Dependency) items prior to submission of BAFO. This process provides Pegasus the assurance that the outcome delivers the best possible value for MPS for the next seven years and is fundamentally the best assurance for programmes such as this and with the service characteristics detailed in Part 2.
 - **Third Party Assurance:** One of the benefits of procuring IT outsourcing services is that vast amounts of data reside with external organisations. This information is helpful in further validating the ability of the market to respond to the services and requirements as laid out in the procurement documentation as well as confirming the price range for the responses as part of a benchmarking exercise. Prior to going to market Gartner (a global IT research and advisory company) were commissioned to establish whether there is a mature market for the services required and that the planned way of going to market would allow the market to respond efficiently and competitively to the requirements. Gartner confirmed this was the case for both of

those points, which provided Pegasus with the necessary assurances that the requirements could be competitively satisfied. The benchmarking activity undertaken was via an ISO (International Organisation for Standardisation) accredited methodology. This provided additional assurance that the solution, price and performance levels received from bidders at ITN and BAFO were in line with market pricing. This assurance was achieved through providing Gartner with the same core elements of information provided to bidders. Gartner then used this information to conclude peer contracts similar to MPS and normalise them further based on modifications to specific characteristics of the MPS service, such as a primarily London location and higher levels of security.

- **Pre-Market Engagement:** Prior to going to market DP board engaged with its leadership teams to secure an assessment and understanding of the likely drivers of future benefit through a simplification of the SIAM and towers model. This assessment was further developed into the key design documents and validated with the incumbents prior to going to market. The feedback from this workshop confirmed that significant value could be released. Prior to issuing the Selection Questionnaire (SQ, the first phase in the formal procurement) to the market, further validation of the desire and ability of the market to respond was secured during a supplier briefing.



2.2. In addition to the external assurances above Pegasus undertook self-assurance through:

- Completing the Government Outsourcing Playbook review and noting how it had addressed the guidance provided.
- Regular reviews with the Commercial Peer group and challenge group.
- Legal reviews to ensure compliance with procurement law as it relates to the CPN. Procedure.
- Deep dives by DP board and leadership team on key aspects of the programme such as service structure, pricing, managing agent agreements, performance management,

network, optional services. These were all held offsite and with a dedicated amount of time and away from BAU responsibilities to ensure thorough review and challenge.

- 2.3. Finally the substance of the strategy, requirements and procurement has been led by the DP team responsible for running services today and for the transition and running of the new service. This drives assurance into the programme.
- 2.4. The drivers for the economic case across both cashable and non-quantifiable areas were determined prior to and during procurement. This involved, early engagement with the Digital Policing Board, validation with incumbent providers, market validation with a globally recognised technology research company, the use of a negotiated procedure (CPN), external benchmarking.
- 2.5. The economic value being released as a result of the new contract is consistent with the simplification and the management of the contract.
- 2.6. In addition to any cashable benefits, other non-quantifiable benefits accrue as a result of Operational delivery, Commercial Management and an Improved End User Experience. In summary the drivers for these benefits are as a result of the below with greater detail provided in the Part 2;
 - Digital Policing led across design and transition
 - A programme culture and governance that offers challenge and support
 - Single supplier accountable for Infrastructure service delivery
 - Alignment to a strengthened retained organisation
 - Requirements and contract shaped by those owning the service going forward
 - Simple but powerful performance management regime
 - Negotiated procedure ensures market, bidder and external (e.g. Gartner) input
 - Lessons included from prior contracts, wider government (e.g. Outsourcing Playbook), market and other large MPS programmes (e.g. Command & Control / Connect)
- 2.7. The delivery of the new service provider will be across three broad transition phases, allowing MPS to manage risks and the realisation of benefits effectively.

3. Financial Comments

- 3.1. The transition to the new infrastructure provider impacts project and BAU revenue budgets. This is detailed in Part 2.
- 3.2. There will be a requirement for additional revenue expenditure in 2021/22 as detailed in Part 2 for the programme to proceed to exit and transition, This will be funded from reserves, subject to approval by Finance. Any draw down from the central reserve in 2021/22 will be replenished from baseline savings. Information in part 2.

4. Legal Comments

- 4.1. The Mayor's Officer for Policing Crime is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts

for goods and/or services valued at £189,330 or above will be procured in accordance with the Regulations.

- 4.2. Paragraph 4.8 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve business cases for revenue or capital expenditure of £500,000 or above.
- 4.3. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve all unforeseen variations and extensions to contracts with an original value of £500,000 or above, when the variation or extension is greater than 10% of the original value and/or is for a period of more than 12 months
- 4.4. Paragraph 4.14 of the Scheme provides that the DMPC reserves the right to call in any proposal to award a contract valued at £500,000 or above.
- 4.5. Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent to approve all proposals to award of all contracts with the exception of those called in through the agreed call in procedure.
- 4.6. Regulation 72 of the Public Contract Regulations 2015 permits contracts modifications within specific parameters. In this case the modification required is permitted under Regulation 72.
- 4.7. The procurement has been conducted in accordance with the Public Contracts Regulations 2015 (as amended), and specifically Regulation 29 which governs use of the Competitive Procedure with Negotiation.

5. Commercial Issues

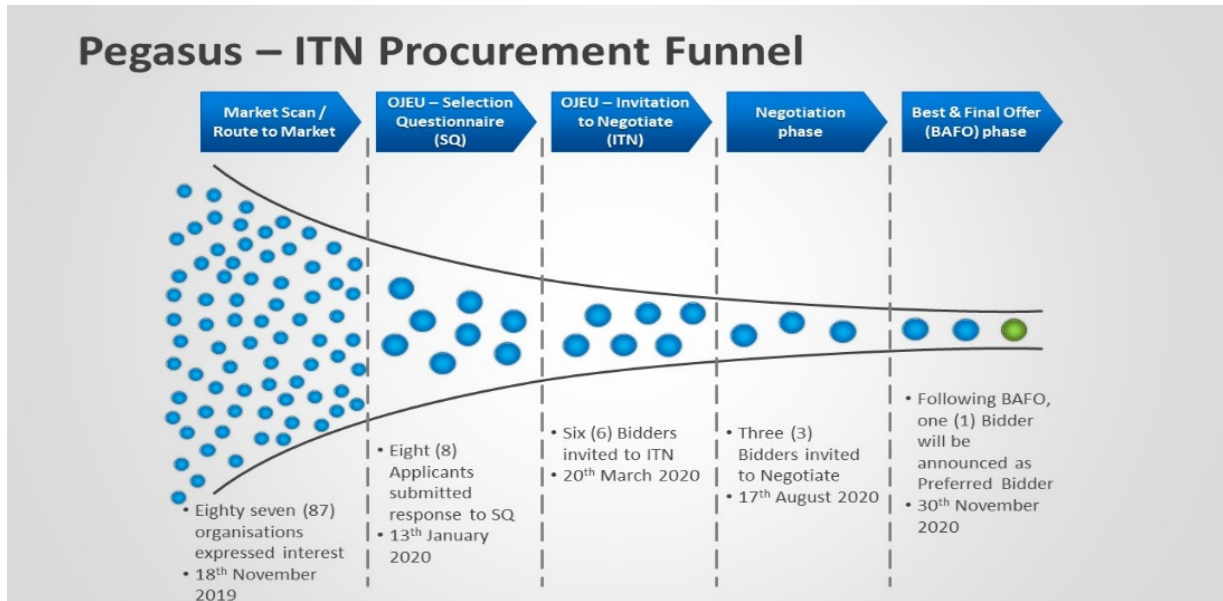
Required Goods and Services

- 5.1. The intention is to procure an Infrastructure Provider to replace the existing multi supplier tower model services below:
 - SIAM (Service Integration And Management)
 - End user services.
 - Network services.
 - Hosting services.
 - Data Centre Managed Services.
- 5.2. Optional services may be required over the course of the contract covering
 - Cyber Security
 - Mobile Voice and Data
 - Managed Print
 - Video Conferencing
- 5.3. Managed Services; a set of contracts that MPS continues to own and which are managed, to differing levels of maturity, by the Infrastructure provider.

Procurement approach

- 5.4. A range of appropriate procurement routes were assessed. For the above services a compliant process following an OJEU Competitive Procedure with Negotiation (CPN) was selected under regulation 29 of the Public Contracts Regulations 2015 (PCRs). The procurement process was executed with external commercial assistance and validated by external legal counsel (TLT). The basis for the use of CPN was:
- Ensures that the MPS benefit from the best value available in the market, more in-depth negotiation would be required as opposed to just clarification/dialogue as suppliers will have different offerings.
 - The infrastructure supplier will deliver a run and maintain set of services which requires some detailed negotiation as the MPS IT estate is multifaceted.
 - This is a complex procurement requiring the need to negotiate and have flexibility in key areas. The route and procedure that has been selected is proportionate to the breadth and complexity of the services required.
 - CPN provides MPS the flexibility to break a complex procurement into separate stages (2-4 stages) which take account of the complexity and criticality of the services with the option to negotiate. This enabled the MPS to more deeply interrogate the supplier's bids and to ensure final bids were consistent with the MPS's requirements.
 - Based on the Government Outsourcing Playbook rule 6 the merits of the routes to market and lessons learned from previous procurements were considered and it was decided that the preferred option was to procure a new infrastructure services supplier using the CPN process.
- 5.5. The OJEU Contract Notice for Infrastructure Services was placed on Tenders Electronic Daily (TED) on 18th November 2019.
- 5.6. Following this release, eighty seven (87) organisations expressed an interest by requesting the SQ documentation via the eTendering portal, Bluelight. Many of these organisations attended the Virtual Market Engagement event held on 17th July 2019.
- 5.7. The MPS shared, with the consent of all the attendees, contact details between SMEs and non-SMEs that attended the Virtual Market Engagement. 25 SMEs in total had their details shared. Progression through the procurement pipeline is summarised below:
- Stage 1: A total of eight organisations submitted a response to the SQ on the deadline of the 13th January 2020, the Authority down-selected to 6 bidders.
 - Stage 2: An ITN was published in March 2020 to six bidders based on the SQ evaluation. The full ITN assessment took place between 8th June and 10th July 2020, the Authority down-selected to 3 bidders.
 - Stage 3: Authority invited 3 bidders to negotiate across 25 negotiation points. Negotiation was concluded with commitments agreed by all 3 bidders to be included as part of their BAFO response.

Figure 11: Procurement Funnel and Timeline



Key Contract Terms

5.8. The key terms of the proposed contract(s) are as follows:

- The contract will be awarded for an initial period of 5 years, with two, 12 month extension options.
- The Infrastructure Contract is heavily based upon the Cabinet Office Model Contract, it represents a fair and balanced approach in delivery of the infrastructure services.
- The Infrastructure Contract has been developed in light of previous procurements of the MPS and takes account of comments received from previous bidders and the market.

6. GDPR and Data Privacy

6.1. The programme does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

7. Equality Comments

7.1. As this is an extension of an existing service this work does not change any aspects relating to equality or diversity’.

8. Background/supporting papers

8.1. Report

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? YES

If yes, for what reason: Commercial confidentiality until the contract has been signed.

Until what date: End of February 2021.

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – YES

ORIGINATING OFFICER DECLARATION	<i>Tick to confirm statement (✓)</i>
Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓
Commercial Issues The proposal is in keeping with the GLA Group Responsible Procurement Policy.	✓
GDPR/Data Privacy <ul style="list-style-type: none"> GDPR compliance issues are covered in the body of the report. A DPIA is not required. 	✓
Director/Head of Service: The Interim Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature



Date 20/01/2021



MOPAC

MAYOR OF LONDON
OFFICE FOR POLICING AND CRIME

Pegasus Programme – Next Generation of MPS ICT Outsourced Contracts and Partnering Arrangements – Infrastructure Project Full Business Case

MOPAC Investment Advisory & Monitoring meeting 15/01/21

Report by Robin Vasudeva on behalf of the Chief of Corporate Services

Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC

EXECUTIVE SUMMARY

Over the past eighteen months the Pegasus programme (next generation of MPS ICT outsourced contracts and partnering arrangements) has been progressing the requirements and procurement of Digital Policing's two tower Infrastructure and Applications Services Management strategy, to replace the existing multi-supplier arrangements.

The programme has concluded the procurement of the Infrastructure management services as part of this strategy.

The Purpose of this paper is to:

- Present the Full Business Case and secure approval to award a contract for Infrastructure services to the preferred bidder.
- Request an uplift to a number of supplier contracts in order to manage the contractual arrangements during transition.

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to approve:

- 1. Award to preferred bidder, Capgemini, of the Infrastructure Services contract for an initial term of five years to a value of £187.67m, with the option to extend for two further one year periods. Also to approve additional headroom in the infrastructure services contract over seven years, detailed in Part 2, with spend against this headroom based on scheme of delegation.**
- 2. Uplift of the total contract value for; End User Services with DXC to £177.50m (additional £22.3m), NTA services with BT to £207.80m (additional £21m), CRA services with BT to £15.3m (additional £2.1m),**

Transition services for two Bloom contracts; Kendall Associates to £1.9m (additional £540K) and Investigo to £479K (additional £137K).

- 3. Additional revenue expenditure in 2021/22 as detailed in Part 2 for the programme to proceed to exit and transition, to strengthen the Retained Organisation to deliver the enhanced service and benefits and for a risk provision. This will be funded from reserves, subject to approval by Finance. Any draw down from the central reserve in 2021/22 will be replenished from baseline savings.**
- 4. That the MTFP be adjusted to reflect the savings after any repayment to reserves and contributions to existing DP efficiency targets as detailed in Part 2**
- 5. That MPS can initiate and award contracts according to applicable scheme of delegation for work needed on exit and transition related services.**

Time sensitivity

A decision is requested from the Deputy Mayor by 25/01/21. This is to ensure the necessary commercial and legal requirements are in place to start transition activities to the preferred bidder on the 1st of February 2021 and so maximise the benefits of this future contract.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. Current outsourced IT contracts are coming to an end and so need to be replaced. This presented an opportunity for DP to take control of the timing for going to market to secure better value, improved control and a commercial and contractual platform that is fit for the future (allowing provision of cloud, SaaS, and integrated services).
2. A strategic review of what MPS needs from these contracts concluded the following:
 - a. The Met Direction sets out to seize the opportunities of data and digital technology to become a world leader in policing. Seizing these opportunities is critical to equipping our increasingly mobile police force and staff with the best technologies and so free up their time to focus on business priorities and take the best decisions possible. The Pegasus programme delivers against our vision by ensuring our people are well equipped and supported through improved technology and data.

- b. The future contractual arrangements must provide a platform to deliver against the Met Direction. This will be achieved through aligning our future requirements to the evolving needs of front line policing and the wider MPS business. This will result in future technology services being delivered in a more innovative, timely and cost effective manner.
3. Progressing with the two tower model as a starting point for the service management strategy and subsequent procurement was concluded based on a review of alternative models by DP board and discussions with its reporting management team in the final quarter of 2018. This study reviewed alternate models (e.g. one provider across all services, three towers with network split out as an example, two towers with a cloud / non-cloud split). Also discussed was the guidance from Cabinet office and lessons learnt from a number of public sector bodies. This guidance and lessons resonated strongly with the data from within MPS; that a multi-tower approach was fundamentally an unnecessarily complicated mechanism through which to deliver the services needed for the MPS. Further that such an approach was eroding rather than creating value. Importantly the two tower model was a starting point through which engagement with incumbents, pre-procurement market engagement, Gartner and the SQ phase of the procurement process would provide important decision points as to whether an alternative strategy was needed.
4. Other areas identified through a discovery phase relevant to the strategic case are:
 - a. Reduction in service touchpoints across the supply chain would greatly enhance the user experience (e.g. single points of accountability and fewer handoffs) and reduce cost and complexity.
 - b. Ability to allow competition for key services (especially cloud based) across the two towers together with contractual obligations to ensure services are delivered in line with industry benchmarks and so result in ongoing value for money over the life of the contract.
 - c. Increased Met control of service management: As we move to a simplified structure the Met's ability to take more control of the service management and integration capability will be a key driver of improved responsiveness to front line policing, ensuring improved fulfilment, right first time and faster issue resolution.
 - d. Improved tooling to increase visibility of supplier performance and orchestrate services is a key enabler for improved control.
5. Responses at ITN and BAFO committed to greater flexibility and value for money in line with expectations. This is further detailed in Part 2.
6. This Full Business Case (FBC) relates to the Infrastructure management services as part of this strategy.
7. The FBC identifies cashable and non-quantifiable benefits and further has established value for money based on research and analysis by a global external technology research and advisory company, Gartner.

8. To enable continuity of services until the services transition to the Preferred Bidder and to deliver some transition related activities, MPS is continuing the existing services through current contract mechanisms. This follows a Legal and Commercial risk assessment of options available. Considerations included timescales, risk to service and the prevailing COVID-19 situation and we find there is no alternative but to use the mechanisms within current contracts.

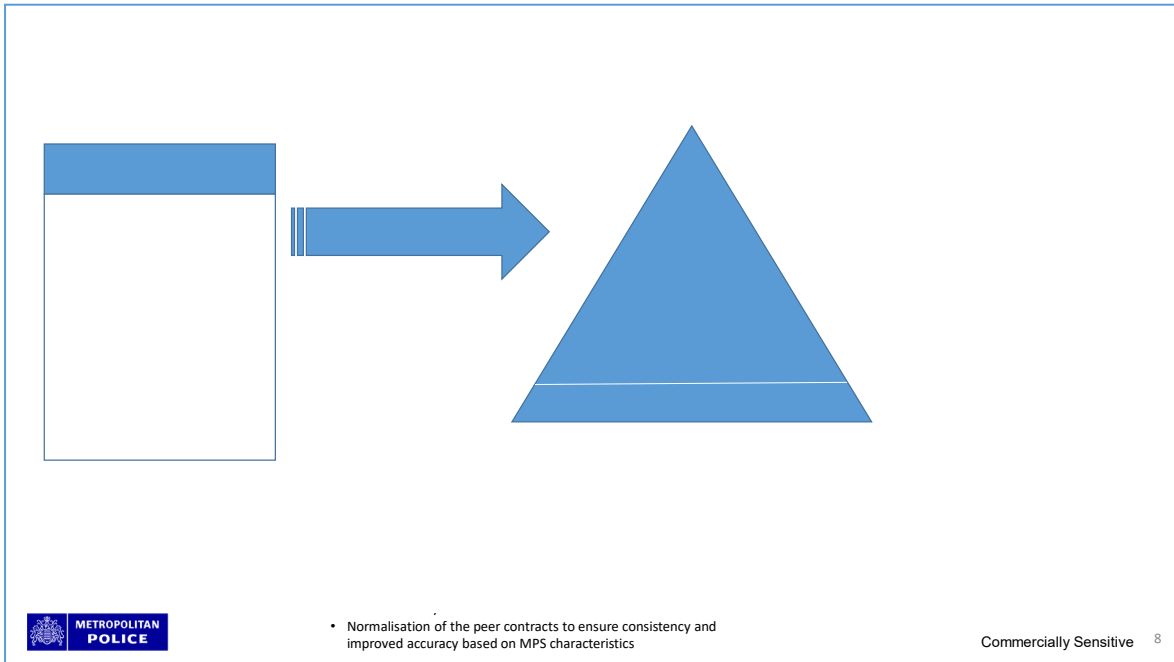
Issues for consideration

Assurance Processes

Three external assurance processes for the programme, in addition to the 'Adequate Assurance' Status provided by DARA in their draft report, are summarised below together with the

- **Competitive Procedure with Negotiation (CPN) process:** This approach to securing the services ensures that all bidders have the same clarity of requirements, approach to pricing and the ability to surface questions in advance of submitting their ITN solutions. The negotiation phase allows MPS to emphasise key points that it feels important and allow the bidder to discuss those fully and again clarify through questions and RAID (Risk, Assumption, Items, and Dependency) items prior to submission of BAFO. This process provides Pegasus the assurance that the outcome delivers the best possible value for MPS for the next seven years and is fundamentally the best assurance for programmes such as this and with the service characteristics detailed in Part 2.
- **Third Party Assurance:** One of the benefits of procuring IT outsourcing services is that vast amounts of data reside with external organisations. This information is helpful in further validating the ability of the market to respond to the services and requirements as laid out in the procurement documentation as well as confirming the price range for the responses as part of a benchmarking exercise. Prior to going to market we commissioned Gartner (a global IT research and advisory company) to establish whether there is a mature market for the services we require and that the way in which we are planning to go to market would allow the market to respond efficiently and competitively to our requirements. Gartner confirmed this was the case for both of those points, which provided Pegasus with the necessary assurances that our requirements could be competitively satisfied. The benchmarking activity undertaken was via an ISO (International Organisation for Standardisation) accredited methodology. This provided additional assurance that the solution, price and performance levels received from bidders at ITN and BAFO were in line with market pricing. This assurance was achieved through providing Gartner with the same core elements of information provided to bidders. Gartner then used this information to conclude peer contracts similar to MPS and normalise them further based on modifications to specific characteristics of the MPS service, such as a primarily London location and higher levels of security.

- **Pre-Market Engagement:** Prior to going to market DP board engaged with its leadership teams to secure an assessment and understanding of the likely drivers of future benefit through a simplification of the SIAM and towers model. This assessment was further developed into the key design documents and validated with the incumbents prior to going to market. The feedback from this workshop confirmed that significant value could be released. Prior to issuing the Selection Questionnaire (SQ, the first phase in the formal procurement) the market, further validation of the desire and ability of the market to respond was secured during a supplier briefing. This information was shared with PIB on the 6th of September 2019.



In addition to the external assurances above Pegasus undertook self-assurance through;

- Completing the Government Outsourcing Playbook review and noting how it had addressed the guidance provided.
- Regular reviews with the Commercial Peer group and challenge group.
- Legal reviews to ensure compliance with procurement law as it relates to the CPN. procedure
- Deep dives by DP board and leadership team on key aspects of the programme such as service structure, pricing, managing agent agreements, performance management, network, optional services. These were all held offsite and so with a dedicated amount of time and away from BAU responsibilities to ensure thorough review and challenge.

Finally the substance of the strategy, requirements and procurement has been led by the DP team responsible for running services today and for the transition and

running of the new service. This drives assurance into the programme. Key statistics as they relate to this point are detailed in Part 2.

The drivers for the economic case across both cashable and non-quantifiable areas were determined prior to and during procurement. This involved, early engagement with the Digital Policing Board, validation with incumbent providers, market validation with a globally recognised technology research company, the use of a negotiated procedure (CPN), external benchmarking.

The economic value being released as a result of the new contract is consistent with the simplification and the management of the contract.

In addition to any cashable benefits, other non-quantifiable benefits accrue as a result of Operational delivery, Commercial Management and an Improved End User Experience. In summary the drivers for these benefits are as a result of the below with greater detail provided in the Part 2;

- Digital Policing led across design and transition
- A programme culture and governance that offers challenge and support
- Single supplier accountable for Infrastructure service delivery
- Alignment to a strengthened retained organisation
- Requirements and contract shaped by those owning the service going forward
- Simple but powerful performance management regime
- Negotiated procedure ensures market, bidder and external (e.g. Gartner) input
- Lessons included from prior contracts, wider government (e.g. Outsourcing Playbook), market and other large MPS programmes (e.g. Command & Control / Connect)

The delivery of the new service provider will be across three broad transition phases, allowing MPS to manage risks and the realisation of benefits effectively.

Contributes to the MOPAC Police & Crime Plan 2017-2021

The Met Direction sets out to seize the opportunities of data and digital technology to become a world leader in policing. Seizing these opportunities is critical to equipping our increasingly mobile police force and staff with the best technologies and so free up their time to focus on business priorities and take the best decisions possible. The Pegasus programme delivers against our vision by ensuring our people are well equipped and supported through improved technology and data.

It is only through having fit for purpose and flexible contracts, which capitalise on the advancement and commoditisation of technology services, that we can access services that meet our objective of a transformed and modern Met, enabled by IT that delivers mobility, flexibility and interoperability across our business processes.

The future contractual arrangements must provide a platform to deliver against the Met Direction. This will be achieved through aligning our future requirements to the evolving needs of front line policing and the wider MPS business. This will result in future technology services being delivered in a more innovative, timely and cost effective manner.

Financial, Commercial and Procurement Comments

Budget

The transition to the new infrastructure provider impacts project and BAU revenue budgets. This is detailed in Part 2.

Funding

There will be a requirement for additional revenue expenditure in 2021/22 as detailed in Part 2 for the programme to proceed to exit and transition, this will be funded from reserves, subject to approval by Finance. Any draw down from the central reserve in 2021/22 will be replenished from baseline savings.
Information in part 2

Required Goods and Services

The intention is to procure an Infrastructure Provider to replace the existing multi supplier tower model services below;

- SIAM (Service Integration And Management)
- End user services.
- Network services.
- Hosting services.
- Data Centre Managed Services.

Optional services may be required over the course of the contract covering

- Cyber Security
- Mobile Voice and Data
- Managed Print
- Video Conferencing

Managed Services; a set of contracts that MPS continues to own and which are managed, to differing levels of maturity, by the Infrastructure provider.

Procurement approach

A range of appropriate procurement routes were assessed. For the above services a compliant process following an OJEU Competitive Procedure with Negotiation (CPN) was selected. under regulation 29 of the Public Contracts Regulations 2015 (PCRs). The procurement process was executed with external commercial assistance and validated by external legal counsel (TLT).The basis for use of CPN was

- Ensures that the MPS benefit from the best value available in the market, more in-depth negotiation would be required as opposed to just clarification/dialogue as suppliers will have different offerings.
- The infrastructure supplier will deliver a run and maintain set of services which requires some detailed negotiation as the MPS IT estate is multifaceted.
- This is a complex procurement requiring the need to negotiate and have flexibility in key areas. The route and procedure that has been selected is proportionate to the breadth and complexity of the services required.
- CPN provides MPS the flexibility to break a complex procurement into separate stages (2-4 stages) which take account of the complexity and criticality of the services with the option to negotiate. This enabled the MPS to more deeply interrogate the supplier's bids and to ensure final bids were consistent with the MPS's requirements.
- Based on the Government Outsourcing Playbook rule 6 the merits of the routes to market and lessons learned from previous procurements were considered and it was decided that the preferred option was to procure a new infrastructure services supplier using the CPN process.

The OJEU Contract Notice for Infrastructure Services was placed on Tenders Electronic Daily (TED) on 18th November 2019.

Following this release, eighty seven (87) organisations expressed an interest by requesting the SQ documentation via the eTendering portal, Bluelight. Many of these organisations attended the Virtual Market Engagement event held on 17th July 2019.

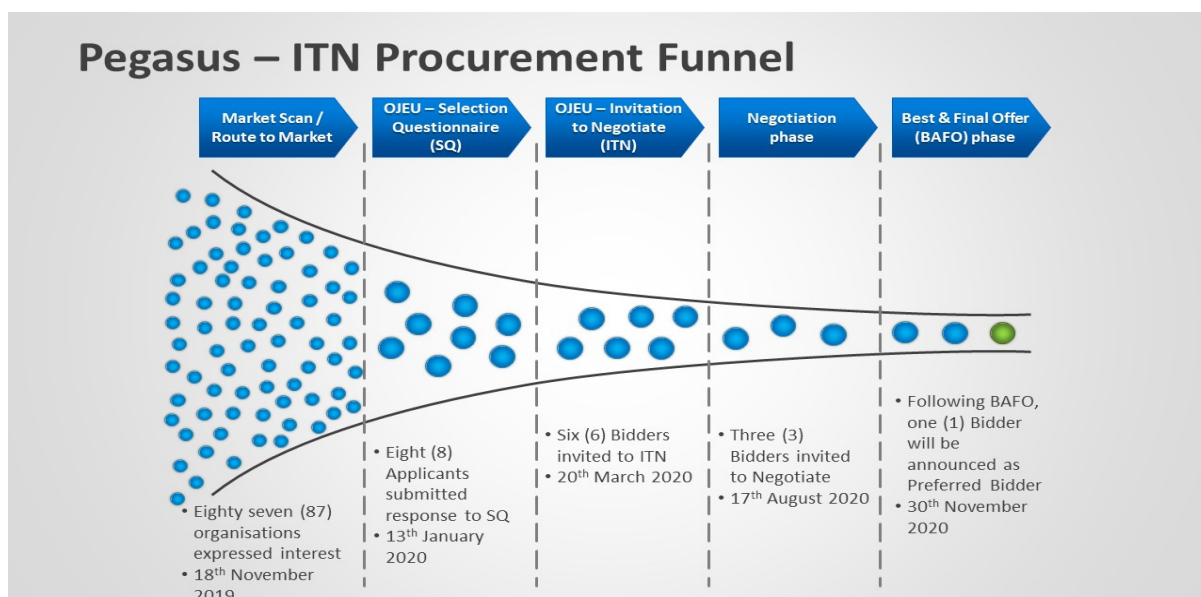
The MPS shared, with the consent of all the attendees, contact details between SMEs and non-SMEs that attended the Virtual Market Engagement. 25 SMEs in total had their details shared. Progression through the procurement pipeline is summarised below;

Stage 1: A total of eight organisations submitted a response to the SQ on the deadline of the 13th January 2020, the Authority down-selected to 6 bidders.

Stage 2: An ITN was published in March 2020 to six bidders based on the SQ evaluation. The full ITN assessment took place between 8th June and 10th July 2020, the Authority down-selected to 3 bidders.

Stage 3: Authority invited 3 bidders to negotiate across 25 negotiation points. Negotiation was concluded with commitments agreed by all 3 bidders to be included as part of their BAFO response.

Figure 11: Procurement Funnell and Timeline



Key Contract Terms

The key terms of the proposed contract(s) are as follows:

- The contract will be awarded for an initial period of 5 years, with two, 12 month extension options.
- The Infrastructure Contract is heavily based upon the Cabinet Office Model Contract, it represents a fair and balanced approach in delivery of the infrastructure services.
- The Infrastructure Contract has been developed in light of previous procurements of the MPS and takes account of comments received from previous bidders and the market.

Legal Comments

The Mayor’s Officer for Policing Crime is a contracting authority as defined in the Public Contracts Regulations 2015 (“the Regulations”). All awards of public contracts for goods and/or services valued at £189,330 or above will be procured in accordance with the Regulations.

Paragraph 4.8 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve business cases for revenue or capital expenditure of £500,000 or above.

Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve all unforeseen variations and extensions to contracts with an original value of £500,000 or above, when the variation or extension is greater than 10% of the original value and/or is for a period of more than 12 months

Paragraph 4.14 of the Scheme provides that the DMPC reserves the right to call in any proposal to award a contract valued at £500,000 or above.

Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent to approve all proposals to award of all contracts with the exception of those called in through the agreed call in procedure.

Regulation 72 of the Public Contract Regulations 2015 permits contracts modifications within specific parameters. In this case the modification required is permitted under Regulation 72.

The procurement has been conducted in accordance with the Public Contracts Regulations 2015 (as amended), and specifically Regulation 29 which governs use of the Competitive Procedure with Negotiation.

Equality Comments

1. As this is an extension of an existing service this work does not change any aspects relating to equality or diversity'.

Privacy Comments

2. The programme does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

Real Estate Implications

3. There are no real estate implications.

Environmental Implications

The benefits from this contract as they relate to Environmental and Sustainability factors are worth highlighting, noting that this contract is fundamentally a run and maintain contract and so the new provider is taking over the delivery of the current estate, with its existing environmental and sustainability characteristics. Notwithstanding this, the benefits are;

4. Not committing to providing space in our buildings apart from Tech bars and the desks in Lambeth for Ops Bridge.
5. Accepting where possible proposals on colocation of MPS and bidder staff at bidder locations.
6. Cost benefits and space saving as a result of home working in areas such as service desk, precipitated by COVID

7. Any disposal of kit will be required to comply with WEEE Regulations (Waste Electrical and Electronic Equipment Directive 2002/96/EC).
8. Not making any infrastructure obsolete as a result of the transition to a new provider
9. A contract that allows the flexibility for DP to deliver against its energy efficiency objectives more cost effectively; for example move away from desktops, consolidation of devices and TERs, data center migration and the move to cloud based services.
10. As an extension to an existing service this work does not change any aspects relating to responsible procurement.

Background/supporting papers

11. N/A

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Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

The Government Security Classification marking for Part 2 is:
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of “Pegasus Programme – Next Generation of MPS ICT Outsourced Contracts and Partnering Arrangements – Full Business Case for the Infrastructure Project” is exempt from publication for the following reasons:

- Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011 (Data Protection Section 43 – Commercial Interests).
- The relevant sections under the FOIA that would exempt this information from disclosure, for example:
 - Commercial Interest Section 43

The paper will cease to be exempt in January 2028