

## **LONDON BOROUGH OF HAMMERSMITH & FULHAM**

**Report to:** Councillor Schmid, Cabinet Member for Finance and Commercial Services

**Date:** 24/03/2022

**Subject:** Extension of call off contract for the ICT Service desk

**Report author:** Roland de la Mothe, Contract Monitoring Officer, Digital Services

**Responsible Director:** Rhian Davies, Director of Resources

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### **SUMMARY**

On 19<sup>th</sup> December 2013, Westminster City Council (WCC) awarded a pan-London single supplier framework contract for Information Technology and Communications Services to Agilisys Limited. The Framework is based on a service catalogue from which it is possible to call-off a full managed service, individual commodity items, or any service in between. LBHF awarded a call off order from this framework in March 2016 for the ICT Service Desk.

This call off contract had a five-year term from 1 April 2016 with a provision to extend for up to 3 years. The original term expired on 31<sup>st</sup> March 2021 and was extended for an additional year to 31 March 2022. This report recommends that the contract is extended for two further years to enable continued delivery of the highly performing service; a procurement to be carried out for a successor contract; and to enable sufficient time to transition to the new contract.

This proposal is supported by the Chief Digital Officer.

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### **RECOMMENDATIONS**

1. To approve that Appendices A and B are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
  2. To approve the award to Agilisys Limited of a two-year permitted extension to the existing call off contract from the Information Technology and Communications Services' framework for 'Service Desk'. The total value of the contract to date is £2.7m. The estimated minimum value of this 2-year extension is £1,023,996.
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**Wards Affected:** none

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Our Values	Summary of how this report aligns to the H&F Values
Being ruthlessly financially efficient	The call off agreement has provided good value for money in maintaining the availability and quality of the council's network and of the applications and equipment that the council and its staff rely on to be able to deliver frontline services. Extending the existing agreement will allow H&F to continue to benefit from the existing arrangements while carrying out a full procurement for a replacement Service Desk contract.
Taking pride in H&F	The service desk services that the call off agreement delivers provides a mechanism for the rapid identifying and solving of issues arising among the various H&F ICT systems and services. This has achieved consistently high availability of applications and services, allowing H&F departments to be confident in delivering their services to residents in a way that council officers and residents can be proud of.

## Financial Impact

The details of the financial cost of the decision are contained in Appendix A. It is expected that the cost of the extension will be funded from established revenue budgets within digital services for service desk provision, and that there is sufficient budget in place.

As the current contract costs are determined by a volume pricing model, there is a risk that costs could increase should there be an increase in the consumption of services. This will be monitored closely by Digital Services and mitigating actions taken should this arise.

Where the 'Information Technology and Communications Services' framework is used to enable other programmes of work, such as enabling work for REAP, additional funding will be requested and approved separately.

*Implications provided by: Andre Mark, Head of Finance (Corporate Services, Improvement and Analytics), 04 March 2022*

*Verified by: Emily Hill, Director of Finance, 16 March 2022*

## Legal Implications

The value of the contract means that the Public Contracts Regulations 2015 (PCR) apply and therefore the contract can only be modified during its term without a new procurement exercise if this falls within one of the exceptions permitted by the regulations. The proposed extension to the contract is permissible under regulation 72(1)(a) of the PCR. This allows for contracts to be modified during their term if the modifications have been provided for in the initial procurement documents in clear, precise and unequivocal review clauses. These must state the scope and nature of possible modifications and the conditions under which they may be used. They must not provide for modifications which would alter the overall nature of the contract.

The current contract contains a clause that allows for extensions for the contract for up to a total of three years and the terms of the clause satisfy the requirements of regulations 72.

This is a high value contract for the purposes of the Council's Contract Standing Orders. Since the proposed extension amounts to more than 10% of the contract value it must comply with CSO 24.4 which provides that it must fall within one of the cases set out in regulation 72 of the PCR. This provision is satisfied for the reasons stated above.

The extension must be implemented by way of a change control notice under the terms of the contract.

*Implications provided by: John Sharland, Senior solicitor (Contracts and procurement) tel 07979907148, email: [john.sharland@lbhf.gov.uk](mailto:john.sharland@lbhf.gov.uk)*  
Implications dated 28 February 2022

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## Background Papers Used in Preparing This Report - None.

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1. DETAILED ANALYSIS The value of the call off contract has been £2,687,990 to date, based on a nominal cost of £511,998 per annum, but charges are based on consumption. The contract has provided good value for money during the contract. This has required developing relationships with and co-ordinating a range of service provider teams based in BT, Agilisys, within the Council itself as well as from other external suppliers. Despite the complexity in maintaining these processes, Agilisys have met performance expectations throughout the contract term. Customer satisfaction has also been very good and the average rating for December 2021 was 6.59 out of 7.
2. The contract was called off from a framework agreement procured in 2013 by the Westminster City Council (WCC) for Service Desk with Agilisys (HF LOT2). This framework did not include provision for Social Value requirements. Legal Services have advised that we cannot include Social Value requirements in contracts called off from this framework or in any subsequent contract extensions since this was not a requirement of the original framework

agreement.

3. WCC have also advised, as the framework providers, that they do not feel it is realistic to try and impose social value requirements retrospectively on existing contracts including extensions. They have no intention of revisiting the framework requirements as it has ended for new call offs.
4. The current charges are based on a volume pricing model and we only pay for what we consume. The alternative of not extending would require a new provider of service desk services to be procured. There would then need to be an implementation of new processes etc as the inter-dependent relationships and processes developed during the initial six years would be lost and would have to be re-established with a new Service Desk provider.
5. The current one-year extension has enabled Digital Services to evaluate a proposal by Agilisys to replace their existing service desk product with a new product, known as Service Now. This had been implemented for several of their customers, and they suggested that the council also transfer to the new product. Service Now was expected to provide an intuitive self-service and self-help portal to empower users to resolve common issues and track their incidents and service requests'. Users would be presented with a personalised dashboard showing status of services, user satisfaction ratings and outstanding requests. Feedback and searchable knowledgebase functions would also be available.
6. The development of Service Now has been delayed by current circumstances but Digital Services have been able to assess those elements of the new service that have been made available. However, the elements assessed do not offer sufficiently improved functionality to justify the expense and work required in changing from the current product.
7. The proposed extension will enable the council to continue to benefit from the services, processes and relationships which have been developed during the current six-year contract.

### **Reasons for Decision**

8. The recommended contract extension offers the best value for money for the council by maximising the use of services and processes developed in the initial term.
9. It is probable that there will be further changes to some of the large applications underlying the council's frontline services in the next two years. The implementation and integration of any new application will result in teething problems and will require a well-developed problem resolution process to be in place. Not extending the call off contract and switching services to a new provider and or delivery model would result in more fundamental changes which would pose a risk to day-to-day operations.

10. The proposed extension period will enable the council to update its strategy for the service desk, carry out a full procurement for a replacement service and then transition into the new contractual arrangements.
11. Additionally, the existing contract also delivers 24/7 Major Incident management and Agilisys have proven robust processes in place with good relationships with our other key suppliers, enabling joined up responses to major incidents and supporting overall service continuity.

### **Equality Implications**

12. It is not anticipated that the approval of these proposals, as set out in the recommendations, will have any direct negative impact on any protected groups, under the Equality Act 2010

### **Risk Management Implications**

13. The report recommends an extension to the existing contract to ensure service continuity at a time when changes to systems are anticipated. Continuity of this arrangement will help to manage risks associated with these changes and provide an effective and proven problem resolution service to support the implementation of such changes. The contract is based on charges being made for services consumed, against prices secured through a competitive tender process. This is in line with the council objective of being ruthlessly financially efficient.

*Implications provided by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 5 March 2022.*

### **Digital Services & Information Management Implications**

14. Digital Services supports the award to Agilisys Limited of a two-year permitted extension to the existing call off contract from the Information Technology and Communications Services' framework for Service Desk. The existing service is mature and well regarded by users, as well as delivering very good value for money.
15. It is critical for this service to be in place for other dependent projects to be successfully deployed.
16. IM implications: the Data Privacy Impact Assessment (DPIA) should be refreshed to ensure that all the potential data protection risks, as a result of implementing Agilisys Limited's existing call off contract, are properly assessed with mitigating actions agreed and implemented.
17. In addition, the (Cloud) Supplier Security Questionnaire(s) should be refreshed, to ensure that all the potential data protection and information security risks around Agilisys Limited's existing call off contract are properly assessed with mitigating actions agreed and implemented.

18. Any contracts arising from this report will need to include H&F's data protection and processing schedule. This is compliant with UK Data Protection law.

*Implications completed by: Pierre Rogier, Strategic relationship manager, Digital services, tel 07391 734087.*

*Implications verified by: Veronica Barella, Chief digital officer, Digital services, tel 020 8753 2927, 21 March 2022*

## **List of Appendices**

Exempt Appendix A – Financial information  
Exempt Appendix B - Performance