Item No.	Classification: Open	Date: 21 September 2022	Meeting Name: Cabinet Member for Communities, Equalities Finance
Report title:		**Gateway 2 - Contract Award Approval** Technology Transformation Roadmap Delivery (Housing, Data and Web)	
Ward(s) or groups affected:		All	
From:		Strategic Director of Housing and Modernisation	

RECOMMENDATION(S)

1. That the Cabinet Member for Communities, Equalities and Finance approves the award of contract, through the Crown Commercial Services (CCS) G-Cloud 12 framework (lot 3) to Hitachi Solutions Europe Ltd (Hitachi), for the Technology Transformation Roadmap (incorporating data transformation, Housing technology transformation and new web customer portal) for a period of two years (with the option to extend by a further 12 months as further detailed in paragraph eight) with a total maximum cost of £2m commencing in September 2022.

BACKGROUND INFORMATION

2. The purpose of this contract is to assist with the delivery of key elements of the Digital Inclusion and Technology Strategy 2022-2025, agreed at Cabinet on 18 January 2022.

3. This work will have numerous benefits for Southwark residents when accessing council services. The technology transformation work covered aims to reduce duplication in processes, for example by streamlining the Housing Front Door. This will have an impact on how residents access services, the processes followed once they have contacted the council, with a focus initially on key performance challenge areas, such as Temporary Accommodation and Housing Repairs. Alongside this the data transformation work focuses on creating a single version of truth - ultimately benefiting residents as their needs will more easily understood holistically across different council service areas. The web transformation work covered in this contract will enable residents to access council services more easily and consistently online.

4. The work planned also has numerous benefits for council officers. For example, by streamlining the processes, reporting and systems we use, making it easier for officers to focus on support our residents. The work around better use of data will enable council officers to develop a better understanding of residents by bringing datasets together and reducing duplication across systems. This has been evidenced in the Supporting Families and Building Safety workstreams already in progress, which are

building single views of vulnerable children and families and safety information of council housing stock, using data from normally silo-ed business applications.

5. The council has an existing call-off Contract with Hitachi – this was subject to Gateway 1 report approved by the Strategic Director of Finance and Governance on 12 April 2021. The approved direct award procurement strategy via Lot 3– Cloud Support of the CCS G-Cloud 12 framework was followed. The Gateway 2 to award this contract to Hitachi for the construction of Dynamics 365 was approved by the Strategic Director of Housing and Modernisation on 29 June 2021 at the Housing and Modernisation DCRB.

6. Under the existing call-off contract, work has been completed to develop the council's new Customer Relationship Management system (CRM), called Dynamics 365. This is now live, in use and covered by a support agreement with Hitachi Life Time Services.

7. The existing call-off contract was varied by the council for one year, to the value of £495k in October 2021 to allow the council to develop a wider programme of work focused on better use of data, alongside the CRM upgrade.

8. Since this variation, work has been delivered to provide the council with the technology required in Microsoft Azure (the council's cloud storage platform) to make better use of data, by deploying the technology required to bring different data sets together (which is called the modern data platform). Workstreams with Supporting Families (Children's), Building Safety, Planning and Public Health have started using this new capability, in order to help address challenges to business needs by making better use of council data.

9. This new contract is required for Technology and Digital Services to work with Hitachi to build on the technology that has now been delivered under the existing call-Off Contract (Dynamics 365 and the Modern Data Platform), to deliver the commitments made in the council's Technology and Digital Inclusion Strategy (2022-2025) around better use of data, technology transformation across the Housing department following the Future Gov review recommendations and development of a new web customer portal.

10. The cost of the contract is £2m, which is already allocated in the Technology and Digital budget.

11. The length of the contract is two years + with the option to extend for 12 months. The option to extend has been included in case the planned work covered by this contract takes longer than estimated, which would require the council to vary the contract to complete the various elements of the technology transformation roadmap.   This will not impact the value of the contract, only the length of time taking to deliver the work packages.

Procurement project plan (Key Decision)

Activity	Complete by:
DCRB Review Gateway 1:	30/05/2022
CCRB Review Gateway 1:	09/06/2022
Brief relevant cabinet member (over £100k)	29/06/2022
Approval of Gateway 1: Procurement strategy report	29/06/2022
Conduct single supplier negotiations	20/06/2022
DCRB Review Gateway 2: Contract award report	11/07/2022
CCRB Review Gateway 2: Contract award report	21/07/2022
Notification of forthcoming decision	10/08/2022
Approval of Gateway 2: Contract Award Report	18/08/2022
Scrutiny call-in period and notification of implementation of Gateway 2 decision	28/08/2022
Contract award	29/08/2022
Add to Contract Register	29/08/2022
Contract start	05/09/2022
Initial Contract completion date	04/09/2024
Contract completion date (if extension exercised)	04/09/2025

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

12. A single supplier negotiation took place, as Hitachi are the only suppliers on the G-Cloud framework offering this service and as the council have already completed significant work with the supplier using the same technologies. The cost of this is £2m.

13. The new contract will provide goods and services to deliver the council's technology transformation roadmap in relation to data transformation, Housing technology transformation and new web customer portal.

Key/Non Key decisions

14. This report deals with a key decision.

Policy framework implications

15. This report relates to the delivery of council targets contained in the "Corporate Access Strategy". Underpinning the strategy are three core principles:

- Channel shift: our aim is to be digital first; increasing online availability which will reduce service delivery costs through efficiency savings;
- Listening and responding to customers so we deliver excellent services;
- No one left behind: ensuring everyone can access the services and information they need recognising that not everyone will be able to access digital services.

16. The Corporate Access Strategy aims to deliver the following outcomes:

- Deliver a great customer experience;
- Build the skills and capabilities in the workforce;
- Provide technology that enables collaboration;
- Implement modern systems for data-driven decision making.

17. 'Data Enabled' is an aspect pillar of the Technology and Digital Inclusion Strategy (2022-2024), enabling us to:

- Use operational data to enable early intervention and predict future council services, by allowing better visibility of needs and demand; Work with partners to connect and share our data;
- Deliver on existing and future legislative requirements placed on the council (for example Supporting Families funding stipulations and up-coming Building Safety Legislation);
- Use data to understand how our residents live and work in the Borough.

Tender process

18. A single supplier negotiations was carried out with Hitachi Solutions Europe Ltd via the CCS G-Cloud 12 framework.

19. The steps that were taken as part of this procurement were to deliver this process from G-Cloud 12: (1) consider Hitachi Solutions' service description consisting of their terms and conditions and their pricing document; (2) carry out a financial check on Hitachi Solutions Europe Ltd; (3) consider if a deed of guarantee is required; (4) agree an exit plan, the terms and the order form; (5) generate a purchase order before the order form can be signed; (6) contract will need signing; (7) service begins; (8) Contracts Finder award notice to be published; (9) notify G-Cloud of the outcome; and (10) complete a customer benefit record form.

Tender evaluation

20. The tender evaluation was carried out using the CCG G-Cloud 12 framework guidance and ensuring the solution met the council's needs and delivered Value for Money.

Plans for the transition from the old to the new contract

21. The work procured under this contract will be building on the work covered by the old contract, but all work covered by the old contract has been completed.

Plans for monitoring and management of the contract

22. Technology and Digital Services will manage and monitor the call-off contract, in accordance with the provisions of the call-off Contract. The contract will continue to be monitored and managed by: Chief Digital & Technology Officer.

23. A formal contract review of performance will take place on a monthly basis. In addition, a strategic quarterly review meeting will be scheduled with the supplier, to ensure the procured services are being effectively delivered and the needs of the council met. Officers will also produce an annual performance report for Housing and Modernisation Departmental Contracts Review Board (DCRB) and the Corporate Contract Review Board (CCRB) in line with the council's contract standing orders.

24. The programme lead will ensure compliance with the specification and contract by the supplier. In addition, the programme lead will monitor performance of the supplier in delivering the service, cost of the contract, user satisfaction, track issues/risks and ensure delivery is aligned to the Fairer Future Procurement Framework, including social value commitments.

25. The council's contract register publishes the details of all contracts over £5,000 in value to meet the obligations of the Local Government Transparency Code. The Report Author must ensure that all appropriate details of this procurement are added to the contract register via the eProcurement System.

26. The contract will be managed and monitored in line with the CCS G-Cloud 12 framework guidance.

Identified risks for the new contract

27. The table below identifies the specific risks associated with this contract, the likelihood of occurrence and the controls in place to mitigate the risks:

Risk No.	Risk Identified	Risk level	Mitigation
R1	Hitachi ceases trading or goes into administration / liquidation	Low	Financial stability – a financial check was carried out on Hitachi prior to award of the existing call-off Contract. A financial credit check was obtained on 24 May 2022 and the score is secure. Should such an event occur during the duration of the call-off contract, the council will look to provide the service by alternative means, such as seeking support from other Microsoft gold partners.
R2	Brexit/Covid-19: Leading to increased price list due to supply chain	Low	Hosting of solutions is in the UK therefore no impact on price.
R3	Delays in implementation leading to failure to complete work within Customer Access Strategy timescale	Medium	Timescales will be closely monitored
R4	Unable to work with any other providers in the future	Low	The nature of the Modern Data Platform is a cloud based solution and therefore the council is able to work with any Microsoft provider to further develop the system post-implementation.
R5	Risk of procurement challenge by alternative supplier	Low	A clear justification is provided in this paper for procurement route of SSN and council process has been followed. The Gateway 1 and 2 papers associated with this call-off Contract already reference the need to expand the council's programme of work around data. The CCS G-Cloud allows for direct award under SSN and this paper explains the extensive pre-work already completed when selecting Hitachi initially as the provider of choice.

R6	Conflict in Ukraine with Russia: Impact on supply chain	Low	The work to be delivered as part of this contract uses existing technology already within the council's Microsoft Azure environment, meaning no physical equipment is required.
R7	Risk of rising cost due to rising inflation	Low	Each work package within the technology transformation will be costed and invoiced on a time/material basis – cost will be monitored throughout delivery. The council do not pay for anything up front. Process is review, sign-off and pay. No services are paid for up-front, and all services are virtual cloud services. This minimises risk.

Sustainability considerations

28. The Public Services (Social Value) Act 2012 requires the council to consider a number of issues including how what is proposed to be procured may improve the economic, social and environmental well-being of the local area for higher value contracts. The council is committed to these principles for all contracts and relevant issues were identified in the attached Gateway 1 report.

29. The council has adopted targets to reduce energy and water consumption, waste and paper usage in its operations on its estate and to encourage more sustainable methods of operational transport (fleet, business travel and commuting) as set out in the Fairer Future Procurement Framework.

30. Hitachi operate in a hybrid working environment meaning transportation will be limited, limiting impact on CO2 emissions and air quality.

31. The system enables services to be delivered using a minimal amount of resources, namely the energy consumed in operating the software. Carrying out transactions electronically results in lower paper consumption.

Community, equalities (including socio-economic) and health impacts

Community impact statement

32. The Technology and Digital Services programmes of work enable the council to develop a better view of customers, enabling Southwark to deliver improved services and streamline processes, whilst using operational data to better understand need, early-intervention and prevention, as well as predict future council services, which supports the Corporate Customer Access Strategy.

Equalities (including socio-economic) impact statement

33. The Technology and Digital Services programmes of work enable the council

to develop a better view of customers, enabling Southwark to deliver improved services and streamline processes, whilst using operational data to better understand need, early-intervention and prevention, as well as predict future council services, which in turn will allow the service to better support the needs of all our residents.

Health impact statement

34. This decision has no direct health related implications. This contract shows no potential for discrimination and all appropriate opportunities have been taken to advance equality of opportunity and foster good relations between people with different protected characteristics. The decision will have indirect health related benefits in relation to how the council is equipped from a technology and data perspective to support Southwark residents, through the technology advancements planned.

Climate change implications

35. Please see paragraphs 42 - 44 for details of climate change implications.

Social Value considerations

36. The Public Services (Social Value) Act 2012 requires that the council considers, before commencing a procurement process, how wider social, economic and environmental benefits that may improve the well-being of the local area can be secured. The social value considerations included in the tender (as outlined in the Gateway 1 report) are set out in the following paragraphs in relation to the tender responses, evaluation and commitments to be delivered under the proposed contract.

Economic considerations

37. During negotiations with Hitachi, they confirmed that they do as a matter of practice meet the council's London Living Wage and/or Real Living Wage requirements for payment of London/Real Living Wage to relevant staff.

38. Hitachi's values on new business, new jobs and new skills:

- Over half of Hitachi's Employees live in areas where the proportion of the population on Universal Credit is above the national average
- 1/6th of their workforce are based inside London
- Growing apprenticeship programmes for graduates to address skills gaps and result in recognised qualifications e.g. Microsoft courses, Catalyst certification.
- Piloting neurodiverse internships and are looking to grow the scheme
- Graduate programme in place to support educational attainment for young people
- A military charter with Hitachi hiring ex-military personnel in a range of roles

- To support sector-related growth, Hitachi are doing upcoming talks with schools on career pathways to broaden pupils' horizons and facilitate interest towards corporate job opportunity and what they can offer
- Offer opportunities for work experience and have piloted summer internships for students
- Use measures to ensure equality and accessibility within recruitment practises to ensure opportunities are available to all and not hindered by accessibility requirements.

Social considerations

39. Hitachi's Head Quarters is based in London, providing opportunities for promoting local labour initiatives or use of local supply changes.

40. As part of the programme Hitachi will fund 2 two apprentices, who will be based at Southwark, working on the technology transformation programme. The apprentices will receive on the job training, work shadowing and Microsoft validated Training through Hitachi as well as the support provide via Southwark as the employer.

Environmental/Sustainability considerations

41. The council has adopted targets to reduce energy and water consumption, waste and paper usage in its operations on its estate and to encourage more sustainable methods of operational transport (fleet, business travel and commuting) as set out in the Fairer Future Procurement Framework.

42. Hitachi operate in a hybrid working environment meaning transportation will be limited, limiting impact on CO_2 emissions and air quality.

43. The system enables services to be delivered using a minimal amount of resources, namely the energy consumed in operating the software. Carrying out transactions electronically results in lower paper consumption.

Market considerations

44. The marketplace for the work covered by this contract in relation to integration with existing Housing business applications, better use of data and website transformation is niche, and therefore limited in the suppliers available.

45. The CCS framework was established in accordance with the Public Contracts Regulations 2015 (PCR 2015), therefore it has fully engaged nationally with the market providers and the framework is available for the council to use.

46. Technology and Digital Services carried out a market assessment via CCS G-Cloud 12 Digital Marketplace in accordance with the prescribed CCS Digital Marketplace step-by-step approach process and Hitachi are the most appropriate supplier identified for this technical provision.

47. This paper recommends working with Hitachi to deliver specific elements of the technology transformation roadmap, because of the work already delivered with them, the working knowledge they have amassed of the council, and them being the supplier with the breadth of knowledge required across the different work packages outlined. However, if after the contract expires the council wanted to deliver the work differently or look for a different technology provider, this would be possible. The technology being used is Microsoft technology, not Hitachi specific technology.

Staffing implications

48. No staffing implications, TUPE does not apply.

Financial implications

49. The purpose of the call-off contract is to enable a program of technology transformation to the value of £2m funded through a capital allocation within the technology and digital services programme budget together with funding from other service area budgets for particular projects. The process of developing and approving each programme/project will be the responsibility of the technology and digital board which is attended by the Strategic Director of Housing & Modernisation and the Strategic Director of Finance and Governance along with other senior departmental representatives and will establish the particular source of funding.

50. Active contract monitoring will be key in ensuring that activity is in line with the proposed budget. There is a requirement for the supplier to report weekly against milestones before payment of invoices. The programme lead will ensure the performance against agreed milestones and deliverables to ensure that the programme stays within it required timeframes and budget constraints.

Investment implications

51. None

Legal implications

52. Please see concurrent from the Director of Law and Governance.

Consultation

53. Internal consultation has taken place with key stakeholders from the initial contract a more detailed document can be provided if required. However substantial foundation work in the review of the housing system and the requirement to replace the website has already been carried out.

Other implications or issues

54. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Finance and Governance (H&M 22/059)

55. This reports seeks approval from the Cabinet Member for Finance, Democracy and Digital to the award of contract, through the Crown Commercial Services (CCS) G-Cloud 12 framework (lot 3) to Hitachi Solutions Europe Ltd (Hitachi) for the Technology Transformation Roadmap (incorporating data transformation, Housing technology transformation and new web customer portal) for a period of two years (with the option to extend by a further 12 months at a total maximum cost of £2m commencing in September 2022.

56. The Cabinet member will note the policy framework detail provided in the report around how this contract supports key aspirations and targets within the council's Corporate Access Strategy and Technology and Digital Inclusion Strategy, which upon delivery will improve a range of services within existing ongoing resources.

57. The report confirms that funding for this contract is set aside within technology and digital services capital programme.

Head of Procurement

58. This report seeks approval from the Cabinet Member for Finance, Democracy and Digital to award the Technology Transformation Roadmap contract via the CCS G-Cloud 12 framework (lot 3) to Hitachi Solutions Europe Ltd (Hitachi) for a period of two years with the option to extend by a further 12 months as further detailed in paragraph eight for a total maximum cost of £2m commencing in September 2022.

59. The Cabinet Member for Digital notes that the use of a third party framework is allowable under PCR 2015 and the council's contract standing orders (CSO), the procurement exercise is detailed in paragraphs 12 to 13 and 18 to 20, transition from the old contract to the new one is detailed in paragraph 21, management and monitoring of the contract is detailed in paragraphs 22 to 26, the risks are detailed in paragraph 27, the impact on equalities, health and climate change are detailed in paragraphs 33 to 35, confirmation of the payment of LLW is detailed in paragraph 37 and the social value commitments are detailed in paragraph 40.

Director of Law and Governance

60. This report seeks the approval of the Cabinet Member for Finance, Democracy and Digital to the award of the Technology Transformation Roadmap contract to Hitachi, using the CCS G-Cloud 12 framework (lot 3) as further detailed in paragraph 1. In accordance with contract standing order

6.5.2(b) this approval decision is reserved to the relevant individual decision maker.

61. As the contract value for these service exceeds the Public Contract Regulations 2015 (PCR15) threshold, the contract was subject to the full tendering requirements of those Regulations. However, and as approved at Gateway 1 stage, the council is awarding this contract through a direct award using the CCS G-Cloud 12 framework. This framework has been established following an PCR15 compliant tendering process and is established to allow local authorities to use for their own requirements. The tendering requirements of the PCR15 are therefore satisfied. The framework allows for direct award provided that this is undertaken in compliance with the framework terms.

62. The Cabinet Member's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Cabinet Member is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraphs 32-35 setting out the consideration that has been given to equalities issues which should be considered when approving this award.

63. Contract standing order 2.3 requires that no steps are taken to award a contract unless the expenditure involved has been included in approved estimates, or is otherwise approved by the council. Paragraphs 49-50 confirm the financial implication of this award.

BACKGROUND DOCUMENTS

Background documents	Held At	Contact
Existing G-Cloud Contract File which includes signed GW1 report dated 12 April 2021 and Gateway 2 report dated 29 June 2021	Housing and Modernisation Technology and Digital Services / 2nd Floor 160 Tooley St SE1 2QH (electronically)	Dionne Lowndes 07523919595
Link: https://southwark.sharepoint.com/:f:/s/SERTDSTechnologyDigitalServices/EhmRoaxWTZxAqFxwmEdARG8BSJQQ_pa_fMgpKAjIPFuHHQ?e=o76hSm		

APPENDICES

No	Title
Appendix 1	Gateway 1 Technology Transformation Roadmap

AUDIT TRAIL

Lead Officer	Dionne Lowndes (Chief Digital & Technology Officer)	
Report Author	Natalie Preston (Programme Lead Data and Platforms)	
Version	FINAL	
Dated	10/08/2022	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments Sought**	**Comments included**
Strategic Director of Finance and Governance	Yes	Yes
Head of Procurement	Yes	Yes
Director of Law and Governance	Yes	Yes
Director of Exchequer (for housing contracts only)	No	No
Cabinet Member	Yes	Yes
Contract Review Boards		
Departmental Contract Review Board	Yes	Yes
Corporate Contract Review Board	Yes	Yes
Cabinet	No	No
Date final report sent to Constitutional/Community Council/Scrutiny Team	10/08/2022	