

Item No.	Classification: Open	Date: 7 July 2022	Meeting Name: Cabinet Member for Finance, Democracy and Digital
Report title:		Gateway 1 Procurement Strategy 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 Finance, Democracy and Digital approves the procurement strategy outlined in this report for a single supplier negotiation (SSN) through the Crown Commercial Services (CCS) G-Cloud 12 framework (lot 3) for the delivery, via a direct award to Hitachi Solutions Europe Ltd (Hitachi), of 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 detailed in paragraph 8), of total estimated maximum cost of £2m commencing in July 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 18/01/2022.
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 siloed 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.
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 contract from 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 and development of single view of the customer, alongside the CRM upgrade already covered.
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 standing up 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 these specific areas meet business problems 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 estimated cost of the contract is £2m, which is already allocated in the Technology and Digital capital budget.
11. The length of the contract is two years + extension of 12 months. The option to extend has been included in case the planned work takes longer than estimated, which would require the council to vary the contract to complete the various elements of the technology transformation roadmap. This

would not impact the value of the contract, only the length of time to deliver the work packages.

Summary of the business case/justification for the procurement

12. The purpose of this contract is to further develop the council's better use of data and use of the technology already procured from Hitachi, such as Dynamics 365. This will enable the council to meet the desired outcomes set out in the Corporate Customer Access Strategy, such as:
 - Implement modern systems for data-driven decision making;
 - Invest in the skills and capacity needed to integrate and perform analysis on data promoting the use of meaningful measures as part of the decision-making process;
 - Enable data sharing through information sharing protocols with other organisations;
 - A holistic view of the customer, through the consolidation of systems and data.
13. The work to be delivered under this contract relates to technology transformation for the council's Housing department systems/processes and front door for residents, better use of data across key council departments including Housing and Children's and Adults, and components required to transform the council's public facing website.
14. A further rationale for this contract is to continue developing the Modern Data Platform and working with Hitachi to develop and realise the council's ambitions in relation to Internet of Things (IoT) technology. IoT is a key component of the 'data enabled' elements and ambitions of the council's Technology and Digital Inclusion Strategy. The Modern Data Platform that the council has invested in already will facilitate development of IoT use cases. Hitachi are Microsoft's IoT Lead so they are best placed to support the council develop this programme of work.
15. The Technology and Digital Services programme of work set out in this paper could be delivered by an alternative supplier. However, Southwark would have to undertake a separate procurement in a short timeframe, to deliver within the lifetime of the Customer Access Strategy and work has already started on this with Hitachi under the existing contract, this would mean handover and knowledge transfer would be required. In addition, Hitachi is a Microsoft Gold Partner, with whom the council has already successfully delivered key service-led work, such as the development of the Vulnerability Hub on Dynamics 365 during COVID-19, the Public Health Track and Trace system on Dynamics 365 and the Contact Centre CRM upgrade.
16. The steps taken in the original procurement exercise for the council's existing call-off contract with Hitachi were: performed a search for recommended suppliers that met the council's needs. This search result only showed one supplier that could meet our business needs, explain the

proposed single-supplier negotiation is appropriate to build on the technology already delivered with this supplier.

17. Procuring a different supplier to work with the council to deliver these elements of the technology transformation roadmap would mean the council would be working with two different suppliers on related pieces of work, which would risk duplication, increased cost and inconsistency to the council's objectives and wider technology architecture and the council's wider cloud programme.
18. Microsoft have recommended Hitachi as a supplier with a proven track record in delivering projects of a similar (or greater) size in local government and experience of integration with the council's key Housing system (Northgate) and data transformation. Hitachi are a Microsoft Gold Partner and one of very limited number of suppliers with expertise across the different workstreams within the technology transformation roadmap. This explains why Hitachi are a suitable supplier to assist the council in augmenting its team and supporting the in-house capability, due to the lack of technical inventory in the council to deliver the technology transformation roadmap.
19. Continuous improvement will be achieved and regular progress monitoring conducted by the Technology and Digital Services Team and Chief Digital and Technology Officer.

Market considerations

20. 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.
21. 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.
22. 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.
23. 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.

KEY ISSUES FOR CONSIDERATION

Options for procurement route including procurement approach

24. Technology and Digital Services considered the following options before determining the procurement strategy set out in this report:
- Do Nothing – not appropriate as technical provision is required due to policy commitments.
 - In-house – not appropriate as no technical inventory available.
 - Run a Southwark Council PCR compliant tendering exercise - not appropriate as the existing framework proposed is already in place and is PCR compliant
 - External framework – CCS G-Cloud 12 framework identified which meets the council's requirements and permits direct award if the requirements of the framework are met and is recommended for use.

Proposed procurement route

25. The proposed procurement route will be single supplier negotiations with Hitachi from the CCS G-Cloud 12 framework.
26. The steps that can be taken are: (1) consider Hitachi service description consisting of their terms and conditions and their pricing document; (2) carry out a financial check on Hitachi; (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.

Identified risks for the procurement

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 another Microsoft gold partner.
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	<p>A clear justification is provided in this paper for procurement route of SSN and council process has been followed. The Gateway (GW) 1 and 2 papers associated with this call-off Contract already reference the need to expand the council's programme of work around data.</p> <p>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.</p>
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. We 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.

Key /Non Key decisions

28. This report deals with a non-key decision.

Policy Framework Implications

29. 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.

30. 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.

31. ‘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 upcoming Building Safety Legislation);
- Use data to understand how our residents live and work in the Borough.

Procurement project plan (Non Key decisions)

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

Activity	Complete by:
Conduct single supplier negotiations	30/06/2022
DCRB Review Gateway 2: Contract award report	11/07/2022
CCRB Review Gateway 2: Contract award report	21/07/2022
Notification of forthcoming decision	18/07/2022
Approval of Gateway 2: Contract Award Report	20/07/2022
Scrutiny call-in period and notification of implementation of Gateway 2 decision	28/07/2022
Contract award	29/07/2022
Add to Contract Register	29/07/2022
Contract start	29/07/2022
Initial Contract completion date	28/07/2024
Contract completion date (if extension operated)	28/07/2025

TUPE/Pensions implications

32. TUPE does not apply – no council officer in current contract spending the majority of their time on Southwark’s contract as the main use is of software and cloud services.

Development of the tender documentation

33. Formal tenders are not required but a statement of requirements will be written to ensure that a formal contract will be in place under the G-Cloud framework agreement. The following contract documentation will be used: Other G-Cloud 12 framework documentation plus Southwark specific terms, allowing for the inclusion of requirements such as the Fairer Future Procurement Framework.

34. The remaining steps which will be undertaken before a GW 2 award report is presented include:

- Financial position of the suppliers
 - Order form
 - Exit plan
 - G-Cloud 12 contract
 - Agree terms and conditions.
- After the GW 2 is approved and the contract awarded the following activities are needed:
- Inform CCS of the outcome

- Submission of the customer benefits record.

Advertising the contract

35. This is not required as the G-Cloud framework was advertised when initially set up by the CCS. This procurement opportunity will not be advertised on Contracts Finder.

Evaluation

36. This contract will be awarded on the basis of the ability of Hitachi to provide Southwark advice, consultancy, inception and design with regards to the outcomes outlined in this paper within the price envelope available for the work to be undertaken.

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

Community impact statement

37. 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

38. Please see paragraphs 39-43.

Health impact statement

39. 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

40. Please see paragraphs 46-48 for details of climate change implications.

Social Value considerations

41. 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 wellbeing of the local area can be secured. The details of how social value will be incorporated within the tender are set out in the following paragraphs.

Economic considerations

42. During previous 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.
43. 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 neuro-diverse 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
 - They 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

44. Hitachi's Head Quarters is based in London, providing opportunities for promoting local labour initiatives or use of local supply changes.
45. An agreement will be made with Hitachi to offer work placements or other social value opportunities in the form of 2 apprenticeship opportunities for Southwark residents during the SSN. The detail of the commitment will be included in the Gateway 2 paper.

Environmental/Sustainability considerations

46. 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.

47. Hitachi operate in a hybrid working environment meaning transportation will be limited, limiting impact on CO2 emissions and air quality.
48. 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.

Plans for the monitoring and management of the contract

49. 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.
50. 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.
51. 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.
52. 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.

Staffing/procurement implications

53. None- will be met from existing resources.

Financial implications

54. 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.

55. 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 its required timeframes and budget constraints.

Investment implications

56. None

Legal implications

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

Consultation

58. 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

59. None

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

60. This report seeks approval from the Cabinet Member for Finance, Democracy and Digital approves the procurement strategy outlined in this report for a SSN to Hitachi Solutions Europe Ltd via CCS G-Cloud 12 framework (lot 3) for the Technology Transformation Roadmap for a period of two years (with the option to extend by a further 12 months detailed in paragraph 8), of total estimated maximum cost of £2m commencing in July 2022.
61. The Cabinet Member for Finance, Democracy and Digital notes the procurement is detailed in paragraphs 9 to 23 and 30 to 33, the risks are detailed in paragraph 34, the impact on equalities, health and climate change are detailed in paragraphs 35 to 37, confirmation of the payment of the London Living Wage/ real living wage, monitoring and management the contract are detailed in paragraphs 46 to 49.

Director of Law and Governance

62. This report seeks the approval of the Cabinet Member for Finance, Democracy and Digital to the procurement strategy of a single supplier

negotiation with Hitachi through the CCS G-Cloud 12 framework (lot 3) for the delivery of the Technology Transformation Roadmap as further detailed in paragraph 1. As the estimated value of these services is £2m, the procurement strategy decision is reserved to the relevant individual decision maker, after consideration of the report by CCRB.

63. The nature and value of these services are such that they are subject to the full tendering requirements of the Public Contract Regulations 2015 (PCR 2015). As noted in paragraphs 22-23, the intention is to undertake single supplier negotiations with Hitachi through the CCS G-Cloud framework, and subject to further gateway 2 approval to directly award a contract to them. This framework has been established following a PCR15 compliant tendering process and is established to allow local authorities to use for their own requirements. The tendering requirements of the PCR 2015 are therefore satisfied. The framework also permits direct award provided that this is undertaken in compliance with the framework.

Strategic Director of Finance and Governance

64. This report seeks the approval of the Cabinet Member for Finance, Democracy and Digital to the procurement strategy outlined for a single supplier negotiation (SSN) through the Crown Commercial Services (CCS) G-Cloud 12 framework (lot 3) for the delivery, (via a direct award to Hitachi Solutions Europe Ltd) of the Technology Transformation Roadmap. This to incorporate data transformation, housing technology transformation and new web customer portal, commencing in July 2022 for a period of two years (with the option to extend the delivery timeframe by a further 12 months), at a maximum overall cost of £2m.
65. The benefits of this technology transformation investment around reducing duplication in processes through streamlining the Housing Front Door, which impacts how residents access services and the processes followed once they have contacted the council are detailed in the report. While specific cost savings are not mentioned, it does confirm that through channel shift and the ambition to be 'digital first', it will impact on service delivery costs leading to improved value for money and efficiencies over the longer-term.
66. Subject to approval of this report, the TDS capital programme budget will need to be refreshed and re-profiled to accommodate this commitment going forward and the Strategic Director will want to ensure that robust monitoring arrangements are in place to ensure delivery within the approved resource allocation.

BACKGROUND DOCUMENTS

Background Documents	Held At	Contact
None		

APPENDICES

Title	
None	

AUDIT TRAIL

Lead Officer	Dionne Lowndes (Chief Digital & Technology Officer)	
Report Author	Natalie Preston (Programme Lead Data and Platforms)	
Version	Final	
Dated	7 July 2022	
Key Decision?	No	
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
Cabinet Member	n/a	n/a
Date final report sent to Constitutional Team		7 July 2022