

MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	POLICY AND RESOURCES COMMITTEE		
DATE:	23RD MARCH 2023	REPORT NO:	CFO/70/22
PRESENTING OFFICER	CHIEF FIRE OFFICER PHIL GARRIGAN		
RESPONSIBLE OFFICER:	DEB APPLETON	REPORT AUTHOR:	ED FRANKLIN
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TITLE OF REPORT:	ICT MANAGED SERVICE TWO-YEAR CONTRACT EXTENSION		

APPENDICES:	APPENDIX A: TELENT OFFER APPENDIX B: SSG ADVISORY REPORT APPENDIX C: EIA – ICT MANAGED SERVICE TWO-YEAR EXTENSION
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Purpose of Report

1. To request that Members approve the recommendations of this report pertaining to a two-year contract extension with Telent Technology Services Ltd (hereinafter 'Telent') in order to facilitate the ICT for the new Training and Development Academy (TDA), the new Fire Station builds, Fire Control technical advancements and Information and Communications Technology (ICT) continual service improvement.

Recommendation

2. It is recommended that Members
 - a) approve a two-year extension of the existing ICT managed service provision with Telent to 31st March 2026, in accordance with the terms of the contract.
 - b) note the offering of savings, proposed by Telent, in return for the two-year extension.
 - c) note the change to the current contractual mechanism for annual indexation from 2023/2024, for the two-year contract extension.
 - d) note that under current arrangements, the contract will terminate 31st March 2024. In 2023/2024 Merseyside Fire and Rescue Service (MFRS) ICT and Telent are deploying new technologies and a two-year contract extension will be an enabling factor.
 - e) note that there are no options for Members to extend the contract for further years as the full term of the contract will be reached on 31st March 2026.

3. Executive Summary

Negotiations on behalf of the Authority with Telent, the Authority's existing ICT managed service contractor, have resulted in Telent agreeing to provide additional ICT savings, ICT services and a change to the annual indexation clause, in return for a two-year contract extension, at no extra cost to the Authority. See Appendix A – Telent Offer.

Following discussions at Strategy and Performance ICT Boards and, subsequently, a Strategic Leadership Team (SLT) meeting, in considering whether to approve the two-year contract extension offer, the key points for Merseyside Fire and Rescue Authority (MFRA) are:

- A contract extension was pursued because going out to tender at this time in the ICT market may well incur increased costs.
- In the existing contract the base contract price is reduced by 1% a year (Step down). The offer is to keep this 1% step-down saving.
- The community payment is a good continuation from the last renewal.
- The indexation clause being offered is the same as if the Authority had gone out to tender on the Crown Commercial Services (CCS) procurement framework RM6100 (TS3 Lot 4), which would have been the process to follow if negotiations with Telent had fallen through, and the Authority had to go out to market.
- The offer de-risks the TDA project and at the same time enhances it with a Project Manager (PM) resource.
- The extension offer would also help deliver the Fire Control technical advancements which the CFO initially mentioned at the Members Budget Strategy Day on 19th January 2023.
- The Net Zero resource would be a useful external additional resource for the Authority.

These additional ICT savings and services (£109k) are detailed in Appendix A – Telent Offer. This means the extended contract will be delivered at the original 2016 contract base price. Note: cumulative inflation over the life of the contract is applied each year to the contract base price and this will remain to be the case with the two-year extension.

Two-Year Contract Extension

4. Telent has been the Authority's ICT contractor since 2001. In December 2015, following a procurement exercise, Members approved a further award of the contract for the provision of ICT managed service provision to Telent for a period

of five years, with effect from 1st April 2016, with the possibility of extension of the term for a further five-year period.

5. In September 2018 Members approved a three-year contract extension, and this further two-year extension will mean the full term of the contract will be reached on 31st March 2026.

In broad terms, the core contract price is made up of a payment to Telent of £1.4m for their services and a payment of £550k to pay for third-party services, on behalf of MFRA.

6. The Authority has had a long-standing arrangement (at least 20 years) with Telent that has been extremely effective in improving the ICT service. Both the in-house procurement and the ICT client teams are very experienced in extracting value for money from long-term outsourced contracts. It is considered a relatively low risk to extend the contract period at this time in light of the overall savings proposed by Telent.
7. The mature outsourcing arrangement has led to a number of contractual improvements that protect the Authority and ensure value for money in an extended relationship. For example, the ICT Strategic Framework and its Efficiency and Value for Money strand, introduced in the 2016 renewal, incentivizes Telent to deliver innovation and savings for the Authority.
8. Finally, if the contract is extended by two years it will mean that the high costs of a major retendering exercise (for a £10m plus contract) are avoided until 2025/2026.

Telent Offer

9. The full details of the Telent offer for the extension of the contract as contained in Appendix A – Telent Offer.

TDA and OFS Build

10. MFRS ICT and Telent are leading on the data network design and provision, the main TDA server room design and cutover, new audio-visual provision, and the new immersive Command and Control Suite.
11. MFRS ICT and Telent are supporting key tasks including 'lift and shift' to the New TDA, lift and shift of Secondary Fire Control, lift and shift to the new fire station, and the decommissioning of Aintree and Croxteth community fire stations.
12. Telent is key in the delivery of both builds, and a two-year extension not only provides an extra project management resource, but it will also keep the focus of MFRS ICT and Telent on these projects and away from a re-tendering exercise.

Fire Control Technical Enhancements

13. At the Budget Authority Meeting on 23rd February 2023, Members approved the spending for Fire Control technical enhancements listed below, which will make Merseyside Fire and Rescue Service (MFRS) quicker to respond to operational incidents.

- a) AURA - The MFRS internal development team is delivering a new application called AURA, a dynamic cover tool that highlights areas of under and over-operational resourcing to aid Control in their decision-making.
 - b) Audio-visual media wall in the primary Fire Control.
 - c) Vision Computer Aided Dispatch system upgrade offering enhanced mobilizing pre-alert capability giving advanced notification of potential incidents to fire crews.
 - d) Response Eye (999Eye) – Software that offers enhanced situational awareness for Control call handlers.
14. Telent is key to deploying this technology, and a two-year extension will keep the focus of MFRS ICT and Telent on these Fire Control projects and away from a re-tendering exercise.

Continual Service Improvement

15. Building on delivering the New TDA, fire station and Fire Control technical advancements, the remaining tenets of the Telent offering will enhance business as usual ICT services delivering continual service improvements. This will ensure cost-justifiable ICT capacity in all areas where ICT exists, which is matched to the current and future agreed needs of MFRS in a timely manner.

Conclusion

16. These additional ICT savings and services will be part of an amended Telent contract delivered at the same cost as the existing contract.
17. Engaging with Telent for a further two years not only will ensure robust life cycle management of the Authority's ICT infrastructure and ICT services, but the Authority will have a strategic consultant advising on the direction of ICT, exploiting ICT to improve services and deliver at the original 2016 contract base price.
18. When the ICT Contract was first let in 2015 ICT engaged with SSG Advisory Ltd to produce Public Sector Comparator costing model outlining an alternative In-house provision to compare to the Telent bid.
19. SSG Advisory concluded that the service we receive, together with the relationship which has been formed with Telent is exemplary. Their recommendation was to continue with the current provider as bringing ICT provision back in house would carry significant risk. Their feedback indicated that opportunities for further innovation should be driven at a strategic level within MFRA to drive out further efficiencies. See Appendix B – SSG Advisory Report.
20. This remains the case and before the full term of the contract is reached on 31st March 2026 a similar exercise will be undertaken.

Telent Technology Services

21. Telent is a technology company and specialist in the design, build, support and management of the UK's critical digital infrastructure, they have substantial experience in mission critical communications and technology.
22. Telent's focus is on transport, emergency services, network providers and the public sector, Telent's expertise, accreditations and knowledge make it a trusted partner for organisations such as MFRA.

Crown Commercial Services

23. CCS plays an important role helping the UK public sector save money when buying common goods and services.
24. CCS is the biggest public procurement organisation in the UK. It uses its commercial expertise to help buyers in central government and across the public and third sectors to purchase everything from locum doctors and laptops to police cars and electricity.
25. The collective purchasing power of its customers, plus its procurement knowledge, means CCS can get the best commercial deals in the interests of taxpayers.

Equality and Diversity Implications

26. The Equality Impact Assessment (EIA) completed at the time of the existing contract award has been amended and submitted for consideration. It is attached as Appendix B.

Staff Implications

27. The Telent contract has named senior management individuals, locally staffed ICT Engineers and ICT Service Desk staff, all of whom live within the Merseyside region.

Legal Implications

28. A compliant procurement procedure has been undertaken and a two-year extension to the contract is permitted.

Financial Implications & Value for Money

29. The additional ICT savings and services offered by Telent, are worth £109k over the term of the extended contract. The extended contract, however, will be delivered at the original 2016 contract base price.
30. The core contract cost is contained in paragraph five of this report.
31. Further finance information is within Appendix A – Telent Offer.

Risk Management, Health & Safety, and Environmental Implications

32. On the existing contract award, independent consults SSG Advisory concluded that the service MFRA receives, together with the relationship which has been formed with Telent is exemplary. SSG's recommendation was to continue with the current provider, as bringing ICT provision back in-house would carry significant risk. This remains the case today.
33. Further risk information is contained within the body of this report.
34. The requirement for the contractor to comply with environmental and health and safety legislation is in the existing contract and will remain in place for the two-year extension.

Contribution to Our Vision: *To be the best Fire & Rescue Service in the UK.*
Our Purpose: *Here to serve, Here to protect, Here to keep you safe.*

35. ICT is committed to a successful partnership working within MFRS and with third parties to deliver a value-for-money, secure, and robust quality service whilst enabling continuous business-led ICT Innovation.
36. The two-year contract extension will assist our duty to respond to all emergency calls with a level of response appropriate to the risk, and deal with all emergencies efficiently and effectively.

BACKGROUND PAPERS

CFO/56/18 ICT Managed Service 3-year contract Extension
CFO/93/15 ICT Managed Services Award

GLOSSARY OF TERMS

BAU	Business as Usual
CCS	Crown Commercial Services
CPI	Consumer Price Index
EIA	Equality Impact Assessment
FRS	Fire & Rescue Service
FY	Fiscal Year
ICT	Information, Communication & Technology
MFRA	Merseyside Fire and Rescue Authority
MFRS	Merseyside Fire and Rescue Service
OFS	Operational Fire Station
PM	Project Manager or Project Management
SLT	Strategic Leadership Team
TDA	Training and Development Academy