

THE HIGHLAND COUNCIL
RESOURCES COMMITTEE 18TH February 2009

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| Agenda Item | |
| Report No | |

Corporate ICT Contract: Service Continuation
Report by Head of E-Government

SUMMARY

This report updates Members on the contractual requirements required to manage the transition between the current corporate ICT contract and the new corporate ICT arrangements.

1. Introduction

- 1.1 At The Highland Council on the 6th September 2007 Members agreed to extend the existing ICT contract with Fujitsu for a further 12 months on a like for like basis under the existing contractual terms and conditions.
- 1.2 As such the Council's contract for corporate ICT provision ends on 5th July 2009 and the Council is undertaking a EU procurement for the supply of future ICT requirements to replace the existing arrangements with Fujitsu Services Limited. Under the terms and conditions of the current contract with Fujitsu Services Limited the Council has the opportunity to exercise contractual options for up to 12 months of service continuation to cover the transition between the old arrangements and any new arrangements.
- 1.3 The Council now needs to formalise a service continuation to ensure that the ongoing operational ICT requirements link to the requirements of the ICT procurement project and the new ICT arrangements which will be put in place.

2. Current Position

- 2.1 Service continuation arrangements need to be agreed as soon as possible to ensure that the Council has a continuing ICT service and that any risks with regard to operational ICT service are mitigated.
- 2.2 Meetings have taken place with Fujitsu to secure a service extension and progress has been reported regularly to the ICT Procurement Project Board, chaired by the Chief Executive.
- 2.3 Discussions with Fujitsu have been focused on agreeing the length of continuation of service which is required, and following consultation with the ICT Procurement Project Board, it has been agreed that the Council should consider a service continuation of 6 months, to tie in with the procurement timescale of new arrangements being in place by 31.12.2009.

3. Costs

- 3.1 The current annual cost of the ICT provision with Fujitsu is £9,693,000 this is based on the latest annual service charge (ASC 56). The six month value of the latest annual service charge is £4,846,500.
- 3.2 The proposed cost of the 6 month service continuation is £ 5,060,000 a difference of £ 213,500 from the current 6 month service charge. This difference is due to the fact that Fujitsu have had to negotiate a number of short term contracts with suppliers and these arrangements carry a price premium. As part of the agreement with Fujitsu Services Limited it has been agreed that the 6 month service continuation will contain options to extend the service continuation for a further 3 months on a month by month basis if required, and any such requirements will need to be notified to Fujitsu Services Limited by 31st August 2009. Whilst it is not anticipated that the Council will need to extend the service continuation arrangements past 5th Jan 2010, it is recommended that the Council does retain this option in order to protect against and fully manage any transition risks. The cost of the service continuation can be met from within existing budgets by earmarking part of the under spend in the Chief Executive's 2008/09 service budget.

4. Timescale

- 4.1 As the current contract comes to an end in July, the Council needs to agree a service continuation with Fujitsu by the end of February 2009. Discussions are ongoing and agreement has been reached in principle, however no formal arrangements can be made until the Council formally confirms it's position

4. Recommendation

- 4.1 Members are requested to:
- i. Note the work ongoing to agree a service continuation under the existing contractual provisions
 - ii. Approve the costs and funding associated with the service continuation as outlined in section 3.
 - iii. Agree the creation of the ear marked reserve referred to in paragraph 3.2
 - iv. Note the timescale as outlined in section 4

Signature: Vicki Nairn

Designation: Head of E-Government

Date: 9.2.2009