

Board Paper

Date

7 July 2025

Title

End User Computing contract approval

Report Author

REDACTED (Principal Procurement and Supplier Officer)

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Responsible Executive Director

Richard Greenhous (Chief of Staff)

Paper for decision

[Open paper](#)

Issue

1. We are currently procuring a replacement contract for our outsourced End User Computing (EUC) IT services.
2. Due to the timetable for the procurement relative to the Board timetable we request advance Board approval of a maximum financial commitment within which the CEO can approve the contract award.
3. In addition, from our experience of managing the current EUC contract, the replacement contract requires a more efficient and pragmatic mechanism for approving contract variations.

Recommendation

4. The Board is recommended to agree to a financial commitment for this replacement EUC contract of £2.9 million over a four year initial term.
5. The Board is recommended to agree to a specific delegation to the CEO to approve the contract award to the selected supplier, subject to the contract award not exceeding £2.42 million for a four year initial term.
6. The Board is recommended to agree to a specific delegation to the CEO to approve variations of the contract value with a cumulative total up to and including 20% of the original

contract award value. If variations of contract value are required whereby the cumulative total exceeds 20%, Board approval would be requested.

7. The Board is recommended to note that the contract will include an option for the OEP to extend the initial four year contract term by up to a maximum of three additional years, and that to exercise this extension option Board approval would be requested towards the end of the initial term.

Background

8. The OEP fully outsources its IT service, known as End User Computing (EUC), to an external supplier. The supplier of the current EUC service since OEP inception is Boxxe Ltd. This contract expires on 30 September 2025 with no further extensions possible.
9. The services in the EUC contract are business critical, comprising:
 - Hardware and Software Asset Management
 - End User Service Desk (helpline)
 - Storage as a Service
 - Security as a Service
 - Virtual Infrastructure Management
 - WAN and LAN Management
 - Monitoring services
 - Mobile Device Management
 - Disaster Recovery and Business Continuity
 - SharePoint

The need for these services has been carefully considered. They ensure suitable provision and support of our IT network, equipment and software to staff, secure data storage, and necessary protection of the OEP against cyber risks.

10. We are therefore in the process of reprocurring a replacement contract to continue the provision of EUC services. This procurement is being undertaken as a competitive procedure through a public sector IT procurement framework, an approach designed to ensure we secure value for money. The framework is compliant with the Public Contracts Regulations 2015 and the OEP Procurement Policy.

Analysis

11. The competitive procurement resulted in one tender being received – from Boxxe Ltd (the current supplier). Based on Boxxe's good performance delivering the current contract, and their proposed costs being a reduction on current costs, we strongly anticipate proceeding with recommending award of the contract to Boxxe. This firstly needs to be confirmed by formal assessment of the tender.

12. In the procurement timetable, the scheduled formal tender assessment stage coincides with the period between the submission deadline for this paper and the Board meeting on 16 July. This paper therefore requests approval of financial commitment and a specific delegation based on initial knowledge of the tender at the time of writing this paper. We will verbally provide any update or revision needed at the meeting on 16 July.
13. This approach will enable us to maintain the procurement timetable and progress efficiently to contract award following the Board meeting.

Financial commitment

14. Over its four year term the current contract has a value of £2.5 million, including all contract variations.
15. Approximately £600k is allocated in the approved 2025/26 business plan for EUC expenditure, and an additional £50k for costs associated with a new supplier onboarding their services.
16. The tender received for the replacement contract proposes a price of £2.23 million over its initial four year term based on our stated requirements – an annual equivalent (approximately £560k) marginally lower than the approved 2025/26 budget. Approximately 30% of this proposed price is for costs recharged from third party suppliers (e.g. on software licences provided through this contract). We may need to adjust some costs, and so the total contract price, during negotiation and drafting the contract.
17. Within the total contract price the costs for services provided directly by Boxxe will reduce by 29% compared to our current contract as a result of this competitive procurement.
18. Annual EUC expenditure is broadly determined by the size of the organisation and not linked with any significance to our activities. We therefore expect the annual EUC expenditure to remain broadly flat year-on-year, though we need to allow for some additional budget contingency for unforeseeable future IT requirements and unavoidable inflationary increases applied by the third party suppliers. We estimate these inflationary increases may be around 8% per annum based on recent years.
19. As we will not need to onboard a new supplier the budgeted £50k can be released as a saving.
20. The requested maximum financial commitment of £2.9 million over the initial four-year contract term is therefore consistent with the approved 2025/26 budget (4x) and expected future budget needs. This includes 20% headroom to allow for contract variations to enable the unforeseeable necessary additional costs.

Delegation of contract award

21. The Financial Scheme of Delegation, 2.4 (Contract Approval) states the following delegations:

Table 1: Financial approvals to award a contract

Total contract value (including VAT and all other attributable costs, charges and expenses)	Delegated authority
More than £500,000	Reserved to the Board
More than £100,000 up to £500,000	Chief Executive
More than £10,000 up to £100,000	Executive Director
£10,000 and below	Any Grade 6 employee or the Principal Procurement and Supplier Officer

22. The delegation being requested would permit the CEO to award the contract to the successful tenderer at a contract value higher than the £500,000 limit in Table 1. The maximum contract value for the award shall be limited to £2.42 million to allow for contract variations (if needed) with a cumulative value up to 20% of the original awarded value (see paras 25-29), whilst staying within the £2.9 million financial commitment approved by the Board.
23. It therefore changes the upper limit of the CEO delegated authority in Table 1 from £500,000 to the actual awarded contract value + 20%, which will in total be no more than the £2.9 million financial commitment requested from the Board. The CEO could therefore only approve contract expenditure within the Board's approved financial commitment.
24. The delegation being requested will apply to this specific contract only. For all other contracts and expenditure the approved Financial Scheme of Delegation will continue to apply.

Contract variations in value

25. Under the current contract routine purchase of equipment or software licences have entailed a contract variation, with the Financial Scheme of Delegation requiring these to have Board approval – this has been required 22 times. For the new contract we wish to establish a more efficient and pragmatic approvals mechanism that still maintains appropriate financial control and oversight.
26. The Financial Scheme of Delegation, 2.4 (Contract Approval) states the following delegations:

Table 2: Approval of contract variations

Total variation value (including VAT and all other attributable costs, charges and expenses)	Delegated authority
Up to and including 20% of the original contract value regardless of the total contract value	Any person with delegated authority to award the original contract in accordance with Table 1
More than 20% of the original contract value	Any person with delegated authority to award a contract with the amended total contract value in accordance with Table 1. The amended total contract value is the original contract value, the value of any prior variations and the proposed variation value.

27. By granting the amendment to the CEO's delegated approval of total contract value in Table 1 (see para 21) this would also permit the CEO to approve variations to the contract value with a cumulative total up to and including 20% as per Table 2. This would provide pragmatic operational flexibility in the management of the contract.
28. Without the amendment any variation in contract value would remain reserved to the Board, even for small variations.
29. If variations of contract value are required whereby the cumulative total exceeds 20% of the original contract value Board approval would be required.

Contract variations in term

30. The contract award approved by the CEO shall be limited to a four year initial term.
31. The contract will include an option for us to extend the initial four year contract term by up to three additional years. To exercise this extension option, Board approval would be requested towards the end of the initial term.

Northern Ireland

32. The EUC services are provided to the OEP as a full entity, there is no differentiation between England and Northern Ireland.

Finance and Resource

33. The budget and resourcing required to deliver the EUC contract is a core part of the OEP's Business as Usual operations. It is already established in the approved business plan for 2025/26, including budget for costs associated with a new supplier onboarding their services (see para 15). For future years, forecast expenditure will be detailed in subsequent annual business plans based on the contracted costs.

34. Approval of the proposals in this paper will not cause any additional expenditure or use of resources. Conversely, not approving the proposals would cause inefficiencies in the remainder of the procurement procedure and additional Board time to consider approvals if any small contract variations were required.

Impact Assessments

Risk Assessment

35. For implementing the recommendations:

Risk description	Likelihood	Impact	Score	Mitigation
The contract does not provide value for money	1 Unlikely	3 Significant	3 Low-Medium	- A very comprehensive technical specification of our requirements formed the basis of the procurement. - A competitive procurement was undertaken using a public sector IT framework, and cost reductions were secured. - The assessment of tenders used quality/technical criteria and price criteria. - Supplier performance and cost control will be closely monitored. - Our service requirements will be regularly reviewed, and the service delivery adjusted accordingly, to ensure the contract continues to deliver our business needs throughout the contract term.
The OEP has a material change in financial or technical circumstances	2 Possible	3 Significant	6 Medium	The package of services includes variable cost elements which could be adjusted to match

necessitating reduction in expenditure				available budget (though with potential knock-on IT risks).
The OEP has a material change in financial or technical circumstances necessitating termination of the contract	1 Unlikely	4 Major	4 Low-Medium	The contract includes provision for the OEP to terminate by one-month notice after the first 12 months.
Poor supplier performance results in operational issues	2 Possible	3 Significant	6 Medium	- Careful onboarding of the supplier to embed our performance expectations - Close monitoring of supplier performance to resolve problems before they become issues - Contract contains performance KPIs with service credits - Contract contains dispute resolution process - Escalation to framework provider

36. For **not** implementing the recommendations:

Risk description	Likelihood	Impact	Score	Mitigation
<i>Financial commitment not approved:</i> No EUC services provided leading to collapse of OEP's IT infrastructure	4 Very likely	5 Catastrophic	20 Very high	No feasible mitigation
<i>Financial commitment approved at lower amount:</i> Reduction in EUC services that can be provided through the contract leading to	4 Very likely	4 Major	16 High	Careful prioritisation of services to minimise knock-on IT effects.

degradation of OEP's IT infrastructure				
<i>Delegation not approved:</i> All contract variations require approval from the Board	5 Certain	2 Moderate	10 Medium	- Minimise variations needed - Templated approach for requesting variations

37. No legal risks have been identified.

Equality Analysis

38. No material equalities impacts have been identified.

Environmental Analysis

39. To secure a place on the procurement framework all suppliers were required to demonstrate their commitment and approach to delivering social value. In our procurement of the contract we are further testing that that they will monitor, report on, and advise on social value and environmental impacts associated with delivering the services and advise on any improvements that can be achieved.

Implementation Timescale

40.

Contract award decision + CEO approval	By Friday 18 July 2025
Suppliers notified of award decision	Friday 18 July
Standstill period (a regulatory requirement)	21 July to 31 July
Contract agreement with supplier	1 August to (target) 14 August
Contract signature by CEO	By 14 August
Current contract expires, new service starts	30 September 2025

Communications

41. No communications are required. This is an internal operational matter only.

External Stakeholders

42. No external stakeholders need to be engaged. This is an internal operational matter only.

43.

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Paper to be published	YES
Publication date (if relevant)	With meeting minutes (after the publication of the contract award notice)

ANNEXES LIST

NONE