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Contract

Core Business Platform Support and Maintenance Services

H M Revenue & Customs

F03: Contract award notice

Notice identifier: 2022/S 000-008052

Procurement identifier (OCID): ocds-h6vhtk-03260e

Published 24 March 2022, 4:27pm

Section I: Contracting authority

I.1) Name and addresses

H M Revenue & Customs

Customs House Annexe, 20 Lower Thames Street

LONDON

EC3R 6EE

Email

sarah.dunsmore@hmrc.gov.uk

Country

United Kingdom

NUTS code

UK - United Kingdom

Internet address(es)

Main address

www.gov.uk

I.4) Type of the contracting authority

Ministry or any other national or federal authority

I.5) Main activity

Other activity

Direct and Indirect taxation

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Core Business Platform Support and Maintenance Services

Reference number

SR685055970

II.1.2) Main CPV code

- 72416000 - Application service providers

II.1.3) Type of contract

Services

II.1.4) Short description

The contract is for business application support and maintenance services for a set of business-critical legacy HMRC applications. The contract includes options to provide decommissioning and application modernisation services for the business applications in scope. The purpose is either to decommission services during the initial term of this contract or prepare enduring applications and services to go to market in future. The contract will have a duration of 3 - 5 years.

II.1.6) Information about lots

This contract is divided into lots: No

II.1.7) Total value of the procurement (excluding VAT)

Value excluding VAT: £214,542,937

II.2) Description

II.2.2) Additional CPV code(s)

- 72250000 - System and support services
- 72261000 - Software support services
- 72262000 - Software development services
- 72263000 - Software implementation services

II.2.3) Place of performance

NUTS codes

- UK - United Kingdom

II.2.4) Description of the procurement

HMRC has awarded a contract to Capgemini UK Ltd to provide Business Application, Support and Maintenance (BASM) services for a set of business-critical legacy HMRC applications which are part of the Core Business Platform ("New Contract"). Prior to this Capgemini was the incumbent service provider to HMRC for these services (and other business applications, which are part of other replacement contracts or which are now decommissioned and no longer supported). This expires in June 2022 ("Prime Contract"). The equivalent services under the Prime Contract shall terminate when the New Contract takes full effect.

The services under the New Contract are: Business Application Support and Maintenance (BASM) services; and optional business application development and enhancement services, system integration services; strategy, architecture and feasibility analysis services and decommissioning services related to the applications, which HMRC can use on a call off basis.

The term of the New Contract is 3 years with two extension options of 1 year exercisable by HMRC. The consumption of the services for the legacy applications under the New Contract is planned to decrease over the contract term as some services are decommissioning, as a consequence of separate replacement Programmes which are already in-flight.

The legacy applications supported by the New Contract are either (1) services which are in the process of being replaced and will be decommissioned within the New Contract initial term or (2) services which are aging and require some form of consolidation or modernisation in order to mitigate technical risks and prepare for going to market in future.

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(1) Services which are in the process of being replaced and will be decommissioned within the New Contract term:

- Computerised Environment for Self-Assessment (CESA)
- The Pension Scheme Service
- Integrated Debt Management Service
- New Tax Credits
- Banking & Payments

(2) Services which are aging and require some form of consolidation or modernisation in order to mitigate technical risks and prepare for going to market in future:

- Inheritance Tax
- Employer Scheme Processing (Construction Industry Scheme Reform / Employer Compliance Service / Penalties and Appeals Service / Contact History Framework)
- Tactical Support Services
- Corporate Data Frameworks
- Security Services
- Student Loans Service
- Cross Border Tax Services (Complex Personal Tax Teams / Foreign Entertainers Unit / Non-Resident Landlords)
- Other small services / tools

Some of these applications will be replaced or consolidated allowing the legacy system to be decommissioned as part of the overall modernisation of HMRC IT. Applications which are enduring and will continue to remain in use at the end of the contract term will be modernised where possible.

The New Contract value is £214.54m. Payments are supported by service levels and service credits and are structured as a combination of fixed price support and maintenance charges and rate-card based charges for projects including decommissioning and application modernisation services.

II.2.5) Award criteria

Price

II.2.11) Information about options

Options: No

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The services can be provided only by a particular economic operator for the following reason:
 - absence of competition for technical reasons

Explanation:

The services required by HMRC consist of the provision of Business Application Support and Maintenance (BASM) services; and optional business application development services, system integration services; strategy, architecture and feasibility analysis services and decommissioning services to support business critical legacy HMRC applications. The applications in scope are either (1) services which are in the process of being replaced and will be decommissioned within the New Contract term or (2) services which are aging and require some form of consolidation or modernisation in order to mitigate technical risks and prepare for going to market in future. The applications generate substantial taxes and revenue for the UK and a number of the applications are classified as business critical and therefore must be wholly reliable. It is therefore imperative that the support of such applications continue to be delivered safely and without interruption.

The award of the New Contract to Capgemini ensures the secure and continued support of the legacy applications whilst they are either decommissioned or undergo technical modernisation.

HMRC's assessment is that support services for applications which only have a time-limited life before they are decommissioned can only be provided by Capgemini. This is due to the increased technical risks involved during the migration of services to a replacement application and the decommissioning of all elements of the legacy application that requires a considerable level of in-depth knowledge and experience of the solution, which only Capgemini have because of their 18 years of supporting those services.

Due to the age and intricate interdependencies of the legacy applications which are deemed to require consolidation or modernisation, the support services for those applications, until they are modernised, can only be provided by Capgemini. These

applications are a complex environment of small solutions which require extensive knowledge of HMRC's business processes to manage and some are also on aged technologies for which there is a reducing skills-base available. Modernisation is necessary to bring them to the required technical level and reduce inter-dependencies whilst preparing them for going to market in future.

As these are business critical tax and benefit applications, HMRC requires the secure and uninterrupted delivery of support to those applications and considers the award of the New Contract to be the only option for securing delivery of those services until they are either replaced and decommissioned or have been brought to a suitable technical state via consolidation or modernisation. The resulting contract enables HMRC to deliver on its strategic priorities to protect live services and deliver contractual flexibility to manage decommissioning. In parallel, HMRC will be able to work with Capgemini to prepare enduring technologies and services to go to market.

This is an award of a contract via the negotiated procedure without prior publication under Regulation 32 of the Public Contracts Regulations 2015. HMRC's view, having taken advice, is reliance on Regulation 32 is justified because services being procured under and for the term of the New Contract can only be provided by Capgemini because competition is absent for technical reasons.

Accordingly, HMRC concluded that for technical reasons HMRC would procure services under the New Contract which only Capgemini could provide and for which there was no reasonable alternative.

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

Section V. Award of contract

A contract/lot is awarded: Yes

V.2) Award of contract

V.2.1) Date of conclusion of the contract

21 March 2022

V.2.2) Information about tenders

Number of tenders received: 1

The contract has been awarded to a group of economic operators: No

V.2.3) Name and address of the contractor

Capgemini

Surrey

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor is an SME

No

V.2.4) Information on value of contract/lot (excluding VAT)

Initial estimated total value of the contract/lot: £214,542,937

Total value of the contract/lot: £214,542,937

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

HMRC

Plaza 2, Ironmasters Way

Telford

TF34NT

Country

United Kingdom