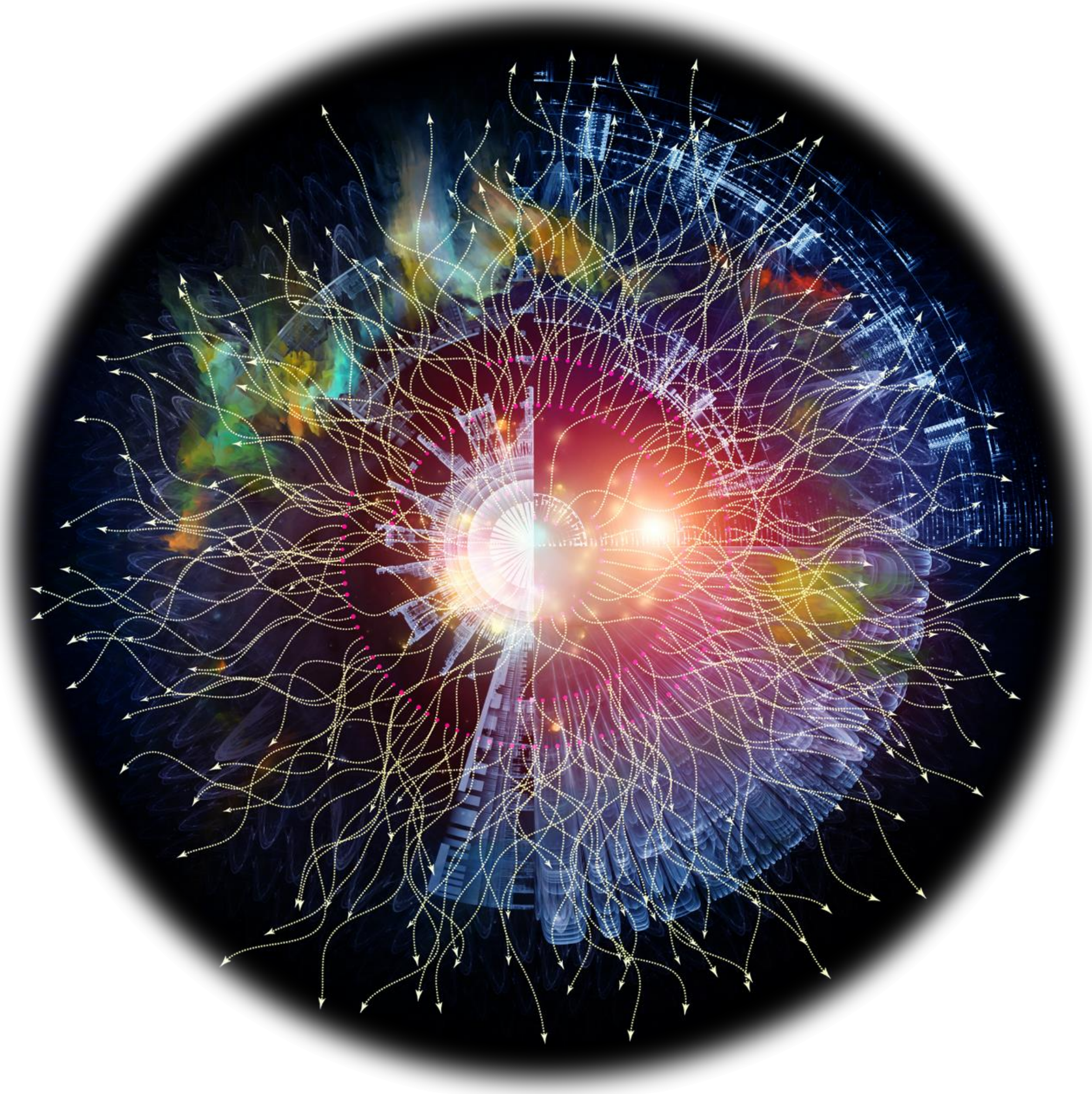

Financial Management of Cloud Software Products

G-Cloud 15 Service Definition Document

January 2026

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1 Deloitte Overview

As a leader in professional services, Deloitte LLP is committed to making an impact to our clients, our people and for society. We have over 27,000 staff based across the UK providing audit, risk advisory, tax, consulting, financial advisory and legal services to public and private clients across multiple industries. We work together to build trust, support inclusive growth, and build capability, enabled by our **breadth and depth of expertise across advisory, delivery, engineering and managed services.**

Our **public sector practice** serves Central Government, Government Agencies, Local & Regional Government, Defence, Security and Justice, Health and Social Care, Transport, Education and Housing. We also provide services to the Northern Ireland Office, Scottish Government, Welsh Government and Crown Dependencies.

Our Cloud Capability

At Deloitte, we help our clients **Imagine, Deliver** and **Run** the businesses of the future through the power of **Cloud**. We have deep Cloud architecture, engineering, operational, commercial, and business transformation expertise delivered by a team of more than 26,000 Cloud Practitioners globally. We have delivered over 2,000 cloud implementations over the past 5 years and have 60+ cloud centres of excellence supporting the delivery of cloud services to our clients.

In the UK, we have a team of over 100 Cloud managed service specialists plus the following certifications across AWS, Microsoft Azure, Google Cloud and Oracle Cloud Infrastructure (OCI):

We help our clients with all aspects of their journey-to-cloud and optimisation of their cloud and cloud-services investments. Our Cloud practice can support you to optimise your client investments, and to navigate your organisations cloud journey, providing specialist cloud architecture, engineering, and operational skills at all stages, with a large proportion of our team holding the clearances required to meet your specific security requirements.

Our AI Capability

Deloitte stands at the forefront of AI transformation and was recognised as a Leader in the 2025 IDC MarketScape for Artificial Intelligence (AI) services for the fourth consecutive time. Supported by a £3 billion investment in AI, Data, Automation, Cloud, and Cyber, we seamlessly integrate our deep AI expertise with our extensive cloud capabilities. Our UK team is part of 339K AI-fluent practitioners globally, and includes over 1,300 AI specialists and engineers, many of whom hold the necessary security clearances for public sector delivery.

Through the Deloitte AI Institute, our hub for cutting-edge research and innovation, and strategic alliances with leading hyperscalers, we empower public sector clients to optimise costs, streamline processes, and navigate their AI journey. We achieve this by leveraging our ReadyAI™ models, which provide end-to-end support for AI solution implementation, and our Trustworthy AI™ framework, ensuring responsible and ethical deployment.

Our alliances & ecosystems

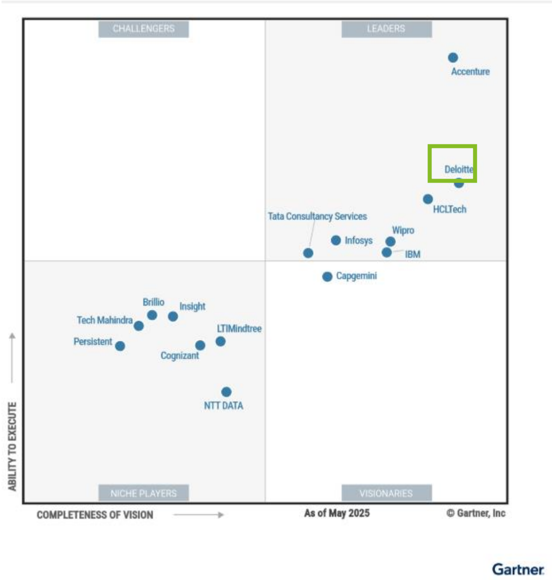
To bring full value to our clients, Deloitte is a premier consulting partner with all the leading hyper-scale cloud vendors in the market including AWS, Google, Microsoft[1], and SAP. A selection of our partners and alliances are presented below:

What the analysts say

Don't just take our word for it. Deloitte is recognised by the analyst community as being **leaders in cloud transformation services.** This reflects the wealth of experience we have in delivering cloud services across the public sector and wider private sector combined with our out-of-the-box templates, tools and assets.

Gartner

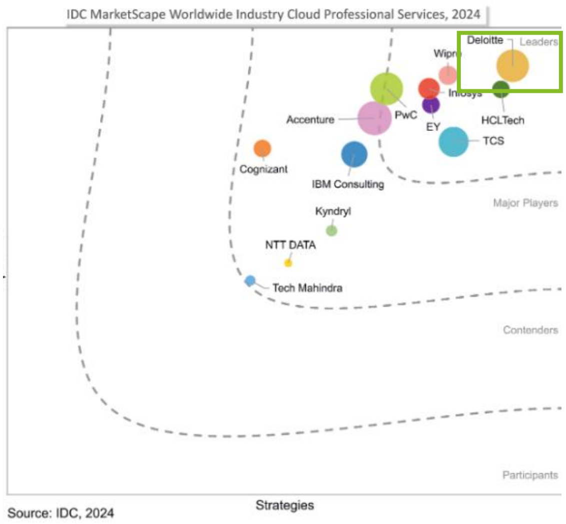
Originating in 2021, Deloitte has been recognised as a Leader in this category for four years in a row. Deloitte was also positioned as a Leader in the **Gartner Magic Quadrant for Public Cloud Infrastructure Professional and Managed Services, Worldwide** in 2021, 2020 and 2019, the previous form of this category.



Gartner: Magic Quadrant for Public Cloud IT Transformation Services. **© Gartner inc. 2025**

IDC

Deloitte has been awarded Leader status in the **IDC MarketScape: Worldwide Industry Cloud Professional Services 2024** Vendor Assessment. We have also been recognised as Leaders in **Hybrid IT Consulting & Integration Services** and **Software Engineering Services**.



IDC MarketScape: Worldwide Industry Cloud Professional Services Vendor Assessment
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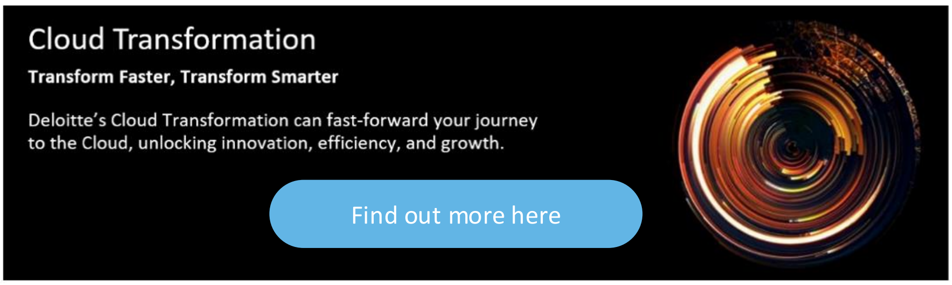

[1] As Microsoft's Independent Auditor, Deloitte cannot have a direct or material indirect business relationship with Microsoft, such as having an alliance or being a registered partner. Nonetheless, Deloitte can provide Microsoft-related technology services and invests heavily across its global business building technical skills and capabilities to develop world-class consulting and solution delivery capabilities.

2 Service Overview

Overview

Deloitte will work with you to create financial analysis to provide improved insight and understanding of the financial impact of commercial / programme issues throughout the design, procurement, management, transition and exit stages of the technology services lifecycle. Deloitte's commercial analysis of the contract terms will enable clients to better assess and mitigate the balance of financial risk including contract design, negotiation and change.

The service uses Deloitte's proven contract procurement, negotiation and management advice to plan and review financial outcomes through the course of an IT programme (including cloud services). The need for contractual clarity around each party's roles and responsibilities throughout an IT programme deployment is an important factor in managing financial, commercial and programme risks in a constrained budgetary environment. Effective governance processes by senior executive management should be based on a clear articulation of the root causes of supplier performance and lifecycle costs. This informs the risk analysis and mitigation planning throughout the course of transformation programmes.

The contract finance advisory service is designed and priced on a variable basis to flex with the scale and complexity of the deployment as well as the speed and depth of the review: we will apply the G-Cloud day rates to this financial advisory activity. The use of small teams with deep, contract advisory service experience is central to our turn-around times to enable you to meet your stakeholder reporting timelines.

Service features

- Review of supplier financial performance against contractual baseline terms;
- Identification of negotiating levers from contract terms and contract performance;
- Design of pricing / payment mechanisms to reflect programme VfM objectives;
- Real time financial analysis of supplier proposals and counter-proposals;
- Design of and skills transfer on contract management tools;
- Identification of financial dependencies which impact whole-life costs;
- Analysis of financial impacts of IT procurements;
- Analysis of contractual clarity of funding programme roles and responsibilities;
- Recommendations to maximise supplier value through service transition / contract exit; and
- Value for money analysis of supplier contract performance.

Service benefits

- Detailed insight into IT supplier performance, behaviours and incentives;
- Anticipation and prevention of common IT contract issues;
- Insightful negotiation planning and detailed supplier engagement;
- Stakeholder engagement in decision making and timely approvals;
- Identification and management of financial risks;
- Consistent understanding and insight across the stakeholder group;
- Credible and robust business plan assumptions and financial forecasting;

- Minimal value leakage post negotiation and strengthened contract management processes;
- Stronger decision making as an intelligent customer; and
- Reduction in programme costs and increases in programme benefits.

3 Detailed Service Description

Our Approach

Our approach to delivering financial advisory services is to recognise where the greatest financial and commercial risk lies in the contract terms or supplier engagement. Our advice is therefore structured around providing analysis, insight and recommendations to strengthen the customer-supplier relationships.

The following sections explain our proposed approach to provide financial advice through the contract lifecycle. Each section outlines the available activities, and we would expect to agree the length of our involvement based on required activities and outputs as part of each Service Order at the beginning of each project.

Financial Advice for Deployment of IT Services

Large or transformational IT programmes often require financial management and supplier management skills that may have faded in the interim period since the previous programme. In addition, poor links between the commercial team and the previous procurement team can leave an organisation with limited insight into the gaps in its contracted services and understanding of full programme cost.

This leaves programme directors battling with supplier bids for contract change to increase funding and struggling to fulfil the organisation's obligations under the programme commitments. This results in increased financial risk, increased programme risk and potential delays to the live service.

Board members need to challenge the basis for increased deployment costs in order to leverage contract terms, hold their teams to account for the budgeting assumptions behind the original investment decision. This is critical to enabling boards to assure themselves that the IT deployment or implementation has been fully costed and that transformational benefits will outweigh the capital costs.

Where suppliers choose to delay agreeing the detailed implementation plans until after contract award this often leaves public sector teams at a disadvantage since they may not appreciate the additional resource or infrastructure costs that will emerge as a result of detailed planning activities.

Our insight into contract terms, clarity over contractual roles and responsibilities and ability to interpret the contract and implementation materials will flush out the lack of clarity in contractual obligations and therefore ownership of costs. This will facilitate board decisions about supplier engagement to share emerging costs on the basis of contract terms.

In particular, financial advisory support will:

- Provide clarity about the risk profile based on the pricing and payment mechanisms;
- Identify how the trend in programme costs reflects the underlying contractual obligations;
- Highlight areas for increased financial exposure arising from the contracted roles and responsibilities;
- Identify weaknesses in contract management that could impact overall programme costs; and
- Identify contractual levers for use in supplier engagement to limit customer costs.

The service is designed to flex with the scale and complexity of your project so we have proposed day rates for this activity. We recognise that ICT programme contracts may encompass any number of deployments and services. This service is designed to support deployment cost analysis, service cost analysis or whole contract analysis recognising that each service has its own risk profile.

Phase	Activity	Detail
Budget Increase Analysis	Document funding rationale	Confirm the basis for the supplier / deployment team requesting additional funding i.e. cost overrun, schedule delay, unforeseen extra activities or other contract change.
	Document service delivery roles	Assess the clarity of the description of the roles and requirements in the contract documents in relation to the deployment or service.
	Document clarity of deployment plans	Assess how the deployment responsibilities for each party (including sub-contractors) are incorporated into contracts and programme plans.
	Document remedies	Identify how the contractual remedy mechanisms can be implemented in practice if roles and responsibilities are not clearly stated.
	Document accountability	Identify how the contract parties are accountable for overrun or programme delays?
Contract Levers	Define the contract levers	Identify the contractual levers for managing the deployment.
	Document contract management	Consider the Trust's contract management of each party's deployment responsibilities.
Next Steps	Document supplier engagement	Identify actions to clarify ownership and accountability for supplier engagement

Financial Advice for Procurement of IT Services

With the Government's drive to push greater IT commissioning out to local service users and the challenge to fully define the deployment lifecycle activities and costs, programme boards need to assure themselves that the IT deployment or implementation has been fully costed and that transformational benefits will outweigh the capital costs.

Suppliers and customers often choose to delay agreeing the detailed implementation plans until after contract award in the interests of concluding the procurement. In practice, this means that the public sector team may be at a disadvantage if it lacks transformation and implementation experience to fully plan all the resource costs.

Our ability to consolidate and interpret the contract and implementation materials will flush out the lack of clarity in contractual obligations and therefore ownership of costs. This will facilitate board decisions about the scale of investment and risks to budget commitments. The transparency of evaluation terms and clear links to the published programme objectives is consistent with seeking to reduce the risk of bidder challenges which create additional cost and delay to the procurement and damage the authority's reputation in the market.

In particular, financial advisory support will:

- Provide clarity about the alignment between objectives and evaluation criteria;
- Identify weaknesses in the procurement process;
- Highlight the impact of the procurement process on competitive tension;
- Minimise the reputational and financial risk of bidder challenge; and
- Identify next steps to bring the procurement back on target.

The service is designed to flex with the scale and complexity of your project so we have proposed day rates for this activity. We recognise that procurement may encompass any number of lots for separate services. This service is designed to support single or multiple 'lots' recognising that each lot is targeting a different service with its own risk profile.

Phase	Activity	Detail
Designing the Procurement Process	Document the programme objectives	Confirm the authority's programme objectives and risks which would inform the evaluation criteria and financial risk mitigations.
	Document the business case	Prepare the business case to support the procurement route which best meets the authority's programme objectives to obtain stakeholder approval.
	Define the procurement plan	Develop the detailed procurement process plan to support contract award within the parameters established by the authority.
	Design the evaluation criteria	Define the evaluation criteria that align with mitigation of programme risks. Confirm the pass/fail threshold with the authority.
	Develop the marking scheme	Define the balance of marking criteria to align with the programme objectives.
Reviewing the Procurement Process	Map the alignment of objectives, criteria and marking	Confirm the alignment of the authority's programme objectives and criteria to assess coherence and potential gaps against the original stakeholder approvals.
	Assess issues in the procurement process	Identify issues from the procurement process that may attract bidder challenge or are not aligned with good practice.
	Assess the impact of the procurement issues on the timeline	Consider how pausing or changing the procurement process would impact the ability of the authority to appoint a new supplier.
Next Steps	Identify next steps to continue or refresh the procurement	Set out the next steps to implement the authority's decision to proceed with or amend the procurement.
	Identify constraints on the procurement process	Consider the market and operational constraints on the procurement process.

Financial Advice for Termination of IT Contracts

Technology is a critical enabler to most organisations, so termination planning needs to ensure business resilience is supported by the commercial mechanisms and financial budgeting. We enable authorities to minimise and manage the financial cost by examining and optimising the assumptions embedded in the financial model and commercial mechanisms. This creates a number of negotiating levers for use with the supplier.

In particular, financial advisory support will:

- Allow the authority to make informed choices about the cost of proceeding with termination compared to alternative contract change routes;
- Generate insight into the supplier's financial motivations around optimising their financial return under the contract terms; and
- Build an understanding of negotiation levers based on financial costs and commercial terms.

The service is designed to flex with the scale and complexity of your project so we have proposed a weekly price for a small, experienced team to work alongside your financial and commercial team.

Phase	Activity	Detail
Assess the Options	Understand the current state	Review the authority's analysis of the current financial state of the contract and the level of supplier exposure.

	Define the issue	Confirm the authority's requirement to assess the cost of termination and their understanding of the basis on which either contract party is instigating the potential termination.
	Identify the benefits	Identify the benefit to the authority of triggering a termination i.e. short term (e.g. cost reduction) or longer term (evolving technologies).
	Gather reference materials	Collate relevant materials from the authority to inform the termination analysis including the complete contract, supplier performance reports and financial models.
Analysis	Financial cost of termination	Carry out a desktop review of the termination costs payable under the contact terms. Assess the variation in termination costs for different scenarios and transition arrangements to replacement suppliers.
	Disputed items	Carry out a desktop review of the authority's evidence for the disputed items which are prompting the termination discussion to assess validity of claims in the light of contractual termination provisions.
Levers	Balance of levers	Summarise the potential levers available to the authority based on the authority's record of all party compliance against contract obligations. Discuss with the authority which party is favoured by the negotiation levers.
	Identify potential service risks	Discuss with the authority service teams which services would be affected by a whole or partial termination.
Termination	Outline the contractual process	Outline the contractual timetable for enacting a termination including notice periods, variations and financial impact of 'early' warning of termination.
	Legal position	Where available, discuss our understanding of termination provisions with the authority's legal advisers to identify gaps or mis-interpretation.
	Exit and transition implications	Discuss with the authority team the cost of contract exit and service transition activities which are triggered by contract termination.

Financial Advice on Transition and Exit from IT Contracts

Transformational IT programmes involve long term contracts and many have been established on the basis of prime contracting to minimise management effort in the public sector customer team. Technology services have evolved and procurement strategies are also developing into 'towers' and leasing models. Bidders typically make limited provision for IT exit transition, instead relying on the change process and business criticality to secure additional funding and revenues.

Technology is a critical enabler to most organisations so transition planning needs to ensure business resilience is supported by the commercial mechanisms. We enable authorities to understand the financial costs by examining and optimising the assumptions embedded in the financial model and commercial mechanisms. This creates a number of negotiating levers for use with the supplier.

In particular, financial advisory support will:

- Enable management teams to plan exit roadmaps which incorporate legacy service ramp down options and market practice reprocurement;
- Enable management teams to negotiate with incumbent suppliers using exit levers combined with service changes;
- Enable management teams to identify and benefit from embedded and pre-paid provisions; and
- Enable management teams to plan an exit programme which minimises supplier on-costs.

The service is designed to flex with the scale and complexity of your project so we have proposed a weekly price for a small, experienced team to work alongside you.

Phase	Activity	Detail
Financial Model	Review the financial model	Review the financial model to identify baseline assumptions for supplier costs and pricing that were established at the original contract procurement.
	Extrapolate implied supplier man-days	Review the supplier's financial model baseline assumption for man-day effort (by analysing the cost and day rate data). Confirm the validity of this man-day estimate with the authority and compare it to the authority's own exit planning assumptions to identify scope for increasing exit costs.
	Extrapolate timescale for supplier support	Assess the supplier's financial model baseline to assess how early the supplier planned to initiate exit work and the links to contractual exit provisions.
	Identify pre-paid exit support	Review the supplier's financial model baseline together with charging mechanisms to identify any prepayments towards exit costs embedded in charges paid to date. Confirm the authority's understanding whether pre-paid exit services have been fully utilised.
	Identify asset values	Review the financial model and supplier financial reporting for indicative asset values as at the exit date.
	Estimate termination costs	Estimate contractual termination costs where transition activity will require early termination of services.
Commercial Mechanisms	Identify exit mechanisms	Identify which commercial mechanisms in the contract will be relevant to planning for exit.
	Identify transition mechanisms	Identify which commercial mechanisms in the contract will be relevant to planning for transition.
	Identify extension mechanisms	Identify if the contract allows for an extension and the terms of that extension. Identify which commercial mechanisms in the contract would be impacted by potential contract extension.
	Identify notice periods and triggers	Summarise the contractual notice periods for transition and exit. Summarise the order of events and information gathering to enable full exit.
	Identify service step down arrangements	Summarise the contractual terms and options for winding down service provision and associated charges in advance of contract expiry to assess potential savings over the remainder of the contract.
	Assess cost implications of notice periods	Summarise the financial implications of shortening or lengthening exit notice periods to identify potential savings as described in the contract, based on authority data.
Subcontracts	Identify flow down arrangements	Identify which contractual exit and transition arrangements flow down to subcontractors to anticipate potential supply chain costs to the authority.
	Identify service impacts	Identify contractual exit terms for subcontractors in order to anticipate the exit cost further down the supply chain which may impact the authority.
	Identify service transition arrangements	Identify the potential costs in the contract for transitioning subcontractor services to new suppliers.
Vendor Change	Estimate changes in run costs	Prepare and run a workshop with the authority service teams to identify the root causes of changes to the service run costs including

		factors such as the need for capital investment, changes in training, dual running costs, reparatory maintenance, upgrade costs, infrastructure investment and licences. Use the workshop to identify the authority's own internal programme costs which may be impacted with the change of supplier.
	Assess procurement costs	Comment on the authority's estimate of service reprocurement costs and procurement activity costs which may be incurred as a result of exit planning.

Financial Advisory Role at PQQ Stage in IT Procurement

With the Government's drive to open up service delivery to SMEs and changes in corporate ownership, the ability to assess suppliers' financial position is critical to early stages of procurement. The risk to service delivery and the financial consequences of managing supplier failure mid-way through service delivery requires novel management skills, diverts valuable resources and can directly undermine the service to the end-user.

Our ability to consolidate and interpret the publicly available data on a specific supplier facilitates the authority's objective bidder assessment. The transparency of evaluation terms and clear links to the published programme objectives is consistent with seeking to reduce the risk of bidder challenges which create additional cost and delay to the procurement and damage the authority's reputation in the market.

Our approach will be applicable to individual bidders as well as members of consortia or joint ventures. This enables the commercial and procurement strategy to benefit from innovative suppliers solutions across the market.

In particular financial advisory support will:

- Facilitate a level playing field for all bidders operating against a clearly defined set of criteria;
- Provide clarity of and equivalence between complex, financial data sets;
- Minimise the reputational and financial risk of challenge; and
- Engage the authority's procurement resources in advance of future rounds.

The service is designed to flex with the scale and complexity of your project so we have proposed a weekly price for the design of the financial PQQ criteria and a per bidder price for the evaluation activity. We recognise that procurement may encompass any number of lots for separate services. This service is designed to support a single 'lot' recognising that each lot is targeting a different service with its own risk profile. The PQQ design is a fixed activity for a particular 'lot' and the scale of PQQ evaluation will flex to reflect the number of bidder submissions into that individual 'lot'.

Phase	Activity	Detail
Designing the PQQ Criteria	Document the programme objectives	Confirm the authority's programme objectives which would inform the financial characteristics of successful bidders, and which should be considered at PQQ stage.
	Map programme risks to supplier behaviours and financial indicators	Prepare and run a workshop with the authority to map programme risks to possible financial indicators.
	Design financial PQQ criteria	Select and design the financial PQQ criteria that best capture the financial indicators for an individual corporate bidder.
	Define the pass/fail threshold	Define the pass/fail threshold for financial criteria that align with mitigation of programme risks. Confirm the pass/fail threshold with the authority.

Delivering the PQQ Evaluation	Review bidder information	Review bidder submissions for compliance with submission requirements and completeness of documentation.
	Identify missing information	Identify any missing relevant information in a format that enables the authority to communicate this effectively to the bidder.
	Evaluate bidder information	Evaluate a bidder against the financial PQQ criteria.
	Assess the bidder pass/fail award	Assess the bidder against the pass/fail threshold and perform sense checks by benchmarking the bidders against each other.
Summary	Bidder evaluation results	Set out the formal summary of the results of the financial evaluation of each bidder.
	Draft a summary evaluation report	Draft a formal summary report that summarises which bidders have passed the financial PQQ threshold, and which have failed the PQQ threshold.

Financial Advisory Support for IT Contract Negotiation

The breakneck pace at which technologies are developing is creating changes in how customers negotiate and contract for IT services. Public sector procurement and commercial teams are being challenged to bring stronger financial skills into the discussions to analyse the full cost of supplier practices. This recognises that the contract finance skills are one-sided in negotiations as suppliers are more focused on securing a strong financial outcome.

In particular financial advisory support will:

- Facilitate financially aware engagement with the supplier community;
- Facilitate the reduction of response times in time pressured negotiation environments;
- Spot common supplier practices that result in higher whole life costs for the public sector;
- Facilitate the building of intelligent commercial mechanisms;
- Facilitate internal negotiation team communication; and
- Generate credibility with stakeholders approving business cases.

The service is designed to flex with the scale and complexity of your project so we have proposed a weekly price for a small, experienced team to work alongside you and embedded in your negotiation team.

Phase	Activity	Detail
Assess the Options	Define the financial parameters	Confirm the affordability targets over each year of the contracted service and the split between RDEL and CDEL in order to assess the ‘budgetary’ merit of supplier proposals.
	Consider mitigations	Analyse how suppliers’ pricing and delivery approaches address affordability pressures.
	Gather reference materials	Confirm the availability of draft contract schedules, supplier financial models and supplier proposals across financial, commercial and operational workstreams so that the authority team is able to access support material on a timely basis during fast-moving negotiations. Work with the negotiation team to understand the audit trail of negotiations to date. Obtain copies of all commercial communications provided to supplier to understand the financial impact of trades made to date.
Analysis	Review supplier proposal	Review the supplier proposal for underlying assumptions which have a financial impact.

		Collate these assumptions and confirm if they are consistent with those assumptions being developed by the negotiation team.
	Highlight tax and accounting considerations	Highlight areas which may require further tax and accounting advice on the link between supplier forecasts and the authority's budgeting forecasts.
	Analyse commercial mechanisms	Analyse the financial value of pricing and payment mechanisms to track the changes in value of each stage of negotiation.
Real Time Negotiation Input	Respond to supplier proposals	Calculate the financial value of supplier proposals to enable the negotiation team to assess their response alongside operational and technical considerations.
	Develop negotiation responses	Create on-going real time analysis in a consistent format that tracks the financial impact of each proposal and counter-proposal throughout the negotiation.
	Quantify levers and trades	Quantify the financial value of proposed mechanisms from all contract parties and monitor the financial equivalence of trades made during the negotiation.
	Match budgeting and business case assumptions	Assess the alignment of assumptions between the contract terms, business cases and financial budgets so that stakeholders are not being misled in their decisions on affordability and deliverability.
	Brief stakeholders	Create a deal summary which captures the key changes in financial and commercial commitments including the transfer of risk between contract parties. Brief the negotiation team on the financial status of each stage of the negotiation.
Contract Execution	Review contractual financial model	Review assumptions in the supplier's final financial model to ensure that the content reflects the authority's assumptions resulting from the negotiation.
	Advise on contract terms	Advise in conjunction with your lawyers on drafting the contract / legal terms in respect of financial and commercial mechanisms to reflect the intention behind the negotiated terms.
	Knowledge transfer	Facilitate the authority teams' understanding of the financial analysis and implications of contract terms. Share all analysis with the authority negotiation team throughout the negotiation.

Financial Contract Management Review of IT Contracts

Our approach recognises that many public sector teams lack the resources and skillsets to carry out the full scale of contract management that is recommended by the NAO, Crown Commercial Service and proven good practice in complex IT contracts.

In particular, our approach to this exercise is based on our proven and successful experience in advising on major ICT procurements, open book audits and value for money assessments for a wide range of public sector contracts and our outsourcing procurement advisory work both in the public and private sectors.

Technology is a critical enabler to most organisations and the perceived complexity of contract terms combined with limited experience of complex financial analysis constrains the authority's willingness to pro-actively engage with suppliers.

In particular, our financial advisory role will:

- Enable management teams to reassess their resource planning for contract management;
- Reinvigorate supplier engagement through a governance refresh; and
- Leverage the existing contract data to generate valuable insight and cost management opportunities.

The service is designed to flex with the scale and complexity of your project so we have proposed a weekly price for a small, experienced team to work alongside you.

Phase	Activity	Detail
Governance	Assess contract management structures	Interview workstream leads to assess governance structures used to oversee contract management.
	Review internal contract management	Review the written terms of reference for internal contract management arrangements within an organisation to identify how financial, operational and commercial teams interact with each other, share information and plan supplier engagement.
	Review external contract management	Review the written terms of reference for external contract management arrangements to understand the formal and informal supplier management activities.
Reporting	Review contract management reporting toolsets	Review the written contract management toolsets to assess the split between data and information, frequency of reporting and links into decision making processes.
Team Structure	Identify contract management team and organisational engagement	Interview workstream leads to identify which teams and individuals are involved in contract management and how the activities are centralised across all supplier engagement.
	Assess gaps in skillsets	Interview the commercial lead to identify unfilled posts in their contract management structure. Assess the range of skillsets across the contract management team and identify potential gaps in skillsets against good practice.
	Assess roles and responsibilities	Interview the commercial lead to identify how they define the roles and responsibilities needed for effective contract management. Assess the clarity of contract management roles and responsibilities within the organisation and how they are shared across the contract management team.
Customer Insight	Review the generation of contract and supplier insight	Review how the contract management reports capture insight into supplier behaviours as well as performance trends and insight into likely cost forecasts. Interview senior workstream leads to assess the availability and usefulness of current reporting toolsets. Carry out a desktop review of how the contract management toolsets generate levers and material to support healthy challenge with suppliers. Carry out a desktop review of the links between financial and operational performance.

We would anticipate using no more than a maximum of 15 interviews (across the IT programme and commercial teams).

Financial Health Check of IT Contracts

Government’s ability to monitor and manage contracts is heavily informed by knowing the financial status of the contract. Given the high volume of change in IT contracts and the way in which suppliers often cut costs by reducing the information made available, this reduces financial transparency for the authority. This directly curtails the authority’s ability to assess the financial impact of operational changes or respond to stakeholder challenge.

Our approach delivers an evidence based diagnostic of the financial status which is combined with an understanding of progress against contract milestones. This can form the basis of subsequent value for money assessments and gateway reviews to determine the achievement of benefits or cost savings documented in the original business cases.

Our diagnostic approach will:

- Facilitate the management's team's understanding of the variance in financial outturn;
- Identify potential budgetary pressures which need to be mitigated;
- Increase the management's understanding of the link between supplier delivery and charging; and
- Generate insight into a supplier's financial motivation and performance incentives.

The service is designed to flex with the scale and complexity of your project so we have proposed a weekly price for a small, experienced team to work alongside you.

Phase	Activity	Detail
Data Discovery	Issue data requirements list	Confirm the data requirements list in advance with the authority.
	Assess data availability	Assess the data for coherence and inconsistencies including areas for the authority team to challenge the supplier. Documentation could include contract documentation, contract change documentation, baseline financial models, outturn financial models, management reports, payment and invoicing data, volumetric data, relevant macroeconomic and inflation data, supplier service levels, service credits and milestone completion certificates.
	Interviews with key stakeholders	Carry out interviews with key financial and commercial leads to discuss key financial governance and reporting processes. Understand how data is actively used in contract management, contract change, financial reporting and payments.
	Identify data gaps	Identify data gaps compared to good practice and suggest areas for governance discussions with the supplier.
	Establish contract reference date	Establish a contract reference date to enable the meaningful integration of information across financial, commercial and operational documentation as at a (recent) fixed point in time.
Analysis and Review	Analyse cost base	Analyse the planned and actual supplier cost base using the supplier's financial models to identify links between cost drivers and supplier delivery. Identify and explain the cost trends and the variance against plan.
	Profile payments	Analyse the profile of planned and actual supplier payments to identify links between charging and supplier delivery. Identify and explain the revenue trends and the variance against plan.
	Costs versus delivery	Review the supplier's completed and 'in-flight' milestones and the cost allocations for each milestone, where available. Confirm the supplier's progress on 'in-flight' milestones with the authority. Assess the alignment of charging mechanisms with the progress of supplier delivery against milestones.
	Review contract change	Review volume and scale of contract change and impact on outturn value of the contract.
	Review financial affordability pressures	Confirm the capital and resource budget envelope with the authority.

		Map the supplier's forecast contract outturn against the authority's budget envelope to identify potential funding pressures for the authority.
	Supplier balance sheet	Estimate the supplier's investment and financial exposure using cumulative revenues and costs as a proxy for balance sheet investment and profit.
Summary	Prepare summary report	Summarise the findings and insight into the financial status of the contract.
	Brief stakeholders	Prepare short briefing packs for stakeholder engagement by the authority team.
	Skills transfer	Prepare and run a client workshop to explain the approach and findings as a foundation for future engagement and improved contract management by the authority.

Financial Modelling of Negotiation Terms in IT Contracts

Recent high profile short-comings in the quality of government analytical models have re-emphasised the importance of a robust approach to the financial modelling process to underpin decisions. The report of the Laidlaw Inquiry, the "lessons from cancelling the Intercity West Coast franchise competition", published by the National Audit Office, and the "Review of quality assurance of Government analytical models", published by HM Treasury, each provide recommendations to drive the spread of good practice.

We will follow our proven methodology for the development of negotiation support models which is closely aligned with the recommendations of these reports and has been successfully applied on numerous projects.

In particular our support will:

- Facilitate proper engagement with the supplier community based on integrated analysis of financial, commercial and operational data;
- Facilitate real-time analysis of negotiating plans and positions to assess the outcomes for the service users;
- Identify negotiation levers based on incumbent supplier data and integration of financial, commercial and operational performance
- Underpin the building of new commercial mechanisms that incorporate financial and operational drivers;
- Minimise the management administrative burden during time-pressured negotiations by being embedded in the client negotiation team; and
- Generate credibility with stakeholders and confidence in delivery by linking the financial analysis of the contract terms to the budgeting and business case process.

The service is designed to flex with the scale and complexity of your project so we have proposed a SFIA Specialist Rate Card for a small, experienced team to work alongside you. You will get greatest value at minimal management cost by using this approach throughout the whole negotiation and our approach is structured on this basis.

Phase	Activity	Detail
Bidder Templates	Assess financial requirements	Assess the nature of financial information required from each bidder including cost types, analysis of charging mechanisms, margins and volumetrics.
	Design bidder response templates	Design a prototype cost and performance model for inclusion in each ITT/ITPD.
Budget Model(s)	Specify and build budget model	Specify and build the budget model for each bidder.

	Populate budget model	Populate each budget model with the data from a bidder (based on Bidder Template submissions)
	Document model assumptions	Document the assumptions that are built into the budget models.
	Model development testing	Complete development testing procedures on the budget model(s).
Analytical Model	Specify and build analytical tool	Specify and build an analytical tool for comparing, contrasting, interpreting and reporting on the financial structure of bidder submissions.
	Populate budget model	Populate each budget model with the data from a bidder (based on Bidder Template submissions)
	Document model assumptions	Document the assumptions that are built into the budget models.
	Model development testing	Complete development testing procedures on the analytical model.
Stakeholder Briefing	Prepare stakeholder briefing	Prepare stakeholder briefing material using the analytical tool.
	Knowledge transfer and handover	Facilitating your understanding and formal acceptance of the budget and analytical models and supporting documentation.

Based upon fundamental principles of simplicity, transparency and integrity, each of the above Models would include the following features:

- **Effective Visualisation –** incorporating both a dashboard and analytics summary, which will each support a clear and insightful analysis of bidder submissions.
- **Simplicity –** designed such that inputs are organised into distinct areas, set out in a clear and logical order, with a clearly identified source to maintain accountability.
- **Transparency –** organised in a structured manner, with separation of inputs, calculations and outputs. A model schematic would be included in order to provide a visual representation of the structure and of the data flows.
- **Integrity –** assist users to identify where their actions result in errors in the model calculations or outputs. The Model would display the outcome of the Model error checks at the top of each worksheet, informing the user immediately when an error is identified.
- **Printing** - set up to enable quick printing, with print ranges defined and, where appropriate printing macros incorporated to enable multiple components to be printed at the touch of a button.
- **Documentation –** accompanied by a user guide explaining its operation and help menus to provide further guidance during its use, as well as an assumptions log listing the source of data.

More specifically on model development, testing and handover our approach would include the following:

Activity	Detailed activity
Model development	We will develop the budget and analytical models based on discussions and agreement with you as to the required content, format and functionality (which will be documented in a model specification agreed by you) and having regard to your requirements, providing updates and drafts to you at regular intervals. We will work with you to populate the models with the data you require and will also draft user instructions, which will include the key assumptions used by the models in deriving the key outputs. As noted above, drafts of the models and user instructions will be superseded by final versions of the models and user instructions and accordingly should be destroyed or returned to us.

Testing	An important part of the development process will be for you to spend time reviewing the models to ensure that you are fully comfortable that they are being developed in accordance with your expectations. This process is critical in helping build confidence in the models and their outputs. As part of the development process, and prior to releasing a final draft version for your own acceptance testing, we will subject the models to a phase of focused development testing. We draw your attention, however, to the fact that it is generally not practicable to test a computer spreadsheet to the extent whereby it can be assured that all errors have been detected.
Knowledge transfer and model handover	In line with good industry practice, we will undertake a formal model release process, through which you will acknowledge that you have completed your acceptance testing and accept responsibility for the models, including their assumptions, input data, projections and associated documentation. In line with industry good practice, the models will include a cover page which incorporates an explanation of the purpose of the models and a click box disclaimer designed to protect you and us from claims by or responsibility to third parties. Industry good practice would recommend that this disclaimer is not removed. The models' purpose is to facilitate financial analysis or budgeting and the models are intended for use solely by you. In line with good industry practice, we will expect you to seek our written permission to use them for other purposes or by other parties for which or for whom they have not been designed, so that we have an opportunity to consider their appropriateness for such use.

Financial Value for Money Tests in IT Contracts

The level of intensity involved in procuring IT services and in negotiating the contracts in order to demonstrate value for money usually creates suitable mechanisms for monitoring and assessing delivery against those initial VfM targets. However, post contract award, the level of financial skills and capacity to engage in the detailed analysis that this requires has often disappeared as advisers and procurement teams turn to new projects. Whilst this can be daunting for public sector teams, there is real value in securing short term assistance to interrogate the VfM mechanisms as a core workstream for cost management and reduction.

Often it is external drivers such as contract extension or public scrutiny over supplier services that prompts public sector teams to catch up on VfM assessments. We support these exercises based on our proven and successful experience in structuring, managing and reviewing major ICT procurements, open book audits and value for money assessments.

In particular, our financial advisory role will:

- Generate insight into the scale of profitability and financial returns being generated by the supplier;
- Update management expectations about current market pricing and service offerings; and
- Identify other routes to increase value under the commercial terms.
-

The service is designed to flex with the scale and complexity of your project so we have proposed a weekly price for a small, experienced team to work alongside you.

Phase	Activity	Detail
Data Discovery	Compile supplier financial reports	Compile the supplier financial reports submitted to the authority since the last value for money review.
	Collate contract documentation	Collate the authority's contract documentation including the schedules setting out the value for money provisions. Summarise the value for money provisions in the contract.

	Gather reference materials	Collate supplier performance information from the authority teams that will support the value for money assessment including finance, commercial and service teams.
Financial Review	Review of open book reporting	Carry out a desktop review of the open book reports to assess trends in cost drivers, revenue drivers and margins including developing metrics and per unit calculations. Prepare and run a workshop with the finance and service teams to map changes in the cost/revenues and service delivery. Interview workstream leads in the authority to assess the proposed and actual review, approval and supplier challenge that is generated from each open book submission.
	Review of gain share mechanisms	Review the gain share mechanism to assess how the contract terms have been interpreted in the supplier's gain share written reports Review the corporate structure delivering the service to identify potential financial returns (profits or dividends) that are not captured by the gain share mechanism.
	Assess application of financing costs	Assess the application of 'financing costs' in the supplier's financial model including VAT, indexation, inflation and cost of capital for compliance against contract terms. Interview the finance lead to assess how they review the correct application of indexation year on year.
	Review contract change pricing	Review how the price of contract changes ties to contract provisions including day rates, margins and pricing mechanisms. Interview the commercial lead to assess the process for challenging supplier quotes for change activity.
Commercial Review	Review supplier EWA provisions	Review supplier reporting for application of Enterprise Wide Agreements (EWA) provisions. Review authority treatment of supplier EWA reporting and the ongoing application of discounts.
	Review MFC provisions	Review supplier reporting for application of Most Favoured Customer (MFC) provisions. Review authority treatment of supplier MFC reporting and the securing of most economic price across the supplier customer base.
	Review implied VfM opportunities	Identify opportunities for the authority to generate value for money through linking together finance, commercial or service mechanisms observed in the course of the project.
Benchmarking	Review the audit provisions	Review the contract provisions for audit activities regarding the supplier. Interview the finance lead to document the authority's application of audit provisions and how the audit findings generate value for money.
	Review the benchmarking provisions	Review the contract provisions for benchmarking the supplier pricing and delivery. Interview the commercial lead to understand the authority's application of benchmarking provisions and how the benchmarking findings generate value for money.

IT Disputes and Forensic Technology Support

We would use state-of-the-art forensic technology to support your internal investigations or IT disputes.

Deloitte's Forensic Technology team comprises professionals dedicated to the forensic management of electronic evidence. They are located in London, regionally across the UK and overseas, and are sufficiently flexible, including responding at short notice, to attend your business locations wherever they may be based.

The size and capability of the team mean that they can react quickly and efficiently to your needs, whether you have concerns regarding your electronic data or are involved in an IT dispute.

In particular our advisory role will:

- Inform management's decision making prior to and during supplier engagement;
- Manage confidentiality issues to mitigate untimely scrutiny and data controls; and
- Process high volumes of data to generate emerging findings to inform management's understanding of the scale of cost associated with a potential supplier issue.

The service is designed to flex with the scale and complexity of your project so we have proposed a SFIA Specialist Rate Card that would be the basis for agreeing price.

Phase	Activity	Detail
Understanding your Systems	Confirm the issues	Confirm the issues at the outset of the project with the authority's key stakeholders and technology experts to understand your issues and agree a plan of action.
	Assess the systems and data	Establish a deep understanding of the authority's systems and data so that we can efficiently and effectively target the key data sources that will enable you to get to the heart of your problem. We can also leverage our large pool of IT experts to advise you on the more unusual or older, legacy IT systems.
Data Capture, Recovery and Security	Map data sources	Draw on Deloitte's e-Discovery expertise and unrivalled knowledge of specialist software and technologies to assist you in understanding and mapping your data sources.
	Identify data collection requirements	Identify what data needs to be collected and how best to collect it as efficiently and effectively as possible considering all data forms such as audio data as well as normal electronic files.
	Plan data mining	Plan data mining using data mining, analytics and collection methodologies that have been accepted by the Courts and proven in the most complex and challenging situations. Where specifically required, plan the data mining activities required to assist you in responding to the more complex FOI requests in an efficient and cost effective manner.
Document Management and Review	Document review	Use the latest tools and technologies to allow document review exercises to be carried out in a cost-effective and efficient manner including "assisted review" technologies that greatly reduce the overall volume of documents that need to be reviewed manually. Our Relativity platform also allows powerful conceptual searching, clustering and categorisation, and provides functionality to allow review teams to more quickly obtain a far better understanding of the key documents, themes and issues in the dataset.
Data Analytics and Corruption Analytics	Unusual transactions	Identify suspicious/unusual transactions quickly and efficiently using our significant experience in forensic analysis and dealing with large sets of data.

		Apply our corruption analytics tool which is a technology based process which has been developed and has evolved through our own experience of fraud investigation, identifying fraud red flags and fraud risk profiling. Implement a powerful search engine to interrogate large amounts of standing and transactional data and compare it to external data in order to identify potential issues worthy of further investigation.
	Risk ranking	Rank the results according to risk.
	Create a dashboard	Create an interactive, visual dashboard that is easy to interrogate and manipulate to summarise the results in a way that is readily understood. Use an analytics tool to significantly reduce the amount of data sampling and develop a rapid focus on the core issues.
Expert witness services	Court witness	Supply personnel who have extensive experience of giving evidence in Court in relation to a range of matters that may be affecting you including claims for loss of profits, quantification of losses arising from a poorly performing contract or from a technical breach or giving evidence in relation to document capture and electronic disclosure.

Developing Commercial Options for Contract Transition and Exit

Where there has been a decision to discontinue with a particular supplier, it is necessary to evaluate the most efficient commercial option to transition away from that contract. This will be largely determined by the supplier's performance to date, the length of the remaining contract and the quality of the relationship between the parties.

The commercial option will also need to accommodate the transition from legacy to replacement supplier. This may feature a 'big bang' overnight cutover, or it may require a phased transition to allow for staged reprocurement and ramp up of replacement services. In many cases, the legacy contract will have made limited or no provision for exit and transition arrangements because the original procurement could not have foretold how future supply chain arrangements would have evolved.

More importantly, where the legacy contract does not cap the cost of exit and transition services, this makes the selection of the commercial option particularly important for managing constrained ICT budgets and maximising the terms in the contract.

Programme teams are therefore left with limited guidance on how to transition live service from a legacy supplier to a set of replacement suppliers or in-house provision for the lowest cost and maximum commercial leverage with the supplier. Allied to this is the need to avoid unnecessary duplication in service and charging between the legacy and replacement suppliers. It is important to understand the payment triggers in each contract as services ramp down and up so that the transition process can be designed to take cost out of the process.

Our approach is to combine the narrative around supplier performance with the financial drivers. Together with the detailed contract transition terms, we will create a factual data set which is then used to evaluate each of the exit options. This then directly informs the financial and transition planning.

In particular, financial advisory support will:

- Provide clarity about the range of commercial options for ending and changing supplier arrangements;
- Identify the success criteria against which commercial options could be evaluated;
- Highlight weaknesses in potential options to optimise supplier engagement; and
- Identify how each option supports the longer term programme objectives and business continuity.

The service is designed to flex with the scale and complexity of your project, so we have proposed a SFIA Specialist Rate Card for a small, experienced team to work alongside you.

Phase	Activity	Detail
Parties	Map delivery parties	Identify the parties plus sub-contractors involved in delivering the contract and the services delivered by each party so that their notice periods and cascaded terms can be factored into evaluating the options.
	Identify commercial motivations	Assess the basis on which supplier parties would seek to engage in contract changes and transition and the benefits for all parties involved.
	Payment triggers	Identify the payment and service triggers in each of the legacy and replacement contracts in order to quantify the cost of duplication.
Options	Develop long list of contract options	Identify the full range of commercial options including do nothing, natural expiry, step in, full or partial termination, contract change or deed of variation, extension, dispute or standstill arrangements.
	Design decision tree	Identify the key decision points that will support how each commercial option supports the wider programme delivery.
	Evaluation and levers	Agree the basis for filtering the long list of commercial options to arrive at two or three shortlisted options. Consider the levers which would support the negotiations.
	Develop operational options	Identify the operational or user-related considerations that should influence the commercial options.
Transition Plan	Design plan	Identify all the contractual steps to affect the preferred transition route.

Market Insight into Vendor Financial Motivations during Contract Negotiations

Programme teams often lack the experience or bandwidth to carry out commercial strategy checks on their suppliers in advance of entering into negotiations. This puts them at a disadvantage in terms of planning the negotiation parameters. They lack the understanding of how the investor market will be shaping management decisions. Specifically, this should inform the financial shape of any negotiated deal.

Programme directors will need to demonstrate stronger financial and corporate knowledge in dealing with international corporates. This will require them to step outside of their programme management skillset and call on corporate finance skills to understand the business and personal drivers that incentivise supplier performance.

Our approach is to combine our desktop research tools and corporate finance market knowledge with our accounting and interpretation skills to analyse market expectations, corporate exposures and potential liabilities within the contract finance terms. This will enable us to develop insight into supplier motivations and inform negotiation structures.

In particular, financial advisory support will:

- Provide insight into the competitive and market pressures faced by a supplier;
- Provide insight into the cost implications of the supplier delivery model and how those costs are passed on to the customer;
- Provide insight into the importance placed by a supplier on their key customer contracts and the revenue expectations shared with the investor market;
- Provide insight into the extent to which a supplier will ‘invest’ in the relationship and how this could be used to recover costs; and
- Provide insight into areas of weakness or leverage that the client team could use in discussions.

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Phase	Activity	Detail
Accounts	Collate company records	Identify relevant reports produced by the company including annual reports, stock exchange submissions, management reports and strategic plans.
	Identify management changes	Identify recent relevant changes in the senior management teams.
	Identify individual performance targets	Analyse how key individuals within a supplier are incentivised to deliver individual programmes and meet corporate targets.
Market Reports	Collate broker reports	Identify key broker reports and review for commentary about competitors, market change, performance and risks with major contracts.
	Collate M&A info	Identify M&A rumours regarding the supplier, its divisions and parent company appetite to build the business.
	Document revenue targets	Identify how the contract underpins or supports supplier revenue targets especially with respect to new contracts, write downs, changes, extensions and disputes.
Market Intel	Review press coverage	Review press coverage to assess public opinion of the supplier and the programme delivery.
Insight	Analyse reasons for change	Analyse the basis for recent changes in management teams and the links to corporate performance, trading performance and investor expectation.
	Analyse supplier investment appetite	Analyse the appetite of the supplier's parent company to invest and grow the supplier's business.
	Analyse the competitive position	Analyse the level of interest in the contract from the supplier's direct competitors and the ability to trade on that in negotiations.
	Analyse the cost of delivery	Analyse the financial investment to date in delivering the contract and the extent to which a supplier is able to recover its investment over the remaining term.

Financial Negotiation Levers

Planning any form of supplier engagement requires a team to carry out diligence on the supplier, their needs and performance. This planning should apply at any stage throughout the contracting lifecycle from procurement to negotiation to contract management. Planning should include identifying the available levers to optimise the outcome for each party. Given the current public sector budget constraints and the need to deliver greater value for lower cost, the ability to identify and apply levers is a critical skill.

Programme and transformation teams are often challenged to negotiate change but lack contract management skills, have a diluted corporate memory and lack management information to be effective. They often lack the skills to understand what constitutes a lever and how that influences the relative balance of power between parties.

It is not possible to rely on a common set of levers since every situation will have different financial, commercial and operational drivers. Therefore programme teams need to carry out detailed contract and supplier analysis against the context of the overall programme and business objectives.

Our approach relies on combining accounting, contract and commercial knowledge with a detailed review of the available supplier documentation. We combine the insight of advising and leading both customer and supplier teams and understanding the drivers within public and private sector teams. We create integrated analysis of levers which reviews financial and operational performance through a contractual lens.

In particular, financial advisory support will:

- Provide coherence between programme objectives and potential negotiation topics to optimise when and how levers are used;
- Identify non-negotiable issues or mandatory items which offer an authoritative red line;
- Provide a commercial reality check to mitigate common misunderstandings about supplier appetite; and
- Support ongoing supplier management.

The service is designed to flex with the scale and complexity of your project so we have proposed a SFIA Specialist Rate Card for a small, experienced team to work alongside you.

Phase	Activity	Detail
Contract Terms	Document obligations	Analyse how each party has complied with each of its terms of the contract.
	Document gaps	Identify areas where a party has not complied with the contractual terms.
	Measure performance metrics	Identify where the supplier has under-performed against each of the contractual performance metrics.
Remedies	Document remedies	Identify where each contract party has applied the contractual remedies in warranted situations.
	Assess precedent	Identify where one party has accepted previous non-compliance with the contract terms by the other party.
Market Intel	Document competition	Identify market information which could impact the relative positions of each party in a negotiation.

Business Cases for Investment in New / Changed Contracts

All decisions made by public sector authorities in relation to the provision of ICT services which involve material investment need to be supported by a business case. This includes decisions associated with contract change, contract extension, re-negotiation of terms, new procurements and changes in delivery model (e.g. insourcing of services). The business follows the HMT five-case (5-case) model, setting out:

- The strategic rationale for the investment including the ‘case for change’;
- A clearly documented appraisal of available options including a value for money assessment;
- An assessment of the affordability of the preferred option;
- The proposed approach to commercial delivery of the preferred option; and
- Arrangements for managing the delivery of the preferred option.

Public sector authorities often do not possess the specific expertise to develop HMT Green Book compliant business cases and the associated analysis, in particular that required to establish a robust Economic Case and Financial Case.

Our approach brings our extensive experience of drafting business cases to support major ICT projects (at each of the Strategic Outline Business Case (SOBC), Outline Business Case (OBC) and Full Business Case (FBC) stages) along with our understanding of what is required to satisfy public sector approvers (e.g. HM Treasury and Cabinet Office), to support you in developing business case documents in line with the Agile methodology.

In particular, financial advisory support will:

- Provide you with the knowledge and experience to develop a HM Green Book compliant business case that stands up to reviewer and approver scrutiny;

- Bring established and proven tools and templates along with financial modelling expertise to accelerate development of high quality supporting analysis; and
- Provide support to you through the approvals process in responding to reviewer queries.

The service is designed to flex with the scale and complexity of your project, so we have proposed a SFIA Specialist Rate Card for a small, experienced team to work alongside you.

Phase	Activity	Detail
Business Case Authorship	Strategic Case	Work with your project teams to establish and articulate the organisation’s strategic vision and how that supports the ‘case for change’.
	Economic Case	Clearly articulate the options, along with how the Economic Case analysis supports the selection of a preferred option. This includes identifying both quantitative and qualitative benefits along with an assessment of risk associated with each of the options.
	Financial Case	Set out how the total and annual cost of the project with be met from available sources of funding.
	Commercial Case	Set out the routes to market to deliver the preferred option, along with key commercial features of any proposed contractual arrangements.
	Management Case	Set out the project management and governance arrangements that will support successful delivery of the project.
	Benefit Realisation Plans	Set out the approach to be deployed to ensure that identified benefits will be owned, tracked and managed through delivery of the project.
Economic and Financial Analysis	Economic Case analysis	Deploy our established business case financial model templates to develop a value for money assessment of the short-listed options in a structure that satisfies approver requirements and facilitates sensitivity testing.
	Financial Case analysis	Work with you to establish the available sources of funding. Deploy our established business case financial model templates to identify and address in-year, RDEL/CDEL and total affordability challenges.
	Optimism Bias Assessment	Work with your project teams to consider how key project risks should be quantified and incorporated within the economic analysis

Where we prepare the financial analysis to support public sector business cases, our deliverable will be the outputs of the analysis to be incorporated within the business case document. All inputs and assumptions will be provided by, and owned by, the authority. Whilst we may provide you with a copy of any spreadsheet models developed in order to illustrate our advice to you, we do not expect to do so on a ‘deliverable’ basis.

Financial and Commercial Advice on preparing for Insourcing of ICT Services

Increasing numbers of long term government ICT contracts are nearing their natural expiry or critical commercial decision points. Government ICT Strategy is focused on moving away from ‘Big IT’, towards arrangements where the public sector takes on the role of Service Integrator managing a mixed economy of in-house ICT provision and shorter-term, smaller commodity products and services. This approach enables authorities to reduce reliance on a single or small number of suppliers, introduce greater competition and standardisation of contract terms using established procurement frameworks and routes to market, and to increase the diversity of its supply chain.

Moving to an insourced delivery model can be challenging for authorities, as their understanding of the services provided, and the commercial arrangements associated with those services has often been eroded during the course of an outsourced arrangement. This can result in incomplete / poor quality information in relation to an

ICT service that has previously been provided as a single managed service, including the cost of the infrastructure, resources and third party contracts.

In particular, financial advisory support will:

- Enable management teams to understand the number and cost of third party contracts used by its incumbent provider;
- Plan and prioritise activities to ensure that all third party contracts can be novated to, or as an alternative procured by, the authority to support insourcing of the service;
- Enable effective management and delivery of novation and procurement activities at scale; and
- Establish clearly documented contract records and prepare the in-house team in advance of taking novated / procured third party contracts in-house.

The service is designed to flex with the scale and complexity of your project, so we have proposed a weekly price for a small, experienced team to work alongside you.

Phase	Activity	Detail
Identify Contracts	Establish information sources	Gather and review existing information sources, including incumbent supplier's contract, financial model, and hardware / software reports
	Map contracts to services	Work with authority's technical teams to understand the relationship of third party contracts to the services provided by the incumbent supplier
	Analyse data and prioritise activity	Analyse data to establish information gaps and prioritise novation and procurement activities (e.g. by renewal date / value)
	Address information gaps	Liaise with incumbent provider and/or utilise other sources (e.g. in-house subject matter experts, procurement frameworks) to address information gaps
Novate and Procure	Manage novation and procurement activity	Manage novation and procurement activities in order to meet insourcing timescales
	Deliver contract novation	Liaise with third party suppliers to secure agreement to novate (where possible, for authority execution) and associated contract documents
	Deliver procurements	Where novation is not possible, support end to end procurement activity including requirements gathering, identifying procurement route, briefing potential suppliers, drafting procurement documents and evaluating tenders
Manage Contracts	Establish contract records	Establish clear records of all third party contracts with associated contractual documents
	Summarise key contract terms	Summarise and brief in-house contract managers on key contractual provisions including service levels and KPIs, pricing, expiry / renewal dates and termination/exit clauses.
	Upskill contract managers	Upskill in-house contract management resources in preparing to take on the newly novated / procured contracts;
	Plan contract management activities	Map out contract management activities including profile of contract renewal and re-procurement activities and associated resourcing requirements

Inputs

We have assumed that you will be in a position to provide certain inputs to the service, which we have listed here. If you are not in a position to provide all of these inputs then we can discuss options, as it is likely we can reach agreement to alter our approach to accommodate your situation.

Depending on the specific terms of our engagement, we may need full access to the following inputs or people to enable our work to be delivered.

- The client team including the negotiation team and workstream leads for finance, commercial and operational teams;
- Supplier proposals and authority counter-proposals;
- Supplier contract(s);
- Supplier baseline financial model at contract signature and as at the point of negotiation as well as subsequent outturn models;
- Supplier reporting and communications;
- Supplier invoice and payment analysis;
- Budget forecasts and affordability parameters;
- Accounting policies and assumptions;
- Financial accounting data, such as accounts payable, general ledger or accounts receivable;
- Access to your lawyers on contractual matters;
- The authority's contract management tools, contract management reports, contract management governance, contract audit reports, benchmarking material and reporting documentation (or terms of reference);
- Outline or draft business cases;
- Copies of bidder proposals including PQQ submissions;
- Log of contract changes;
- Record of milestones achieved;
- Email / electronic document archive or backup data; and
- Full access to employee hardware, such as desktops, laptops and company phones.

Your Contribution

Our services are designed to be delivered with you rather than to you. We have assumed that you will be able to make the following contribution to the work. If you are not in a position to take on these responsibilities then please get in touch to discuss options, as it is likely we can reach agreement to alter our approach to accommodate your situation.

- Making available the time of senior stakeholders and decision-makers (including the Model Senior Responsible Officer (SRO) in line with HM Treasury guidance) to be briefed in advance of decision making;
- Timely decision making in line with the timetable agreed as part of the scope of work;
- Providing feedback from bidder or supplier meetings and copies of material immediately after negotiation or supplier meetings where we are not present to allow us to deliver a service which is predicated on a fast pace of delivery throughout the project;
- Providing access to the best available information about the existing situation, plans and IT strategies and negotiation strategies;

- Providing effective working space for our joint team in a co-located space, ideally a large meeting room, which we will have exclusive use of for the duration of the project, and in which we can create wall charts and leave working papers without disruption;
- Making available your legal advisers (where appointed). Engaging directly with your external legal advisers will assist in establishing and maintaining legal privilege over our outputs;
- Providing input in workshops to share the formal objectives for the programme which are consistent with those in the business cases and procurement strategy;
- Reimbursement of third party costs to access relevant public information;
- Providing agreement of model specifications and acceptance testing;
- Taking sole responsibility for modelling inputs, assumptions and outputs;
- Enabling access to the supplier for clarification questions if necessary;
- Providing access to the relevant data sources and computer hardware, identified by our forensic technology experts as being relevant to the engagement; and
- Providing dedicated part-time resource to our joint working team, depending on the nature of the service required. Examples might include one or more FTEs to undertake structured reviews of any captured data, such as emails relating to the key issues.

Outputs

What will you get in terms of deliverables, outputs and outcomes from this service?

Financial Advice for Deployment of IT Services: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written summary of links between programme costs and contract terms;
- A written summary of the contract / programme areas for potential cost increases;
- A written summary of the organisation’s contract management practices;
- A written summary of the potential contract levers;
- A written summary of the recommendations for supplier engagement.

Financial Advice for Procurement of IT Services: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined in this document. They could include:

- A written summary of issues with the procurement process and communication to bidders as compared to good practice and public sector procurement regulations;
- A written summary of the recommendations for cancelling, refreshing or restarting the procurement process; or
- A written summary of the alignment of business objectives with evaluation criteria and marking schemes to anticipate likely outcomes and benefits realisation.

Financial Advice for Termination of IT Contracts: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written summary of the termination provisions in the contract;
- A written summary of the estimated cost of termination and supporting calculations;

- A written summary of contract compliance to date and potential negotiating levers; and
- A written summary of the potential exit and service transition financial considerations.

Financial Advice on Transition and Exit from IT Contracts: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written outline of the supplier's baseline costs for exit and transition activities;
- A written summary of commercial implications of exit and transition;
- A written summary of estimated financial costs of exit and transition;
- A written summary of the estimated financial implications for reprocuring the service and change of suppliers.

Financial Advisory Role at PQQ Stage in IT Procurement: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A single workshop to align the financial tests to the objectives;
- A written set of financial PQQ evaluation criteria;
- A written set of pass/fail thresholds for each of the financial PQQ evaluation criteria;
- A written set of evaluation results; and
- A short written summary evaluation report.

Financial Advisory Support for IT Contract Negotiation: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written summary of the financial status of each bidder's or supplier's interim or final submissions;
- A written audit trail of the financial trades made during the negotiation;
- A written analysis of the commercial mechanisms including pricing and payment mechanisms;
- A written mark-up of the contract terms relating to financial mechanisms;
- A written summary of the budget forecast for the preferred supplier's solution;
- A written summary of the assumptions underpinning the financial position and budget forecast; and
- Worked written examples of financial mechanisms to support knowledge transfer.

Financial Contract Management Review of IT Contracts: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written summary of the contract management review including recommendations based on our experience.

Financial Health Check of IT Contracts: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written summary of the financial status of the contract;
- A short written briefing note for use with stakeholders; and

- A workshop to brief the client commercial and finance team on the findings by way of skills transfer.

Financial Modelling of Negotiation Terms in IT Contracts: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- An Excel-based bidder response template;
- A written assumptions manual for the budget model;
- An Excel workbook containing the budget model;
- An Excel workbook containing the analytical tool to assess bidder responses;
- A written summary of each bidder's financial response; and
- Knowledge transfer and handover of the model(s) and debrief to your team at the end of the procurement.

Financial Value for Money Tests in IT Contracts: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written summary of the open book, financial, commercial and benchmarking review;
- A written recommendation for improving contract management and use of value for money provisions; and
- A written summary of potential levers for use with the supplier.

IT Disputes and Forensic Technology Support: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A forensic technology expert's written review of your IT systems to identify the key data sources relevant to your requirements.
- A forensically secure data capture/imaging service, including processing (e.g. de-duplication) and filtering, as required. Our standard methods ensure all captured data evidence is admissible if there is a need to present our findings in a court of law.
- A secure web-based review tool that enables you to perform your own searches across your data. A dedicated technical support team can be made available to assist you with this process, as necessary. Deloitte can also perform the searches on your behalf, using an experienced review team. We can also assist with this review process, using an experienced team of document reviewers.
- If required, an expert witness report, written by an experienced expert who has been selected based on the specific requirements of the dispute.

Developing Commercial Options for Contract Transition and Exit: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written summary of the long list of commercial options; and
- A written set of evaluation criteria that links selection of a commercial model to programme objectives.

Market Insight into Vendor Financial Motivations during Contract Negotiations: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written summary of market and commercial factors that may influence a supplier's behaviour.

Financial Negotiation Levers: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written summary of areas where supplier performance did not meet contract terms; and
- A written summary of potential levers for use in discussion with suppliers.

Business Cases for Investment in New / Changed Contracts: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- A written, HMT Green Book compliant business case document;
- Written individual cases (e.g. Economic Case, Financial Case) for insertion into a business case document;
- A summary document setting out key features of the business case to aid discussions with reviewers;
- Economic and financial analysis output tables for incorporation in the business case document; and
- Summary documents setting out financial and economic analysis, along with associated inputs and assumptions for presentation to stakeholders.

Financial and Commercial Advice on preparing for Insourcing of ICT Services: The outputs and deliverables will need to be agreed at the beginning of each assignment and will be determined by the length of our engagement, the activities required from those described and the scale and complexity outlined. They could include:

- An excel workbook detailing all third party contracts and associated key information;
- A written summary of key principles to govern novation and / or procurement activity (e.g. agreed contract term; “cloud-first” approach to procurement);
- Work-flow diagrams setting out novation and/or procurement processes;
- Written contract summary sheets setting out key information for each third party contract;
- Summary reports documenting progress of novation and procurement activities against agreed completion targets; and
- Short contract manager briefing and/or training documents.

Business Context

What situations is this service designed to be used in?

Financial Advice for Deployment of IT Services

The service is designed to inform programme boards who need to understand the reason for (unexpected) increases in programme funding requirements. It is particularly useful for programme boards to assure themselves that the original funding requirements in the business case remain valid given the final contract terms and to assess how those might need to be updated for the actual outturn environment.
The service is designed to support programme teams who need to understand the actual limit of each party’s contractual roles and responsibilities throughout a deployment or implementation programme and therefore the extent of financial obligations.
The service can support finance teams in assessing the scale of additional capital and resource funding requirements based on contractual terms. Specifically, the service can be used to assess the validity of third party resourcing proposals against the resourcing requirements already described in the contract.
The service can identify the contractual levers to be used with contract parties to transfer financial and performance accountability back to third parties through the deployment activity. This is particularly important

where sub-contractor activities are not clearly described and the public sector team risks paying twice for services which should have been covered by the core deployment contract fee.

Financial Advice for Procurement of IT Services

This service is designed to support authorities during any stage of planning or procuring new or replacement IT services. It is particularly useful for programme boards to assure themselves at the beginning and end of the procurement prior to issuing procurement documentation to potential bidders or prior to the commitment to a single preferred bidder.

The service provides insight into procurements which have stalled due to changing conditions, ad hoc requirements, lack of bidder interest, lack of bidder submissions or changes in evaluation.

The service provides advice on developing the (financial) evaluation criteria in advance of issuing them to potential bidders.

The service is also designed to support the authority through an independent evaluation of all financial responses in order to inform the down-selection to the next stage of the procurement process.

The service for the design of financial criteria should be used in advance of business case development and approval to demonstrate to stakeholders that the procurement will attract robust suppliers and support the alignment of the overall procurement evaluation prior to sharing these with the bidder group.

The service for procurement support is targeted at organisations who must minimise business continuity risks arising from change in IT supplier or changes in IT supply chain arrangements.

The service is designed to provide support to programme board decisions before going to market. The service also enables a health check on the progress of the procurement and provides an independent view on whether the process is meeting the original business case objectives before committing further investment in infrastructure, advisers or process.

The service can analyse the reasons why bidder appetite or bidder responses through the course of the procurement are not emerging as expected.

The service can support board investment decisions by identifying financial, commercial and operational risks that may arise through the draft contract terms or bidder contract mark-ups submitted through the procurement process. This enables board members to challenge the assumptions underpinning budget forecasts, programme planning and funding requests.

Financial Advice for Termination of IT Contracts

The service is designed for any public sector organisation facing pressures to achieve longer term cost reduction targets. This makes it relevant to central government departments as well as local government and public sector services. The analysis will also identify embedded financial value such as prepayments or discounts which should be returned to the authority on termination.

It is designed for teams that are preparing for transformation of IT services to benefit from evolving technologies which will require termination and reprocurement for IT capability outcomes rather than infrastructure services.

It supports teams planning or commencing whole or partial termination of an IT or technology contract prior to the normal expiry date due to supplier performance issues as well as potential dispute planning.

The service can also be used in a ‘normal’ service reprocurement exercise to minimise transition and dual run costs between incumbent and new supplier services. The termination cost analysis will analyse the financial and operational impacts of dovetailing legacy/new services in advance of the natural contract expiry date.

The service should be applied where the authority needs to understand the commercial mechanisms and therefore the financial implications of termination including breakage costs, lost profit, compensation and provision for fixed payments. This may inform the ‘break’ point at which it is most advantageous to terminate the contract in order to comply with internal budgeting and treasury rules.

Financial Advice on Transition and Exit from IT Contracts

The service is designed for any public sector organisation facing early termination or the natural expiry of an IT contract. The authority would be considering the operational and service reprocurement issues. A critical part of the assessment will be to assess the financial position as to how the extant services unwind and are transitioned to the new supplier(s).

The service should be applied where the authority needs to understand the commercial mechanisms that are impacted by the end of the contract and the financial consequences of each of those. This planning should be taking place at least two years before the expected contract end date.

Financial Advisory Role at PQQ Stage in IT Procurement

This service is designed to support authorities in the early stages of planning or procuring new or replacement IT services. The service provides advice on developing the financial PQQ evaluation criteria in advance of issuing them to potential bidders.
The service is also designed to support the authority through an independent evaluation of all financial PQQ responses in order to inform the down-selection to the next stage of the procurement process.
The service for the design of financial PQQ criteria should be used in advance of business case development and approval to demonstrate to stakeholders that the procurement will attract robust suppliers and support the alignment of the overall procurement evaluation prior to sharing these with the bidder group.

Financial Advisory Support for IT Contract Negotiation

The service is designed for any public sector organisation facing long-term cost pressures to negotiate a new IT service within a specified budget envelope or that is required to deliver long term savings against the cost of the previous service arrangement.
It is designed for authorities who lack the financial interpretation and analytical skills to track the full financial impact of the negotiations and who need to understand the full financial capital and resource cost over the life of the contract of the various commercial mechanisms and services.
This service will inform the benefit case for planning or considering an IT transformation programme to improve customer service delivery. The financial analysis will inform the benefit case for such programmes, and will reduce the risks of failure by helping the authority align its stakeholders and put in place plans to mitigate these risks.

Financial Contract Management Review of IT Contracts

The service is designed for all public sector teams managing IT contracts and facing cost reduction pressures whilst maintaining supplier service outputs and outcomes rather than diminishing them.
It is designed for authorities facing resourcing issues and challenges in supplier delivery that need to refresh their management activities in order to meet market good practice. It enables the authority to assess its systems and processes for managing suppliers as an intelligent customer. This can anticipate stakeholder challenges and to demonstrate proactive cost management.
The service can be used to explore the link between supplier delivery and charges and to assess the pricing and payment mechanisms as part of a wider value for money assessment, benchmarking and cost reduction programme.
Contract management reviews may also be delivered as a pre-negotiation activity to identify levers which should be factored into supplier discussions. They can unlock insight into compliance with contract terms and enable the authority to focus on the priority areas which offer real value or protect costs.
This service can be delivered as a contract health check and to generate insight into the organisation structure and effectiveness of contract management roles. Understanding the roles and scale of contract management activity generates insight into organisational risks to cost management.

Financial Health Check of IT Contracts

The service is designed for any public sector organisation facing cost pressures and needing to gain insight into the financial health of their IT contract to identify the relative cost of services and areas for flexing supplier spend. This is particularly important as part of year-end analysis and budget planning. Management teams should be capable of demonstrating spending trends, variance against plan and how the contract terms can mitigate affordability pressures.
The service is also designed to facilitate authorities who suspect that they have a ‘distressed contract’ to assess the financial status of the contract prior to engaging in supplier discussions. This creates a detailed understanding of the authority’s and supplier’s financial exposure and the risks around formally acknowledging a contract dispute. This is particularly useful for testing supplier claims in advance of contract re-negotiations.
The service may support authority investigation into the contract where there are discussions around compensation for non-performance or financial loss.

The service may be used as part of a package of materials to provide information to stakeholders including SROs and external reviewers. This information could help to demonstrate that the supplier governance includes a regular contract check and a regular assessment of budget risks.
This service is designed to supplement contractual obligations for financial reporting in the event that suppliers are unable to meet their obligations and the authority is losing visibility of a contract's financial metrics. In particular, the service will support authorities who lack the financial interpretation and analytical skills to monitor the financial status of their contracts or whose finance teams are focused on transactional finance such as invoice payment rather than providing insight into contract finance.

Financial Modelling of Negotiation Terms in IT Contracts

The financial modelling service enables the procurement team to assess the full financial impact of each bidder's solution and pricing proposal over the life of the service. The building of a standard format financial model enables all bidders to be assessed on the same basis and mitigates the decision making risk of relying on untested individual bidder models.
The service is designed to support procurement teams to work closely with the finance teams to assess the changing funding requirements throughout the bid stages of an IT procurement. By delivering financial modelling analysis that interprets and benchmarks the financial implications of bidder submissions, the procurement team is better able to assess the full cost impact of each bidder's offering and track the changes in value as the negotiations progress.
The service also allows for procurement and finance teams to assess the affordability implications of each bidder's offering and forecast potential capital and resource pressures throughout the life of the service.
The financial modelling service should underpin the analysis in the financial and economic sections of the business case so that the same operational and commercial assumptions are being used for both workstreams. This mitigates the risk that approvals processes become disjointed from negotiation workstreams and that stakeholders are fed misleading information.
The service enables all parties to assess the value of trade-offs as the bidder solution and pricing evolves through the course of negotiation. It is critical to understand the link between these two to reduce potential exposure post contract award when all parties have to address the full financial and operational consequences of mismatched scope and cost.
The service is designed for any public sector organisation facing cost pressures to demonstrate a reduction in annual spend against the incumbent supplier, or achieving value for money in respect of procuring new services. It is difficult to demonstrate the delivery of long term savings without the use of financial models. The service can also demonstrate how the commercial models support output or outcome based delivery by exploring how payment profiles are linked to delivery and therefore value for money.

Financial Value for Money Tests in IT Contracts

The service is designed to be used for public sector clients who need to understand the scope for further cost reduction and value creation under the current terms of their IT services. The service is designed to support contract management by assessing supplier compliance with obligations which impact value for money.
The service also enables the authority to capture evidence and identify negotiation levers as part of the planning process for a contract restructuring where there are concerns that the financial benefits in the contract are not being shared as intended by all parties. The analysis will create a basis of evidence to assess the strength of the authority's claim in support of negotiations and to engage suppliers who could do more to support the Government's cost reduction agenda.

This service is designed to enable authority teams to assess if a contract is delivering VfM in advance of planning a contract extension. The approvals process will need a clear demonstration that delays in completing the service will not unnecessarily increase the cost of the service.

IT Disputes and Forensic Technology Support

This service is designed for a public sector organisation of any size that is involved in a dispute with its IT supplier and has concerns that require interrogation of its IT systems and data. Examples where we can assist you include:

- You are involved in a dispute with an outsourced service provider. This may include issues regarding invoicing and payment;
- You have concerns regarding your accounts payable or other control accounts e.g. duplicate or fraudulent invoicing or overpayments;
- You have an accounting black hole; or
- You have received a complex Freedom of Information request and are unsure how to prepare the data in order to respond in order to comply with the relevant legislation.

The flexible service can be tailored to either assist an authority with its internal enquiries, or to provide support in formal legal disputes, including senior members of our team acting as independent financial or IT experts for the purposes of Court proceedings. Regardless of the service, our methodologies are performed to a rigorous standard that enable, if required, a client to meet the disclosure demands of a court process.

Developing Commercial Options for Contract Transition and Exit

This service is designed for public sector clients who are planning how to transition from their current supplier arrangements as efficiently as possible whilst minimising cost and disruption to the service users.
The service provides advice to stakeholders about the feasibility of implementing negotiation strategies by testing how the legacy contract provisions support the timing, costs, stages and disaggregation required.

This service supports business case and approval processes for contract transition which may require additional budget or commit the customer to a course of legal action.

The service provides a holistic view of the cost reductions and increases in each of the legacy and replacement contract arrangements so that the client team can assess the impact on the overall programme rather than just one area of service.

Market Insight into Vendor Financial Motivations during Contract Negotiations

This service is designed for public sector clients who are planning negotiations with suppliers and who are carrying out diligence to optimise the outcome in their favour.

The service should also support ongoing contract management to understand supplier motivations and track supplier engagement throughout the contract lifecycle. It will also support investigations into changes in supplier behaviour mid-way through a contract that may arise due to changes in corporate strategy or management focus.

Financial Negotiation Levers

This service is designed for public sector clients who are considering whether and how to engage with their suppliers. This enables customer teams to assess the strength of their position and the scale of ambition in demanding changes from their suppliers.
This is particularly valuable for planning negotiations for contract dispute, contract restructuring and contract changes. It will inform the decision whether to enter into negotiations at all and support the decision to invest scarce resources on legal, financial and commercial support.
The service enables client teams to attribute values to each aspect of the contract to assess the value to both parties of disaggregating or increasing the scope of the contract and supplier services.

Business Cases for Investment in New / Changed Contracts

This service is designed for public sector clients who need to develop a business case to support a proposed investment in their ICT services. This may be a business case to support investment associated with contract change, contract extension, re-negotiation of terms, new procurements and changes in delivery model (e.g. insourcing of services), and may cover any or all of the SOBC, OBC and FBC stages.

This is particularly valuable for authorities who do not possess available resources with experience of how business cases are set out following the HM Treasury's five case model, applying HM Green Book guidance, preparing economic and financial analysis to support business cases, or an understanding of likely areas of public sector approver scrutiny.
The service enables client teams to develop robust, compliant business cases that meet the needs of public sector approvers. The service can involve supporting the drafting of the business case in full, specific cases (chapters) of the business case and/or preparing the supporting quantitative analysis and financial models to support the business case.

Financial and Commercial Advice on preparing for Insourcing of ICT Services

This service is designed for public sector clients who have decided to move to an insourced model for delivery of their ICT services, including where the authority intends to take on the role of service integrator.
This is particularly valuable for authorities who do not possess the resources and experience to manage novation and procurement activities at the scale required to support transition from an outsourced to an insourced operating model.
The service enables client teams to understand the volume, scale and complexity of third party contracts required to support the services, to plan and execute activities to bring these arrangements 'in-house' and to prepare the organisation to manage these (or equivalent) contracts effectively.

Scale and Complexity

The effort involved in delivering our service is driven partly by what we will do and what you will do before we arrive and alongside us whilst we work. It is also driven by the scale and complexity of your business situation. This section describes the scale and complexity that we have designed this service to address. If your business situation is bigger or smaller than this then we can discuss options, as it is likely we can reach agreement to alter our approach to accommodate your situation.

We recognise that the scale of financial advisory support you require will vary depending on:

- the point at which we are brought into the process;
- the length and depth of review during our engagement;
- the number of bidders or suppliers involved and the need for us to engage with them;
- the scale and complexity of the services being procured or reviewed;
- the volume, format and security restrictions of contract documentation, terms and provisions;
- the completeness and approval status of authority business cases, programme data and financial reports;
- the nationality of each bidder and therefore transparency of available financial reporting; the volume and documentation of longer term contract objectives and risk;
- the reliance that we can place on the validity, accuracy and completeness of supplier or authority reports;
- the ready availability of supplier or authority reports;
- the alignment of client personnel and stakeholders in terms of our agreed scope of work; and
- the level and type of engagement required with a supplier (unless a conflict of interest restricts the supplier engagement).

Exclusions

Our service description above defines the scope of what we will deliver. For the avoidance of doubt, we have listed below any activities that (in our experience) are sometimes expected to be in our scope but which are not included within this service.

- Financial modelling of the whole transaction, the financial budget, restructuring options or the impact on budgets;
- Preparation of or assurance of the financial budget;
- Assurance of the supplier financial model;
- Provision of accounting opinions, tax advice or legal advice;
- Assurance on supplier robustness, supplier financial model, benefits realisation or value for money;
- Verification or checking of the information provided to us, unless specifically agreed;
- Leading negotiations as the principal or developing the negotiation strategy for generating value for money;
- Review or assessment of the authority's technology landscape or strategy.
- Consideration of options for contract change;
- Contacting the supplier directly;
- Production of an exhaustive list of negotiation levers.

4 Contact Details

Please send your requirement to publicsectorbidteam@deloitte.co.uk. Alternatively, if you wish to discuss your requirements in more detail, please send us the following information and we will be happy to contact you:

- Your organisation name
- The name of this service
- Your name and contact details
- A brief description of your business situation
- Your preferred timescales for starting the work.

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