

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 07/11/2022

Subject: Modern Desktop Service and Tech-tonic 2 Device refresh

Report of: Cabinet Member for Finance & Reform, Councillor Rowan Ree

Report author: Hina Jethwa, Project Manager

Responsible Director: Jon Pickstone – Strategic Director of The Economy

SUMMARY

The existing contract for IT desktop support services is due to expire on the 13th of September 2023. This provides an opportunity to review the people, processes and technology required to support H&F's new operating model considering learning from the pandemic, the council's new ways of working, and technology developments since the initial agreement was signed in 2016. It also allows the Council to consider how it can embed sustainability through procurement and ensure re-use of corporate devices.

Additionally, this paper looks at the device refresh which will be needed in the coming 18 months. In 2018, the original Tech-tonic programme procured and deployed over 2,500 devices to H&F employees and associated third parties, including Housing management teams and NHS workers. These devices have now reached the industry recommended hardware replacement lifecycle of 3-5 years and are starting to see some hardware failures.

The impact of running older devices is that H&F employees' productivity will be negatively impacted over time and their ability to deliver business services and outcomes will be affected. Additionally, older devices and their older operating systems can be more prone to security concerns.

This paper addresses the recommendation and seeks approval for the new modern desktop support service including provision of future devices and the upcoming Tech-tonic 2.0 device refresh.

The recommended future desktop service model is to adopt a hybrid managed modern desktop service (Option 3) which will enable H&F to benefit from and adopt future technologies more quickly, improve our efficiency while delivering increased benefits to our end users, and deliver a modern future-proof, cost efficient desktop service to H&F.

The recommendation for the device refresh is for H&F to invest in new end user computing devices to replace the council's ageing devices (Option B).

The proposals contained in this paper are supported by the Chief Digital Officer.

Recommendations

That Cabinet

1. Notes Appendix A and Appendix B are not for publication on the basis that they contain information relating to the financial or business affairs of any particular person (including the authority holding that information) as set out in paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended).
2. Approves the strategy for a hybrid managed modern desktop service (option 3) which continues to support the council's strategy to invest in its workforce. The indicative costs are contained in exempt Appendix A.
3. Approves one-off investment of £4,410,000 for the Tech-tonic 2 rollout (option B) including replacement devices to be funded from a combination of HRA contributions, reserves held for corporate IT and capital funding. The indicative costs are contained in exempt Appendix B.

Wards Affected: None

| Our Values | Summary of how this report aligns to the H&F Values |
|---|---|
| Building shared prosperity | Moving to a new service model gives us the opportunity to develop a model whereby we contribute our devices for refurbishment and reuse as part of our digital inclusion. This will contribute to shared prosperity by giving digitally excluded resident's devices to help them access to the digital economy. |
| Creating a compassionate council | The new service model presents the opportunity to recycle assets when they have reached end of life, which can then be donated to members of our community. |
| Being ruthlessly financially efficient | Having a desktop service that is split between being manged in-house and outsourced where applicable we are reducing our overall costs in comparison to the alternative options. |
| Rising to the challenge of the climate and ecological emergency | Moving away from the existing ways of working, will enable us to develop a model whereby we contribute our |

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| | devices for refurbishment and reuse as part of our Digital inclusion efforts. This will help to reduce our carbon footprint in this area by extending the useful life of our devices. |
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Financial Impact

The hybrid managed modern desktop service (Option 3), is the least expensive option and is supported from a financial perspective in line with being Ruthlessly Financially Efficient.

The cost of the hybrid managed modern desktop service will be met from existing revenue budgets for the desktop service held within Digital Services.

The cost of the one-off investment to replace the devices will be funded from a combination of reserves held for Corporate IT, HRA contributions and capital funding where appropriate.

The indicative costs in this paper do not assume any inflationary impact at this stage and are based on current market rates. The service will aim to mitigate any inflationary increases through its medium-term financial strategy planning.

At the beginning of 2022/23 the balance on the Corporate IT reserve was £4.955m.

As the investment in replacement devices benefits services funded by the HRA, a contribution from the HRA will be required to reflect this. The contribution will be calculated in line with the methodology for recharging IT costs.

A separate report, relating to the contract award and support running costs will be presented to the Strategic Director for The Economy, in consultation with the Cabinet Member for Finance and Reform.

Andre Mark, Head of Finance, 5 September 2022

Verified by Sukvinder Kalsi, Director of Finance, 13 October 2022

Legal Implications

The proposed device refresh will enable employees to undertake their work more effectively and avoid a potential decline in productivity. It is therefore conducive to and calculated to facilitate the delivery of the Council's functions. The Council is empowered to approve the recommendation for a modern hybrid desktop service under the Local Government Act 1972.

The new arrangements will also include the establishment of a procurement vehicle which will enable ad hoc and one-off purchases when necessary.

*John Sharland, Senior solicitor (Contracts and procurement) 07979 907148
Dated 18 August 2022*

Background Papers Used in Preparing This Report - None

INTRODUCTION

H&F needs a replacement Desktop support service to ensure its workforce can continue to work efficiently and access all the IT systems our services depend on. In designing the proposed service, Digital Services has taken into account the positive feedback the current service receives. We effectively support the new ways of hybrid working, but the proposed solution will be more efficient and boost increased productivity and employee satisfaction across H&F.

In designing the new service, the options considered have included a like for like replacement of our fully managed service; bringing the whole service in-house; or adopting a hybrid model where part of the service is delivered by a third party and the rest is in-sourced. In considering these options the following areas have driven the design: quality of service, our ability to react more quickly to ever-improving technologies and derive the benefits for our workforce, and overall value for money.

DETAILED ANALYSIS

Proposals and Analysis of Options

Modern Desktop Service

The overall indicative costs of these different options are illustrated in exempt Appendix A. All options require the on-going business as usual replacement of individual devices as, increasingly, we will be unable to repair them.

Do nothing

The current framework agreement will come to an end on 13th September 2023 and cannot be extended further. If the framework is allowed to expire without being reprocured, this will expose H&F to having no desktop support service which is a critical function within the organisation.

Given the essential requirement to support the council's workforce and enable them to use their IT equipment effectively in their roles, the following options have been evaluated in order to design a modern desktop service.

Proposed replacement modern desktop service

1. Option 1 – Fully managed externally provided service

This option would be the direct replacement of the current fully managed service.

This option would include the provision of a field engineering service to cover corporate and library services requirements. The field engineering team comprises of specialist technicians who fix software and hardware issues on laptops and desktops, support printing, and support the local systems that keep our devices secure.

The role of the field engineering team is a critical function of a well-run desktop service. The ability to evolve and benefit from new technologies in an agile manner is more difficult to deliver through third party contracted services. In contrast to this, an internal field engineering team can integrate more closely with the rest of Digital Services, including the new virtual Tech-bar functionality which is being created, and therefore deliver the best user experience for our workforce.

Additionally, this option would be significantly more expensive than all other options as contained in exempt Appendix A.

This option is not recommended.

2. Option 2 – H&F Digital Services internally managed service

This option would include the full in-housing of device procurement, storage, provisioning of laptops and desktops, distribution of the devices, and on-going support through a newly created internal field engineering team.

H&F would have to allocate a suitable location to store and provide working space for pre-provisioning of devices within the limited space of the new Civic Campus or at a nearby site. Future projects requiring significant devices, such as Tech-tonic 2 would require additional temporary resource and space for building devices and storage.

This option is not considered to be feasible given the additional space required to run everything internally and given the cost of office space within the borough. Learning from Covid has shown that the logistics of delivering and recovering kit in a hybrid-working environment, including the management of Starters and Leavers equipment, is significant and an additional resource to manage this has been included in this option.

When consulting other local authorities, they also confirmed that they have included additional resources to manage logistics in this area where they have a fully internal team.

Additionally, having a third party to manage logistics and issuing of those devices would free up time for internal staff to concentrate on high value work.

This option is not recommended.

3. Option 3 – Hybrid managed modern desktop service

Following the pandemic, The IT industry is focussed on developing technologies which support hybrid working and help improve productivity. By having this hybrid model, it will allow H&F to adopt emerging technologies more quickly and give us the flexibility to adapt our support service to continuously improve the experience we deliver back to staff.

A third party supplier will be procured to deliver the following activities: purchasing and pre-provisioning of laptops so they can be sent straight to users,

security of the devices, deployment and associated logistics including asset management, and responsibility for the break fix on hardware.

The responsibilities of the internal team will include field engineering support of users, on premise deployment for desktops and laptops that require face to face support, and general second line support on technical issues. The team will be manage non-warranty hardware replacement, support public access computers, support MFD printers, and deliver software licensing management.

In addition to the field engineering duties, there are other capabilities that are best delivered or managed by H&F internally such as the ownership of related infrastructure architecture design, application packaging for devices, the delivery mechanism for security patching and application updates to devices.

This hybrid managed modern desktop model is increasingly becoming the industry standard as new technologies have streamlined the process for provisioning laptops, and third parties are more efficient in delivering these en-masse to their customers. H&F can then consume this service more efficiently and at a lower cost than by us delivering this element internally. This approach also allows us to flex up and down where there is a business need to deliver increased or fewer numbers of devices over the year.

The forecast cost of the hybrid managed modern desktop service model is lower than the other two options, it will deliver significant benefits in the future and create the building blocks for future efficiencies. By implementing some of the building blocks for the new hybrid service early for the deployment of new features and security patches, an annual saving of £110,000 in our general infrastructure costs has already been recognised in our 22/23 budget.

This option will deliver the best of both worlds and allow H&F to create an internal field engineering capability to provide a better customer experience for H&F staff. Over the life of the current contract, Digital Services has developed a number of capabilities internally to enable the service to manage the desktop service in house, alongside an internal field engineering team.

This proposed approach allows for a more collaborative delivery model that enables H&F to concentrate on high value management activities and deliver better services to staff.

This option is recommended.

Device Refresh

The overall indicative costs of replacing our devices are illustrated in exempt Appendix B.

1. Option A - Do nothing.

We retain the existing laptop devices that were originally purchased in 2018 as part of the Tech-tonic programme for an extended period. This option is not advised as devices get older, they will start to impact the productivity of the employees and there will be increasing hardware failures.

- As users synchronise more data between the devices and the cloud, there is a risk that the available disk space on the local device will be reduced and start impacting the system performance.
- Over seventy-five percent of our devices are currently running at over 80% memory utilisation, therefore potentially impacting on user performance and experience. As newer applications require more memory, our existing devices are likely to experience performance bottlenecks in the future.
- Our Toshiba devices are not currently underpowered for standard users. However, upcoming changes to our desktop environment around business productivity tools such as Microsoft Teams updates, Power Apps and the need to replace the current Windows 10 operating system with Windows 11 by 2025, when it goes out of support, will all impact the performance profile of the end user computing environment.
- In due course employee productivity will start to be affected by low performing devices, and the benefits accrued from the first Tech-tonic programme will be lost due to machines that are no longer fit for purpose.
- The new Windows 11 operating system, which the new devices will run on, has been designed with improved in-built accessibility functions, better performance management, and improved security.
- The industry standard hardware replacement cycle for laptops is 3-5 years and for desktops is 5-8 years. These devices were procured in 2018 and deployed to users in 2019. It is recommended that the current set of devices are replaced within 18 months to ensure on-going good performance and efficiency.
- Additionally, a procurement vehicle is needed to support the ad-hoc replacements that are required during the year for devices that cannot be repaired.

We also need to factor in the following considerations:

- Direct Digital Services costs – as the devices age, the direct costs associated with life cycle management user support, repair and replacement will increase.
- End user costs – these are indirect business cost and represent time the end user spends troubleshooting devices or time not spent productively.
- Productivity gains – this represents the value of additional productivity time gained by end users after upgrading to higher performance device.

For the reasons stated above this option is not recommended.

2. Option B - H&F invests in new end user computing devices to replace the council's ageing devices.

To address the impact of doing nothing as detailed in Option A, the recommendation will be to replace all end user computing devices.

The next generation operating system, which is Windows 11, will be deployed as part of the refresh programme. This will ensure that the council's devices remain secure, supported, up to date and productive. The new operating system has been designed for improved security, and accessibility is more integrated into the system which will improve its usability across our workforce.

The rollout of the new Windows 11 operating system will require significant testing with services to minimise disruption and is likely to take around 12 months, once the third-party supplier has been procured. It is recommended that the Tech-tonic 2 device refresh is scheduled in within the coming 18 months to ensure the project is completed before the current Windows 10 operating system goes out of support in October 2025.

As part of the third-party procurement, we will include sustainability requirements and link these to the delivery of our digital inclusion strategy. In line with the above recommendation, a suitable route for procuring third party services will be identified as part of a separate procurement strategy and award paper.

Additionally, as part of H&F's digital inclusion strategy, we will ensure our devices are sustainably refurbished and then allocated towards digital inclusion initiatives which benefit our residents and local businesses.

The devices will be specified to future-proof H&F for the coming 3–5-year lifecycle period to support H&F's Ways of Working.

This is the recommended option.

In line with the above recommendation, a suitable procurement route for devices will be identified as part of a separate procurement strategy and award paper.

5. Reasons for Decision

Modern Desktop Service – the hybrid managed modern desktop service approach (option 3) for the following reasons.

1. A survey of other local authorities and other organisations that operate a similar service to H&F has demonstrated the need to deploy a hybrid managed modern desktop service operating model to deliver the best service to H&F.

2. The changing technology landscape, which now enables us to automate much of the provision in this area, has proven to be an opportune moment to review the delivery approach. The incumbent provider has not always kept up with the technology changes in delivering end user computing services and it is anticipated that we would better leverage the cloud internally to deliver the modern desktop service to H&F.
3. The current service delivery model is dependent on on-premises and non-cloud aligned infrastructure of platforms. Where improvements have been required to support changing business needs, Digital Services has taken the lead to drive and implement the changes and create the building blocks for a modern desktop service.
4. The new delivery model supports H&F's over-arching cloud-first, workforce and workplace strategies. A hybrid managed modern desktop service approach offers stability around cost whilst aligning to these strategies. The procurement, pre-build, and shipping out of devices will all be managed off-site therefore supporting the council's overall accommodation strategy by reducing demands on existing office space.
5. The combination of a hybrid managed support model and the zero-touch deployment approach in the new operating model, will allow Digital Services to better support the organisation's new Ways of Working as part of Hello Hybrid Future and provide a better customer experience for its staff.

Device Refresh is recommended for the following reasons:

1. The original Tech-tonic programme had indicated that, as part of the device lifecycle management and for the reasons detailed in device refresh option A – do nothing, devices will need to be refreshed regularly.
2. The majority of our end user computing devices were purchased in 2018 and are now approaching the industry recommended hardware replacement lifecycle of 3-5 years.
3. The mandated upgrade of Windows 10, coupled with developments to other business applications, will mean that older hardware devices will struggle in terms of performance when we move to Windows 11.
4. The new device rollout programme is significantly lower cost than the original Tech-tonic programme, which had a budget of £5,900,000 but was delivered for £5,365,000.

The reason for the lower cost is that we fundamentally changed the infrastructure design as part of Tech-tonic 1, and we can now benefit from the reduced effort needed to refresh the devices and upgrade to Windows 11. Additionally, Digital Services has been implementing the building blocks of the new modern desktop service over the past 12 months to ensure that we continue to deliver an excellent service for our workforce.

Equality Implications

An Equality Impact Assessment has been completed to ensure necessary due diligence in the preparation of this report. The project will begin with a procurement of a third-party partner who will be responsible of the pre-provisioning of devices along with other duties. A key 'essential' requirements list will be used to ensure that any potential suppliers are able to integrate seamlessly within H&F. This will ensure that no users will experience adverse impacts or unlawful discrimination. Therefore, there are no adverse equality implication of this work. The Equality Impact Assessment is attached as Appendix C.

Risk Management Implications

The report recommends adopting a hybrid managed modern desktop service which will generate savings to the Council as well as providing a more efficient and effective service. This is in line with the council priority of being ruthlessly financially efficient and in supporting and maintaining vital services to residents. The report also recommends investment in the replacement of devices which will ensure good staff productivity, robust security for data and systems and continuity of service to residents.

David Hughes, Director of Audit, Fraud, Risk and Insurance, 18 August 2022

Climate and Ecological Emergency Implications

The implementation of a new hybrid managed modern desktop services is changing the way we currently operate our end user experience. The aim of the project is to ensure expertise is bought inhouse and managed internally. With H&F's introduction of new ways of working Hello-Hybrid the workforce is able to work more flexibly and efficiently. With 80% of H&F staff working from home this will in turn reduce commuter journeys and energy use in H&F buildings.

The third-party suppliers will be responsible for the procurement, pre-provisioning, storage, and logistics of devices. This approach will be far more sustainable and introduce a one stop approach whereby the devices would be automatically shipped to the users rather than having been transported multiple times. This approach is far more environmentally friendly, and the usage of existing office space and storage is reduced for H&F.

Implications verified by: Hinesh Mehta, Strategic Lead, Environment, Parks and Waste, tel: 020 8753 6703, 18 August 2022.

Procurement implications

The Procurement Strategy will need to be approved, once timelines are established the tender exercise will need to be done through the e-tendering

platform capitalEsourcing. Currently the plan is to procure from the CCS Framework through a mini competition.

Waheeda Soomro, Commercial Manager, Corporate Procurement, 25 August 2022.

Digital Services & IM Implications

IT Implications: The Chief Digital Officer is engaged in and is supportive of the recommendations contained herein.

We have consulted with several local authorities and third parties and verified that our recommended hybrid managed modern desktop service aligns to recent technology developments and evolving industry practice.

The new model will allow us to further improve the service we deliver, and better support the new hybrid way of working.

IM implications: A Data Privacy Impact Assessment (DPIA) will need to be completed to ensure that all the potential data protection risks around this new contract are properly assessed with mitigating actions agreed and implemented.

Cinar Altun, Digital Strategy Lead, Digital Services – 18 August 2022

Implications verified by Veronica Barella, Chief digital officer - 2 September 2022.

Local Economy and Social Value

The Council's Social Value policy introduced in May 2020 requires that, for contracts awarded of a price higher then £100,000, suppliers contribute social value measures to a proxy value of at least 10% of the value of the contract.

When services and equipment is procured, the social value process in procurement and contract-management should be followed.

Completed by - Paul Clarke, Economic Development Officer, 18 August 2022

Consultation

Over the last year, Digital Services has engaged regularly with H&F staff. Hello Hybrid Future has revealed how people expect to work in the future, and this proposal is in line with the new ways of working. Feedback received is that people want to maintain the benefits of Tech-tonic 1 and build on that.

Further consultation was also undertaken to gain a better understanding of what other local authorities were doing through engagement with the London Chief Digital and Information Officer network and by having detailed one to one

meetings with six other local authorities. The local authorities consulted were, Shared Services (Southwark, Lewisham, and Brent councils), Barking and Dagenham, City of London, North Somerset, Camden, and Islington. With only one exception, these authorities have either retained the field engineering function as an internal capability or brought it back in-house following the end of any third party fully managed contract.

Additionally, the H&F's Chief Digital Officer consulted with Gartner, industry leaders in IT research, who support the view that a hybrid support model with internally retained field engineering team would be the recommended operating model.

LIST OF APPENDICES

- Exempt Appendix A – Indicative costs for each option.
- Exempt Appendix B – Table of indicative costs to replace ageing devices.
- Appendix C – Equality impact analysis document.