

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet Member for Finance and Reform, Councillor Rowan Ree

Date: 08/11/2022

Subject: Modern Desktop Service and Tech- tonic 2 Device refresh partner procurement strategy paper

Report author: Hina Jethwa – Project Manager

Responsible Director: Jon Pickstone – Strategic Director of 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 hybrid ways of working, and technology developments since the initial agreement was signed in 2016. It also allows the Council to consider how it can better support its users and residents, and how it can embed sustainability through procurement to ensure re-use of corporate devices.

The recommended service operating model is to adopt a modern hybrid-managed desktop support service. This is being submitted for approval in the cabinet paper '*Modern Desktop Service and Tech- tonic 2 Device refresh*' (Option 3), 7th November 2022. The decision paper includes a recommendation for H&F to invest in new end user computing devices to replace the Council's ageing laptops and desktops (Option B of cabinet paper).

The implementation of the new operating model will deliver the most optimal service and will drive a modern, future-proof, and cost-efficient desktop support service. Additionally, this model will enable H&F to benefit from and adopt future technologies more quickly and improve our efficiency while delivering increased benefits to our end users.

The decision maker is asked to approve the recommendation to procure a third-party partner to support the Modern Desktop Service to deliver the purchasing and deployment of devices for the running of the business-as-usual service, as well as the up-coming device refresh project (Tech- tonic 2). Additionally, the new supplier will be required to deliver wrap-around service management which integrates into our internal Digital service.

All components will be procured through a Crown Commercial Services framework.

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

Recommendations

1. To note that exempt Appendix A and B are not for publication on the basis that they contain information relating to the financial or business affairs of any person (including the authority holding that information) as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. To approve procurement of a third-party partner through the Crown Commercial Services, Technology Products and Associated Services - RM6068 Lot 2 Hardware and Associated Services framework for procurement of end user devices, their support, and wrap-around service management. Indicative costs are contained in exempt Appendix A and 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 managed in-house and outsourced where applicable means that 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

	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 related costs of the services and hardware that is being procured are contained in exempt Appendix A and B.

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.

The balance on the Corporate IT reserve at the beginning of 2022/23 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. Based on the 2022/23 corporate overheads allocation methodology, the percentage chargeable to the HRA will be 14%. Annual ongoing costs will be budgeted as part of the HRA's long term financial plan.

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.

Alex Pygram, Head of Finance, 12th October 2022

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

Legal Implications

This report is recommending the procurement of a third-party partner through the Crown Commercial Services, Technology Products and Associated Services - RM6068 Lot 2 Hardware and Associated Services framework agreement. The related costs are contained in exempt Appendix A and B.

The Council has the power to procure these services as they are conducive to and calculated to facilitate a range of Council functions.

The value of the proposed procurement is such as to fall within the ambit of the public procurement regime as set out in the Public Contracts Regulations 2015 (“PCRs”). The CCS framework agreement was procured in accordance with the requirements of these regulations and the Council is entitled to award contracts in accordance with its terms. The use of this framework is therefore compliant with the PCRs.

For the purpose of Council’s Contract Standing Orders (‘CSOs’), the proposed arrangement is a high value contract and will therefore be subject to section D of the CSOs. The use of a suitable third-party framework is a compliant means of procuring a high value contract under the CSOs.

The authority to approve this procurement strategy is vested in the relevant Cabinet Member.

John Sharland, Senior solicitor (Contracts and procurement) 07979 907148
Dated 10 October 2022

Background Papers Used in Preparing This Report

Cabinet paper - Modern Desktop Service and Tech-tonic 2 Device refresh, 7th November 2022

DETAILED ANALYSIS

Background

The current service is a fully managed desktop service delivered by BT and procured through Lot 1 of the Call Off Contract for Information Technology and Communication Services, dated February 2016. The Lot 1 contract runs until 13th September 2023 and if approved this procurement strategy will replace Lot 1 services before the end of the contract to ensure a safe transition to the new support model.

The pandemic increased the focus of the industry on developing technologies which support hybrid working and help improve productivity. Adopting a hybrid model will allow H&F the flexibility to adapt its support service to continuously improve the experience we deliver back to staff.

A cabinet paper has been compiled recommending implementing a hybrid managed modern desktop service and a device refresh to replace the ageing devices and is due for approval from the cabinet on 7th November 2022.

This procurement strategy focuses on securing a contract with a single partner who will provide the wrap around support for the modern managed desktop service and support in the procurement and deployment of devices, such as laptops and desktops, including the Tech-tonic 2 hardware refresh exercise.

The third-party partner will be required 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 of hardware. This will include the procurement and deployment for our device refresh.

The partner will work with H&F's internal teams who will be responsible for field engineering support of users, on premise deployment of desktops and laptops that require face to face support, and general second line support on technical issues. Other capabilities that are best delivered or managed by H&F internally will include the ownership of related infrastructure architecture design, application packaging, the delivery mechanism for security patching and application updates to devices.

Reasons for Decision

1. The procurement of a partner through this CCS framework allows for a modern desktop service expert partner to be appointed quickly and efficiently. The framework offers access to a wide variety of industry leading partners which will ensure a high-quality partner can be selected to complete the work.
2. The framework's buying process allows the Council to select a partner who will best match our service requirements quickly through a mini competition. This in turn allows for the move to a hybrid managed modern desktop service, to be completed before the expiration of the existing Lot 1 BT contract.
3. A separate contract award paper will seek approval once the successful partner has been selected through the tender exercise.

Contract Specifications Summary

Crown Commercial Services contracts are provided on a maximum contract length of 5-years. The recommendation is for the 5-year term to be awarded to enable the transition to the new operating model, sufficient time to deliver additional efficiencies from the new service and evolving technologies, as well as support the replacement of the Council's ageing user devices.

Procurement Route Analysis of Options

4. There are three options for procuring this contract which are reviewed below
 - a. Option A – A mini competition through CCS Technology Services RM6100 LOT 3a – End User Services Supplier framework.
 - b. Option B – CCS G-cloud – digital marketplace

- c. Option C – A mini competition through Technology Products and Associated Services (TePAS) - RM6068 Lot 2 Hardware and Associated Services framework.

5. **Option A – A mini competition through CCS Technology Services RM6100 Lot 3a – End User Services Supplier framework (not recommended)**

This lot has 112 partners, many of whom are vastly experienced in providing end user computing support and management.

The framework offers the option of running a mini competition to select the partner with the best offer to provide support for the modern desktop services. However, this framework does not provide the level of support for the device refresh services that H&F requires.

This procurement route is therefore unsuitable as a separate framework and partner would need to be sought. This approach would prove to be costly and very time consuming.

6. **Option B – CCS G-Cloud – emarket place framework (not recommended)**

This option was explored; however, it does not always offer the best value for money or the best route to market. Having investigated further, this G-Cloud framework is more suited to cloud-based services such as infrastructure hosting, software, and cloud support. This framework does not offer desktop services support or procurement of devices.

7. **Option C – A mini competition through Technology Products and Associated Services (TePAS) - RM6068 Lot 2 Hardware and Associated Services framework (recommended option)**

Within this framework there are 37 partners who would have an opportunity to bid for work. This framework offers H&F a flexible and compliant way to source all our technology services and product needs.

Under this agreement H&F can procure both the wrap-around service management required for the modern hybrid managed desktop service, and the ability to procure devices for the business-as-usual service as well as for the Tech- tonic 2 device refresh which is required within the next 18 months. This would simplify H&F's award process and ensure that a single partner undertakes the delivery and support of these components.

Having a single partner responsible for the end-to-end provisioning of user devices will allow for a better quality of service for our workforce.

Benefits of this framework:

- Flexible choice of products including hardware procurement and wrap around service management.
- A tried and tested industry framework, which has been used to procure over 8 million devices to date.
- 37 well recognised partners providing high-quality services and having access to manufacturing partners, channel partners and resellers.
- 50% of partners are a small and medium enterprises.
- Call-off contracts are available for up to 5 years.
- Flexibility for single partner 'one-stop shop' awards.
- Supply chain assurance through CCS framework. By using a single source partner H&F can consolidate all expenditure and drive efficiencies. The partner is required to integrate with H&F internal systems and provide reporting.
- By having the single partner to manage, store and pre-provision devices, this removes local storage requirements in the new Civic Campus or at a nearby site.
- Learning from Covid has demonstrated the logistics of delivering and recovering kit in a hybrid-working environment, including the management of Starters and Leavers equipment, is significant and would be appropriately managed by a single partner who would be able to retain an accurate asset register.
- Consistency of product and service is something that H&F would benefit from with a single source partner. Products would be sourced competitively ensuring quality and service are maintained to a high standard.

Therefore, for the above reasons stated this option is recommended.

Market Analysis, Local Economy and Social Value

8. The proposed procurement route is well established, a mini competition through the recommended framework offers great value through H&F's procurement practices and procedures.
9. The services required by this procurement include a partner who is competent in procuring devices sustainably, cost effectively and can manage the logistics of deploying the devices whilst providing an excellent end user service.
10. The framework includes pre-prepared call off contracts. The framework buying processes stipulates that H&F can seek clarifications from relevant partners through the tender exercise. H&F will use this mechanism to determine which partner is the best value for money fit to the specific requirements of this project at the clarification stage and this will include making it clear to the partners that a Social Value commitment of 10% of the value of the contract is

required. The partners will have to clarify exactly what their Social Value contributions will be and what their delivery method might include.

Risk Assessment and Proposed Mitigations

11. There is a risk that the final cost of the procurement of the service will be unknown until the procurement exercise has been completed.

This risk will be mitigated by obtaining actual costs through the tender exercise.

12. There is a risk that the selected partner deems certain task as 'out of scope' resulting in additional costs for extra services that cannot be anticipated in the requirements.

This risk will be mitigated in two ways. Firstly, through the development of a detailed definition of H&F requirements. Secondly, clarification questions will be asked of the partner's during the procurement process which will determine how well a partner will deliver based on the H&F requirement.

Timetable

13. Please include an estimated timetable of the competition process through to contact commencing.

Key Decision Entry (Cabinet decision paper)	14/07/22 Completed
SLT (Cabinet decision paper)	14/09/22 Completed
Contracts Assurance Board (Procurement strategy paper)	26/10/22
Political Cabinet Sign off (Cabinet decision paper)	03/10/22
Cabinet Sign off (Cabinet decision paper)	07/11/22
Call in period 3 days	08/11/22 to 11/11/22
Issue Specification and tender document to partners – Initiate mini competition, respond to clarifications	14/11/22 to 11/12/22
Evaluation of bids	12/12/22 to 16/12/22
CAB award approval for new partner (authority delegated)	04/01/23
Award Contract	06/01/23
Standstill Period (10 days)	06/01/23 to 18/01/23
Contract Commencement date	19/01/23
Contract mobilisation and implementation completes	18/08/23

Selection and Award Criteria

14. Pre- market engagement

To run a pre- market engagement is optional. Given the requirements are well understood and the framework is designed to deliver the service we require, a pre-market engagement will not be undertaken. This approach enables a transition period of six months to safely land the new service before the current contract expires.

15. Mini competition

All partners within the framework will be formally invited to tender. H&F's tender documentation will ensure that H&F includes a full specification, evaluation criteria and completed call-off order form. The mini competitions will be run using the CCS eSourcing tool. In certain circumstances, CCS will be able to assist further by running the competition for H&F.

Completing a mini competition also gives H&F the option to run an eAuction or a multi-stage competition to identify the most economically advantageous tender.

Evaluation Criteria			
Criteria	Tier 1	Tier 2 Sub-criteria	Tier weighting ²
Quality	60%	Satisfaction and referenceable, goods and service fitness for purpose, understanding buyer needs	15%
		Service design, mobilisation and onboarding deliver within six months)	15%
		Quality of Operational service – Associated Services as described within the specification (Framework Schedule 1). Please note that Associated Services must be purchased with goods and applicable to the relevant Lot. – (RM6068 Lot 2 Hardware and Associated Services framework) <ul style="list-style-type: none"> • BAU integration with H&F processes • Logistics and delivery capabilities • Service level agreement and KPI's • Integration into the Councils starters and leavers process • Asset management and integration into Council's 	20%

		process <ul style="list-style-type: none"> Security governance Evidence of compliance – Framework Schedule 2 	
		Seamless integration into the Councils modern managed desktop platform - Microsoft Endpoint manager (Intune) autopilot capability	15%
		Ability to flex and deliver large projects such as H&F lap top replacement programme (flex up and down)	10%
		Social Value	17%
		Contribution to the circular economy in line with the Councils climate change strategy	8%
Price	40%	Modern managed desktop service	80%
		Devices	20%

Contract Management

16. The implementation of the hybrid managed modern desktop service and the appointment of a third-party partner to manage the device provision element will also include a transition into business and usual support and this will include how the partner will provide support services, service level agreements, vendor management and how they interface with H&F staff. This will allow for a technical assessment of the partner to be carried out periodically with the Digital Services Service Management team managing the contractual relationship with the partner.

Equality Implications

17. 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 for the pre-provisioning of devices along with other duties. A key 'essential' requirements list will be used to ensure that any potential partners 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 implications of this work.

Risk Management Implications

18. The report recommends procuring a third-party partner to support the Modern Desktop Service to deliver the purchasing and deployment of devices for the running of the business-as-usual service, as well as the up-coming device refresh project. In addition, the new supplier will be required to deliver wrap-around service management which integrates into our internal Digital service. The contract will be procured through an existing framework. This is in line with the council priority of being ruthlessly financially efficient and in supporting and maintaining vital services to residents. The report identifies two procurement related risks along with appropriate mitigation measures to address those risks.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 10 October 2022

Climate and Ecological Emergency Implications

19. 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 can work more flexibly and efficiently. With estimated 70% of H&F staff working from home this will in turn reduce commuter journeys and energy use in H&F buildings.

The third-party partner 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, Head of Climate Change, 10 October 2022

Local Economy and Social Value Implications

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

Paragraph 10 in this strategy commits the procurement will require social value measures to the value of at least 17% of the price of the contract. This is compliant with the policy. Social value key performance indicators (KPIs) should be part of their contract terms. It is recommended that the project lead for each contract works closely with H&F's Social Value Officer and the contractor to agree a delivery plan soon after the award. It is advisable that the commissioner works closely with Legal Services to ensure appropriate

social value clauses are included in the contract, so that the council can enforce its right to compensation if social value commitments are not delivered.

Implications completed by Paul Clarke, Social Value and Economic Development S106 Officer, 10 October 2022

Digital Services and Information Management Implications

21. 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 – 11 October 2022

Implications verified: Veronica Barella, Chief digital officer, Tel 020 8753 2927.

Consultation

22. 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.

Extensive consultation with Crown Commercial Services was also undertaken to ensure a suitable framework was identified that met all H&F's requirements and business needs.

List of Appendices

- Exempt Appendix A – Indicative breakdown of cost for wrap around service and business as usual.
- Exempt Appendix B – Table of indicative costs to replace ageing devices.