

LONDON BOROUGH OF HAMMERSMITH & FULHAM

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

Date: 06/03/2023

Subject: Modern Desktop Service and Tech- tonic 2 refresh contract award

Report of: Veronica Barella, Chief digital officer

Report author: Hina Jethwa, Project manager, Digital services

Responsible Director: David Tatlow, Strategic Director for Corporate services

SUMMARY

This report seeks approval to award the contract to CDW Limited as the successful third-party partner to deliver the purchasing, deployment, and support of devices as part of the new hybrid Modern desktop service. CDW Limited will support the business-as-usual service, as well as the up-coming Tech- tonic 2 device refresh project. Additionally, CDW Limited will be required to deliver wrap-around service management which integrates into our internal Digital Field Engineering service.

The contract has been procured via Crown Commercial Services, Technology Products and Associated Services - RM6068 Lot 2 Hardware and Associated Services framework.

The proposal contained in this paper is supported by the Chief Digital Officer.

RECOMMENDATIONS

1. To note that Exempt Appendix A and B are not for publication on the basis that it contains information relating to the financial or business affairs of any person (including the authority holding that information) as set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. That approval be given to award CDW Limited a 5-year contract beginning on 15/03/2023 to provide professional services to deliver the purchasing and deployment of devices as part of the business-as-usual service, to provide and deliver wrap-around service management which integrates into our internal Digital service's team. Additionally, to support, procure devices, and provide services as part of the up-coming Tech- tonic 2 device refresh project. The total cost of this award contract is £4,674,069. Refer to exempt Appendix A for full illustration.
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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 service whereby we contribute our devices for refurbishment and reuse as part of our digital inclusion strategy. This will contribute to shared prosperity by giving digitally excluded residents' devices to help them access the digital economy and online services.
Creating a compassionate council	The new service model presents the opportunity to recycle assets when they have reached end of life for the Council but can then be donated to members of our community.
Being ruthlessly financially efficient	Having a hybrid desktop service that is split between an in-house team to support our users, combined with a third-party supplier for purchasing and supporting the devices themselves, allows us to reduce 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.

Financial Impact

1. The decision to award the contract to CDW Limited to deliver the purchasing, deployment, and support of devices as part of the new hybrid Modern desktop service is expected to cost £4,674,000 over a 5-year period. Costs cover business as usual as well as the one-off purchase costs for the Tech-ionic 2 device refresh project. Costs are set out in Exempt Appendix A.
2. The annual running costs of the new hybrid managed Modern Desktop service is in line with the existing revenue budget held by Digital Services. A breakdown is shown in Exempt Appendix A.

3. In addition to the annual running costs, the cabinet paper, 'Modern Desktop Service and Tech-tonic 2 Device refresh' dated 7th November 2022, approved one-off investment of up to £4,410,000 for the Tech-tonic 2 device refresh rollout, including replacement devices, to be funded from a combination of HRA contributions and reserves held for corporate IT and capital funding.
4. £4,410,000 included £150,000, for new desktop strategy implementation and £900,000 for project delivery. £3,360,000 was set aside for laptop and desktop procurement.
5. The recommended Supplier's bid includes one-off costs of £2,266,000 to replace 2800 devices. This is £1,094,000 less than the estimated figure from the cabinet paper and represents a reduced call on Council reserves and HRA contributions.
6. Table 1: Breakdown of one-off costs and comparison to the cabinet paper, 'Modern Desktop Service and Tech-tonic 2 Device refresh' dated 7th November 2022

One off cost	Original Estimate (from Cabinet Paper) £'000s	Revised Estimate £'000s	Variance £'000s
New desktop strategy implementation	150	150	0
Tech-tonic 2: Laptop & desktop procurement	3,360	2,266	(1,094)
Tech-tonic 2: Project delivery	900	900	0
Contingency	0	420	420
Total	4,410	3,736	(674)

7. Given the Tech-tonic 2 project will involve design and implementation of a new operating system, and new kit for all, it is recommended a contingency of approximately 20% or £420,000 is set aside to ensure financial risks around inflation and technical specification of devices can be managed.
8. The total revised one-off costs including contingency is £3,736,000 and in total represents a £674,000 reduction on the one-off costs presented in the 7th November cabinet paper.
9. 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% and funding of one-off costs could be split between HRA revenue and capital. Annual ongoing costs will be budgeted as part of the HRA's long term financial plan.

Alex Pygram, Head of Finance, Corporate Services, 22nd February 2023
Verified by Sukvinder Kalsi, Director of Finance, 22nd February 2023

Legal Implications

10. This report is recommending the appointment of a third-party partner through the Crown Commercial Services, Technology Products and Associated Services - RM6068 Lot 2 Hardware and Associated Services framework agreement.
11. The Council has the power to procure these services as they are conducive to and calculated to facilitate a range of Council functions.
12. 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.
13. For Council's Contract Standing Orders ('CSOs'), this is a high value contract. The use of a suitable third-party framework is a compliant means of procuring a high value contract under the CSOs. The procurement was carried out in accordance with the terms of the framework. The requirements of CSO 18 have therefore been complied with.
14. The award of the contract is a key decision for the purposes of the Council's constitution. It therefore needs to be included in the Council's key decision list on its website.

*Implication completed by: John Sharland, Senior solicitor (Contracts and procurement)
07979 907148
Dated 16th February 2023*

Background Papers Used in Preparing This Report

Modern Desktop Service and Tech-tonic 2 Device refresh partner procurement strategy paper, 26th October 2022.

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

DETAILED ANALYSIS

Background

1. 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, the appointment of CDW Limited as a third-party partner will replace part of the Lot 1 services before the end of the contract to ensure a safe transition to the new support model.

2. 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.
3. Approval was granted in the cabinet paper 'Modern Desktop Service and Tech-tonic 2 Device refresh' dated 7th November 2022 for the procurement strategy for a hybrid managed Modern desktop service (option 3) which continues to support the council's strategy to invest in its workforce.
4. The implementation of the new operating model will deliver the most optimal service for H&F and will drive a modern, future-proof, and cost-efficient desktop support service. The model includes the delivery of procurement and support services for our devices (laptops and desktops) combined with an in-house team to provide user support and enable effective hybrid working. Additionally, this model will enable H&F to benefit from and adopt future technologies more quickly as they evolve, and to improve our overall efficiency while delivering increased benefits to our workforce and users of our public access machines.
5. Additionally, the cabinet paper approved one-off investment of up to £4,410,000 for the Tech-tonic 2 device refresh rollout (option B) including replacement devices to be funded from a combination of HRA contributions, reserves held for corporate IT and capital funding.
6. A total budget of up to £6,200,000, has been set aside to undertake the Modern Desktop Service implementation and Tech-tonic 2 Device refresh projects.
7. The total cost of the services provided by CDW Limited over a 5-year period, for business as usual as well as the one-off purchase costs for the Tech-tonic device refresh project is a total value of £4,674,069, coming in well under the allocated budget as illustrated in Exempt Appendix A.
8. The annual operating cost of the new hybrid managed Modern desktop service will be contained within the existing revenue budgets for the Desktop service held within Digital services. Please refer to the tables in Appendix A.

Reasons for Decision

9. In October 2022 a procurement strategy paper titled 'Modern Desktop Service and Tech-tonic 2 Device refresh partner procurement strategy paper' was approved which recommended that the Crown Commercial Services, Technology Products and Associated Services - RM6068 Lot 2 Hardware and Associated Services framework was used to procure a third-party partner to assist H&F who will provide the wrap around hardware 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 project.
10. A procurement process inviting 37 partners from the above framework to bid was initiated in December 2022. The invitation to tender concluded on 23rd January 2023. The

suppliers were asked to bid for the delivery of 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. Also, the suppliers were asked to quote for replacing H&F's aging laptops and desktops.

11. Out of the 37 partners only 1 partner submitted a bid proposal – CDW Limited.
12. CDW Limited's bid proposal was evaluated and scored using an evaluation criteria matrix. Evaluator comments were uploaded to a portal supplied by Crown Commercial services.
13. CDW Limited is a large supplier in this area of pre-provisioning devices, sending and collecting them from users, and providing hardware support. They operate across the UK, America and Canada and have experience of working with the UK public sector.
14. The annual running costs of the new hybrid managed Modern Desktop service is in line with the budget which was approved in the cabinet paper Modern Desktop Service and Tech-tonic 2 Device refresh, 7th November 2022. A breakdown is shown in Exempt Appendix A
15. Additionally, the procurement exercise has delivered good value for money for the future costs of refreshing H&F's aging laptop and desktop estate with the forecast cost for devices being significantly lower than had been expected for the Tech-tonic 2 refresh programme. These lower costs may reflect the maturity of CDW's operation and 'buying power' in the market and will deliver new devices at 25% lower cost compared to current pricing availability for similar devices. The council would benefit from these fixed costs through the contract.
16. The recommended Supplier's submission has met the requirement and demonstrated 'Value for Money' by meeting the scope of the requirement and within the approved budget.
17. A potential risk perceived was the failure to attract sufficient bids to produce a competitive competition with the possibility of the bids being received being over budget. However, the bid received sufficiently passed both technical and commercial evaluation.
18. No Issues were identified and reported during the procurement process.
19. CDW Limited achieved an overall score of 87.60 as follows.

EVALUATION SCORES

The scores (weighted Question Scores - 60% Technical Envelope & 40% Commercial Envelope) are:

Technical Envelope – 60%

CDW Limited	Evaluation Score	Weighted Score	Final Score
Question 4.1	4	21.20	12.80

Question 5.1	3	12.00	7.20
Question 6.1	4	16.00	9.60
Question 7.1	3	9.90	8.00
Question 8.1	Pass	5.00	10
Question 8.2	Pass	5.00	
Total Technical Score	47.60		

Weighted Score	100
Final Score	40

Final Score

Final Technical Score Technical envelope – 60%	47.60
Final Commercial Score Commercial Envelope – 40%	40.00
Total Final Score	87.60

20. CDW Limited committed to several social value initiatives as part of their response. The overall value of these commitments is £500,994.10 which is equivalent to 10.72% of the overall contract value. They are summarised in the table Exempt Appendix B.
21. Following an open and fair procurement competition carried out through Crown Commercial Services (CCS), it is recommended that the award is made to CDW Limited for the provision of this requirement.

Contract Specifications Summary

22. CDW Limited will be required to deliver the following activities but not limited to:
- 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
 - Responsibility for the break fix of hardware
 - The procurement and deployment for our device refresh
 - Wrap around support
 - Integration with H&F's Starters and Leavers process

23. The contract length is 5 years and there is no option to extend.
24. CDW Limited will work with H&F's internal teams who will be responsible for the 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.

Procurement Route Analysis of Options

25. The objective of the procurement strategy was to identify and award to a suitable partner using the Crown Commercial Services, Technology Products and Associated Services - RM6068 Lot 2 Hardware and Associated Services framework for the procurement of end user devices and the provision of business-as-usual activities, wrap-around desktop service management, and the Tech-tonic 2 device refresh project.
26. The Crown Commercial Services buying process was followed and no other partners submitted a bid proposal other than CDW Limited. After the evaluations had been completed it was concluded that CDW Limited had met and passed all the evaluation criteria.
27. CDW Limited have shown in their responses that they offer value for money for H&F with respect to the total value of the contract. Therefore, it is recommended the contract is awarded to them.

Market Analysis, Local Economy and Social Value

28. The procurement route is well established, a mini competition through the recommended framework offered great value through H&F's procurement practices and procedures.
29. The contract award will deliver to H&F 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.
30. The framework includes pre-prepared call off contracts. The framework buying processes stipulated that H&F could seek clarifications from relevant partners through the tender exercise. H&F used this mechanism to determine which partner provided the best value for money fit to the specific requirements of this project at the clarification stage. It was also made clear to the partners that a Social Value commitment of 10% of the value of the contract was required. They were required to clarify exactly what their Social Value contributions were and what their delivery method would include.

Timetable

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

Key Decision Entry (Cabinet decision	14/07/22 Completed
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paper)	
SLT (Cabinet decision paper)	14/09/22 Completed
Contracts Assurance Board (Procurement strategy paper)	26/10/22 Completed
Political Cabinet Sign off (Cabinet decision paper)	03/10/22 Completed
Cabinet Sign off (Cabinet decision paper)	07/11/22 Completed
Call in period 3 days	08/11/22 to 11/11/22 Completed
Issue Specification and tender document to partners – Initiate mini competition, respond to clarifications	09/12/22 to 23/01/23 Completed
Evaluation of bids	24/01/23 to 02/02/23 Completed
Award paper to be submitted to CAB	22/02/23
CAB award approval for new partner (authority delegated)	01/03/23
Award Contract	02/03/23
Standstill Period (5 days)	04/03/23 to 09/03/23
Outcome Letter Contract and redactions (for Transparency) issued by CCS	09/03/23
Contract Commencement date	15/03/23
Contract mobilisation and implementation completes	31/08/23

Risk Management Implications

32. The report recommends awarding a contract following a competitive procurement process for a provider 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 upcoming 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 has been procured through an existing framework, which is in line with the council priority of being ruthlessly financially efficient and in supporting and maintaining vital services to residents. While only one bid was ultimately received, officers have carried out a thorough assessment to ensure that the quality aspects of the bid met the Council's requirements and that the bid price represented value for money and was within the budget envelope. Officers will need to ensure that robust contract management arrangements are in place to secure the effective delivery of contract objectives.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 16th February 2023

Climate and Ecological Emergency Implications

33. 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.
34. CDW Limited 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, Date 20th February 2023

Procurement implications

35. The procurement was conducted as a mini competition through the CCS framework and platform which resulted in one bidder response.
36. Although CDW Limited was the sole bidder, their submission was to a high standard and committed to above 10% social value.
37. A project has been created on capitalEsourcing where all procurement documentation and evaluation and moderation evidence must be uploaded against prj_21726 on capitalEsourcing for transparency and compliance.
38. A contract entry has been created on capitalEsourcing where all governance approvals and the signed contract is to be uploaded for compliance.
39. A Contract Award Notice must be published on Contracts Finder.

Implication completed by: Waheeda Soomro, Corporate Procurement, 20th February 2023

Digital Implications

40. IT Implications: We have worked closely with Crown Commercial Services (CCS) who have managed the procurement for H&F using their framework. The successful bidder, CDW Limited, delivers similar services to multiple organisations and through the bid process has committed to working with us to embed their service with our processes. This will enable a streamlined services for our users.
41. The new supplier has committed to a higher level of service than had been specified, in particular provision of kit to new Starters within 24 hours and the inclusion of two CDW engineers to be operating on site from H&F. The new model will allow us to further

improve the service we deliver, and better support the new hybrid way of working.

42. Additionally, the cost per new device is 25% lower than we can achieve through our current contract. This enables better value for money across the operational service when we need to replace end of life devices.
43. 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.

Implications completed by: Veronica Barella, Chief digital officer. 16th February 2023

Local Economy and Social Value

44. It is a requirement that all contracts awarded by the council with a value above £100,000 provide social value commitments that are additional to the core services required under the contract. These commitments must amount to at least 10% in value of the price of the contract proposed. In addition, the evaluation of social value should account for a weighting of a minimum of 10% of the overall score.
45. The Social Value offer from CDW was evaluated by the Corporate Procurement team and the Social Value Officer. These evaluations accounted for 10% of the score as detailed in paragraph 31 above. CDW proposed social value measures to a proxy value of 10.7% of the price quoted as detailed in exempt Appendix B.
46. This proposal included a measure to recover 2,500 of the council's old laptops for re-use which included a method statement which was well-detailed and persuasive. It also included a proposal to use electric vehicles working on projects. These contributions accounted for £125,300 or 2.7 percentage points.
47. The proposal also included planting 450 trees to save 1,410 tonnes of CO2 emissions. Additionally, two IT jobs for local care leavers was proposed. Together, these account for £375,694.10 or 8 percentage points of the social value measures proposed. It is recommended that robust contract management and monitoring processes are put in place by contract managers to ensure these ambitious targets are met.

Implications completed by Oliur Rahman, Head of Employment and Skills, 8th March 2023

LIST OF APPENDICES

- Exempt Appendix A – 5-year cost for CDW Limited, Ongoing cost, One off cost
- Exempt Appendix B – Social value CDW Limited illustration