

## CABINET

15 November 2022

<b>Title:</b> Procurement Strategy for Corporate Laptop / Desktop Computer Device Refresh													
<b>Report of the Cabinet Member for Finance, Growth and Core Services</b>													
<b>Open Report</b>	<b>For Decision</b>												
<b>Wards Affected:</b> None	<b>Key Decision:</b> Yes												
<b>Report Author:</b> Ben Davis, IT Project Manager	<b>Contact Details:</b> E-mail: ben.davis@lbbd.gov.uk												
<b>Accountable Director:</b> Paul Ingram, Chief Information Officer													
<b>Accountable Strategic Leadership Director:</b> Philip Gregory, Strategic Director, Finance & Investment													
<b>Summary:</b> <p>This report requests authorisation for IT Services to procure laptops and desktop computers to replace the end-of-life devices in the existing fleet, through a mini-competition utilising Lot 6 of the NHS Link 3 Framework for hardware and value-added services. This contract will be procured for a total of four years at a value of £2.73m, plus implementation costs of £970,000.</p> <p>The decision to refresh the laptop and desktop fleet is driven by the increasing failure rate across our devices, leading to a heightened risk that reliability issues will negatively impact on service delivery to residents. The devices were originally procured with an expected service life of four years and by the projected time of replacement, they will have been in use for six years.</p> <p>A breakdown of the units to be procured are set out below:</p>													
<table border="1"><thead><tr><th>Type</th><th>Number</th></tr></thead><tbody><tr><td>Laptops</td><td>1900</td></tr><tr><td>2in1 Devices</td><td>500</td></tr><tr><td>Desktops</td><td>150</td></tr><tr><td>Within 18-24 months Laptop/2in1 replacements</td><td>300</td></tr><tr><td><b>Total</b></td><td><b>2850</b></td></tr></tbody></table>		Type	Number	Laptops	1900	2in1 Devices	500	Desktops	150	Within 18-24 months Laptop/2in1 replacements	300	<b>Total</b>	<b>2850</b>
Type	Number												
Laptops	1900												
2in1 Devices	500												
Desktops	150												
Within 18-24 months Laptop/2in1 replacements	300												
<b>Total</b>	<b>2850</b>												
<p>In addition to the devices and as part of the procurement contract, IT Operations will need to obtain a number of Value-added Services listed below:</p> <ul style="list-style-type: none"><li>• A pre-provisioning process on the devices. The pre-provisioning process will be provided by the Council.</li><li>• Shipping to home address or Council site as indicated by the project on a per user basis.</li><li>• Packaging to include a pre-paid returns label in the box together with user instructions and dispatch to the address provided by the Council.</li></ul>													

- Asset Tagging of devices.

The proposed route to market for this procurement is via a mini competition of the NHS Link 3 Framework, which satisfies all the criteria to ensure this is a compliant procurement.

The proposed device refresh will also involve multiple resource efforts from LBBD IT, this will comprise of both permanent staff and some temporary contractors. The contractors will be brought in to help with the significant workload and logistics, they will be completing tasks such as packaging. The forecasted cost of the implementation project is £970,000.

### **Recommendation(s)**

The Cabinet is recommended to:

- (i) Agree that the Council proceeds with the procurement of replacement computer hardware and services, in accordance with the strategy set out in the report;
- (ii) Note the establishment of a contingency budget of £210,000 per annum for years 2 to 4 of the contract to procure replacement laptops as and when required;
- (iii) Agree the arrangements for the re-manufacturing of old devices at nil cost to the Council, as set out in paragraph 1.8 of the report; and
- (iv) Delegate authority to the Strategic Director, Finance and Investment, in consultation with the Cabinet Member for Finance, Growth and Core Services and the Chief Legal Officer, to award and enter into contract(s) / agreement(s) with the successful contractor(s), subject to the appropriate funding being agreed as part of the 2023/24 budget setting process.

### **Reason(s)**

To assist the Council in achieving its priority of a 'Well Run Organisation'.

## **1 Introduction and Background**

- 1.1 In 2016 through to 2017 the Council undertook an estate wide transformation programme which saw a move away from Windows 7s and perpetual devices, to a mobile laptop estate and Windows 10. This shifted the entire Council workforce, with exception of some very specific teams, from a fixed workforce to a flexible and mobile one. Additionally, this also gave the Council the capability to cope with the increasing technological demands being made from IT software and systems.
- 1.2 This transformation programme designed for a 4-year lifespan of devices, with many devices being replaced due to reasons out of the control of IT such as breakages, wear and tear and even devices subject to being lost or stolen. Now in 2022 we are at the end of the lifecycle of most of the Council's devices and the decision has been made to refresh those devices in 2023.
- 1.3 This procurement exercise aims to have a new supplier in position by April 2023

with the deployment project starting immediately afterwards. This project will aim to have the vast majority of devices, with exceptions, delivered to individuals' homes, to ensure minimum disruption to employees' lives and work schedules. This is especially important with the shift of employees from office to home workers since the Covid-19 pandemic in 2020.

1.4 The hardware estate is integral to the reliable operation of all Council departments and services, as such approval is sought to ensure suitable devices are available to Council employees for the completion of their duties and provision of key council services.

#### 1.5 **Maintenance cost**

1.5.1 The existing fleet of laptops in use by the Council will by the time it is replaced have had a service life of around 6 years. In that time we have needed to procure additional machines and licences for a variety of reasons including service failures outside of warranty, loss, theft and additional or growth demand. These issues are inherent in running a significant fleet of devices and we need to allow for them in this procurement.

1.5.2 The nature of this demand is that it is not something that can be fully predicted or costed at this stage. For this reason, it is recommended that we procure the required number of devices for our current need and options for replacement or additional devices through the lifetime of the contract. In effect we will buy an agreed number of devices to meet current need and the Council may use the same contract to acquire additional devices as the need arises subject to both available budget in the financial year concerned and demonstration from the vendor of value for money at the time of any future procurement under this contract. This mechanism is intended to provide a non-exclusive, compliant route to market for predicted future need.

#### 1.6 **Insurance & Warranty**

1.6.1 It is intended that the assets procured will have a 1-year return to base warranty and beyond that period, the Council will separately maintain the fleet.

1.6.2 It is intended that these assets will not be insured as the premium costs over the lifetime of a device are prohibitive. It is anticipated that the maintenance / loss provision in section 1.5 above will be adequate to meet this need.

#### 1.7 **Corporate and Public Requirements**

1.7.1 This report would like to notify the Council that although this specific refresh will look to satisfy the corporate need for a device refresh there will be, during the life of the new contract, a requirement to refresh the Public Network Devices. This will result in a separate procurement exercise. The decision to keep these procurements separate is due to the disparity in requirements between the Corporate and Public devices.

#### 1.8 **Re-manufacturing of old laptop estate**

1.8.1 As this project replaces laptop devices, the strategy for the devices being replaced

will be to re-manufacture at cost neutral to the Council. The Council will run a procurement exercise to identify a supplier who can accept the old devices, remanufacture them and provide a portion of that estate back to the Council for use in the Digital Inclusion programme.

1.8.2 Remanufacturing is the process of restoring a laptop or device back to its original manufactured state, removing any current settings and builds. Essentially making it the equivalent of an out-of-the-box device. The potential supplier will do this to a ISO9001 standard, this will ensure no previous Council information and potential GDPR breaches are left on the devices.

1.8.3 Once remanufactured, a portion of these devices will be kept by the supplier to cover their costs, and a portion will be delivered back to the Council. These devices will no replenish ICT laptop stock but be given to the Digital Inclusion programme to use as they deem fit.

## 2. Proposed Procurement Strategy

### 2.1 Outline specification of the works, goods or services being procured.

2.1.1 This procurement can be split into two primary aims, the first is to replace the current hardware offering the Council offers to employees with new devices able to handle the increased demand of modern IT Systems and Services, as well as the view of being Windows 11 compatible. A breakdown of the amount of each device type being procured is shown below:

Type	Number
Laptops	1900
2in1 Devices	500
Desktops	150
Within 18-24 months Laptop/2in1 replacements	300
<b>Total</b>	<b>2850</b>

2.1.2 These device numbers will be supplemented with a specification which will detail the exact hardware requirements needed for the laptops to be deemed fit for purpose.

2.1.3 The secondary aim is to obtain a number of Value-added services, these services will help the project team remove responsibility from Council staff on the completion of minor tasks. A list of the value-added services is shown below:

- Unbox laptop and 2in1 devices and run a pre-provisioning process on the devices, the pre-provisioning process will be provided by the Council
- Re-box the device and insert a pre-paid returns label in the box together with user instructions and dispatch to the address provided by the Council. Please note that devices will be going to the Council staff home address.
- Note there may be occasions when devices will need to go to Council offices.
- All PCs will come to Barking Town Hall.
- Asset Tagging of devices

## 2.2 Estimated Contract Value including the value of any uplift/extension period.

2.2.1 The table below illustrates the estimated value of not only the hardware being procured but also the deployment project costs and the forecasted contingency budget for replacement devices:

Item	Year 1	Year 2	Year 3	Year 4
Tender Cost – Laptops/2in1's/Desktops	£2,100,000.00	-	-	-
Laptop Replacement Fund*	-	£210,000.00	£210,000.00	£210,000.00
<b>Total Cost</b>	<b>£2,100,000.00</b>	<b>£210,000.00</b>	<b>£210,000.00</b>	<b>£210,000.00</b>
<b>Total Grand Cost</b>				<b>£2,730,000.00</b>

*\*This number is based on the replacement of 10% of the laptop estate per annum from years 2 to 4. It is noted that IT do not require this capital to be available at the beginning of the contract but rather split per annum from years 2 to 4. Please also see the 'Additional Information' section for a more comprehensive explanation.*

## 2.3 Duration of the contract, including any options for extension.

2.3.1 IT Operations will look to secure a new supplier on a 4-year contract.

## 2.4 Is the contract subject to the (EU) Public Contracts Regulations 2015? If Yes and the Contract is for services, is it subject to the light touch regime?

2.4.1 Yes, this is subject to the thresholds for goods and services which is currently £213,477 including VAT in contract value.

## 2.5 Recommended procurement procedure and reasons for the recommendation.

2.5.1 IT Operations would like to carry out a mini-competition utilising Lot 6 of the NHS Link 3 Framework for the procurement of hardware and value-added services. After assessing possible Frameworks, it was decided that the NHS Link 3 Framework had a concentrated, yet high quality pool of potential suppliers, comprising of 9 suppliers total including 1 Manufacturer. This would ensure that the Council received the best products possible for the hardware refresh.

2.5.2 The NHS Link 3 Framework commenced on 1 March 2021 and expires on 28 February 2023, with the option to extend for a further year.

2.5.3 A specification will be generated which will be supplied to potential suppliers, this will then be used to run a mini-competition, with all responses being evaluated by a board of individuals selected from IT Operations who have a vested interest in the refreshing of hardware or its deployment.

2.5.4 Once Cabinet approval has been sought and received in November 2022, IT Operations would look to initiate the procurement process in late November/early December, with a view of having a supplier selected and awarded before April 2023.

**2.6 The contract delivery methodology and documentation to be adopted.**

2.6.1 This contract will be managed on a day-to-day basis by IT Services.

2.6.2 The management of the contract will be as per the T&Cs of the NHS Link 3 Framework.

**2.7 Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.**

2.7.1 As part of the Laptop Refresh, IT Operations will be recycling and re-manufacturing the old laptop estate to provide provision for the Digital Inclusion initiative. This will result in nearly 3,000 devices being available for this purpose. This will not be part of the procured contract but be part of a separate procurement strategy, which will be agreed upon through the necessary governance channels.

2.7.2 This procurement will ensure that the estate has up to date modern laptops, which will bring with them a host of features such as Windows 11, and biometric logins (Facial Recognition) whilst also being future proof going forward.

**2.8 Criteria against which the tenderers are to be selected and contract is to be awarded.**

2.8.1 The price/quality criterion split will be.

50% Quality

40% Cost

10% Social Value

**2.9 How the procurement will address and implement the Council's Social Value policies.**

2.9.1 The Council is adopting a new approach to Social Value which asks suppliers and contractors to contribute to the achievement of the 2018 Borough Manifesto goals and targets. The aim of this policy is to ensure that the Council maximises the social, economic, and environmental wellbeing that it delivers through its expenditure. The policy also ensures that the Council is aligned to the requirements of the Public Services (Social Value Act) 2012.

2.9.2 Tenderers must complete and submit a Delivery Plan setting out their commitments under any of the 3 themes set out in LBBB's Social Value Framework. The Delivery Plan should set out clear, measurable outputs that will be delivered through the contract, including timescales for delivery, volume details etc.

2.9.3 Tenderers must complete and submit a Method Statement explaining how these commitments will be delivered. The Method Statement should include information about who will be responsible for overseeing the delivery of the obligations and how these will be delivered including, where relevant, how the Supplier will ensure compliance in their wider supply chain.

### 3. Options Considered

#### 3.1 Option 1 – Do nothing (Rejected)

- 3.1.1 This option is not feasible as the hardware has reached the end of its lifecycle and requires upgrading/modernising to keep up with the increased technological demands made by IT systems and services.
- 3.1.2 There is an increased risk as time progresses of devices not working, this would require a replacement regardless.

#### 3.2 Option 2 – Alternative Frameworks (Rejected; CCS Framework, Health Trust Europe Framework)

- 3.2.1 As part of the 'Route to Market' selection process, a number of Frameworks were investigated to ensure the right one was chosen for this procurement exercise. Below is a table of the alternative Frameworks and the reason they were discounted.
- 3.2.2 Tier 1 suppliers are deemed as high level, known manufacturers of hardware, such as Dell, Microsoft, Lenovo and HP. Tier 2 suppliers are deemed as resellers of Tier 1 products. IT Services would like to include as many Tier 1 suppliers as possible to ensure that the best products are selected for the device refresh.

Framework	Rationale
CCS Framework	Not recommended due to a high quantity of Tier 2 Resellers.
Health Trust Europe Framework	Not recommended due to a high quantity of Tier 2 Resellers. No Tier 1 suppliers.

#### 3.3 Option 3 – Open Market (Rejected)

- 3.3.1 Open Market was considered due to the size of the pool of suppliers and potential for best-price. However, the opportunity to secure a top tier supplier would be more difficult. The existence of frameworks like the NHS Link 3, which has a highly concentrated pool of top suppliers, means that Open Market is a less desirable route.
- 3.3.2 There is a large Service requirement as part of this procurement, there is also a worry that the smaller suppliers who would have the opportunity to bid for this work, would not be able to meet those service requirements, thus meaning that Open Market would render near similar results to using a reputable framework.
- 3.3.3 Furthermore, the number of responses and potential number of suppliers who would bid for this lot of work would be far to extensive and of no benefit to the Council or procurement team from a time perspective.

### 4. Waiver

- 4.1 Not applicable.

## 5. Equalities and other Customer Impact/GDPR

- 5.1 After undertaking the EIA Screening Tool, it was confirmed that a full EIA would not be required for this strategy.
- 5.2 A Data Protection Impact Assessment (DPIA) will be completed before the tender is issued on the chosen Framework.

## 6. Other Considerations and Implications

### 6.1 Risk and Risk Management

Risk Description	Mitigating Actions	RAG Status
Increased laptop breakages due to age of laptops	Replace with new 'modern' laptops via a tender process	A
Insufficient spec to handle future application and OS upgrades	Microsoft released Windows 11 in October 2021 and not all current laptops are capable of running Windows 11, hence the requirement to carry out a laptop refresh project.	A
Not updating the current stock of laptops, 2in devices and PCs	Unable to run Windows 11, some applications will soon run more efficiently on Windows 11, unable to introduce new technologies i.e., biometric logon	A

- 6.2 **TUPE, other staffing and trade union implications** - Not Applicable.

## 7. Consultation

- 7.1 The proposals in this report were considered and endorsed by the Procurement Board on 17 October 2022.

## 8. Corporate Procurement

Implications completed by: Sam Woolvett – Category Manager

- 8.1 A further competition from Lot 6 of the NHS Link 3 Framework is likely to yield the best value for money for this requirement and is suitable for this level of spend.
- 8.2 This approach complies with LBBD's Contract Rules. As the value of this procurement exceeds the threshold for the services under the Public Contract Regulations 2015 (the Regulations), standstill periods will be adhered to.
- 8.3 Corporate Procurement will be advising IT Services throughout the tender process and assisting in drafting the further competition documents.



## **9. Financial Implications**

Implications completed by: Sandra Pillinger Group Accountant

- 9.1 The cost of this procurement is estimated at £2,100,000 for 2,850 devices. In addition, a Laptop Replacement Fund of £210,000 pa is required for Years 2,3 and 4, making a total cost of £2,730,000. These figures include the additional funding requirement for deployment project costs.
- 9.2 IT has submitted a growth bid of £2.73m for the laptop replacement project. The Corporate Strategy Group has supported the allocation of the necessary revenue and capital funding for this priority project as part of the budget setting process for 2023/24, which will be determined by Cabinet and Assembly in February / March 2023.
- 9.3 If the bid is successful, the capital programme for 2023/24 will be increased by £2.1m and then by an additional £630,000 over the three-year period 2024/25 to 2026/27. The capital expenditure would be financed from borrowing. The MRP and interest of £250,540 at 3% would be funded corporately.

## **10. Legal Implications**

Implications completed by: Lauren van Arendonk, Contracts & Procurement Lawyer

- 10.1 This report seeks to recommend the procurement of mixed IT hardware, including a combination of desktop computers, 2-in-1 devices and laptops. There are around 3050 items which will be purchased to replace and modernise the IT systems and services for a cost of around £3,700,000. The Light Touch Regime does apply, with the proposed procurement being well above the threshold for goods and services.
- 10.2 The preferred route to market is to carry out a mini-competition utilising Lot 6 of the NHS Link 3 Framework for the procurement of hardware and value-added services. This procurement route is in accordance with rule 13.1 of the Contract Rules, being an approved procurement method, most likely to achieve Council Objectives.
- 10.3 Under rule 5.1(a) of the Contract Rules, procurements from Frameworks are exempt from the full application of the Rules provided the framework has been properly procured under the Regulations and the procurement is made in accordance with the Framework's terms and conditions.

**Public Background Papers Used in the Preparation of the Report:** None

**List of Appendices:** None