


Report Title: Contract for the supply of Desktop and Laptop Hardware and associated professional services – the call in of the decision made by the Cabinet Procurement Committee on 28th July 2011

Report authorised by Julie Parker, Director of Corporate Resources

PP  DAVID AIREY

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Wards(s) affected: N/A

Report for: **Key Decision**

1. Purpose of the report (That is, the decision required)

1.1 To respond to matters raised in the call-in of the procurement report.

2. Introduction by Cabinet Member (if necessary)

2.1 N/A

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

3.1 The replacement of ageing desktops and laptops is a key component of the IT Strategy 2010-13 agreed at Cabinet in July 2010. This strategy outlines an approach to the delivery of IT services which ensures alignment between IT activity and business priorities.

3.2 In particular, a subset of the Council Plan Priorities are supported in the following manner:

3.3 Delivering High Quality, Efficient Services.

Delivering value for money by enabling the Council to operate a much more efficient desktop environment; using desktops and laptops in a manner which will enable flexible working (both at home and in the office), improved reliability, improved IT security and performance of the desktop infrastructure.

3.4 A Cleaner, Greener Haringey.

Green computing is a high profile item in the proposals and influences many of the ways in which IT Services operates, from sourcing equipment, through delivering the service in the most efficient manner, to recycling. This is exemplified by the Energy Efficiency characteristics of the equipment to be purchased.

4. Recommendations

- 4.1 That the decision to award the contract to Bidder A as specified in the report is upheld.

5. Reason for recommendation(s)

- 5.1 As set out in the report to the Cabinet Procurement Committee on 28th July 2011.

6. Other options considered

- 6.1 As set out in the report to the Cabinet Procurement Committee on 28th July 2011.

7. Response to reasons for Call-in and Variation of Action proposed.

Reason for Call-in

- 7.1 The call-in request is attached in Appendix 1. That document contains an acknowledgement that the proposals are "considered to be inside the policy and budget framework". However, it then lists four reasons for requesting the call-in and two proposed variations to the proposed action. These are set out and addressed in the following paragraphs.

A. *The decision to award a £3.3 million contract based on only one valid bid after two procurement rounds cannot be considered as achieving value for money for local taxpayers.*

- 7.2 The procurement was carried out using the Commoditised IT Hardware and Software framework (CITHS) provided by Buying Solutions (part of the Government Procurement Service). The framework was put together to provide a compliant procurement facility for public sector organisations. In setting it up, Buying Solutions have already conducted an OJEU tender to ensure that appointed suppliers deliver competitive prices. The framework allows customers to conduct a mini-competition within the framework to further drive down prices and achieve best value. This was the route that was followed.
- 7.3 The use of the Buying Solutions framework agreement for the procurement of IT hardware was approved by the Cabinet Procurement Committee on 16th September 2010.
- 7.4 Of the 12 suppliers on the framework, 11 specifically expressed an interest in bidding and requested an Invitation to Quote (ITQ).
- 7.5 The initial tender process was to include a reverse auction. When only one supplier bid, advice was sought from Corporate Procurement and Legal Services. As a result, the Invitation to Quote was revised to request best offer and re-submitted to all 12 suppliers. This resulted in two bids from suppliers of which one was non compliant.
- 7.6 In order to ensure that value for money was being achieved, the compliant bid was compared to another public sector framework and showed a saving of 9% on desktop PCs and 17% on laptops.

B. *The Council is reorganising its workforce and therefore is not able to provide certainty to IT providers on its hardware needs.*

- 7.8 Suppliers were given indicative volumes based on expected staff numbers to enable them to price their quotes.
- 7.9 The prices obtained are in the order of half those going direct to the manufacturer's on-line business web site for individual purchases. This offers further assurance that this contract represents good value for money and would indicate that volume discounts based on the indicative staff numbers provided have been applied.

7.10 Given the changes in the organisation (e.g. increase in home working/flexible working, shared services), defining specific volumes of desktops and laptops would risk committing the Council to purchasing the wrong mix of equipment. It was therefore considered more advantageous to allow flexibility within the contract and not commit the Council to specific volumes. The call off contract provides the flexibility to decide on the ratio of desktops to laptops on an ongoing basis with no commitment to a minimum spend.

C. No details have been provided as to the risk of this project being delayed and what the effect on services for local people would be.

7.11 The current IT desktop equipment used within the Council is now six to seven years old, the majority of which is unable to run a supported version of the Microsoft XP operating system.

7.12 The lack of a supported operating system is contrary to Central Government's code of connection requirements (GCSx). The Council is required by Central Government to comply with this code of connection in order to access the following key Central Government/partner agencies computer systems which provide services for residents:

- Department of Work and Pensions Customer Information System (CIS) - used by Benefits and Local Taxation to access benefit information when assessing benefit claims.
- LoCTA – used by Benefits and Local Taxation to locate individuals who have left the Borough owing unpaid Council Tax.
- The NHS N3 and RiO health systems – used by Adults, particularly the Mental Health team working jointly with the Mental Health Trust.
- Trading Standards Joint Asset Recovery Database – used by Trading Standards.
- LIBRA Legal Case Management System – used by Legal Services to access HM Court information.
- GSI Web Site – used for Emergency Planning and Incident Response.
- GCSx Secure Email – used across the Council to ensure the secure transfer of sensitive emails with the Police, NHS and other third party agencies (e.g. DWP, HMRC).

- 7.13 The commitment to replace existing out of support IT desktop equipment over the next 12 months, in line with the Council's published IT Strategy 2010-13, has been agreed as part of an action plan with Central Government (CESG) to allow continued access to the above Central Government/third party agency systems in the interim.
- 7.14 An outcome of delaying the project to replace the IT desktop equipment would be to put at risk this agreement and could result in the removal of access to these key Central Government and third party agency systems, with the consequential impact on the Council's ability to deliver services to residents.

Other factors to consider in terms of delaying the project are:

- 7.15 The age and low specification of the current equipment means that the later versions of Microsoft and associated software (e.g. Java) cannot easily be deployed to the desktop. Increasingly these later versions of software are required by Council staff to access business systems (e.g. external web sites) that service residents. It is likely that delaying the project will increase the number of systems that cannot be accessed (as suppliers adopt and only support the later versions of such software) with a consequential impact on the ability of Council staff to access such systems for the benefit of residents.
- 7.16 Due to the age of the existing equipment, there are a significant number of failed units each month which has resulted in service disruption. Delaying the project is likely to result in increased "downtime" when front-line Council staff are not able to access key business systems that provide services to residents, particularly given the trend of increasing failure rates as the age of equipment increases.

D. Lack of public scrutiny and information of a decision that commits significant public resources in a time of scarce funding.

- 7.17 The Cabinet report on the IT Strategy 2010-2013 approved on 13th July 2010 sets out the pressure for change around the existing PC/Laptop environment and associated funding requirements.
- 7.18 A report was presented to the Cabinet Procurement Committee on 16th September 2010 to approve the use of specified Framework Agreements, including Buying Solutions, for IT hardware procurements with associated authorised spending limits.
- 7.19 The report to award the contract, the subject of this call in, was presented to the Cabinet Procurement Committee on 28th July 2011.

Variation of Action Proposed

A. That procurement is delayed for 6 months to 1 year to allow a more accurate demand (i.e. final Council officer headcount) to be confirmed to allow the Council to go to market with less uncertainty in the expectation of getting a better price through tendering.

7.20 Please see sections 7.11 to 7.16 regarding the risks and impact of delaying the project.

7.21 Please see sections 7.8 to 7.10 regarding the provision of more accurate staffing numbers and thereby hardware needs.

7.22 While there is always the possibility of reduced prices in any future re-tender, there is no guarantee and also the potential risk of higher prices being quoted, dependent on market conditions at the time.

B. For the Council to review the “approved suppliers” list to understand why, on two occasions, there was only one valid bidder for this contract.

7.23 The suppliers were selected by OGC Buying Solutions following an OJEU tender to select those offering the most competitive prices.

7.24 OGC Buying Solutions reviewed and commented on the high quality of the tender documentation provided by Haringey prior to submission to suppliers.

8. Chief Financial Officer Comments

8.1 The Chief Financial Officer notes the contents of this report and confirms full involvement with the development of IT Strategy 2010-13, the Cabinet report on Procurement approach and also the report recommending award of contract presented to Cabinet Procurement Committee on 28th July 2011.

8.2 Section 7 above clearly sets out responses to the issues raised by the call in and explains clearly the possible implications, both financial and operational of delaying the procurement at this time.

8.3 As stated in the report of 28th July, award of contract does not commit the Council to minimum levels of expenditure or equipment purchase which provides the flexibility required in a changing workforce and work-style. Benchmarking obtained by officers supports the view that the quoted prices achieve value for money.

- 8.4 Any further tender process will require additional officer and other resource being allocated.

9. Head of Legal Services Comments

- 9.1 The Acting Head of Legal Services notes the contents of this report.
- 9.2 Legal Services has advised on the procurement process which this report relates to and has previously provided legal comments on the report recommending award which went to the Cabinet Procurement Committee held on 28th July 2011.
- 9.3 The proposed contract award followed a mini-competition process which was conducted under the Buying Solutions CITHS Framework. This framework was established following a competitive process and complies with EU and UK procurement legislation, and the Council's CSOs.

10. Head of Procurement Comments

- 10.1 Central Procurement Unit has advised on the procurement process which this report relates to and has previously provided procurement comments on the report recommending award which went to the Cabinet Procurement Committee held on 28th July 2011.
- 10.2 The proposed contract award is compliant with the Procurement Code of practise and followed a mini competition process conducted under the Buying Solutions CITHS Framework which had been let following a competitive EU Procurement Route
- 10.3 The proposed contract award has been benchmarked against another public sector framework and demonstrates savings of between 9 and 17% and up to 50% savings against the manufacturers' on-line price for individual purchases.

11. Equalities and Community Cohesion Comments

- 11.1 This report deals with general frameworks for procurement of IT hardware. At the stage when specific requirements for IT hardware are made, equalities comments will be provided focusing on accessibility and usability which are the key equalities issues in procurement of IT solutions. Until then, the Equalities Team makes no specific comments.

12. Consultation

12.1 Details of the consultation process are set out in the report to the Cabinet Procurement Committee on 28th July 2011.

13. Service Financial Comments

13.1 The funding for the PC Contract is set out in the report to the Cabinet Procurement Committee on 28th July 2011, up to a maximum as set out in the exempt section.

14. Use of appendices /Tables and photographs

14.1 Appendix 1: Call-in form

15. Local Government (Access to Information) Act 1985

This report contains only non-exempt information. Exempt information is contained in Appendix A of the report to the Cabinet Procurement Committee on 28th July 2011 and has been made available to Members of the Overview and Scrutiny Committee – this information is not for publication. The exempt information is under the following category (identified in the amended schedule 12A of the Local Government Act 1972):

(3) Information relating to the financial or business affairs of any particular person (including the authority holding that information).

'CALL IN' OF DECISIONS OF THE CABINET

This form is to be used for the 'calling in' of decisions of the above bodies, in accordance with the procedure set out in Part 4 Section H.2 of the Constitution.

TITLE OF MEETING	Cabinet Procurement Committee
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DATE OF MEETING	28 th July 2011
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MINUTE No. AND TITLE OF ITEM	PROC12. CONTRACT FOR THE SUPPLY OF DESKTOP AND LAPTOP HARDWARE AND ASSOCIATED PROFESSIONAL SERVICES
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1. Reason for Call-in/Is it claimed to be outside the policy or budget framework?

<p>The decision is considered to be inside the policy and budget framework, however,</p> <ul style="list-style-type: none">• The decision to award a £3.3million contract based on only one valid bid after two procurement rounds cannot be considered as achieving value for money for local taxpayers• The Council is currently reorganising its workforce and therefore is not able to provide certainty to IT providers on its hardware needs• No details have been provided as to the risk of this project being delayed and what the effect on services for local people would be• Lack of public scrutiny and information of a decision that commits significant public resources in a time of scarce funding
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2. Variation of Action Proposed

<ul style="list-style-type: none">• That procurement is delayed for 6 months to 1 year to allow a more accurate demand (i.e. final Council officer headcount) to be confirmed, to allow the Council to go to market with less uncertainty in the expectation of getting a better price through tendering• For the Council to review of the 'approved suppliers' list to understand why, on two occasions, there was only one valid bidder for this contract
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Signed:

Councillor: Paul Strang (Please print name): PAUL STRANG

Countersigned:

1. Councillor: [Signature] (Please print name): Jim Jenks
2. Councillor: [Signature] (Please print name): RICHARD WILSON
3. Councillor: [Signature] (Please print name): MONICA WHYTE
4. Councillor: [Signature] (Please print name): BOB HARE

Date Submitted: 8th August 2011

Date Received :

(to be completed by the Non Cabinet Committees Manager)

9th August 2011

[Signature]

@ 09.30hrs

Notes:

1. Please send this form to:
Clifford Hart (on behalf of the Proper Officer)
Non Cabinet Committees Manager
7th Floor
River Park House
225 High Road, Wood Green, London N22 8HQ

Fax: 020 8881 5218
2. This form must be received by the Non Cabinet Committees Manager by 10.00 a.m. on the fifth working day following publication of the minutes.
3. The proper officer will forward all timely and proper call-in requests to the Chair of the Overview and Scrutiny Committee and notify the decision taker and the relevant Director.
4. A decision will be implemented after the expiry of ten working days following the Chair of Overview and Scrutiny Committee's receipt of a call-in request, unless a meeting of the Overview and Scrutiny Committee takes place during the 10 day period.
5. If a call-in request claims that a decision is contrary to the policy or budget framework, the Proper Officer will forward the call-in requests to the Monitoring Officer and /or Chief Financial Officer for a report to be prepared for the Overview and Scrutiny Committee advising whether the decision does fall outside the policy or budget framework.