



Haringey Council

Agenda item:

[No.]

Cabinet Procurement Committee

On: 28th July 2011

Report Title. **Contract for the supply of Desktop and Laptop Hardware and associated professional Services.**

Forward Plan Reference Number: TBC

Report of: **Director of Corporate Resources**

Contact Officer : David Airey, Head of IT Services

Wards(s) affected: **N/A**

Report for: **Key Decision**

1. Purpose

- 1.1 To seek Member agreement to approve the contract for the supply of desktop and laptop hardware and services which will facilitate the delivery of the IT Strategy approved by Cabinet on 13th July 2010; and
- 1.2 To seek agreement to place a contract with a maximum value as set out in the exempt part of the report. This figure is derived from the original amount agreed by Cabinet on 13th July 2010, recently reduced to take account of the staff reductions across the council.

2. Introduction by Cabinet Member

- 2.1 *I recommend this proposal to the Procurement Committee.*
- 2.2 *I am confident that this contract represents the most economically advantageous response and therefore represents value for money*
- 2.3 *The supplier has been carefully selected through a competitive invitation to quote exercise from the existing Buying Solutions Framework – Commoditised IT Hardware and Software RM721 (“the Framework Agreement”)*

3. State link with Council Plan Priorities and actions and other Strategies:

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.

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

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.

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:-

- Desktop and Laptop equipment must be accredited with at least a Silver 80Plus power supply. These modern and efficient power supplies have shown an 80% reduction on power usage per device.
- Desktop and Laptop equipment must be accredited with an Energy Star. An energy efficiency star is awarded to a supplier of equipment whose products meet new energy saving standards.
- Desktop and Laptop equipment must be accredited to EPEAT (Electronic Product Environmental Assessment Tool) gold level. This is a three tier standard of environmental performance testing with gold being the highest level achievable.

4. Recommendations

Members approve the award of contract for supply of Desktop and Laptop Hardware and associated professional Services to Bidder A as named in Appendix A 'exempt information'

Reasons for recommendations

- 4.1. The award of a contract to supply desktop & laptop hardware and services is a critical enabler of the approved IT Strategy 2010-13 which is aligned with the Council's priorities.
- 4.2. The contract represents the most economically advantageous agreement.
- 4.3. The contract enables desktop and laptop equipment and services to be sourced at agreed pricing levels but does not commit Haringey Council to specify the precise number of desktops and laptops required. This will provide Haringey with the maximum flexibility on requirement at a time when the number of staff in the Council is reducing and the ratio of desktops to laptops may alter as home working expands and the shared service model may be introduced.
- 4.4. The contract incorporates special terms which will enable Haringey to take advantage of any technology developments or price reductions which occur to the devices selected during the contracts lifetime at no cost to Haringey.
- 4.5. The contract duration is 3+1+1 years. That is the devices and services will be available to Haringey over a three year period with the option to extend for two further periods of 1 year each. This will ensure that Haringey benefits from the arrangement beyond this Infrastructure renewal programme.
- 4.6. The approach is consistent with that agreed by the Cabinet Procurement Committee on 16th September 2010.

5. Other options considered

A number of alternative options have been considered:

- 5.1 **To purchase via a single supplier framework** of a specific range of desktop or laptop devices. This approach would guarantee a Desktop and Laptop which is 'fit for purpose' but does not guarantee that the Desktop and Laptop will be the most economically advantageous to the Council.
- 5.2 **A restricted OJEU tender process**, managed by Haringey but which could take nine months to complete and require extensive effort to evaluate all the potential suppliers of desktop and laptop equipment that could register an interest, without any

increase in value to the council over the chosen Buying Solutions framework.

- 5.3 To purchase Desktops and Laptops in small quantities** from existing framework agreements. This would not enable the Council to take advantage of the discounts which accrue due to the aggregated volume purchase built into a contract, plus there is uncertainty over what framework agreements would be available over the life of the Haringey IT programme
- 5.4 Do nothing:** This approach would mean that the approved IT Strategy 2010-13 could not be delivered.

6 Summary

6.1 Current Situation

There are approximately 4500 Desktop and Laptop computers distributed throughout the Council of which 70% are thin clients and 30% are thick clients.

A thin client is a small device on each desk which acts as a normal PC but with reduced functionality. A thick client is a normal computer similar to that used in the home. The thin and thick clients in use within Haringey Council are predominantly manufactured by HP except for the latest models which are manufactured by Dell.

IT Services have experience in supporting both manufacturers of desktop and laptop computers. A reduction in Council employees is expected to align the Council with new budgetary requirements, and therefore affects the number of thin and thick clients requiring replacement.

All of the above equipment runs Windows XP as the operating system, Microsoft Office 2003 and Internet Explorer v6.

6.2 Pressure for Change

The major concern for the equipment is the age and software installed. The equipment nearly all dates from 2004/5 and so are 6/7 years old and out of warranty. The equipment must be appropriately supported to ensure 'Government Connect Secure Extranet' (GCSX) compliance.

The Windows XP operating system is coming to the end of its supported life and is vulnerable to viruses. The specification of the equipment is low and very dated. Windows XP, Internet Explorer v6 and Office 2003 core software platform does not support many of the current features being requested by users. For instance, some of the latest websites cannot be accessed via Internet Explorer v6.

6.3 Action Required

Haringey Council propose to replace all thin clients and all thick clients with either a standard desktop or laptop, the specifications of which are in line with business requirements.

It is anticipated that the equipment will be replaced during an 18 month period commencing September 2011.

The replacement will occur in two phases:-

Phase 1: The replacement of all thin clients, (deployment over a 6 month period commencing September 2011)

Phase 2: The replacement of all thick clients with either a standard desktop or laptop and the development and subsequent deployment of a new Haringey Council Windows 7 environment (deployment over a 12 month period commencing April 2012) to all replaced devices under phases 1 and 2.

The contract proposed is with a supplier who will assist with this phased approach.

The contract will be awarded under the Buying Solutions desktop hardware Framework Agreement Commoditised IT Hardware and Software (CITHS), RM 721/L1.

6.4 Constraints

The Council is currently undergoing considerable change to address the budget reductions that have been introduced by Central Government. A consequence of this is the number of staff employed by the council over the next year will reduce substantially and therefore the precise number of desktops/laptops required cannot be stated in the requirement.

6.5 Business Priorities & Pressures for Change

The IT Strategy 2010-13 which will be enabled by the Desktop and Laptop contract has been designed to ensure that IT supports the **business priorities outlined in the Council Plan**. The specific **pressures for change** addressed by the strategy are:

- Value for Money and the Economic Climate which will drive the Council to generate savings over the next few years as the Government responds to the cuts in public spending. Information Technology is seen as a key enabler for realising efficiency savings through the Haringey Efficiency Programme and programmes such as smart and home working.
- The IT infrastructure which is now over 6 years old will need to be replaced or we

will see a significant deterioration in its supportability and the level of service provided.

- The Greenest Borough Strategy which outlines our commitment to the efficient use of energy and natural resources.

6.6 Selecting the most economically advantageous contract

- The Buying Solutions Framework for Commoditised IT Hardware and Software – Desktop Hardware was selected as the preferred procurement route.
- The use of the Buying Solutions Framework was agreed by the Procurement Committee on 15th September 2010. This framework agreement is EC compliant and regarded as a best value route to selected IT hardware suppliers.
- This framework provided the ability to undertake further competition amongst suppliers by issuing an Invitation to Quote (ITQ) to ensure value for money.
- Detailed evaluation criteria were created for this exercise which addressed the whole life Desktop/Laptop costs and potential suppliers evaluated on their responses.
- Supplier responses were received to Haringey's requirement and these responses can be seen in the Appendix A exempt information.

6.7 Evaluation Criteria – Whole Life Cost – Total Cost of Ownership

In evaluating the most economically advantageous response to Haringey's requirement, it is essential that the impact of the proposal on the whole life costs on the organisation are considered. The Gartner Group recently published an assessment of the typical lifetime costs associated with desktop and laptop ownership. The report confirmed that the unit cost of a computer, be it thin or thick client can only account for 15% of the whole life costs associated with the asset.

85% of the costs associated with ownership of the asset can be attributed to the operational support, maintenance, upgrades and user based costs.

During this process, The decision was taken to associate 30% of the bidding evaluation criteria to the unit cost of each replacement computer – To demonstrate a greater commitment to drive down cost.

The remaining 70% of the bidding evaluation criteria was based on ensuring the replacement computers were of good quality, fully GCSx compliant and were supported throughout the life of ownership in the most cost effective manner.

6.8 Tender Process

An invitation to quote (ITQ) was carried out under the Buying Solutions Framework Agreement RM721 ' **Commoditised IT Hardware and Software (RM721 Lot 1)** Two bids were received of which only one was found to be a compliant bid see Appendix A exempt Information

The compliant bid was evaluated using the following set high level criteria based on Quality 70% and Price 30%.

The evaluation was concluded on the 6th July 2011.

As we were only able to evaluate Bidder A's submission we wanted to ensure we were achieving value for money so in order to demonstrate this, The unit cost was benchmarked against comparable IT frameworks which showed we are able to save 9% on the unit price (including professional services) of a desktop.

Bidder A- Scored as follows: 85.7% out of a possible 100%

Bidder B – Non Compliant Bid received (the bid was not fully completed)

Please see Appendix A – Exempt Information.

The recommendation is to award the contract to Bidder A for a period of three years with an option to extend for a further two periods of one year each.

The contract will be monitored on a regular basis by the IT Supplier Management Team.

7 Chief Financial Officer Comments

- 7.1 The Chief Financial Officer confirms that the proposed contract is a key component in supporting the successful delivery of the IT Strategy approved by Cabinet on 13th July 2010.
- 7.2 The replacement of desktop and laptops is the largest item of expenditure within the infrastructure renewal programme and the proposed contract as recommended in this report appears to provide the cost certainty required as well as the flexibility to not commit to the purchase of a fixed number of items. This is critical given the on-going uncertainties over the size and operational model of the Council over the next few years. Furthermore, as outlined in section 6.8 the unit costs submitted by the recommended bidder is significantly below the IT market place benchmarking.
- 7.3 The Chief Financial Officer confirms that funding as agreed by Cabinet is in place to enable placing a contract up to the maximum value as set out in the exempt part of the report.

8 Head of Legal Services Comments

- 8.1 The proposal to award this contract follows a competitive tendering process under the Framework Agreement which was established in accordance with the Public Contract Regulations 2006 (“the Regulations”).
- 8.2 Reg. 19(7) (b) of the Regulations provides that a contracting authority may let a specific contract by re-opening competition where not all the terms of the proposed contract are laid down in the framework.
- 8.3 In accordance with CSO 11.03 as the value of this contract is likely to exceed £250,000 it may only be awarded by the Cabinet Procurement Committee.
- 8.4 The Directorate has confirmed that this has been included in the Forward Plan in accordance with CSO 4.03.
- 8.5 Please see additional legal comments in the exempt part of the report.

9 Head of Procurement Comments

- 9.1 The recommendation is in line with the Procurement Code of Practise.
- 9.2 Al though only one compliant bid was received this has been benchmarked against other comparable IT frameworks and shows a saving of 9% against current market prices.
- 9.3 Contract management has been put in place within IT Services to ensure contract compliance and ongoing Value for Money.
- 9.4 The contract gives us the flexibility to respond to changes in technology and changes within the council thus ensuring that we are able to continue support the most efficient IT strategy.

10 Equalities & Community Cohesion Comments

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.

11 Consultation

In line with the Cabinet report recommendation of July 13th 2010, The PC Contract proposal has been considered and approved by the Infrastructure Programme Board as sub-committee of the Corporate IT Board. This involved a detailed review of the proposed

contract.

12 Service Financial Comments

12.1 The funding for the PC Contract will come from the Council's Infrastructure Budget as agreed by Cabinet in July 2010, up to a maximum as set out in the exempt section.

12.2 As outlined in section 4.3, entering into this contract will provide certainty over pricing levels however, it does not commit Haringey to the purchase of a specific numbers of desktops / laptops.

13 Use of appendices

Appendix A – Exempt Information

14 Local Government (Access to Information) Act 1985

This report contains exempt and non-exempt information. Exempt information is contained in Appendix A and 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).