

SURREY COUNTY COUNCIL**CABINET****DATE: 23 FEBRUARY 2016****REPORT OF: MS DENISE LE GAL, CABINET MEMBER FOR BUSINESS SERVICES AND RESIDENT EXPERIENCE****LEAD OFFICER: JULIE FISHER, DEPUTY CHIEF EXECUTIVE****SUBJECT: CONTRACT AWARD FOR THE REFRESH OF DESKTOP AND LAPTOP DEVICES FOR SURREY COUNTY COUNCIL****SUMMARY OF ISSUE:**

This report seeks approval to award a contract to commence 21 March 2016, for the refresh of existing Council desktop and laptop computer devices and associated services.

The report provides details of the procurement process, including the results of the evaluation process and, in conjunction with the Part 2 report which contains commercially sensitive supplier information, demonstrates that the recommended contract award provides best value for money for the taxpayer.

For staff to provide services to our residents, Surrey County Council requires approximately 1,200 Desktop computer devices approximately 5,500 Mobile computer devices for staff that work flexibly.

It is at least 4 years since Surrey County Council last performed a major refresh of the hardware and software of the computer devices used. These devices are now out of warranty, are in many cases 'end of life,' are failing more often, and require more maintenance.

This contract decision is being made in line with East Sussex County Council and Surrey County Council's future plans to integrate and align IT systems across the Orbis Partnership.

RECOMMENDATIONS:

It is recommended that:

1. A call-off contract is awarded under the terms of the Crown Commercial Services Framework RM1054 to XMA Ltd for the provision of Desktop and Laptop devices and associated Services for Surrey Council to commence on 21 March 2016.
2. The contract is for an initial period of one year with an option for the Council to extend for two further periods of one year.

REASON FOR RECOMMENDATIONS:

Following the expiry of the last refresh contract some time ago, additional device supply and service has been ad-hoc across a number of Suppliers. To perform a device refresh using these ad-hoc arrangements would require far greater controls by the Council to manage efficiently and would not leverage purchasing scale to achieve best value for money.

The main aim of the refresh programme is to provide Council staff with a refreshed desktop or laptop device that will enable them to work more efficiently and flexibly and so improve services provided to residents.

A competition in compliance with the requirement of EU Procurement Legislation, Public Contract Regulations 2015 and Surrey County Council Procurement Standing Orders has been completed, and the recommendation provides best value for money for the Council after undertaking a thorough evaluation process.

DETAILS:

Business Case

1. The computer devices Council employees need in order to provide services to Residents must be reliable, effective and meet user needs. Office and end-user computer systems and their applications continue to evolve and regularly require upgrades to continue to work as needed. It is possible to extend device life through upgrades, longer warranties, increasing maintenance or to accept the consequences of increasing failures, although ultimately devices do need to be replaced.
2. The council uses its Equipment Replacement Reserve (ERR) to fund its IT equipment purchases. The proposed cost per device and for deployment services is less than is currently paid. Based upon the forecast mix of device types and volumes in the refresh, the council could reduce its contribution to the reserve by £0.7m over three years, although the amount will depend on the actual combination and number of devices required.

Background and options considered

3. To maximise flexibility and value for money during refresh, the following were planned in to the procurement project from the outset.
 - a) To upgrade recently purchased desktop and laptop devices that can be made compliant for future use instead of replacing them, without jeopardising any remaining device warranty.
 - b) To trial the use of a lightweight and lower-cost Mobile Thin Client device, e.g. Chromebook, that can be allocated in lieu of a full-function laptop where user needs permit. A number of alternative products have been and are being evaluated.
 - c) To allow the Council to purchase a range of different devices and device types to respond to fast pace changes within the IT market. This includes provisions in the new contract to allow the Council to purchase a range of devices from different manufacturers in competition with each other.

- d) To use an electronic tendering platform to manage the process efficiently and run a reverse auction event where bidders who can demonstrate a satisfactory capability to deliver would bid against each other.
- e) To look ahead and combine as many needs as possible from other projects in the build stage of the devices ordered.
- f) To include a 3-year Next Business Day On-Site warranty with all new devices, after which the Council can choose to continue their use until repair becomes uneconomic, or a further refresh becomes essential.
- g) To use the results from an assessment of individual or group user needs to drive post-refresh device allocation. This is to avoid an automatic 'like-for-like' refresh or to satisfy user preference at a higher cost than is really necessary. This is being performed by the Surrey IT team based on a review of software/applications useage and questionnaires.
- h) A forecast would be made of device-type volumes, which would be included within the competition to maximise price leverage.

Procurement Strategy

4. Several options were considered when developing the agreed Strategic Sourcing Plan (SSP) prior to commencing the procurement activity.

- a) Option 1 and selected: E-Tender and Reverse Auction with RM1054 Lot 1 framework suppliers

This option engages with pre-approved IT Resellers that can offer a range of suitable devices from the greatest choice of device manufacturers, as well offer the associated services to build or upgrade, configure, ship and swap the new or upgraded device with users' old device, making sure no data is lost in the process.

- b) Option 2: E-Tender Reverse Auction with RM1054 Lot 4 framework suppliers

This option engages with pre-approved device manufacturers that offer only their own branded products and service capability focussed on their own brand.

- c) Option 3: Conduct a full tender (OJEU)

It is more cost and time efficient to leverage the appropriate Crown Commercial Services framework for the contract, so a full OJEU tender was not considered to offer any commercial advantage to the Council. Furthermore, separating the responsibility for supply from services potentially across a number of suppliers is likely to impact a supply chain whose success will ultimately be measured by Surrey Council staff at the time their device is refreshed by the Supplier.

Key Implications

5. By awarding a suitable device refresh contract to commence on 21st March 2016 the council will better enable its staff to continue to meet their duties and obligations to residents.
6. Performance will be monitored through a series of Key Performance Indicators as detailed in the contract. In the event of Key Performance Failure, Service Credits shall apply as per below.

Service Level Performance Criterion	Key Indicator	Service Level Performance Measure	Service Credit for each Service Period
Accurate and timely billing of Customer	Accuracy /Timelines	at least 98% at all times	0.5% Service Credit gained for each percentage under the specified Service Level Performance Measure
Access to Customer support	Availability	at least 98% during working hours	0.5% Service Credit gained for each percentage under the specified Service Level Performance Measure
Complaints Handling	Availability/ Timelines	At least 98% during working hours	0.5% Service Credit gained for each percentage under the specified Service Level Performance Measure
provision of specific Services	Quality	at least 98% during working hours	2% Service Credit gained for each percentage under the specified Service Level Performance Measure
Timely provision of the Services	Services Availability	at least 98% during working hours	2% Service Credit gained for each percentage under the specified Service Level Performance Measure

7. The overall management responsibility for the contract lies with the Contract Management team within IMT, who will manage supplier performance in line with the local strategy and the contract, which also provides for a review of costs via an obligation for continuous improvement and benchmarking.

Competitive Process

8. Suppliers with a pre-approved capability to build, configure, deploy and service devices from a range of manufacturers to a further competition under Lot 1 of the Crown Commercial Services (CCS) framework RM1054 were invited to participate in the process.
9. In order to evaluate bids from all suppliers able to demonstrate a capability to offer a satisfactory quality level, a reverse e-Auction was used to drive best value.
10. There are twenty pre-approved suppliers on the CCS framework who each received the tender via the electronic platform, and were given twenty days within which to submit a response. Due to the geographical location of some of these suppliers not all were expected to participate, and in total four submissions were made.
11. As a result of the clarification process during the tender, the Council further refined the service scope and reduced the commercial risk. This clarification resulted in one of the four remaining suppliers choosing to not participate in the e-Auction itself, although leaving their offer open for acceptance.
12. Prior to e-Auction, the bids were evaluated by the team according to the pre-determined criteria against a weighting of 60% quality and 40% commercial criteria, using pre-Auction pricing for the commercial evaluation. Further information is available in Part 2 report.
13. References from each supplier were requested by the Council. In particular the evaluation team focussed on those suppliers that the Council have had little or no previous relationship. A further reference was also requested as part of this process to ascertain supplier performance on as near like-for-like supply basis as possible. Through the engagement with key personnel from referee organisations, e.g. County, City and Borough Councils and a major University, the team was able to form a view of the respective suppliers' strengths and weaknesses and their ability to meet our needs.

CONSULTATION:

14. Given the nature of the contract there was no external consultation, however critical to the successful outcome of the device refresh, is the suitability and compatibility of the actual devices used on the Surrey Council network, This includes ensuring that the devices themselves can support the software and applications required by staff to provide services to residents. The Surrey IMT team have carried out a thorough test of many devices and have rejected those that do not meet our needs.
15. The Technical Requirements for devices and services were developed by the Surrey IMT Team, based on the needs of Surrey Council's Modern Worker programme and learnings from previous refreshes and new deployments.
16. A fairly recent and relatively similar exercise within East Sussex County Council was also reviewed for lessons learnt, even though the IT strategy and IT environments between the Councils remain at an early stage of alignment and

integration. This proved a useful exercise and helped shape the approach to the overall procurement strategy.

RISK MANAGEMENT AND IMPLICATIONS:

17. The contract has no obligation to place any volume of device purchases, so the council may, at its will, change volumes and refresh rates to suit demand and budget circumstances at any time throughout the term.
18. All tenderers are pre-approved by Crown Commercial Services and each provided references for similar rollouts into Public Sector clients. It was evident that some suppliers could demonstrate greater experience of a deployment to-desk service like that tendered by the Council.
19. The following key risks associated with the contract and contract award have been identified, along with mitigation activities:

Category	Risk Description	Mitigation Activity
Financial	Fixed price devices and services require volume commitment	Clearly stated and clarified throughout the tender process that the Council has the right to amend volumes without impact on price
	Preferred device models are phased out by the manufacturers part-way through the process and replaced with more expensive device types	The Tender included an obligation for the supplier to run procurement events on behalf of the council to select new device types and charge a pre-agreed fixed margin in a transparent manner.
	Lower cost Mobile Thin Clients receive a poor reception or are found lacking for a wider user-base, thus reducing rollout volumes vs more familiar laptop.	IMT Team and Service Team Heads to promote the most cost-effective solution for the council and not satisfy user preferences. In worst case, the use of e-Auction has greatly reduced the cost difference between the device types making laptops more cost effective to deploy.
Reputational	The new devices selected suffer reliability and/or compatibility issues that cause productivity to suffer and impact service to residents.	The IMT Team have already carried out extensive testing of device types and models and their compatibility with Surrey infrastructure and end-user applications.
Reputational	End-Users end up with unsuitable devices for the needs of their role which impact the consistency of service delivery to Surrey residents.	The IMT team in conjunction with the services are profiling each job role to ensure user needs are appropriately matched with device-type capability and characteristics.

Financial and Value for Money Implications

20. The actual spend will be established once the user analysis is completed due to the variance in unit pricing between device types, however, based upon the prices in the recommended contract award, the Council is forecasting to refresh its device-estate of circa 6,700 units within 3 years of contract start and save approximately £0.7m compared to current estimates.
21. The procurement activity has delivered a solution that provides the required device refresh solution with significant identified savings against previous estimates. This should lead to savings on the annual contribution to the IMT Equipment Replacement Reserve.

Section 151 Officer Commentary

22. The Section 151 Officer confirms that the proposed call off contract, following the procurement strategy as outlined in the report, is likely to deliver savings to the current Medium Term Financial Plan (MTFP) of £0.7m over three years. Once final savings have been identified they will be recognised in the MTFP.

Legal Implications – Monitoring Officer

23. The Council has legal authority under Section 111 of the Local Government Act 1972 to carry out the device refresh. The procurement is legally compliant with the Public Contracts Regulations 2015 and with the Council's own Procurement Standing Orders. Legal is satisfied that the procurement has been done lawfully. The risk of a legal challenge is considered low.

Equalities and Diversity

24. Surrey Council staff equipped with suitable desktop or laptop devices and able to work flexibly and remotely will be more effective and more productive in serving the residents of Surrey.
25. Surrey staff will suffer less frustration from underperforming or non-functioning devices and derive greater job satisfaction.
26. The Environmental impact of devices has been considered as part of the technical requirements within the tender, which includes compliance with European Regulations on electrical and electronic equipment waste (WEEE) and RoHS Directive 2002/95/EC dealing with hazardous substances.
27. An equalities impact assessment has not been completed as a result of this procurement process as it does not impact on any policy or other decision and is neutral in any impact, including the specification between devices.

<u>Other Implications:</u>

28. Whilst it is acknowledged that there is a link to all aspects of Council service delivery where staff rely upon a desktop or laptop device that will be subject to refresh, there are no significant implications on any specific area.
29. The supplier will maintain devices under a three year warranty included with each device procured.
30. The protection of data stored by Council staff locally on devices that may be accessible during a warranty repair will be adequately protected under the provisions of the terms of agreement and also Surrey Council's own security policy that each bidder was asked to confirm compliance with before entry into the evaluation phase of the tender.

<u>WHAT HAPPENS NEXT:</u>

31. The timetable for implementation is as follows:

Action	Date
Cabinet decision to award (including 'call in' period)	23 February 2016
Cabinet 'call in' period	23 - 29 February 2016
'Alcatel' Standstill Period	03 March – 14 March 2016
Contract Signature	17 March 2016
Contract Commencement Date	21 March 2016

32. The Council has an obligation to allow unsuccessful suppliers the opportunity to challenge the proposed contract award. This period is referred to as the 'Alcatel' standstill period.

Contact Officer:

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Consulted:

IT Design, IT Delivery, Referee Authorities

Annexes:

Part 2 Annex (item 14) – Commercial Details and Contract Award

Sources/background papers:

- No background papers were used in the preparation of this report.