

Commissioning and Procurement Executive Committee – 11 June 2024

Subject:	ICT product replacement programme		
Corporate Director:	Ross Brown – Finance and Resources		
Executive Member:	Cllr Linda Woodings – Finance and Resources		
Report author and contact details:	Rav Ghattaora, IT Technical Services Manager rav.ghattaora@nottinghamcity.gov.uk 0115 857 7770		
Other colleagues who have provided input:	Alfred Ansong - Finance Beth Brown - Legal Louise Dobson - Procurement Paul J. Burrows – IT Strategy Manager Simon Salmon – Head of IT		
Key Decision	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Subject to call-in <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £750,000 or more taking account of the overall impact of the decision			<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital
Significant impact on communities living or working in two or more wards in the City			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Type of expenditure:	<input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Capital		
Total value of the decision: £3m			
Section 151 Officer expenditure approval			
Has the spend been approved by the Section 151 Officer? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/a			
Spend Control Board approval reference number: 7044			
Commissioner Consideration			
Has this report been shared with the Commissioners' Office? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
Any comments the Commissioners wish to provide are listed in section 6 below.			
Wards affected: All			
Date of consultation with Executive Member: TBC			
Relevant Council Plan Key Outcome:			
Green, Clean and Connected Communities	<input type="checkbox"/>		
Keeping Nottingham Working	<input checked="" type="checkbox"/>		
Carbon Neutral by 2028	<input type="checkbox"/>		
Safer Nottingham	<input type="checkbox"/>		
Child-Friendly Nottingham	<input type="checkbox"/>		
Living Well in our Communities	<input type="checkbox"/>		
Keeping Nottingham Moving	<input type="checkbox"/>		
Improve the City Centre	<input type="checkbox"/>		
Better Housing	<input type="checkbox"/>		
Serving People Well	<input type="checkbox"/>		
Summary of issues (including benefits to citizens/service users):			
The report requests authority to:			
1. undertake a competitive purchasing exercise to find the best value supplier of ICT equipment and mobile devices;			
2. purchase, deploy and support ICT equipment and mobile devices with required labour resources to enable services' delivery to Citizens, Councillors and Partners.			
The service provided will support delivery of the Council's services, e.g. social care, waste			

management and, without these actions, the Council will not have authority to acquire new and replacement ICT equipment and mobile devices and employ colleagues to deliver it.

Exempt information: None.

Recommendations:

- 1** To delegate authority to the Head of Service (IT) to undertake a procurement process and enter into contracts with the successful bidder, up to the value of £1m per annum over the 3 years to March 2027 (totalling £3m), to purchase PCs, Laptops, mobile phones and other peripheral equipment required to deliver the ICT product replacement programme and employ delivery resources.
- 2** To authorise recovery and repayment to the IT Investment Fund and the IT Revenue Budget of varying amounts from departmental budgets to cover requests for new equipment made outside of the IT Equipment Programme.

1. Reasons for recommendations

- 1.1 There is a high level of dependence on ICT throughout the City Council for delivery of services to Citizens and to support joint working with partners. The ICT Product Replacement Programme supports this by ensuring that all ICT equipment is fit for purpose. Delegation of authority to purchase ICT equipment and mobile devices in bulk using a compliant procurement process will ensure the ongoing, cost-effective procurement of devices to support the Council's front-line services.
- 1.2 The single authorisation sought in this report will enable multiple procurements to be carried out over the approved period. This is to account for changes in technology that will occur over the period covered. The authorisation sought is for a projected volume of procurements based on historical trends. Should demand be less, fewer devices will be procured and authorised budgets will be retained within the IT Investment Fund and IT Revenue Budget.
- 1.3 For each procurement undertaken under this authorisation the requirements will be fully explored and consideration against a single device approach will be taken, prior to an order being placed, to ensure that the Council maintains an alignment between demand for equipment and the allocated budget.

2. Background (including outcomes of consultation)

- 2.1 Since 2014 the Council has invested in a ICT product replacement programme which aimed for a 5/6-year replacement lifecycle of equipment. The main driver for this programme is to ensure that colleagues have the right, fit for purpose, equipment enabling them to be able to carry out their roles effectively providing services to Citizens in a timely manner.
- 2.2 Alongside standard computer hardware, frontline services often have either additional or alternative requirements for portable equipment such as tablets and mobiles. These types of devices are suited to particular areas of the business and often provide additional health and safety support for lone workers. These devices require replacing once they reach the end of their supported life due to security compliance changes as well as hardware aging.

2.3 The replacement costs are evenly structured over a number of years and managed in an approach which reduces large budgetary pressures in any one year by replacing an even number of devices distributed at various intervals over the life of the programme. This allows for better planning of resources and workloads and reduces the number of service areas across the Council being disturbed at the same time with device swap outs and allocations etc.

2.4 The financial profiling of this programme is forecasted to be:

- £150k for serving the requirements of new equipment;
- £550k for ongoing replacements of end-of-life devices;
- £297k to resource the delivery of the programme;

totalling approx. £1m annually or £3m over the 3 years of this planned approval period. Charges are made to projects for equipment acquired and the IT Investment Fund and IT Revenue Budget credited accordingly.

3. **Other options considered in making recommendations**

3.1 Do nothing. If nothing is done, then the current contract for ICT equipment will expire. From this point purchases of new equipment will have to be made within the Council's Financial Regulations but on an ad hoc basis. This means that more procurements will be made, with a consequent increase in transactional activity adding to the cost of delivery. It is also the case that because purchase volumes will be lower there will be less opportunity to access economies of scale due to some framework conditions as well as other factors. The approach has therefore been discounted.

3.2 Move to a leasing model. Currently the Council adopts an approach to providing ICT equipment that is based upon outright ownership and management. Some organisations have adopted a different approach, to lease equipment and also buy support services as a part of this package. The benefits of this approach include smoothing the costs of equipment replacement and releasing the organisation from one of the day-to-day elements of IT service delivery.

3.3 Initial investigation has suggested that this is not a desirable approach for the Council because of added cost associated with the model and the limits on future flexibility associated with it. There are opportunities to recoup funds from selling owned equipment which is not possible where leasing is used. The approach has therefore been discounted.

4. **Consideration of Risk**

4.1 There are a number of associated risks by not continuing with this programme:

4.1.1 Equipment efficiency and reliability – equipment will demonstrate gradually reduced efficiency and reliability over the 5/6-year lifecycle resulting in colleagues more likely to experience downtime (time without a working device). This can be through:

- inadequately performing equipment not able to deliver on new functional requirements offered by new or updated software through

software-lifecycles which places new demand on older outdated components or

- complete equipment failure due to wear and tear due to prolonged use.

4.1.2 Increased demand on limited resource – aged assets consume a higher proportion of IT Service resource to maintain by placing increased demand on tasks such as fault diagnosis, arranging repairs, preparing and providing temporary loan devices for use during repairs.

4.1.3 Increased costs – not only are aged devices more likely to develop hardware failures, but any device also over 3 years old is subjected to full repair costs with neither the parts or labour being covered by the manufacturer.

4.1.4 Cyberattacks – as quoted by the National Cyber Security Centre, “older products may lack the latest security measures, increasing the impact of vulnerabilities, making exploitation more likely to succeed, and detection of any exploitation more difficult. When products become obsolete, you'll need to trade off the risks from continuing to use them against the cost of replacing or upgrading them”. Deploying the latest tools will have performance overheads which will be more noticeable on older equipment than modern updated equipment.

5. **Best Value Considerations**

5.1 Best value is demonstrated as follows:

DIY - do it yourself through redesign - The ICT equipment and mobile devices requirements on the whole do not lend themselves to any alternative approach other than purchasing either directly from the manufacturers or resellers.

BIY- buy it yourself e.g. procurement - As part of this programme of works IT Service will work alongside colleagues in Procurement to support the buying of all the equipment required.

BIWO - buy it with others - joint procurement -In order to seek best value, IT Service will procure the equipment via a complaint framework which allows NCC and partner organisations to capitalise on the combined buying power and, where possible, adopting a collaborative approach enables lower pricing and cost-savings.

DIWO - do it with others e.g. shared services / partnerships with local authorities - This has been considered. There are restrictions and limiting factors such as localised policies and frameworks, working practices, legal lines of responsibilities etc which makes this more challenging and does not present a best value approach.

DIFO – do it for others - trading and income enhancement -This has been considered and will continue to be considered at every opportunity. The legal and practical constraints make this more challenging to deliver and does not present best value at this moment.

EO - enable others - This is not applicable.

REDUCE - service standards commensurate with affordability - As part of this programme IT Service will always seek to ensure the devices are fit for purpose and present the best value taking into consideration the device costs vs functional and operational needs and ensure One Device One Person approach is taken where practical and possible.

STOP - It would not be possible to stop the programme as there is an operational/functional need for NCC colleagues use ICT equipment to continue to deliver their day-to-day activities in the delivery of services to citizens.

6. Commissioner comments

6.1 Commissioners are content for this to go forward. (23/05/24)

7. Finance colleague comments (including implications and value for money/VAT)

7.1 This decision seeks approval to delegate authority to the IT Head of Service to enter into contracts up to the value of £0.997m per annum to purchase IT equipment using a compliant procurement process. Total value of this decision over the 3-year period is £2.991m.

7.2 The breakdown of costs and funding source associated with this decision are detailed in the table below:

Item	Value £m per annum	Funding source
Hardware replacement programme	0.550	ITEF
New IT equipment	0.150	Projects/Departmental*
Delivery & support costs	0.222	ITEF
Delivery & support costs	0.075	Projects/Departmental*
TOTAL PER ANNUM	0.997	

*revenue budgets in departments and/or grant funded projects

7.3 Whilst the items to be purchased are of capital nature this decision will not impact the capital programme or require additional prudential borrowing as the equipment will be funded from the existing revenue sources outlined in above.

7.4 The profiling of the above costs have been considered in the ITEF forward plan where applicable which aligns to the current MTFP. However, there should be proper oversight for revenue and capital projects jointly funded from the reserve to ensure there is no financial pressure or risk of overspend.

7.5 Whilst this decision seeks approval spend up to £0.997m per annum, the actual value and contracts paid will be based on actual activity levels. The IT service should make every attempt to ensure value for money principles are followed to reduce financial risk, considering the constrained financial environment NCC is operating in.

Alfred Ansong, Strategic Finance Business Partner - 11/04/2024

8. Legal colleague comments

- 8.1 This report sets out the Council's ongoing requirement to ensure that its IT equipment is up to date and fit for purpose to meet the needs of the business.
- 8.2 Procurement needs to be carried out in accordance with the Council's Financial Regulations and Contract Procedure Rules alongside the relevant statutory procurement regulations that are in force at the time. Procurement and Legal Services Colleagues will provide support as required.

Beth Brown, Head of Legal - 9 April 2024

9. **Other relevant comments - Procurement**

- 9.1 This report seeks the approval to procure the ongoing hardware and associated products and services to meet the needs of the Council to ensure it can carry out its duties.
- 9.2 Procurement Team will support purchases required to ensure ICT Services Team are achieving best value – it is envisaged that this will be done via a number of procurement routes to market and using different frameworks appropriate for the requirements, over the period that this report is concerned. Therefore, a number of suppliers and contracts will be set up as part of this approval and on-going spend.
- 9.3 Procurement will make sure any procurements undertaken are done so compliantly and in keeping with the Council's Contract Procedure Rules.

Louise Dobson, Lead Procurement Officer (11 April 2024).

10. **Crime and Disorder Implications (If Applicable)**

10.1 N/A

11. **Social value considerations (If Applicable)**

11.1 N/A

12. **Regard to the NHS Constitution (If Applicable)**

- 12.1 Local authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions, we have properly considered the NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.
- 12.2 The NHS Constitution states in section 2, 'NHS Values' that: 'Working together for patients. - Patients come first in everything we do. We fully involve patients, staff, families, carers, communities, and professionals inside and outside the NHS. We put the needs of patients and communities before organisational boundaries. We speak up when things go wrong.'
- 12.3 Having access to a ready and reliable supply of IT equipment enables the Council to work more effectively with NHS colleagues. The proposals in this report will enable the Council to refresh IT equipment used by colleagues in support of the NHS, e.g. Adult Social Care, and so to assist in delivery of services to Citizens.

13. Equality Impact Assessment (EIA)

13.1 An EIA is not required because this report does not contain proposals for new or changed policies, services or functions.

14. Data Protection Impact Assessment (DPIA)

14.1 A DPIA is not required because this report does not contain proposals for new or changed policies, services or functions.

15. Carbon Impact Assessment (CIA)

15.1 A CIA is not required because all providers used by IT/Procurement teams are via a compliant framework where carbon impact considerations are highlighted as part of the vendors own targets which we seek to maximise wherever possible.

15.2 There are several activities the project undertakes to ensure we reduce our carbon footprint where possible, such as:

- regular stock item orders are placed in fewer large quantities as opposed to several smaller orders, to reduce transportation related carbon emissions where practical;
- equipment that has reached the end of its useful life at the council are rebuilt and reused by either selling to council employees to use in a personal capacity or to a disposal company that can go on to either selling or recycle the individual components to reduce carbon footprint of future manufacturing processes.

16. List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)

16.1 None

17. Published documents referred to in this report

17.1 None