

DMPC Decision – PCD 1317

Title: Request for a 10% value uplift on the current MPS Value Added Reseller contract

Executive Summary:

This decision is for approval of a 10% uplift of up to £10m on the current MPS CDW Value Added Reseller (VAR) contract due to an unforeseen increase in spend.

The uplift in contract value will enable MPS/Counter Terrorism Policing (CTP) to continue purchasing from the current VAR contract and allow the completion of a competitive procurement exercise for its replacement in by February 2023.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve a 10% value uplift of £10m on the current MPS CDW Value Added Reseller (VAR) contract.

Deputy Mayor for Policing and Crime

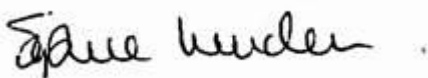
I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Date

02/11/2022



PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. The MPS VAR contract was awarded to CDW on 4 February 2019, for a four year term, expiring on 3 February 2023, for a blanket value of £100m.
- 1.2. The contract has successfully fulfilled a broad range of hardware and software demand across the MPS and CTP with 500 purchase orders raised per month.
- 1.3. The contract was uplifted by £50m in 2021 (PCD 967) as per Section 72(2) of the Public Contracts Regulations 2015, with a revised blanket value of £150m.
- 1.4. The current spend recorded as of June 2022 indicates that £137m has been spent to date against the contract with £13m remaining in value up to 3 February 2023.

2. Issues for consideration

- 2.1. The unforeseen increase in demand against the contract value of the VAR is due to refit of Empress State Building to a Counter Terrorism Hub and uptake of mobile hardware technology arising from remote and hybrid working patterns due to the COVID pandemic. On average the total spending in MPS (through Digital Policing) and CTP against the VAR is circa £48m p.a.
- 2.2. Based on current management information, this annual spending amount is broken down as £35m p.a. in Digital Policing and £13m p.a. in CTP. In total the MPS and CTP place circa 400-500 POs per month through the VAR contract. The profile of demand is 75% software to 25% hardware.
- 2.3. An alternative route to market is available by utilising the Health Trust Europe (H.T.E) Framework for any quotes valued at £350k and above. With this contingency in place, it is forecast the monthly spend will reduce to circa £3m per month. CTP currently use the Digital Market place catalogue managed by Crown Commercial Services to fulfil hardware demand, however, the majority of demand is for specialised software and the VAR will still be required to meet operational requirements across the estate.
- 2.4. The H.T.E mark-up is the same as the VAR mark-up at 3%. MPS Commercial will manage demand and monitor spend throughput against the VAR.

3. Financial Comments

- 3.1. This is not a request for additional funding or budget growth. Costs are funded from within existing budgets.

4. Legal Comments

- 4.1. The Mayor's Officer for Policing Crime is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts for goods and/or services valued at £216,477 or above will be procured in accordance with the Regulations.
- 4.2. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent ("the Scheme") provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve all unforeseen variations and extensions to contracts with an original value of £500,000 or above, when the variation or extension is greater than 10% of the original value and/or is for a period of more than 12 months
- 4.3. Regulation 72(1)(b) of the Regulations permits modification of a contract for additional services which have become necessary and were not included in the initial procurement, where a change of contractor-
 - cannot be made for economic or technical reasons (such as requirements of interchangeability or interoperability with existing services or installations), and
 - would cause significant inconvenience or substantial duplication of costs for the contracting authority provided the modification does not increase the price of the contract by more than 50% of the original contract.
- 4.4. It is likely that MOPAC/MPS meet the requirements of Regulation 72(1)(b), as it would be technically difficult to change the supplier and it would be inconvenient (and not cost effective) to do so.
- 4.5. The Regulations state at Regulation 72(2)(2) that:
 - where several successive modifications are made, the 50% limitation shall apply to the value of each modification; and such successive modifications shall not be aimed at circumventing the regulations.
- 4.6. The current proposed extension of up to £10m is a successive modification, which is below the 50% limit and (because MOPAC/MPS have already started a new procurement) MOPAC/MPS are not trying to avoid the Regulations therefore the requirements of Regulation 72(2)(2) have been met.

5. Commercial Issues

- 5.1. As a result of the unforeseen increase in demand against the contract, this paper is a request for approval of a 10% uplift of up to £10m, based on the original awarded contract value of £100m, against the current blanket contract value (in Coupa and PSOP) up to the 3 February 2023. This is not a request for additional funding or budget growth.
- 5.2. This amends the current contract blanket value from £150m to £160m.

- 5.3. Based on the £13m remaining in value the uplift of £10m will increase the value remaining up to £23m, from June 2022 until the contract expiry of 3 February 2023.
- 5.4. This is a request for an increase on the blanket value of the VAR contract, POs are placed on an individual basis from across the MPS and CTP.
- 5.5. A new tender is currently under-way (initiation to tender approved by MOPAC, PCD1104, approved on 15.12.2021) in order to award a new VAR contract post 3 February 2023.

6. GDPR and Data Privacy

- 6.1. The request for a value uplift of an existing MPS contract does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

7. Equality Comments

- 7.1. This paper is seeking a financial uplift to an already existing function and therefore there are considered to be no negative equality or diversity implications arising from this process negating the requirement to present any mitigation. In addition, it should be noted that the MPS support the Mayor's Responsible Procurement Policy including: Enhancing Social Value, Encouraging Inclusion, Diversity and Equality, Embedding fair employment practices, Enabling skills, training and employment opportunities, promoting ethical sourcing practices and improving environmental sustainability.

8. Background/supporting papers

- 8.1. Report

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form –NO

ORIGINATING OFFICER DECLARATION

Tick to confirm statement (✓)

Financial Advice:

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

Legal Advice:

The MPS legal team has been consulted on the proposal.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

Commercial Issues

The proposal is in keeping with the GLA Group Responsible Procurement Policy.

✓

GDPR/Data Privacy

- GDPR compliance issues are covered in the body of the report.
- A DPIA is not required.

✓

Drafting Officer

Craig James has drafted this report in accordance with MOPAC procedures.

✓

Director/Head of Service:

The Acting Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature



Date 01/11/2022

Request for a 10% value uplift on the current MPS Value Added Reseller contract**MOPAC Investment Advisory & Monitoring meeting – 6 October 2022****Report by Lee Kitchen on behalf of the Director of Commercial Services****Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC***EXECUTIVE SUMMARY*

This briefing document is to request for a 10% uplift of up to £10m on the current MPS CDW Value Added Reseller (VAR) contract due to an unforeseen increase in spend.

The uplift in contract value will enable MPS/Counter Terrorism Policing (CTP) to continue purchasing from the current VAR contract and allow the completion of a competitive procurement exercise for its replacement in by February 2023.

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to:

Approve a 10% value uplift £10m on the current MPS CDW Value Added Reseller (VAR) contract.

Time sensitivity

A decision is required from the Deputy Mayor by early November 2022. Based on current monthly spend the contract will exhaust its current remaining spend by end of November 2022. The current MPS CDW VAR contract expires in 3 February 2023.

Without approval there is significant risk of:

- Increased risk that a high number of purchase orders (POs) from across the MPS will be unable to be placed for a range of technology software and hardware requirements.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

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Introduction and background

1. The MPS VAR contract was awarded to CDW on 4 February 2019, for a four year term, expiring on 3 February 2023, for a blanket value of £100m.
The contract has successfully fulfilled a broad range of hardware and software demand across the MPS and CTP with 500 purchase orders raised per month.
2. The contract was uplifted by £50m in 2021 (PCD 967) as per Section 72(2) of the Public Contracts Regulations 2015, with a revised blanket value of £150m.
The current spend in PSOP as of June 2022 indicates that £137m has been spent to date against the contract with £13m remaining in value up to 3 February 2023.

Issues for consideration

1. The unforeseen increase in demand against the contract value of the VAR is due to refit of Empress State Building to a Counter Terrorism Hub and uptake mobile hardware technology arising from remote and hybrid working patterns due to the COVID pandemic. On average the MPS/CTP in spending in total circa £48m pa against the VAR.
2. Based on current management information, the MPS/Digital Policing and CTP are spending £35m and £13m per annum. In total the MPS, Digital Policing and CTP place circa 400-500 POs per month through the VAR contract.
The profile of demand is 75% software to 25% hardware.
3. An alternative route to market is available by utilising the Health Trust Europe (H.T.E) Framework for any quotes valued at £350k and above. With this contingency in place, it is forecast the monthly spend will reduce to circa £3m per month. CTP currently use the Digital Market place catalogue managed by Crown Commercial Services to fulfil hardware demand, however, the majority of demand is for specialised software and the VAR will still be required to meet operational requirements across the estate.
4. The H.T.E mark-up is the same as the VAR mark-up at 3%. MPS Commercial will manage demand and monitor spend throughput against the VAR.

Contributes to the MOPAC Police & Crime Plan 2022-251

The VAR contract is utilized widely across the MPS and CTP through various specialist MPS and CTP teams to procure a varied range of specialist IT hardware technologies and software that will better equip our officers to fight against violent crime across the MPS.

Financial, Commercial and Procurement Comments

1. **As a result of the unforeseen increase in demand against the contract, this paper is a request for approval of a 10% uplift of up to £10m, based on the original awarded contract value of £100m, against the current blanket contract value (in Coupa and PSOP) up to the 3 February 2023. This is not a request for additional funding or budget growth.**
2. This amends the current contract blanket value from £150m to £160m.

3. Based on the £13m remaining in value the uplift of £10m will increase the value remaining up to £23m, from June 2022 until the contract expiry of 3 February 2023.
4. This is a request for an increase on the blanket value of the VAR contract, POs are placed on an individual basis from across the MPS and CTP.
5. A new tender is currently under-way (initiation to tender approved by MOPAC, PCD1104, approved on 15.12.2021) in order to award a new VAR contract post 3 February 2023.

Legal Comments

6. The Mayor's Officer for Policing Crime is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts for goods and/or services valued at £216,477 or above will be procured in accordance with the Regulations.
7. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent ("the Scheme") provides that the Deputy Mayor for Policing and Crime (DMPC) has delegated authority to approve all unforeseen variations and extensions to contracts with an original value of £500,000 or above, when the variation or extension is greater than 10% of the original value and/or is for a period of more than 12 months
8. Regulation 72(1)(b) of the Regulations permits modification of a contract for additional services which have become necessary and were not included in the initial procurement, where a change of contractor-
 - cannot be made for economic or technical reasons (such as requirements of interchangeability or interoperability with existing services or installations), and
 - would cause significant inconvenience or substantial duplication of costs for the contracting authority provided the modification does not increase the price of the contract by more than 50% of the original contract.
9. It is likely that MOPAC/MPS meet the requirements of Regulation 72(1)(b), as it would be technically difficult to change the supplier and it would be inconvenient (and not cost effective) to do so.
10. The Regulations state at Regulation 72(2)(2) that:
 - where several successive modifications are made, the 50% limitation shall apply to the value of each modification; and such successive modifications shall not be aimed at circumventing the regulations.

The current proposed extension of up to £10m is a successive modification, which is below the 50% limit and (because MOPAC/MPS have already started a new procurement) MOPAC/MPS are not trying to avoid the Regulations therefore the requirements of Regulation 72(2)(2) have been met.

Equality Comments

11. This paper is seeking a financial uplift to an already existing function and therefore there are considered to be no negative equality or diversity implications arising from this process negating the requirement to present any mitigation. In addition, it should be noted that the MPS support the Mayor's Responsible Procurement Policy including: Enhancing Social Value, Encouraging Inclusion, Diversity and Equality, Embedding fair employment practices, Enabling skills, training and employment opportunities, promoting ethical sourcing practices and improving environmental sustainability.

Privacy Comments

12. The request for a value uplift of an existing MPS contract does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

Real Estate Implications

13. The current supplier has submitted a copy of their Carbon Reduction Plan to cover PPN 06/21.

Environmental Implications

14. The contract will include a provision for the supplier to adhere to the MPS Environment and Sustainability policy and all environmental legislation. The 10% increase on spend will potentially increase the procurement of IT hardware and any requests for disposal of hardware/equipment/end of life will adhere to the Waste Electrical and Electronics Equipment (WEEE) Regulations 2013 and consider the Waste Hierarchy.

Background/supporting papers

15. Initial £50m uplift to the VAR contract referenced in the MOPAC approved Consolidated IT Contracts Renewals FY 21/22 (PCD967) 12 April 2021.

Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

16. Not applicable.

This route, via Part 1 only, has been recommended following consultation with MOPAC.