

DMPC Decision – PCD 1501

Title: Labnet Contract Renewal

Executive Summary:

This paper requests approval for an additional 1-year Labnet Support contract with the option to extend for a further year.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

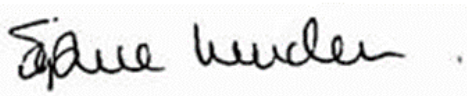
1. Approve the direct award of a contract to Logicalis UK&I via a value-added reseller for Labnet support with a contract term of one year with a one-year extension option and a total contract value of £4,720k including 25% contract headroom at a budgeted cost of £3,776k fully funded from the DDaT and MO4 Digital Forensics MOPAC approved revenue budget.

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

03/08/2023

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

A. Introduction and background

1. Labnet is a Wide-Area Network with associated storage and server hosting capability that is used by MO4 Forensic Services in delivery of Digital Forensics / Investigations across multiple sites – currently 40+ MPS Locations. The Labnet functionality is critical to ensuring the additional x4 digital hubs (previously agreed at MOPAC PCD 1084) are connected and provide a geographical network and storage across the MPS. This very much supports Strand 6 of a New Met for London – Setting the Met up to Succeed. Without this infrastructure the ability to provide forensic evidence in cases would be compromised.
2. Labnet Support was initially contracted as one element of a ‘build and run’ contract for Labnet infrastructure, issued to Q Associates Ltd. via Softcat as VAR, following decision PCD 231 – Next Generation Forensics Infrastructure in July 2017.
3. Q Associates Ltd. was absorbed into Logicalis UK Ltd. in March 2023 following takeover in autumn 2022 with all staff providing the service transferred across and the support contract novated. Therefore Logicalis are the incumbent support provider with experience of running the service. The current support contract and all sub-contracts are due to expire on 30 September 2023.
4. Labnet broadly meets current Digital Forensics functional needs and would be described as the ‘heartbeat’ of Digital Forensics providing the foundations to multiple strands of investigation and is critical in supporting e.g. Op. Orochi – proactive county lines drugs, Child abuse, Public Protection. A number of years has passed since delivery and the rapidly-increasing need for storage for forensic data has prompted a review for its future direction. This supports Strand 2 of a New Met for London, We will improve how we protect the public from harm and Strand 3 – We will reduce crime through a proactive and precise approach.
5. A Strategic Review of Labnet has been commissioned by DDaT with Actica providing an application review and i15 providing an architectural review. There has been a workshop between suppliers, DDaT and MO4, which was very informative and there are future workshops planned.
6. There is the potential to review the way in which we use Labnet and our TOM to harbour greater efficiencies and move some of the applications or storage to the Cloud. Whilst we acknowledge there will still be a need for Labnet, we are working to modernise the Landscape and collectively define a set of principles and patterns we will work to going forwards with a technology roadmap and reference architecture.
7. This work is ongoing and will not be completed before support contract expiry therefore DDaT and MO4 SLT have agreed to seek an extension to the existing support contract for one year, via MOPAC as required.

B. Issues for consideration

1. A decision is required from the Deputy Mayor by 31st August 2023 to ensure that subsidiary contracts can be renewed by 30 September 2023, to prevent loss of continuity in network services and in hardware warranties.

2. The current LabNet support agreement expires 29th September 2023
3. There are no contract extensions remaining on the existing agreement which has been in place since 2017
4. The MPS has invited Actica and i15 to review strategic requirements for Labnet infrastructure within Forensic Services but that more time is required to review their recommendations before future Labnet direction can be agreed between DDaT and MO4. This work is likely to take 1-3 years and will form part of network modernisation plan for Digital Forensics.
5. The 25% contract headroom is not currently budgeted for and will require the relevant funding approvals should the additional contract headroom be required.
6. MO4 will fund the £220K shortfall in revenue in comparison to last year's contract extension, which is due to the increase in storage, this will come from Digital Forensics budget.

C. Financial Comments

1. Impact on Capital
There is no impact on capital.

2. Impact on Revenue
The cost of Labnet support over the next five years is £9,440k fully funded from the DDaT and MO4 Digital Forensics MOPAC approved revenue budget.

| BAU Revenue | 2023/24 £k | 2024/25 £k | 2025/26 £k | 2026/27 £k | 2027/28 £k | Total £k |
|--|---------------|---------------|---------------|---------------|---------------|--------------|
| Budget | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 9,440 |
| Planned spend | | | | | | - |
| Labnet Support | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 9,440 |
| Planned Spend | 1,888 | 1,888 | 1,888 | 1,888 | 1,888 | 9,440 |
| Variance to Budget (-ve Saving) | - | - | - | - | - | - |

3. The approval request is for one year with a further one year option the finance table shows costs for Labnet or an equivalent service over five years for planning purposes.

D. Legal Comments

1. The Mayor's Office 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 £213,477 (inclusive of VAT) or above will be procured in accordance with the Regulations.
2. The use of the compliantly procured Framework Agreement will constitute a compliant process where the Framework Agreement's ordering processes are followed. This report confirms the proposed direct award is in accordance with either Framework Agreement chosen.
3. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime has delegated authority to approve all requests to go out to tender for contracts valued at £500,000 or above.

4. Paragraph 7.23 of the Scheme provides that the Director of Strategic Procurement has consent for the approval of the award of all contracts, with the exception of those called in through the agreed call in procedure.

E. Commercial Issues

5. The procurement objectives are to:
 - a. Obtain the best value pricing for Labnet support;
 - b. Ensure continuation of Labnet support; and
 - c. Award a contract that complies with the Public Contract Regulations 2015
6. Due to the existing technical solution, it is not possible to compete these requirements or consider alternative suppliers or solutions. As such, the proposed route to market is to complete a direct award to Logicalis.
7. The direct award will be undertaken either via a value added reseller (VAR) such as Softcat on a compliant public sector framework such as Efficiency East Midlands. Or as a direct award on Lot 3b of the Technology Services 3 framework.
8. The benefit of the direct award via a VAR is that it provides a contract route with which Logicalis are familiar with having been contracted via that route in their prior form of Q Associates. Q Associates was bought by Logicalis in 2022 and incorporated into the wider Logicalis group. This makes agreeing contractual terms simpler. However, the use of a VAR would add an additional 3% mark up on the costs paid by the Authority.
9. A direct award on technology services 3b would be more cost efficient, due to no mark up, and allow for a direct contractual relationship with Logicalis. However, this would be a new contracting route for these services and may introduce additional contractual complexity.
10. Both options would represent a compliant route to market allowing for direct award and MPS commercial will select the most efficient and best value for money option.
11. Due to the bespoke nature of the support for the Labnet solution it has not been possible to independently benchmark the support costs proposed by Logicalis.
12. Compared to the price paid for the previous year there has been a cost increase of £455k, which is 32%. However, of this cost increase £219k (48%) is due to an 86% increase in storage demand which means the per-Petabyte storage support cost has decreased slightly versus last year.
13. A further £149k of the increase is driven by increase to staffing costs for the 3rd/4th line support function. But due to the increasing demand on the system it has been agreed to reshape the support function to include an additional dedicated Service Delivery Manager to lead the Sys Admin support team. This will meet the business requirement for a more formal approach to service management and should serve to reduce project costs in life of the contract.

14. The remaining cost increase on the other lines is £85k which represents a 6% cost increase against previous price paid.
15. The total contract value for the 24-month contract is £4,720k. This splits down into £1,888k with an additional 25% contract headroom of £472k for each year.
16. Logicalis (previously Q Associates) have supported the LabNet solution, and its predecessor, since 2015 and so are completely familiar with the support and management requirements. There are no transition requirements due to this being an incumbent supplier on an existing system.
17. The supplier is predominantly based on site at Lambeth to support the solution with some work carried out at their offices in Newbury so there are no concerns over geographical disruption to the services.
18. Logicalis UK is part of the larger Logicalis group, which had an £800 million turnover in 2022, which itself is owned by DataTec which had a £3.2 billion turnover. Therefore the risk of the supplier encountering financial difficulty is adjudged to be low, latest DnB report suggest risk for Logicalis UK is 1% over next 12 months, with risk to broader parent groups below 0.3%.
19. The strategic review commissioned by the Authority is due to report in October 2023 and will advise on longer-term vision for the future of the Lab net solution. It would be possible to transition suppliers for this service as there is nothing proprietary in the solution but it would entail an amount of business risk to switch support providers on the system. Following completion of the strategic review a further BJP will provide full details on the longer-term supplier solution.

F. GDPR and Data Privacy

1. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.
2. Under Article 35 of the General Data Protection Regulation (GDPR) and Section 57 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.
3. The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the project meets its compliance requirements.
4. There are no apparent data protection issues at this early stage of the project. The project will ensure a privacy by design approach, which will allow the MPS to find and fix problems at the early stages of any project, ensuring compliance with GDPR. DPIAs support the accountability principle, as they will ensure the MPS

complies with the requirements of GDPR and they demonstrate that appropriate measures have been taken to ensure compliance.

5. Any potential impact on data protection will be assessed throughout the project, and mitigated accordingly.

G. Equality Comments

6. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

H. Background/supporting papers

None

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

The Government Security Classification marking for Part 2 is:
OFFICIAL-SENSITIVE [COMMERCIAL]

Part 2 of BWV Contract Renewal BJP is exempt from publication for the following reasons:

- Exempt under Article 2(2)(a) of the Elected Local Policing Bodies (Specified Information) Order 2011 (Data Protection Section 43 – Commercial Interests).

The paper will cease to be exempt upon completion of the contract. This is because the information is commercially sensitive and could compromise future procurement activity.

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? YES/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 – YES

| ORIGINATING OFFICER DECLARATION | <i>Tick to confirm statement (✓)</i> |
|--|--------------------------------------|
| 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 Commercial issues are covered in the body of the report. | ✓ |
| GDPR/Data Privacy GDPR compliance issues are covered in the body of the report . | ✓ |
| Drafting Officer Omo Okuonghae has drafted this report in accordance with MOPAC procedures. | ✓ |
| Director/Head of Service: The MOPAC Chief Finance Officer and Director of Corporate Services 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

Manakuchferd.

Date 31/07/2023