

DMPC Decision – PCD 1104

Title: Request for Approval to Initiate a Mini-Competition Exercise for a New MPS Value Added Reseller Contract

Executive Summary:

This decision asks permission to request approval to commence a mini-competition exercise for the next MPS Value Added Reseller (VAR) contract.

The MPS requires a VAR contract in order to legally award the anticipated high number of purchase orders for hardware and software requirements.

The contract duration is for an initial two years, with two further optional one year extensions (this term is based on the current MPS VAR contract).

The proposed estimate blanket value for the VAR contract based on current spend is up to a maximum of £150,000,000. Purchase orders will be placed drawing down from this blanket value, each purchase order will require the relevant MOPAC Commercial scheme of delegation financial approval. This is a recognised legally compliant route to market.

This decision is not requesting financial approval - each purchase order raised against the VAR will require the relevant level of financial authority sign off.

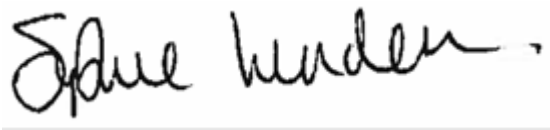
Recommendation:

The Deputy Mayor for Policing and Crime is recommended to approve the initiation of a mini-competition exercise for a new MPS Value Added Reseller (VAR) contract, and the award to the most economically advantageous bid. The mini-competition for a new MPS VAR contract will utilise the Crown Commercial Services (CCS) Lot 1, Hardware, Software and Associate Services Framework Agreement (RM6068) as a vehicle to conduct the mini-competition process. The contract duration will be two years with two optional one year extensions.

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.

A handwritten signature in black ink, appearing to read "Julie Hinder", is written over a light grey horizontal line.

Date **15/12/2021**

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

1. Introduction and background

- 1.1. The VAR contract currently allows MPS stakeholders to compliantly issue individual call-offs/purchase orders with the VAR supplier via on-boarded suppliers for a wide range of software and hardware requirements (with on-boarded suppliers). Each call-off/purchase order includes a % mark-up on pricing. This is a recognised legally compliant route to market.
- 1.2. The MPS has a current four year VAR contract which at its peak attracts 800 individual purchase orders per month.
- 1.3. The MPS requires a VAR contract in order to legally award this high number of purchase orders for hardware and software requirements.
- 1.4. The purchase orders are defined as call-offs from the contract.
- 1.5. The proposed estimated blanket value for the VAR contract is based on current spend and projected estimate of a potential value up to a maximum of £150m. Purchase orders will be placed drawing down from this blanket value, each purchase order will require the relevant MOPAC Commercial scheme of delegation financial approval. This is not a request to approve a financial spend.
- 1.6. This decision is not requesting financial approval - each purchase order raised against the VAR will require the relevant level of financial authority sign off.

2. Issues for consideration

- 2.1. The current MPS VAR contract (awarded to CDW) expires on the 3 February 2023 (with no further options to extend). The intention is to conduct a new mini-competition exercise during quarters two or three 2022.
- 2.2. The VAR contract provides a compliant route to market for those projects that require purchases of hardware and software.
- 2.3. The contract period will be for an initial two year term with further options to extend for two further individual periods of 12 month each (maximum contract period of four years) commencing from 4 February 2023 with an ultimate expiry date of 3 February 2027.
- 2.4. The contract is used extensively for the procurement of:
 - Miscellaneous hardware and software purchases.
 - Microsoft licences, services and cloud solutions.

- Other maintenance agreements for services not available through the existing MPS Pegasus/Towers contract (Pegasus is the name of the Met's strategic IT infrastructure services contract) recently awarded to Capgemini.
 - Large scale/high value hardware and software procurements for corporate projects.
 - RS Components NPPH catalogue (this is an extensive electrical components and hardware catalogue, utilised extensively by MO3 Covert Intelligence).
 - The contract is utilised MPS wide, albeit the main stakeholders are Digital Policing, MO3, MO4 (Forensics) and NCTPHQ (Counter Terrorism).
- 2.5. With the existing VAR contract coming to an end, a replacement is needed in order to continue with the above type of requirements.
- 2.6. The proposed contract will prevent the proliferation of single tender actions, which would inevitably be required due to the specialised nature of many requests and the fact that software licences are proprietary in nature (the Microsoft Enterprise Agreement is the largest example in this category).
- 2.7. The MPS cannot buy its Microsoft licences direct from Microsoft, it needs to be an approved holder channel, i.e. Microsoft approved VAR or seller therefore in theory that could be Atos or Accenture as examples, but not directly with Microsoft.
- 2.8. During peak periods, up to 800 transactions (per month) can be processed via the VAR, averaging at 500 transactions during standard monthly periods. The Commercial Services team does not have the resources to process such a high volume of orders.
- 2.9. Should the new, replacement contract not be awarded, the MPS would risk the potential late renewal of hundreds of contracts and licences that enable essential parts of the MPS service. In the case of licence renewals this is likely to include additional costs from reinstatement fees and other penalties. MOPAC could be subject to legal action where software is being utilised without the appropriate licences being acquired.
- 2.10. The VAR contract will continue to play a role in the MPS ICT contracts ecosystem. The MPS ecosystem is based on the Pegasus Towers model. The VAR contract is needed where the Towers are unable to procure certain items, or when the VAR represents better value for money for a specific item, or when time is of the essence for operational reasons.

3. Financial Comments

- 3.1. This is not requesting financial approval - each PO raised against the VAR will attract the relevant level of financial authority sign off.
- 3.2. The £150m blanket value is a financial cap on the value of the over-arching contract for the full four year contract period.

4. Legal Comments

- 4.1. The Mayor's Office for Policing and Crime ("MOPAC") 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 £189,330 or above shall be procured in accordance with the Regulations. This report confirms the value of the proposed contract exceeds this threshold.
- 4.2. This report confirms the MOPAC's route to market is compliant with the Regulations.
- 4.3. The MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime ("DMPC") has delegated authority to approve:
 - Business cases for revenue or capital expenditure of £500,000 and above (paragraph 4.8); and
 - All requests to go out to tender for contracts of £500,000 or above, or where there is a particular public interest (paragraph 4.13).
- 4.4. 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. Paragraph 4.14 of the Scheme provides the DMPC reserves the right to call in any MPS proposal to award a contract for £500,000 or above.

5. Commercial Issues

- 5.1. The recommendation is for the MPS to conduct a mini-competition via the CCS Lot 1, Hardware, Software and Associate Services Framework Agreement (RM6068) for the next MPS VAR contract (due to expire on Feb 2023). The contract period will be for four years with no options to extend beyond this period.
- 5.2. Suppliers were appointed to the CCS Framework Agreement, Lot 1, (RM6068) as a result of an OJEU tendering exercise and were subject to passing key questions in relation to Responsible Procurement.
- 5.3. The intention is to conduct the mini-competition during quarter 2 and quarter 3 of 2022.
- 5.4. The VAR suppliers add a percentage mark-up to each transaction.
- 5.5. The CCS Framework Agreement provides value for money in terms of:
 - CCS Framework Agreement provides the MPS with a compliant route to market to conduct the mini-competition.
 - The suppliers on the CCS Framework Agreement, Lot 1, (RM6068) were selected as a result of an OJEU tendering exercise evaluating financial status, past experience, capability and indicative pricing.

- The VAR is also needed as going forward it will continue to play a role in the MPS ICT contracts ecosystem. The MPS ecosystem is based on the Pegasus Towers model. The VAR is needed where the Towers are unable to procure certain items, or when the VAR represents better value for money for a specific item, or when time is of the essence for operational reasons.
- Commercial Services will make sure that benchmarking is undertaken on a core set of items to make sure that vendor pricing is not being artificially inflated by the VAR.
- The contract will include the following clause within the tender / contract: the VAR must make sure that the price offered to the MPS for an item is either the same, or lower than the price it has offered to any of its other customers. This also means that the MPS will continue to receive value for money.
- The contract will include a non-exclusivity clause so that we are not bound to use it if an alternative route to market can be identified.
- It should also be noted that, as a contingency, if for some reason the agreement fails to meet its purpose, the MPS can fall back on a Direct Award procedure under the Health Trust Europe Framework or the Mint Framework.

5.6. The MPS explored the possibility of a collaborative agreement with other organisations, however it was concluded more cross-organisational development needs to happen before such an agreement can be put in place.

6. GDPR and Data Privacy

- 6.1 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.
- 6.2 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.
- 6.3 The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the contract meets its compliance requirements.
- 6.4 The project does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.
- 6.5 There are no GDPR data risks in terms of the VAR contract. However where relevant to individual orders, GDPR data risks will be addressed on a case by case basis for each individual order under the contract. The CCS Framework terms and conditions also includes the latest GDPR clauses and these are flowed down to on-boarded suppliers under the VAR contract.

7. Equality Comments

- 7.1. There are considered to be no negative equality or diversity implications arising from this process. Any approved suppliers will be evaluated for acceptable equality and diversity statements, as well as their ability to meet the MPS requirements under the Equality Act 2010 as suppliers to MOPAC. The evaluation exercise will consider their ability to act as a responsible employer and meet employment obligations deemed commensurate with wider GLA objectives.
- 7.2. This business case has undergone an initial equality screening. Due regard has been taken to the Equality Act's Public Sector Equality Duty. Real consideration has been taken to assess equality impact caused by the proposed business changes. As a result no positive or negative impact has been identified to any individual and/or group safeguarded by a protected characteristic and those who are not.
- 7.3. As the intention of this document is to seek funding for an upgrade to the software/hardware purchasing system, there is no real organisational change. If any further reviews are/will be conducted (i.e. identified problems with software/hardware for disabled users, assistive technology problems etc) on future software/hardware purchases, and if as a result any new Equality Impact is identified, a full Equality Impact Assessment will need to be initiated.
- 7.4. In addition, it should be noted that the MPS support the Mayor's Responsible Procurement Policy including: Enhancing Social Value, Encouraging Equality and diversity, Embedding fair employment practices, Enabling skills, training and employment opportunities, promoting ethical sourcing practices and improving environmental sustainability. The tender will include key questions in relation to Social Value (this section will include a mandatory 10% of the over-all weighted score).
- 7.5. The contract will include a provision for the supplier to adhere to the MPS Environment and Sustainability policy and all environmental legislation. 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 Circular Economy and Waste Hierarchy. The supplier will also need to meet carbon and air quality related targets as the MPS aligns with the GLA London Environment Strategy and associated policies.

8. Background/supporting papers

- 8.1. None

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: n/a

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

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 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 15/12/2021

BUSINESS JUSTIFICATION

COVER PAGE V10 LK 15.09.2021

Proposal Number: MET146

Part A: Published

Part B: Exempt from publication (*but remains subject to FOI*)

Proposal Name: Request approval to initiate a mini-competition exercise for a new MPS Value Added Reseller contract

Author: Lee Kitchen (Category Manager, Commercial Services, Technology - Software - Pillar)

Sponsoring AC / Director / SRO: Mark Roberts (Director of Commercial Services)

Board Dates:

PIB: 9 November 2021

(Deadline for submission of approved paper to PIB: 19 October 2021).

IAM: 1 December 2021

This report asks permission to request approval to commence a mini-competition exercise for the next MPS Value Added Reseller (VAR) contract.

The VAR is typically utilised when an internal MPS customer requires to purchase either IT software/hardware requirements.

This BJP is not requesting financial approval - each purchase order raised against the VAR will require the relevant level of financial authority sign off.

The £150m blanket value is a financial cap on the value of the over-arching contract for the full four year contract period.

The purchase orders are defined as call-offs from the contract.

The VAR contract currently allows MPS stakeholders to compliantly issue individual call-offs/purchase orders with the VAR supplier via on-boarded suppliers for a wide range of software and hardware requirements (with on-boarded suppliers). Each call-off/purchase order includes a % mark-up on pricing. This is a recognised legally compliant route to market.

The MPS has a current four year VAR contract which at its peak attracts 800 individual purchase orders per month.

The MPS requires a VAR contract in order to legally award this high number of purchase orders for hardware and software requirements. Legally the MPS can only procure it's Microsoft licences (valued at circa £15m per annum) via a VAR contract.

The contract duration is for an initial two years, with two further one year extensions at the Authority's discretion (this term is based on the current MPS VAR contract).

The proposed estimate blanket value for the VAR contract based on current spend and projected estimate of a potential value from £0.00 up to a maximum of £150m. Purchase orders will be placed drawing down from this blanket value, each purchase order will require the relevant MOPAC Commercial scheme of delegation financial approval. **This is not a request to approve a financial spend.**

Decision

- Approve the initiation of a mini-competition exercise for a new MPS VAR contract, and the award to the most economically advantageous bid.
- Approval is required to commence a mini-competition for a new MPS VAR contract, utilising the Crown Commercial Services (CCS) Lot 1, Hardware, Software and Associate Services Framework Agreement (RM6068) as a vehicle to conduct the mini-competition process.
- Approve a contract duration of 2+1+1 years (based on the current contract term).

Level 2 PIB have assured the proposal on **DD MMM YY**

Met Ops AC / Director / SRO: this request has my approval.

Signature / date:

PART A (published)

Part A *will be published* on the Met website. It should form an appropriate summary of the proposal and must be suitable for publishing in the public domain.

Part B is *not published* but remains subject to FOI.

1- Strategic case

- Approval is required to commence a mini-competition for a new MPS VAR contract, utilising the Crown Commercial Services (CCS) Lot 1, Hardware, Software and Associate Services Framework Agreement (RM6068) as a vehicle to conduct the mini-competition process.

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The proposed contract will prevent the proliferation of single tender actions, which would inevitably be required due to the specialised nature of many requests and the fact that software licences are proprietary in nature (the Microsoft Enterprise Agreement is the largest example in this category).

Please also note that the MPS cannot buy its Microsoft licences direct from Microsoft, it needs to be an approved holder channel, i.e. Microsoft approved VAR or seller therefore in theory that could be Atos or Accenture as examples, but not directly with Microsoft.

During peak periods, up to 800 transactions (per month) can be processed via the VAR, averaging at 500 transactions during standard monthly periods. The Commercial Services team does not have the resources to process such a high volume of orders.

Should the new, replacement contract not be awarded, we would risk the potential late renewal of hundreds of contracts and licences that enable essential parts of the MPS service. In the case of licence renewals this is likely to include additional costs from reinstatement fees and other penalties. MOPAC could be subject to legal action where software is being utilised without the appropriate licences being acquired.

The VAR contract is also needed as going forward it will continue to play a role in the MPS ICT contracts ecosystem. The MPS ecosystem is based on the Pegasus Towers model. The VAR contract is needed where the Towers are unable to procure certain items, or when the VAR represents better value for money for a specific item, or when time is of the essence for operational reasons.

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