

Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	<i>Leadership Team – 19 September 2018</i> <i>Forward Plan reference: 05291/18/K/AB</i>	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
	Cabinet Member for Housing and Customer Services 19 September 2018	 City of Westminster
Report title (decision subject)	WINDOWS 10 UPGRADE & COMPATIBLE DEVICES - DEVICE PROCUREMENT, PROVISIONING & SUPPORT SERVICES	
Reporting officer	<i>Ben Goward – Chief Information Officer</i>	
Access to information classification	Part A Public report with a Confidential Part B Report The Part B of this report is currently exempt from disclosure on the grounds that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	
Cabinet Member or senior officer sign-off details	<i>[Report author to confirm that the authority of the relevant Cabinet Member at each authority has been obtained to the publication of this report – or Cabinet Member signature to be added below:</i> <i>Report authorised: [insert]</i> <i>Date: [insert]</i>	

1. EXECUTIVE SUMMARY

- 1.1. The Bi-borough IT team have secured capital funding in both Councils for replacement of existing legacy laptops with new lightweight laptops running the latest operating system, Windows 10.
- 1.2. This is a significant capital investment for both Councils but is necessary to ensure that officers have fast, lightweight, 24*7 IT to maximise their productivity in an increasingly flexible working environment. It will also harmonise the IT provision across Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC), better enabling shared services.
- 1.3. This report seeks approval for procurement of laptops and associated support/rollout services from existing IT Framework agreements and leveraging agreed capital funding. The proposed project builds upon a successful Windows 10 proof of concept (POC) undertaken in Spring/Summer 2018, and will deliver the following:
 - a) Replacement of the legacy Windows 7 operating systems which is required prior to it becoming unsupported/insecure in January 2020;
 - b) Replace existing ageing laptops and desktop devices with new “64-bit” lightweight devices that support multiple and agile ways of working and offer far greater performance and features such as touchscreen and “Windows hello” login;
 - c) Convergence and improvement of the underlying support platforms so that applications and changes can be deployed “on demand”, support can be fully 24*7 and a single solution across RBKC and WCC established, in line with the shared IT service vision and purpose.
- 1.4. An analysis of the procurement routes required to progress the existing programme to the deployment phase concluded that the London ICT Framework (Lot 1) is the best option presenting value for money, lowest risk to project outcomes, lowest margins on hardware and shortest timescales to deliver requirements. This position has been supported by WCC Procurement Assurance Board (PAB) and RBKC procurement officer.
- 1.5. This report seeks approval for the Councils to procure through the London ICT Framework Lot 1 for the purchase of devices as shortlisted for the improved catalogue, provide services to deploy the windows 10 image onto devices, packaging of applications, rollout of devices to end users and decommissioning services.
- 1.6. It is proposed that both councils will progress through the procurement exercise jointly via IT Shared Services and Procurement leads up to the point of contract award for which services and devices are commissioned under sovereign arrangements and budgets.

2. RECOMMENDATIONS

Royal Borough of Kensington and Chelsea Council

- 2.1. It is recommended that the Leadership Team and the Lead Member for Finance and Modernisation approves:
 - a) that the Part B of this report be exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A, Part 1, (as amended) paragraph 3, in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
 - b) that the Officers procure a contract for provision of laptop, desktop devices, peripherals and deployment services by varying the existing London ICT Framework Lot 1 Call-Off contract.
- 2.2. The [Director], in liaison with the [relevant Lead Member] will select the final device(s) and number of devices to be repurposed for use with Windows 10'

Westminster City Council

- 2.3. That Part B of this report be exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A, Part 1, (as amended) paragraph 3, in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
- 2.4. It is recommended that the Cabinet Member for Housing and Customer Services approves Officers to procure a contract for provision of laptop, desktop devices, peripherals and deployment services by varying the existing London ICT Framework Lot 1 Lot 1 Call-Off contract.

3. REASONS FOR DECISION

- 3.1. As the value of the contract variation is above £500,000, this variation constitutes as a Key Decision under section 2.28 of the Code and accordingly Member Involvement is required as per section 2.28.
- 3.2. April 2018 Cabinet and Key Decision reports approved commissioning and expenditure for a Windows 10 POC to prove a solution for upgrade from Windows 7 to Windows 10. The upgrade is required prior to June 2019 to minimise the Councils risk of entering a period of an unsupported Operating System with associated security threats, retain regulatory data compliance including the recent GDPR implementations and to deliver benefits through Windows 10 features aligned to the IT strategic principles.

4. BACKGROUND

- 4.1. The Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC) ('The Councils') deliver IT through a shared services arrangement transitioned to in 2016 from previous Tri-Borough structures. The current operating model serves all council departments with circa 7000 laptop and desktop devices allocated to council employees (end users).
- 4.2. The main operating system (OS) deployed on allocated devices used by the Councils' staff is Microsoft Windows 7. The OS will be unsupported from January 2020 and must be replaced prior to this date to maintain the Councils' regulatory Information Security compliance requirements and to effectively respond to future security threats and the implementation of new regulatory requirements such as General Data Protection Regulations (GDPR).
- 4.3. Significant numbers of devices are approaching or have exceeded recommended end-of-life dates and will therefore require replacement. An OS upgrade will also render a proportion of older devices obsolete due to incompatibility with the latest OS minimum hardware requirements.
- 4.4. The Councils have entered into a programme of work to upgrade their Operating Systems Windows 7 to Windows 10 and refresh the Council's device estate to ensure Windows 10 compatibility and improvement in use of technology to deliver services. A RBKC/WCC Cabinet Report in April 2018 and WCC PAB Gate process in April 2018 approved expenditure of £513,812 between the two councils for the procurement of services via Change Control Notice against the London ICT Framework Lot 1.
- 4.5. The investment delivered a Windows 10 Proof-of-Concept infrastructure design and build. This allowed the Councils to prove the ability to share an improved backend infrastructure for the base build of a Windows 10 operating system and packaging and deployment of key Line of Business applications. The project has progressed to the phase requiring an agreed approach to acquire the chosen devices for refresh across the Councils estate and the provisioning of services to facilitate a phased deployment to council staff from November 2018 onwards.
- 4.6. The current procurement of IT devices, related products and services are largely provisioned through call-off contracts under the London ICT Framework agreements between the Councils and providers signed-up to the Framework.
- 4.7. RBKC and WCC are signed-up to Lot 1 of the Framework which purposes distributed computing enabling approved purchasing of laptop, desktop devices and services across both councils. The contract for WCC is due to expire on 13th April 2019 and on 5th January 2021 for RBKC. There is provision to extend the WCC contract for a further 3 years and WCC are working towards submitting approval for this extension.

- 4.8. Changes to the Lot 1 call-off are facilitated through raising a Change Control Notice (CCN) allowing for additional purchases from the services catalogue.

5. INDIVIDUAL SERVICE ARRANGEMENTS

- 5.1. The arrangements for the individual services are summarised within the following paragraphs and remain the same as presented within the April 2018 RBKC & WCC Cabinet/Key Decision report.
- 5.2. RBKC and WCC were lead councils in procurement exercises during 2013 and 2015 resulting in the formation of a number of IT services Framework Agreements. There are four Lots from which the Councils, and any other public body named in the OJEU Notice, may 'Call-off' contracts against. Each contract entered is for an initial duration of years with an option to extend the contract for a further three years (5+3). This excludes Lot 4, which is 4+3.
- 5.3. Both RBKC and WCC have call-off contracts against Lot 1 of the Framework enabling the purchasing of computer devices and the associated support services for build, deployment and maintenance of devices

Contract Title	Start/Commencement Date (as outlined in the contract)	Current Expiry Date	notice of extension by	Contracting Authority
ICT Services: Lot 3 – Data Centre Services Call-Off by RBKC	06/01/2016	05/01/2021	05/07/2020	RBKC
ICT Services: Lot 1 – Distributed Computing Call-Off by RBKC	06/01/2016	05/01/2021	05/07/2020	RBKC
ICT Services: Lot 2 - Service Desk Call-Off by RBKC	15/12/2017	14/12/2022	14/06/2022	RBKC
ICT Services ITT: Lot 3 - Data Centre Services	14/04/2014	13/04/2019	13/10/2018	WCC
ICT Services ITT: Lot 1 – Distributed Computing Call-Off	14/04/2014	13/04/2019	13/10/2018	WCC
ICT Services ITT: Lot 2 – Service Desk Contract	23/05/2014	22/05/2019	22/11/2018	WCC

- 5.4. WCC routinely call off from Lot 1 for device purchasing and support services, this includes the build of the device with the required operating systems, configuration and deployment of the appropriate applications to the new device.
- 5.5. For existing IT Hardware sourcing RBKC predominantly call-off from the RBKC IT Hardware and Solutions Framework Agreement 2012 for the purposes of device purchasing. RBKC IT provide support services for build and application deployment internally through use of RBKC IT resources. The call-off contract is for 4 years with option to extend. The RBKC HW contract was extended in 2017 for 9 months expiring at the end of January 2018. The contract is proposed for

further extension to January 2019 to enable continued purchasing of devices whilst the EUC project progresses and proposes the permanent solution moving forward.

6. ISSUES & PROPOSALS

- 6.1. The Councils are seeking to complete a procurement with one main supplier for the devices and added services as described below:
 - a) **Devices:** to include Warranty and device supplier services (roadmap, quarterly meetings, upgrades, spec changes);
 - b) **Services:** Deploy our image – pre-build / build (core apps). Roll out – hand over (including 30mins Win10 tutorial); floor walking (for big changes); collection of old device; data transfers (checking of old machines); quarantine of existing kit; disposal/reuse of old machines.
- 6.2. The effort to scale up capacity and knowledge through RBKC's EUC delivery model to achieve the project's technical deliverables has been assessed as substantial and therefore not the safest or most cost effective option. RBKC's IT Hardware and Solutions Framework Agreement 2012 makes provision for the purchase of devices however it does not include the services for build and deployment required by the project.
- 6.3. The Councils will not be using an e-auction solution, as this is more appropriate for 'off the shelf' type device, where like for like can be easily compared. Thus not referred to in this paper.
- 6.4. Innovation Partnership is not a recommended option and is used when knowledge of the requirement is next to none so would not fit this requirement.
- 6.5. A suggestion was raised in relation to obtaining a quote from BT plc, in addition to running a further competition under the CCS framework, Lot 1. BT plc are listed as a supplier on the CCS Framework and as such there could be a potential risk of challenge from the other suppliers if we were to abandon the further competition.
- 6.6. A soft market test performed earlier this year by Gartner found that the existing IT Frameworks Lots 1-3 "Services" are in general still value for money. The soft market test however was limited in scope and did not look at rate card or procurement costs.
- 6.7. A Principal Benchmarking of the London ICT Frameworks Lots 1-3 "Services" and associated rate cards is currently underway. The initial report is due on 17th September 2018 and exercise is scheduled to conclude 3 weeks thereafter. If the Framework pricing is found to be below Value for Money (VFM), the Councils have

recourse to instruct the supplier to reduce prices as per contractual arrangements for the Framework. Where an agreement is not attained to lower Framework prices then the contracts would be extended for a year whilst sourcing alternatives.

- 6.8. It is not envisaged that the benchmarking exercise outcomes will have detrimental impact to the Windows 10 and new device commissioning requirements. Further VFM evaluation efforts are being taken through the engagement of device manufacturers and the framework supplier to compare the price for devices to be purchased and ensure that the supplier can offer competitive prices.
- 6.9. The Devices procurement will request proposal for outright procurement of hardware as well as lease option proposal for comparison.

7. OPTIONS & ANALYSIS

Option 1: OJEU Open Procedure

- 7.1. The open procedure is suitable for simple procurements where the requirement is straightforward. It is commonly used in practice for the purchase of goods where the requirement can be clearly defined and there is no "pre-qualification" of bidders.
- 7.2. This procedure does not have a prequalification stage, therefore the number of suppliers that express an interest is unlimited. Suppliers that express an interest are then invited to tender (ITT).

Timescales	Benefits	Risks
<p>Excluding Document prep, tender evaluation and contract award:</p> <p>Minimum Period for Contract Notice/applications for Tender Documentation: 30 days</p> <p>If a Prior Information Notice (PIN) has been issued and has been published for more than 35 days, the length can be reduced to 15 days</p>	<ol style="list-style-type: none"> 1. Contract term can be determined by the business. 2. PIN Notice gives suppliers plenty of warning. 3. PIN Notice reduces the timescales. 	<ol style="list-style-type: none"> 1. This procedure is time consuming due to potential volume of responses and bids to evaluate. 2. Increases the risk of challenge (more responses and time invested/transaction costs in preparing a tender. 3. Details, for example, contract duration, options, OJEU category classification code (CPV) in the ITT would need to match the published PIN/OJEU Notice. 4. Increased resource cost to run the procedure and evaluate the responses.

Timescales	Benefits	Risks
		5. The Councils IT infrastructure is not known to the market.

Option 2: OJEU Restricted Procedures

- 7.3. The restricted procedure is used where the requirements are typically complex and where you want to "pre-qualify" suppliers based on their legal and financial status, technical or professional capability. This is a two stage process.
- a) Stage one - Suppliers that respond to the OJEU notice are evaluated against a set criteria that can include legal, financial and technical status. This limits the number of companies invited to tender.
 - b) Stage two - Shortlisted suppliers from stage one are invited to tender (ITT) and submit a bid.
- 7.4. This is the standard process normally used for Council OJEU tenders.

Timescales	Benefits	Risks
<p>Excluding Document prep, tender evaluation and contract award:</p> <p>No PIN Published</p> <ul style="list-style-type: none"> • SQ Period:30 days • ITT Period: 25 days • Minimum Tender Period: 55 days <p>PIN published for more than 35 days</p> <ul style="list-style-type: none"> • SQ Period:30 days • ITT Period: 10 days • Minimum Tender Period: 40 days 	<ol style="list-style-type: none"> 1. PIN Notice gives suppliers plenty of warning and reduces the timescales. 2. Restricts the number of suppliers invited to tender therefore reducing the number of responses, ensuring value for money. 3. Contract term can be determined by the business. 	<ol style="list-style-type: none"> 1. Less transparent than an Open procedure and the Selection Questionnaire must be robust and defensible. 2. Timescales longer than Open Procedure and a two-stage process. 3. Details, for example, contract duration, options, OJEU category classification code (CPV) in the ITT would need to match what was published in the PIN/OJEU Notice. 4. Increased resource cost to run the procedure and evaluate the responses. 5. The Councils IT infrastructure is not known to the market.

Option 3: Crown Commercial Services (CCS) Technology Products 2 Framework (RM3733)

- 7.5. Technology Products 2 (TP2) offers public sector bodies a flexible and compliant route to market for all commodity technology product needs; whether it is a single cable or entire corporate infrastructure. Featuring a mix of suppliers, the agreement is comprised of six Lots of which only one lot is applicable as outlined below.
- 7.6. Lot 1 “Hardware” – 29 Suppliers: This lot is IT hardware and peripherals including but not limited to: PC’s, laptops, keyboards, servers, audio-visual equipment, network infrastructure equipment and peripherals/accessories. Operating systems and utility software is included as part of a standard Original Equipment Manufacturer (OEM) product offering.
- 7.7. Factory builds are also included in this lot when purchased alongside/installed on the associated hardware. A range of close-to-the-box services are allowable, including disk image loading, asset tagging, delivery, installation, configuration, user handover, removal of packaging and disposal of old equipment.

Timescales	Benefits	Risks
<p>There is no formal OJEU process, the Council would be able to set its own timescales for the mini-competition. CCS recommend a period of at least 2/3 weeks to allow sufficient time for bidders to respond</p>	<ol style="list-style-type: none"> 1. The Council would not have to conduct a full OJEU process, therefore reducing the timescales. 2. This option will allow for competitive pricing and value for money. 3. Standstill period is voluntary (OJEU tender process requires a standstill period before contract award). 4. Pre-agreed contract by suppliers on the framework, reducing time to confirm contract details. 	<ol style="list-style-type: none"> 1. Suppliers, whom the Council consider as potential suppliers, may not be on this framework. 2. The framework expires 30th October 2018 however, the replacement framework, Technology Products 3, will not be ready in time. CCS has stated the extension of the existing framework is under review (no published information available currently however CCS have stated this will be published around July/August 2018). 3. CCS charge the suppliers 0.7% of the total contract value (TCV) on award of contracts. 4. Supplier margins are limited to 3.5% for Lot 1 which may limited the number of responses received, in particular SMEs and this could be restrictive to their business growth. 5. The contract term is limited to a maximum of 5 years with no options to extend.

Timescales	Benefits	Risks
		6. The Councils IT infrastructure is not known to the market.

Option 4: The London ICT Framework Lot 1

- 7.8. After a competitive process, WCC & RBKC appointed BT as its ICT service provider. The Councils are able to acquire goods and services without having to go through a full OJEU tender process or use an alternative framework (such as those available through CCS).
- 7.9. Lot 1 of the Framework relates to hardware including support and maintenance of systems and also offers a catalogue, which can be added to with relevant goods as per the original OJEU notice.

Timescales	Benefits	Risks
A Change Control Notice (CCN) would need to be completed. There is an SLA with BT of two weeks to complete this task depending on the complexity of the requirement	<ol style="list-style-type: none"> 1. The Councils would not need to run a mini-competition or a full OJEU procedure thus saving on resources and time. 2. Allows for both hardware and services to be sourced from a single supplier at better rates than what could be achieved through utilising the CCS framework. 3. BT margins on hardware are limited to 3%. 4. Open book accounting; complete transparency and breakdown of all charges and costs. 5. The Councils IT infrastructure is known to BT, through the IT Helpdesk managed service provision. BT is therefore well placed to deploy the new technologies and hardware, ensuring low risk of delayed deployment. 6. BT currently manage the System Centre Configuration Manager (SCCM) infrastructure that 	<ol style="list-style-type: none"> 1. Potential delays in lead times if there are hardware availability and/or service issues.

Timescales	Benefits	Risks
	<p>manages the device estate and software distribution.</p> <p>7. Direct award with the use of a CCN and applicable internal approval process.</p>	

Summary of Options

7.10. Based on the pros and cons listed, Option 4, the London ICT Framework Lot 1 is the recommended procurement route. This option presents the most value for money with the lowest margins on hardware, no additional external framework costs, savings on internal time and resources, our infrastructure is known to the supplier and it has the shortest timescales.

Option / Opportunity	Pros	Cons	*Ranking
1. OJEU Open Procedure	<ul style="list-style-type: none"> Contract and contract term can be determined by the business Opens up the market 	<ul style="list-style-type: none"> Time consuming due to potential number of responses Increased resource costs Councils infrastructure is not known to the market 	4
2. OJEU Restricted Procedure	<ul style="list-style-type: none"> Contract and contract term can be determined by the business Restricts the number of suppliers invited to tender 	<ul style="list-style-type: none"> Longer timescales than open procedure Increase resource costs Councils infrastructure is not known to the market 	3
3. CCS TP2 Framework (RM3733)	<ul style="list-style-type: none"> Full OJEU process not required Allows for competitive pricing and value for money Voluntary standstill period Pre-agreed contract via the framework 	<ul style="list-style-type: none"> Limited suppliers on the framework Suppliers are charged by CCS 0.7% of the total contract value on award of contracts Supplier margins are limited to 3.5% Contract term limited to a maximum of 5 years Councils infrastructure is not known to the market 	2
4. WCC IT Framework Lot 1	<ul style="list-style-type: none"> Full OJEU or mini competition not required BT margins on hardware limited to 3% Open book accounting with complete transparency and 	<ul style="list-style-type: none"> If BT decline to quote this will result in delays in the time line. Mitigating this risk would be to make use of the CCS framework listed in the next slide and 	1

Option / Opportunity	Pros	Cons	*Ranking
	breakdown of all charges and costs <ul style="list-style-type: none"> • Councils infrastructure is known to BT 	the options paper attached in the appendix	

*Ranking for most viable route for project, rank 1 = best

8. COMMERCIAL & PROCUREMENT IMPLICATIONS

- 8.1. Commercial and procurement implications for this requirement are minimal. Option 4 provides a quick and compliant route that eliminates the time and resource that would be required to manage a further competition.

Commercial & Procurement Implications by Andrew Perrone - Assistance IT Category Manager, Davinder Sarai – IT Category Manager, Roger Van Goethem - Procurement and Commercial Manager

9. EQUALITIES IMPLICATIONS

- 9.1. There are no service equalities implications as the approval does not impact the service provided to service users.

10. LEGAL IMPLICATIONS

The proposal to procure the Windows 10 OS from the Lot 1 Framework call-off contracts under clauses 9.9 - 9.11 and Schedule 8.2.(the CCN procedure) is compliant with Regulation 72 (1) (a) of the Public Contracts Regulations 2015 (PCR's) as amended and would not trigger the need to undertake a fresh procurement.

RBKC

- 10.1. The proposed procurement strategy of these goods and services is in accordance with section 2.13 of the RBKC Contract Regulations.
- 10.2. This procurement by way of the contract variation should be in accordance with section 2.20, whereby the Council obtains best value from its ICT procurement and the procurement relevant ICT standards are applied and fully utilised and approved by the Tri-borough Chief Information Office (equivalent) before this process of varying the existing contract is initiated.

- 10.3. In accordance with section 2.37 (a) of the Code, this call-off contract which is above the EU threshold, may be modified during its term without a new procurement.
- 10.4. As the value of the contract variation is above £500,000, this variation constitutes as a Key Decision under section 2.28 of the Code and accordingly Member Involvement is required as per section 2.28.

WCC

- 10.5. As the value of this procurement strategy is above £100k, in accordance with section 3.14.1 of the Code approval is required by the appropriate Executive Director following recommendation to approve from the Procurement Assurance Board (Gate 1).
- 10.6. If the contract variation accounts for an additional cost of 10% or more of the original contract variation, in accordance with section 3.20.2 of the Code, the variation will require the same approvals as the contract award as per section 3.18 of the Code. Moreover, as the value of the original Call-off Contract is greater than £1.5m, in accordance with Code 3.18 approval to vary the contract would be required from the appropriate Cabinet Member following recommendation to approve from the appropriate Executive Director and Procurement Assurance Board (Gate 2).

Legal implications by Christina Worrell, Solicitor (Contracts), Bi-Borough Shared legal Services.

11. FINANCIAL IMPLICATIONS

RBKC

- 11.1. The Group Finance Managers, Corporate Services, has been consulted and comments as follows:
- 11.2. The End User Computing (EUC) upgrade project, forming part of the current capital programme, has approval for £2,922,000 capital expenditure. This leaves a shortfall of £1,500,000. A revised bid will need to be submitted requesting an increase in funding. If this additional funding is not approved the project will need to adjust scope and other areas of cost to remain within the £2,922,000 budget..
- 11.3. Any recurring revenue costs will need to be contained within existing ICT revenue budgets.

Financial implementations by Nicholas Pyne, Group Finance Manager

WCC

- 11.4. The capital budgets are sufficient to meet the requirements of this project. The expenditure will be funded from approved capital budgets and all on-going cost will be met from recurrent revenue budgets. On a monthly basis, all expenditure will be monitored and reported to the ICT Board.
- 11.5. The capital funding for this project was approved by the Council on the 7th March 2018. However, future commitments have recently been revised and are reflected in a draft Capital Strategy report. The report is expected to be presented to Council in November 2018.

Financial implementations by Zohaib Nizami, SFM Corporate Services

12. DIGITAL IMPLICATIONS

- 12.1. The Digital Transformation Programme is developing opportunities that will improve the experience of customers interacting with the council and officers using the council's systems and processes.
- 12.2. Given the nature of this product/service, there are no digital implications for this procurement.

Digital Implications by Andrew Little, Programme Office Manager.

13. CONSULTATION

- 13.1. This paper has been agreed by the Chief Information Officer and discussed informally with the relevant cabinet members. It has been approved by Finance, Legal and Procurement teams within WCC and RBKC prior to formal submission.

14. Local Government Act 1972 (as amended) – Background papers used in the preparation of this report

None