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|-------------------------|--|--|---------------------|
| <b>Subject:</b>         | <b>Wide Area Network Procurement</b>                     |  |                     |
| <b>Date of Meeting:</b> | <b>14 July 2011</b>                                      |  |                     |
| <b>Report of:</b>       | <b>Strategic Director, Resources</b>                     |  |                     |
| <b>Lead Member:</b>     | <b>Cabinet Member for Finance &amp; Central Services</b> |  |                     |
| <b>Contact Officer:</b> | <b>Name:</b>   | <b>Paul Colbran</b>                      | <b>Tel:</b> 29-0283 |
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| <b>Key Decision:</b>    | <b>Yes</b>   | <b>Forward Plan No: CAB23268</b>         |                     |
| <b>Wards Affected:</b>  | <b>All</b>   |  |                     |

**FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The existing contract between Brighton & Hove City Council (BHCC) and Virgin Media Business (VMB) for the provision of a Voice and Data Service is due to expire in August 2012 after a period of 5 years plus an extension of one year. There is provision for a further one year extension to August 2013. The spend with VMB under contract by BHCC is approximately £950,000 per annum.
- 1.2 A new contract or contracts will need to be tendered to comply with EU and UK Public Procurement legal requirements and Contract Standing Orders and to ensure a more flexible solution whilst achieving improved value for money for BHCC.
- 1.3 The new contract(s) will seek to reduce the cost of the current services ensuring Value for Money is maximised, to consolidate as much of the data and service provision as possible, to improve the flexibility and sustainability of the network and to mitigate legal risks to the Council through a service that meets our regulatory information requirements.
- 1.4 The telecoms market has matured considerably since the contract was last let and new products and services that enable flexible delivery of IP telephony services from a range of locations and integration of fixed and mobile voice communications are now becoming available at cost effective prices from specialist suppliers. We therefore intend to remove voice services from the scope of the Wide Area Network (data) contract and let a separate consolidated contract for these and related services.
- 1.5 Because the procurement process requires significant time to organise and manage, and because we had a number of options to consider - including a potential Central Government framework provision for the procurement of 'Public Services Network' (PSN) services, or procurement through a local partnership with other Brighton, Hove and Sussex public sector organisations - we intend to extend the existing contract again with a termination date in mid 2013.

- 1.6 This report seeks approval from Cabinet to procure a new Wide Area Network contract in compliance with EU and UK Public Procurement legal requirements.

## **2. RECOMMENDATIONS:**

- 2.1 That Cabinet approves the procurement of a new Wide Area Network contract to replace the Data element of the existing Voice and Data contract in August 2013. The period of the contract will be 5 years with an option to extend for a further period of up to 2 years.
- 2.2 That Cabinet authorises the procurement to take place jointly with East Sussex County Council and potentially other (as yet unidentified) local public sector partners under suitable contractual arrangements.
- 2.3 That Cabinet grants delegated authority to award the new Wide Area Network contract to the Strategic Director, Resources.

## **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The Council is dependent on the provision of consistent data services to operate efficiently. Without high performance connections to all its sites, the council would be unable to meet its obligations to support staff in meeting the needs of our residents, nor would it be able to provide certain services direct to residents through its web site.
- 3.2 All the core sites and a very high percentage of council remote sites make use of some or all aspects of the current voice and data contract. Good connectivity between sites is viewed as critical in any disaster recovery/business continuity provision.
- 3.3 We are relying more heavily on high quality, reliable data communications to all our sites, particularly as we move towards different methods of delivering a telephony service along with a commitment to providing more flexible application delivery.
- 3.4 Virgin Media Business (formally NTL) have been our key supplier of both voice and data services since 2006. During this period, with their support, we have started to move away from traditional methods of delivering voice services and are now able to call off a variety of data connections to the majority of locations across the city, including home workers, schools and libraries. The infrastructure that Virgin manages is prolific within the city boundaries, using high quality fibre optic cabling, and it is rare that they are not able to provide a service to a site. In such a situation we take service from another provider, primarily BT. In many cases, single connections are now responsible for carrying voice as well as data traffic.
- 3.5 One of the main issues with our current provision is that it is highly reliant on key council sites to distribute the services to remote locations. This affects our ability to manage accommodation effectively as there are sites which will incur significant data network relocation costs should they be subject to sale or termination of lease. We also have a mix of telephony systems which impairs our ability to provide truly flexible access to a single number from any council location

or as is increasingly the case, a location outside the council network. This is a key driver for redesigning the network topology and removing voice services from the contract, whilst being mindful of the need to make flexible provision for them in the network design.

- 3.6 Because the successful reprocurement of a contract of this nature is key to the ongoing provision of voice and data services across the council, we have spent the last year researching the market and our developing options, and conducting soft market testing. Local and national initiatives around the creation of 'Public Services Networks', including the potential availability of a suppliers' framework at a national level mean that we have a number of options in terms of how we manage the procurement process. We recognise that in the absence of suitable frameworks at the current time (see below) we are likely to need to follow a full OJEU tender process, so an adequate lead time for the contract to be awarded must be allowed. There is also potential for significant work in installing data lines should the successful supplier not be using Virgin's current infrastructure. Soft market testing indicates the supplier costs of transition to be up to £1m.
- 3.7 As part of our commitment to providing flexible working arrangements for staff in support of the various council wide initiatives (VFM, Workstyles, Accommodation Strategy) we are using the reprocurement as an opportunity to review our voice and data provision and move towards an environment where our ability to deliver ICT facilities to staff is not reliant on geographical or technical constraints. We therefore commissioned an independent review of potential options for progressing this. The report's author, Sandy Spink, is a highly regarded telecommunications consultant who has worked with, and was recommended by, some of our SE7 partners.

His recommendations describe a platform which we can take forward into a resilient, manageable, cost effective contract for supply of data services, and on top of which other services such as telephony would be delivered, but would involve a redesign of the core provision of services such that we are increasingly less reliant on key council locations for the distribution of these services.

In addition, the PSN compliance standards that have been developed by Central Government will form part of our requirements specification for the new Wide Area Network and this will reduce the current cost and complexity of secure communications and data sharing between government organisations. It will also give access to value-add services coming onstream during the life of the contract (5-7 years) via interconnects to the national PSN.

### 3.8 **Options that have been considered:**

- 3.8.1 Do nothing: This is not considered a viable option as the council has a requirement to maintain both voice and data services across all its sites.
- 3.8.2 Engage in a full BHCC only full EU tender process for renewal in August 2013: This option is viable but the costs of procurement of a PSN compliant contract to enable us to join up network services with local partner organisations, including project management, procurement advisors, negotiation and specialist legal advice would be borne by BHCC alone. We would be replicating work that is being carried out by ESCC with some of the same partners, such as NHS, Sussex Police.

- 3.8.3 Work with a local partner or partners in acquiring PSN services via full EU tender:  
We have been in discussion with ESCC, representatives of NHS and others to explore the viability of procuring a framework contract through a joint approach. This has significant advantages for us in containing the cost of the procurement itself and is likely to enable us to bring forward the benefits of the PSN approach. This approach has support across a number of the proposed partner organisations and is the preferred procurement option.
- 3.8.4 Procure via Central Government's PSN framework: Although this has been promised for some time, access to a pre-negotiated framework for provision of PSN compliant data services is not yet available to us.

#### **4. CONSULTATION**

- 4.1 Regional SE7 partners have been informed of the proposed approach which will be conducted in line with a set of agreed principles delivering inter-connectivity between partners.
- 4.2 Consultation with local public sector partners including Schools, Universities, Police, Health and Fire and Rescue services has taken place and will continue to do so during the procurement process.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The spend for the provision of Voice and Data services under the current contract is approximately £950,000 per annum (of which approximately £200,000 is for Data services).
- 5.2 The new data contract will seek to reduce the cost of the current services ensuring Value for Money is maximised. The preferred procurement option of working with local partners will help to both contain the costs of the procurement itself and help support the council's key objectives. A separate procurement for voice services will be undertaken, as outlined in section 1.4 of the report. It is expected that this element will provide greater scope for efficiency savings.
- 5.3 There is potential for significant work in installing data lines should the successful supplier not be using Virgin's current infrastructure. Soft market testing indicates the supplier costs of transition to BHCC could be up to £1m (worst case scenario). Any costs would be the responsibility of BHCC and local partners, but we would look to minimise any costs through the procurement process. This potential risk has been identified and once fully quantified, will be included within the medium-term financial strategy.

*Finance Officer Consulted: Mike Bentley*

*Date: 20/06/11*

##### Legal Implications:

- 5.4 The services to be procured are categorised as 'Part A' services for the purposes of the Public Contracts Regulations 2006 and therefore the procurement process must be undertaken in full compliance with the Regulations. In addition the

arrangements with East Sussex County Council and any other public sector partner with whom the services are to be jointly procured should be documented in order to ensure clear allocation of responsibilities and costs.

*Lawyer Consulted:*

*Sonia Likhari*

*Date: 21/06/11*

Equalities Implications:

- 5.5 An Equalities Impact Assessment (EIA) will be conducted against any part of the WAN implementation which results in a change to user functionality.
- 5.6 The proposed network with its redesigned topology lays the structural foundations for a range of public services to be accessed seamlessly from a single point in a locality. While this would also require significant business change, it does have the potential to reduce the need for unnecessary travel and multiple contacts by residents and is likely to assist with developing local 'hubs' as a focal point for communities. These can offer joined up services for users, increasing accessibility and a sense of connection rather than isolation or exclusion. In addition, the PSN approach allows for third sector organisations working locally in communities to benefit from services that can enhance and sustain their work with groups and individuals and to access more easily information that could help with attracting funding, engaging with social enterprise and pooling budgets for social schemes.
- 5.7 The Wide Area Network does not directly improve connectivity into residents' homes, but the cost effective provision of infrastructure and interconnectivity at key locations around the City such as exchanges, that can be used to support or complement Superfast broadband investment, will be a core requirement of the design.

Sustainability Implications:

- 5.8 This report recommends a procurement that supports the council's key objectives, Saving Money, Working Smarter, Excellent Customer Service and Intelligent Commissioning.

Crime & Disorder Implications:

- 5.9 No implications.

Risk & Opportunity Management Implications:

- 5.10 The procurement and subsequent implementation will be subject to appropriate risk assessment. This report recommends a procurement that improves network and therefore business resilience, which helps manage risks of business continuity.

Corporate / Citywide Implications:

- 5.11 These are set out in the main body of the report.

## **6. REASONS FOR REPORT RECOMMENDATIONS**

- 6.1 The provision of a corporate Wide Area Network (WAN) enables electronic data traffic to transfer between council, partner, government and public data networks.
- 6.2 Developing a Public Services Network Compliant WAN will enable cost savings, support improved access and delivery of public services including 'shared services' initiatives in addition to supporting central policies such as Digital Britain.
- 6.3 The PSN will connect BHCC securely to other organisations enabling the sharing of information and access to a wider range of network services for city wide communities.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

### **Documents In Members' Rooms**

None

### **Background Documents**

None