

Cabinet

Date of Meeting: 09 July 2019

Report Title: Next Generation Wide Area Network Contract

Portfolio Holder: Cllr Amanda Stott – Finance, IT and Communication

Senior Officer: Frank Jordan - Executive Director - Place

1. Report Summary

- 1.1. A Wide Area Network (WAN) is a telecommunications network that extends over a large geographical distance for the primary purpose of allowing a business to effectively carry out its daily function regardless of location.
- 1.2. Next Generation WAN (NGW) is a comprehensive architecture developed for large enterprise and public sector entities, targeting large-scale routed WAN deployments.
- 1.3. Currently, Cheshire East Borough Council (CEC), Cheshire West and Chester Borough Council (CWaC), Cheshire Police and Cheshire Fire & Rescue depend on the Wide Area Network (WAN) to provide connectivity to all corporate buildings, Police Stations, Fire Stations and Schools.
- 1.4. The WAN delivers essential connectivity between buildings, data centres, the cloud and the internet, so that all parties can deliver essential services to residents.
- 1.5. This paper seeks approval to procure next generation WAN services (within existing budgets). The current contract for the WAN ends on 21st February 2021.
- 1.6. An alternative supplier needs to be procured and a contract put in place to complete the implementation of the NGW by the current contract end date.
- 1.7. In line with Council procedures, this report is also seeking delegated authority to be given to the Executive Director –Corporate Services in consultation with

the Portfolio Holder for Finance, IT and Communications, to spend over £1m with a single supplier for the provision of NGW services to Cheshire East Borough Council, Cheshire West and Chester Borough Council, and partners.

- 1.8. It is proposed that the NGW contract will also provide a framework to enable for the rapid mobilisation of future initiatives like 5G, Ultrafast and Local Full Fibre Networks (LFFN) with other local and regional partners. The proposal could support the creation of greater digital choice for all residents.

2. Recommendations

2.1. That Cabinet

2.1.1. Agrees to the procurement of next generation wide area network services using a Crown Commercial Services Framework.

2.1.2. Delegates Authority to the Executive Director – Corporate Services in consultation with the Portfolio Holder for Finance, IT and Communication to

2.1.2.1. Follow the prescribed procurement process to award a contract to a supplier for the provision of next generation wide area network services; and

2.1.2.2. Enter into a contract with the successful supplier, in consultation with the Director of Governance and Compliance and the Section 151 officer.

3. Reasons for Recommendations

3.1. The next few years will see continuing changes across the entire public sector. The Council will continue to review the way it work and how it provides digital services. However the need to provide high levels of service to our residents will remain, and be set against a backdrop of financial austerity.

3.2. The broad direction of travel is to move to an increasingly flexible and agile way of working. This includes new delivery models for Council Services, reducing our carbon footprint, and delivering efficiencies

3.3. Within this context the Council needs to be able to deliver initiatives such as:

- 5G/6G
- Digitally enabled services
- Local Full Fibre Network (LFFN) deployment

- 3.4. As a consequence we need a contractual framework that will enable:
- A “managed NGW service” where the supplier manages provision, performance, incident management and billing services.
 - The most cost-effective services as possible
 - Compliance with the Council’s Financial Regulations.
 - Compliance with the Council’s Contract Procedures and the Public Contracts Regulations 2015
- 3.5. Whilst challenging ourselves to enhance or develop our capabilities in the following areas:
- A location-independent core network
 - Flexibility in the provision of service in terms of location and bandwidth.
 - Enhancements to reciprocal wi-fi and GovRoam provision with other public sector organisations. (*GovRoam, which stands for 'government roaming', is an exclusive wireless/Wi-Fi roaming service for public services and governmental administrations, it allows users visiting other buildings connected to govroam to log on to the Wi-Fi using the same username and password they use at their home organisation*).
 - Data, voice and video services with an appropriate class of service and quality of service controls.
 - Mobile working as an extension of the WAN.
 - Commercial service level agreements (SLAs), service management and network management tools and processes that enable integrated, timely and comprehensive service planning, provisioning, monitoring, management and reporting.
- 3.6. With these challenges will come new opportunities. Information and communications technology (ICT) will be able to help the Council to achieve efficiencies, providing the mechanism to support service transformation, closer working with other partners and organisations including the Police and Health and most importantly, keep pace with residents’ changing needs and expectations.
- 3.7. Because of these expected changes it is envisaged that the Council’s ICT Shared Services will be able to support base operations with improved efficiency and focus more effort on delivering the changes needed for the Councils. Equally by delivering a WAN that provides the right level of connectivity, we can easily consume services from either in-house, the internet or cloud hosted solutions. ICT Shared Services will be better placed to support the Councils in reacting to changing circumstances and supporting the working partnerships with other Public and Private Sector organisations.

- 3.8. Improving access to, and take up of, good quality connectivity options by residents will also enable the Council and its partners to explore more widespread digital and telehealth solutions, initiatives to reduce social isolation, and enhanced use of sensors to support independent living.
- 3.9. The widespread proliferation of full fibre networks will allow for the greater use of environmental sensors to support work around traffic management and reduce pollution.
- 3.10. As large organisations, with significant connectivity requirements and a large asset base, the Council could also significantly influence the infrastructure position of the region. The amount of telecommunications network design, build and deployment work required to achieve a successful implementation of a gigabit fibre optic network, would provide an enabling backbone of fibre-optic broadband connectivity to parts of the region which have not previously benefitted from commercial investment programmes by incumbent operators.

4. Other Options Considered

- 4.1. The options we have considered are as follows:
 - 4.1.1. Do nothing – This option has been considered and discounted as doing nothing is not an option. If the contract expires, it is likely that the incumbent supplier will withdraw the WAN services under the current contract provision, leaving the Council without the ability to deliver essential services.
 - 4.1.2. Extension of WAN services with the incumbent supplier - This option has been considered and discounted as even though novation is built into the existing PSN contract, the existing network is built mainly using copper technology and needs a major refresh to use fibre technology so we can utilise greater bandwidth in future that will be required to consume internet and cloud hosted services efficiently. It should be noted that fibre technology is an essential pre-requisite for any future 5G wi-fi implementation.
 - 4.1.3. Procurement using a neighbouring authority OJEU compliant framework - This option has been considered and discounted as when reviewing available frameworks they do not deliver the full breadth of network services both Councils' require, providing only physical infrastructure.

4.2. Recommended option

- 4.2.1. Carry out a compliant procurement using a Crown Commercial Services Frameworks – this option will allow ICT Shared Services to procure a supplier to deliver our network services for our current and future needs, delivering a fully integrated, affordable, resilient and secure network between all public sector partners. It will also enable the Council to develop a strategic plan and platform for collaboration, leading to an enhanced experience for the residents of Cheshire East whilst providing value for money.
- 4.2.2. In order to continue to demonstrate and achieve value for money over the term of the contract, the procurement process will, in accordance with the framework, seek a commitment to:
- Transparent open book accounting
 - The benchmarking of services, prices and transparency of all public sector customer pricing
 - Reducing service prices year on year, and
 - A continuous service improvement programme to consistently ensure that service levels are higher than the norm for prices that are lower than the norm.
- 4.2.3. From initial softmarket testing, carried out with three leading WAN providers, along with the analysis of the implementation and running costs of the current WAN, a contract budget figure of £15m is estimated for both Councils based on capital delivery costs of £3m and running costs of £12m over 10 years (see section 6.2.1). It should be noted that the anticipated total contract value will be greater than £15m, as it will include directly rechargeable costs to Cheshire Police and Cheshire Fire & Rescue, plus any other partners who choose to be included.
- 4.2.4. Memorandums of Understanding (MOUs) will remain in place between the main named parties and be extended to any new partners as appropriate.
- 4.2.5. The contract will also include prices for additional service catalogue items to enable for the rapid mobilisation of future initiatives such as 5G, Smart Cities and LFFN (see 6.2.2) which have been estimated at an additional £10m but will only be procured should the business benefit be identified and full funding be secured.

5. Background

- 5.1. Cheshire East Borough Council, Cheshire West and Chester Borough Council, Cheshire Police and Cheshire Fire & Rescue depend on the Wide Area Network (WAN) to provide connectivity to all corporate buildings, Police Stations, Fire Stations and Schools. The WAN is required so staff can consume services including email, telephone, voice, video, applications and the internet.
- 5.2. The current WAN was procured by CWaC in 2013/14 resulting in the current contract being awarded to Udata under Crown Commercial Services PSN Connectivity Framework Agreement RM860. CWaC were named as the Customer under the contract and the following bodies were named as indirect customers:
 - Cheshire East Borough Council;
 - Warrington Borough Council;
 - St. Helens Metropolitan Borough Council;
 - Knowsley Metropolitan Borough Council;
 - Wirral Metropolitan Borough Council;
 - Cheshire Constabulary including the Office of the Police and Crime Commissioner for Cheshire;
 - Merseyside Police including the Office of the Police and Crime Commissioner for Merseyside;
 - Cheshire & Wirral NHS Partnership Trust;
 - Cheshire and Mersey Commissioning Support Unit; and
 - Merseytravel
- 5.3. Of these listed public bodies with the right to choose to use the contract to procure network services, only CWaC, CEC, Cheshire Police and Cheshire Fire & Rescue exercised this option. A number of factors contributed to the poor take up of the contract.
- 5.4. From this experience and in order to manage expectations of the successful supplier in terms of volumes of work, in the new procurement process, the named parties will be initially restricted to those organisations that called off from the PSN contract i.e. CWaC, CEC, Cheshire Police and Cheshire Fire & Rescue, unless any other organisations give their express permission to be named by the end of June 2019.
- 5.5. Based on the experience gained as part of the original procurement and implementation, it is planned that the procurement will complete in October 2019, with an implementation timeline of at least 12 months.

- 5.6. CEC ICT Shared Services took over the provision of ICT to CEC and CWaC in April 2016. As such the NGW procurement will be led by CEC in collaboration with the other named partners. The delivery of ICT Services is governed by the Shared Services Joint Committee and is underpinned by a Shared Services Agreement.
- 5.7. Following a review of our high level requirements with all partners, Cheshire East Borough Council (CEC), Cheshire West and Chester Council (CWaC), Cheshire Police and Cheshire Fire & Rescue, we have compiled a NGW Strategy document which has been approved by the Joint ICT Strategic Board, chaired by CWaC Director of Public Service Transformation and CEC Head of ICT Service.

6. Implications of the Recommendations

6.1. Legal Implications

- 6.1.1. The value of this procurement at over £1,000,000 requires that the procurement of the NGW complies with the Councils Contract Procedures and the Public Contracts Regulations 2015 (Public Contracts Regulations). The proposed procurement route using the Crown Commercial Service RM3808 provides a compliant route for procuring the NGW.
- 6.1.2. The Crown Commercial Service are conducting the procurement of the RM3808 Network Services 2 Framework under the Open procedure with the Framework due to be awarded in July 2019.
- 6.1.3. The Council's Contract Procedure Rules provide that, where a legally procured framework is used the Council is entitled to use the framework and that the Council's requirements are procured in accordance with the terms of the Framework Agreement and where applicable the relevant public procurement legislation.
- 6.1.4. The maximum duration of this framework agreement is 10 years a new procurement exercise will need to be carried out in sufficient time to enable a new agreement to be entered into before expiry of the proposed contract.

6.2. Finance Implications

- 6.2.1. This procurement is primarily to replace a provision which already exists. The cost for this will be within the current revenue budget envelope of £1.2m per annum. This expenditure is accommodated in the current revenue budgets of both Councils. As set out in the Shared

Services Agreement it is expected that the costs will be shared by both Councils and where the provision is extended to schools those costs will be recovered through an annual charging mechanism. It is not anticipated that the overall budget will be in excess of the current level save for any rate of inflationary increases which may be specified in any eventual contract.

- 6.2.2. In addition, there may be a requirement for a further £10m over the period of the contract to provide new or upgraded connections to public buildings as part of the roll out of the national agenda for Local Full Fibre Network (LFFN) and 5G initiatives being funded through monies administered by the Department for Digital, Culture, Media and Sport. This additional spend is contingent upon receipt of funding from the Central Government or additional business case funding and associated benefits being approved by both councils to carry out these improvement works.

6.3. Policy Implications

- 6.3.1. Will support the policy of carbon reduction through agile working reducing staff travel, commuter journeys and new hardware being more energy efficient.
- 6.3.2. No other implications identified, as this paper relates to the provision of NGW in order to enable the compliant delivery of WAN Infrastructure and services to our users.

6.4. Equality Implications

- 6.4.1. An Equality Impact Assessment has been completed. The NGW infrastructure will enable all stakeholders equally and provide the benefits associated with flexible digital working.
- 6.4.2. A CEC digital inclusion strategy has been produced.

6.5. Human Resources Implications

- 6.5.1. No implications identified.

6.6. Risk Management Implications

- 6.6.1. If the proposals made in this paper are not approved at the Cabinet meeting on 9th July 2019, failure to commence the NGW procurement by July 2019 will mean both councils will be at risk of not completing the change out by February 2021. This will lead to non compliance with Contract Procedure Rules and potentially the incumbent supplier either

withdrawing or being unable to provide connectivity. This would lead to business service failure and reputational damage for both councils.

6.6.2. This paper relates to the procurement, contract and replacement of the WAN and the associated risks in the timely delivery of Crown Commercial Services Framework RM3808, commencement of procurement and contract award during 2019.

6.7. Rural Communities Implications

6.7.1. The proposal could support the creation of greater digital choice for those in rural communities. This is contingent on additional investment being secured and the geographical presence of buildings on the council WAN.

6.8. Implications for Children & Young People/Cared for Children

6.8.1. This procurement enables the Adults, Children's and Public Health Programme, Joint Health and Wellbeing Strategy, joint working arrangements with regional health colleagues, and the Digital Programme which enables residents online access to Council services.

6.9. Public Health Implications

6.9.1. This procurement will support the Joint Health and Wellbeing Strategy for the population of Cheshire East 2018-2021 to enable people (individuals and communities) to live well for longer; independently and enjoying the place where they live.

6.10. Climate Change Implications

6.10.1. Will support the policy of carbon reduction through agile working reducing staff travel, commuter journeys and new hardware being more energy efficient.

7. Ward Members Affected

7.1. All wards and members will be affected by this proposal.

8. Consultation & Engagement

8.1. Consultation with CEC and CWaC client engagement has been established through ICT Shared Services governance arrangements.

8.2. A WAN strategy document has been produced by ICT Shared Services to capture high level requirements and document the strategic direction of

both Councils and was approved by the Joint ICT Strategic Board in May 2019, jointly chaired by CWaC Director of Public Service Transformation and CEC Head of ICT Services.

- 8.3. Cheshire Police collaboration was undertaken and NGW procurement approval was given by the Chief Officer Group.
- 8.4. Cheshire Fire & Rescue collaboration was undertaken and approved by Cheshire Fire Senior Management Team.

9. Access to Information

- 9.1. Equality Impact Assessment has been completed.

10. Contact Information

- 10.1. Any questions relating to this report should be directed to the following officer:
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