

OPEN

Council

14 May 2025

**Software Defined Wide Area Network (SD Wan) Connectivity
Procurement.**

Report of: Adele Taylor, Interim Executive Director of Resources

Report Reference No: C/6/25-26

Ward(s) Affected: All

For Decision

Purpose of Report

1. The purpose of this report is to ask the Council to agree to the commission and subsequent award of a contract for the connectivity of all its sites to a new corporate digital network. There is an imperative need to ensure that the council has dependable network connectivity to underpin the Council's evolving digital communication and business applications used by its residents, stakeholders and staff. The Council requires a robust network which meets the forecasted technical and business needs and delivery of new digital capabilities.

Executive Summary

2. Cheshire East and Cheshire West and Chester Councils are seeking to procure a partner to replace the existing connectivity network. Modern technologies will enable a flexible and more efficient solution to provide best value.
3. The Hybrid ICT (known as the Gemini Programme), which forms part of Transformation Programme Digital workstream, is designed to address

the separation and sovereignty of both Cheshire East and Cheshire West and Chester Council. The current network contract is governed under a shared partnership between both Councils (including some schools), Police, Fire and Rescue. This procurement is therefore being delivered under the remit of this Programme with benefits expected to include increased flexibility, service improvements, simplification, and efficiencies.

4. Cheshire East Council has an existing connectivity contract with a third-party supplier, Capita Business Services Ltd. ('Capita'), which ends on the 3 February 2026 with 1 options to extend. However, extending the existing contract for a further 2 years will contractually incur large inflation costs. Therefore, a soft market exercise has been undertaken with other third-party suppliers. This has confirmed other suppliers and products are available to deliver this service competitively, therefore we request approval to continue with a procurement mini competition to ensure best value across all sites to deliver these essential network services for both Councils.
5. Because of the tight timescales for both the procurement and implementation of the preferred network solution, the Council is asked to note that the full cost options are not currently known but the expected contractual cost will be between £1m- £3.4m between the 2 authorities and therefore a significant decision.
6. Governance arrangements are in place with all partners, Cheshire East Council, Cheshire West and Chester Council, Police, Fire and Rescue. Consultation on the way forward continues to be undertaken with respect to the leadership of the procurement and the options to be considered. Network connectivity is a critical service that underpins frontline blue light services, so any solutions need to meet the requirements of all partners or parties agree to separation.

RECOMMENDATIONS

It is recommended that the Council:

- 1 approve in principle the procurement of a new connectivity network contract which is expected to cost more than £1m.
- 2 delegate authority to the Director of Digital of Cheshire East Borough Council to award the contract to the successful bidder following the competitive procurement process.

Background

7. Cheshire East Council (CEC) and Cheshire West and Chester Council (CWaC), along with other (Cluster members) including Cheshire Police and Cheshire Fire and Rescue services (together, 'The Partnership'), currently lease Wide Area Network (Wan) connections from Capita.
8. The current contract with Capita is owned by Cheshire East Borough Council and is a 'service call-off contract' where the councils and cluster members, specify the requirements (e.g. bandwidth, location, resilience, information classification and service level) for each site, and Capita provides the appropriate technology to meet those requirements.
9. The initial term of the contract with Capita expires in February 2026, marking the end of the initial five-year period within a 5-year +2-year +2-year +1-year (overall 10-year) contractual structure available through contract extension, however a 2-year extension would contractually incur at least 31.9% inflation costs.
10. Contract Review meetings have been established with all members of the Partnership. These governance arrangements and discussions on the future network options aim to establish the best solutions for each partner, either as a joint procurement, separate procurements, or a contract novation. Cheshire East Council has previously procured the network connectivity contract on behalf of its partners, but if the current requirements do not align, this may result in a dissolution of the partnership by either a contract novation or contract exit.
11. Cheshire Police (who also look after network provision for Cheshire Fire and Rescue) are looking to move away from the existing Capita contract from 2.2.2026 to more cost efficient, modern technologies. This will have a contractual impact on the costs of any remaining Partners.
12. The annual connectivity expenditure for 2024 with Capita was circa £1 million split as follows:

Cheshire East Council	£257,505
Cheshire West & Chester Council	£170,322
Cheshire Fire & Rescue Service	£184,645
Cheshire Constabulary	£392,054
Cheshire East Schools	£ 27,490
Cheshire West Schools	£ 29,827
13. A Project Governance Board with all key stakeholders has been established to ensure the solution aligns to the strategic aims of each partner

organisation and will include robust risk management strategies to address any potential challenges and ensure successful implementation.

14. The Council has an established and comprehensive risk management framework that includes regular monitoring, reporting, and contingency planning to address any issues that may arise during the transformation process. This risk will be mitigated by tactical interim solutions, utilising existing broadband contracts, or utilising the Capita “exit assistance” to extend the contract short term if required, however it is intended to have the any new solution procured and implemented before February 2026
15. ICT Shared Services currently provide the support and contract management for Network Services for Cheshire East and Cheshire West and Chester Councils. Separate contracts will be agreed if possible as part of the procurement process to negate the need for future contract changes or novation during the 5-year term (when the two Authorities split). The Target Operating Model and training will also be considered to assist with a smooth transition.
16. Currently, estimated 5-year tender costs from soft market testing range from £1 million and £3.4 million.

Consultation and Engagement

17. The Cheshire Constabulary (who also look after network provision for Cheshire Fire and Rescue) have been consulted by a series of Contract Review Meetings during February and March 2025. Discussions will continue to establish the best solutions for each partner either as a joint procurement, separate procurements, or a contract novation.
18. Most schools have procured network contracts independently with suppliers, however there are three Cheshire East Schools who are included in the existing call off contract and ten Cheshire West Schools who will need to make alternative network arrangements if the current contract is not extended in February 2026. Full consultation and support to procure will be provided by the project team to ensure business continuity.
19. Both CE and CWaC Procurement and Legal Teams have been engaged to advise on the contractual terms and procurement procedures.
20. This report was discussed and agreed at the Gemini SD WAN Project Board held on 26th March 2025 and will progress to Corporate Leadership Team (CLT) for feedback and approval.

Reasons for Recommendations

21. Network connectivity is essential for business continuity across all Council buildings and provision of public services. The existing Capita contract expires 3rd February 2026 therefore a procurement exercise is essential.
22. Procurement via the CCS Networks Services 3 Framework (lot 1a) would enable a Mini competition across the industry 'Best of Breed' vendors. This will enable best value to be achieved with flexible, innovative technologies and reputable support partners.

Links to the Strategic Aims and Objectives Council's Corporate Plan 2025-2026

23. In Cheshire East Council, this procurement underpins the following strategic aims and objectives under commitment 3:
 - An effective and enabling council:
 - Financially sustainable council, enabled by council-wide service transformation and improvement.
 - Innovative solutions are developed through a culture of collaboration across the council and with residents, businesses, and partners.
 - Service delivery and new ideas are shaped by consultation and engagement.
 - Contact with the council and access to services is consistent and easy.
 - Service delivery and ways of working are improved through a digital first approach, while supporting residents who need it.

Other Options Considered

Option	Impact	Risk
1.Continue as is	The current contract expires 03.02.2026 therefore this was not considered feasible.	Business Continuity for all key services. Concerns and issues have not been addressed by the supplier and through contract management to date.
2. Extend the existing Capita contract.	Ensures Business Continuity with minimal change.	This may not provide best value so was considered not feasible but will be considered after soft market testing.
3. Full competitive tender	Wider reach of suppliers. Extends Procurement timeline	Affordability to develop the full tender documentation and undertaking full procurement dialogue, and delivery within the timescales. Governance determined that this was not

		achievable to ensure business continuity and would occur additional procurement costs.
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Implications and Comments

Monitoring Officer/Legal

24. CEC legal have been involved in the discussion with both the internal project team and the Supplier. In the event that the current contract is extended for two further years (at CEC's option) CEC is on notice from the Supplier that a dispute will accrue regarding the application of indexation.
25. By virtue of the clear contractual hierarchy provisions, the position of CEC on indexation is far stronger than that of Capita. They rely on mistake and rectification of the contract and unless agreement is reached by way of compromise that dispute may be lengthy and costly.
26. Pursuant to the Contract, termination assistance is available to CEC if the contract is not extended (subject to cost to be determined) so this may permit some additional time for a reprocurement of the entire system.

Section 151 Officer/Finance

27. This Proposal replaces existing connectivity provision though the development of a complete SD Wan. The budget within the retained shared service for 2025/26 is £465,000 reflecting both Cheshire East and Cheshire West and Chester usage of the service. Negotiation of a new contract with a value above the revised 2025/26 budget would cause a pressure which may not be containable within existing budgets.

Policy

28. This project supports the CE priority, within the 2025-2026 plan, to be an effective and enabling council:
 - Financially sustainable council, enabled by council-wide service transformation and improvement.
 - Innovative solutions are developed through a culture of collaboration across the council and with residents, businesses, and partners.
 - Service delivery and new ideas are shaped by consultation and engagement.
 - Contact with the council and access to services is consistent and easy.

- Service delivery and ways of working are improved through a digital first approach, while supporting residents who need it.

Equality, Diversity, and Inclusion

29. An Equality Impact Assessment is not required for this procurement.

Human Resources

30. The recent shift of staff working from home has resulted in many offices being underutilised however we have sustained fixed network costs. The new flexible technologies will enable both Authorities to change and scale its network resource in line with changing demands.
31. Cheshire East Council has previously procured the network connectivity contract on behalf of its partners, however if the current requirements do not align then this may result in a dissolution of the partnership by either a contract novation or contract exit.
32. Cheshire East are consulting with Cheshire Constabulary and hope a successful approach can be agreed with all partners.

Risk Management

33. The procurement and approval process introduces an element of risk due to the tight timescales. Various tactical solutions are being explored to ensure business continuity is maintained including:
 - Utilising alternative broadband contracts in the interim.
 - Extending the existing Capita contract by utilising the “exit assistance” terms for a reduced period (e.g. 6/12 months etc.)
34. The project will include robust risk management strategies to address potential challenges and ensure successful implementation. A monthly Project Board has been established to manage.
35. The council has an established and comprehensive risk management framework that includes regular monitoring, reporting, and contingency planning to address any issues that may arise during the transformation process.

Rural Communities

36. The project will consider the unique needs of rural communities and ensure that all residents maintain access to public buildings providing high quality network connectivity.

Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)

37. The project will cover all Children's centres, Libraries, Leisure Centres, and all public facilities to ensure all residents have access to high quality internet connectivity.

Public Health

38. A flexible and efficient network solution will enable Business Continuity for all sites providing key services, including Adults and Children's Social Care across the estate of central and rural locations.

Climate Change

39. The programme will help the council reduce its carbon footprint and achieve environmental sustainability by promoting cloud technologies and reducing energy consumption.
40. The review of how the network is provisioned will support rationalisation of datacentres and more efficient use of resources, and lower energy consumption.

Access to Information	
Contact Officer:	Gareth Pawlett (Director of Digital) gareth.pawlett@cheshireeast.gov.uk
Appendices:	n/a
Background Papers:	n/a