

CHESHIRE EAST COUNCIL

Cabinet

Date of Meeting:	4 February 2013
Report of:	Chief Executive
Subject/Title:	Cheshire and Merseyside Public Services Network (PSN) Connectivity Procurement
Portfolio Holder:	Councillor David Brown Portfolio Holder for Strategic Communities

1.0 Report Summary

- 1.1 This report sets out details of the Council's proposal and seeks members' agreement to proceed with Public Services Network (PSN) Connectivity joint procurement and subsequent award with Cheshire West and Chester as lead Authority involving Cheshire East Council and potentially other public bodies.
- 1.2 The national Public Service Network (PSN) Programme is a joint Government and industry programme to revolutionise the efficiency with which National Government, Local Authorities, Police, Fire, Health and the Third Sector procure and utilise voice and data networks and the ICT services that run over them.

In essence, the PSN will provide a 'network of networks' - a secure version of the internet for the UK public sector by defining a set of standards with which industry suppliers will need to comply.

Local Government is currently experiencing rising demands for its services in a time of unprecedented austerity that curtails its finances. A solution for the future of local government lies in a true partnership of public, private and voluntary bodies to deliver effective and appropriate services to our citizens. True collaboration widens our horizon and opens up opportunities for innovations in service provision.

The broad direction of travel for Cheshire East Council and Cheshire West & Chester Council is a move to increased flexibility and agility in the business and the workforce, new delivery models for Council services driven by the localism agenda and mitigating the ongoing financial pressures.

"There is an overriding need for ICT (Information and Communications Technology) to become an enabler to transformation and not a constraint on activity."

Cheshire East ICT Strategy

2.0 Decision Requested

That the Interim Chief Executive and the Portfolio Holder for Strategic Communities be authorised to make the decision to award the contract for the provision of Public Service Network to the winning bidder.

Thereafter that all necessary actions be taken to implement the proposal including informing Full Council on the progress and outcome of Public Service Network Connectivity Procurement.

3.0 Reasons for Recommendations

To progress the decisions of the following:

3.1 Cheshire East Council Cabinet:

Status – Approved on 15/10/2012 (Item 88 KEY DECISION 12/13-24)

1. That approval be given to Cheshire East Council procuring PSN Connectivity with Cheshire West and Chester Council and other potential public sector partners through Framework Agreement RM860 at a cost of £120,000, as fully funded and identified in the ICT Capital Programme for the years 2012/13.
2. That a report be made to full Council on the outcome of the progress of the procurement exercise.

3.2 Cheshire West and Chester Council Cabinet:

Status- APPROVED on 01/11/2012

<http://cwcmttsv.cheshirewest.gov.uk:8070/ieDecisionDetails.aspx?ID=844>

That Cheshire West and Chester Council undertake a procurement exercise as lead Authority jointly with Cheshire East Council and other potential public sector partners through Framework Agreement RM860, for a contract to deliver a unified Wide Area Network and the ability to transition to network connectivity capable of meeting PSN standards.

3.3 JOB (Joint Officer Board):

status – *scheduled 31/01/2013.*

3.4 EMB (Executive Monitoring Board Cheshire East):

status – *scheduled on 26 February 2013.*

4.0 Wards Affected

4.1 All

5.0 Local Ward Members

5.1 All

6.0 Policy Implications

6.1 The case for investment in PSN Connectivity for Cheshire East has been established in the following key documents:

Cheshire East Council ICT Strategy

Cheshire Public Services Network Connectivity Project Brief v1.0 July 2012

Cheshire Public Services Network Connectivity Business Case v0.3 July 2012

Cabinet Office

- Public Sector Network Outline Business case v2.8 Nov 2009
- Gov ICT Strategy – Strategic Implementation Plan. Oct 2011
- PSN Connectivity and Services Frameworks
- Customer Guidance Document v1.5 Aug 2012

E-Cheshire

- Connecting Cheshire Business Case v1.0 July 2011

Hudson & Yorke Ltd (Consultants)

- CH001_Report-WAN Analysis_V2.0
- CH001_Report-WAN Business_V2.0
- CH001_Report-WAN DueDiligence_V2.0

7.0 Financial Implications (Authorised by the Director of Finance and Business Services)

7.1 The Council approved the investment of up to £2.7m profiled over two years (£1.3M year 2013/14 and £1.4M year 2014/15) to provide a Public Services Network Connectivity as part of the ICT Strategy Capital Programme for Core System Stability. This Capital provision is subject to tender responses and options for roll out and will be reviewed accordingly.

7.2 Cheshire West and Chester Council will be match funding with the equivalent sum.

7.3 The Cheshire East costs associated with the tender procurement phase are £120,000; this is fully funded and identified in the ICT Strategy Capital Programme for year 2012/13. A proposal has been included in the draft revenue budget for 2013/14, for £650,000 to cover increased costs during transition from the old to the new network; the budget is subject to approval in February Council.

7.4 As noted elsewhere in the report, savings in network infrastructure costs are anticipated following implementation of the new arrangement.

7.5 The Invitation To Tender (ITT) required bidding suppliers to complete a robust 'connectivity scenario pricing model' to firmly establish a pricing catalogue for PSN with business focussed outcomes i.e. Delivered as-a-service, bandwidth,

security layer, support level etc. This was to ensure that the services offered are market competitive, affordable, sustainable and flexible.

- 7.6 Cheshire West and Chester is the leading authority for the processes - Cheshire West and Chester Council will have a contract with the successful supplier. This contract will allow other (named) public sector organisations, such as Cheshire East Council, to order and pay for services/goods related to their own usage from the supplier directly.

8.0 Legal Implications (Authorised by the Borough Solicitor)

- 8.1 This tender exercise is being conducted under the Government Procurement Service ("GPS") framework agreement RM860. Guidance has been sought from the GPS and the central government cabinet office. The instructions for the contracting authority provided within the framework agreement narrative have been followed. The process chosen is compliant and it is also being monitored by the Head of ICT Business Development (Public Sector) and Legal, Finance and Procurement officers from both CWAC and CEC.
- 8.2 The scoring criteria which will underpin the Most Economically Advantageous Tender award has been devised and approved by officers with appropriate expertise across the following organisations: CEC, CWAC, and ICT Shared Services.

9.0 Risk Management

- 9.1 The risk of challenge from one or more unsuccessful bidders submitting a positioning response of a challenge to the award process is being addressed by the appointment of an ITT scoring panel composed of officers from CEC, CWAC, Cheshire Shared Services, Wirral MBC and St Helen's MBC who are experienced in scoring tenders.
- 9.2 Procurement and legal officers from CWAC are reviewing all inward communications relating to the tender and are authorising all outward communications to ensure transparency, consistency and equality of treatment to create a robust and compliant audit trail.
- 9.3 Periodic liaison is taking place between the Head of ICT Business Development (Public Sector) at CEC with Cabinet Office and the GPS for collegiate support and guidance on any issues of complexity, as they arise.
- 9.4 In addition to the specific risk management measures which seek to address challenges relating to pricing and scoring, the following risk management measures which were recorded in the Cabinet Report dated 15 October 2012 are still in place:
- 9.4.1 The Project will be managed under PRINCE2 methodology and risk and issue logs will be maintained to mitigate the risks.
- 9.4.2 Appropriate and robust financial accounting and reporting systems will be put in place and these will assist with early identification of any financial variances from the planned expenditure and funding.

9.4.3 Milestone reports will be presented to the Director of Finance, Executive Monitoring Board and Cabinet.

9.4.4 Regular reports on progress and outcomes will be provided to the project board, Head of ICT, Joint Officer Board, Executive Monitoring Board (EMB) and Cabinet Portfolio Member.

10.0 Background and Options

10.1 Background – The Need For Change

The Councils Wide Area Network (WAN) supports data communications for over 1000 sites (inclusive of main Council offices, depots, libraries, schools, members etc). Usage includes internet connectivity and voice traffic associated with the corporate telephony system; the network also provides secure connection to the Government Secure Extranet and the NHS national spine.

10.2 The WAN has grown organically over a number of years resulting in a range of issues:

- Many of the underpinning contracts have been extended within Contract terms cannot extended further;
- Increases in operating expenditure;
- Assets being 'sweated' to end-of-life;
- Service level agreements with multiple suppliers.

This is coupled with a change in demand coupled with an exponential growth in utilisation that is exposing limitations in the network's performance capacity to flex to demand and furthermore accommodation changes due to property rationalisation that reflect in its diminishing resilience capability.

This is a trend that is expected to continue as the Council looks to deliver services jointly with other partners

It is therefore timely that the WAN is now provided under a consolidated procurement.

10.3 Key deliverables and benefits.

- Service improvement - delivered at reduced operating costs and fully managed to a more commercial model; supported by commercial service level agreement.
- Target at least 10-20% savings when considering existing operating expenditure. Early indication from evaluating the ITT responses shows this could be considerably more.
- Directly supports collaboration across public sector – Fire, Police, Health and the 3rd sector.
- Service delivery that supports property rationalisation and enables multi agency occupation.
- Allow flexibility and rapid changes in provision of service; increasingly embrace mobile working.
- Improve network security and resilience.

10.4 The Options Considered:

1. Do Nothing.
2. Procurement for a re-contract of what we already have with single supplier.
3. Procurement using neighbouring authority OJEU compliant framework.
4. PSN compliant network procurement.

10.5 Critical Success Factors:

- Reduced network infrastructure running costs (target of 10-20%+ on network charges and associated services). Early indication from evaluating the ITT responses shows this could be considerably more.
- Fully integrated, affordable, resilient and secure network between all public sector partners.
- A strategic plan and vision for developing collaboration further leading to an efficient and future proof network to underpin all public services across Cheshire.

10.6 The Partners collaborating on the Cheshire and Merseyside PSN project are:

- 1) Cheshire West and Chester Borough Council (direct customer)
- 2) Cheshire East Borough Council (indirect customer)
- 3) Warrington Borough Council (indirect customer)
- 4) St. Helens Metropolitan Borough Council (indirect customer)
- 5) Knowsley Metropolitan Borough Council (indirect customer)
- 6) Wirral Metropolitan Borough Council (indirect customer)
- 7) Cheshire Police Authority (indirect customer)
- 8) Merseyside Police Authority (indirect customer)
- 9) Cheshire Fire and Rescue Service (indirect customer)
- 10) Merseyside Fire and Rescue Service (indirect customer)
- 11) Cheshire & Wirral NHS Partnership Trust (indirect customer)
- 12) Central and Eastern Cheshire PCT (indirect customer)
- 13) Merseytravel (indirect customer)
- 14) Other public bodies in Cheshire and Merseyside region (indirect customers) including Town & Parish Councils, education establishments, NHS organisations, housing associations and third sector organisations.

10.7 Recommended option:

Authorise Chief Executive (Kim Ryley) and the Portfolio Holder (Cllr David Brown) to make the decision to award the contract for the provision of Public Service Network to the winning bidder.

Thereafter that all necessary actions be taken to implement the proposal including informing Full Council on the progress and outcome of PSN Connectivity Procurement.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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