

Appendix **A**

Meeting: Executive
Date: 24 September 2013
Subject: Central Bedfordshire Next Generation Network
Report of: Cllr Maurice Jones, Executive Member for Corporate Resources
Summary: The report recommends the use of the Essex Next Generation Network (NGN) contract by Central Bedfordshire Council as the vehicle to procure a range of data network and telephony services in order to achieve MFTP savings and benefit from a set of non-financial business benefits.

Advising Officer: Deb Clarke, Director of Improvement and Corporate Services
Contact Officer: Matt Scott, Chief Information Officer
Public/Exempt: Public but with an exempt appendix under category number 3 "information relating to the financial or business affairs of any particular person (including the authority holding that information)".
Wards Affected: All
Function of: Executive
Key Decision Yes
Reason for urgency/ exemption from call-in (if appropriate) N/A

CORPORATE IMPLICATIONS

Council Priorities:

The action supports the following Priorities:

- Better infrastructure – improved roads, broadband reach and transport:
 - This proposal is concerned with the contract for the supply of data and telephony services for the Council and schools in Central Bedfordshire.
- Value for money – freezing council tax:
 - The proposal will be a key mechanism to reduce operating costs and would contribute to the delivery of Medium Term Financial Plan. Performance review, monitoring, information and value for money reviews have been built into the contract. Service Levels would be agreed with Central Bedfordshire and services would be reviewed on a monthly basis. At least every 12 months there shall be a strategic annual review meeting with the strategic board.

Financial:

1. The award of this contract would provide a long term means of contributing to the successful delivery of the Medium Term Financial Plan without incurring service reductions.

Legal:

2. The value of this contract means that it is subject to the European Procurement Directive and the Public Contract Regulations. In this instance, those requirements are met by means of the procurement process undertaken by Essex County Council. The annual value of the contract exceeds £500K and therefore the expenditure must be approved by the Executive before Central Bedfordshire Council can enter into the proposed arrangements with Essex County Council.

Risk Management:

3. The risks associated with not awarding the Essex NGN contract:
 - the medium term Financial Plan targets for Information Assets will not be achieved;
 - insufficient time will be available to undertake an alternative procurement for the Corporate Wide Area network resulting in the need to extend the existing Virgin Media contract and defer potential savings;
 - a procurement undertaken by Central Bedfordshire Council would not offer the level of scope or scale to attract the level of cost reduction needed.

The risks associated with the use of the NGN contract include;

- Contract governance risks
- Contract Management risks, including performance management
- Reputational risks associated with potential non delivery of service or poor performance
- Financial risk of not realising anticipated savings.
- Lack of engagement with relevant stakeholders

Effective management of the project implementation and contract will be critical to mitigating these risks.

Staffing (including Trades Unions):

4. Not Applicable.

Equalities/Human Rights:

5. Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
6. Consideration is always given to the requirements of equality legislation as part of local authorities' procurement practices. There are no adverse equalities impacts associated with the Essex NGN services that Central Bedfordshire Council would consume.

Public Health

7. This contract will provide the corporate wide area network that would be used by the public health service at Central Bedfordshire Council.

Community Safety:

8. Not Applicable.

Sustainability:

9. Not Applicable.

Procurement:

10. The contract was awarded by Essex County Council following an OJEU tender listing other interested parties. The contract has been tendered in accordance with the Council's Corporate Procurement Rules. Central Bedfordshire Council qualifies on two counts: being a Unitary Authority within the East of England; a member of the Central Buying Consortium.

Overview and Scrutiny:

11. At their meeting on 10 September 2013 the Corporate Resources OSC received a presentation on the proposed Central Bedfordshire Next Generation Network. The Committee discussed in detail the following concerns, which it requested be brought to the attention of the Executive at their next meeting:-
- whether the Council would be able to exert a sufficient level of control over the contract due to the nature of the partnership arrangements;
 - a 10-year contract period was considered to be too long, the Council should consider a three -year contract period;
 - whether sufficient diligence would be followed by the Council in signing such a significant contract

RECOMMENDATION(S):

The Executive is asked to:

- 1. Approve the award of the contract for the supply of Network and Telephony services to Central Bedfordshire Council through the Essex County Council NGN (Next Generation Network) contract.**

Reason for Recommendation(s): So that Central Bedfordshire Council can enter into a long term and EU compliant contractual framework for the provision of data network and telephony services. This catalogue of services will contribute to the delivery of Medium Term Financial Plan and provide access to enabling technology to support business change projects requiring access to these facilities.

Executive Summary

12. There is a requirement for Central Bedfordshire Council to re-procure the contracts for the data and telephony services that provide the Corporate wide area network and are used to underpin the Schools Network.

13. The drivers for this change are as follows: the existing contractual arrangements for these services are either out of contract or nearing the end of contract; entering into a new contract opens the way to review and renegotiate costs with the aim of achieving sustainable cost savings; a new contract provides the opportunity to access technological innovation.
14. A range of procurement options were explored including the use of EU compliant contracts awarded by other local authorities and now available to other qualifying councils; the Essex NGN (Next Generation Network) is this type of contract.
15. The catalogue of services offered through the Essex NGN contract meets Central Bedfordshire Council's requirements in terms of the scope of services and from an affordability and value for money perspective. The Essex NGN contract is the recommended route for the procurement and provision of data network and telephony services to Central Bedfordshire Council.

Background

16. The current suppliers have been in place since the formation of Central Bedfordshire Council. The Council has procured separate contracts for each type of data and telephony service. This has restricted opportunities for joined up working, innovation and the potential for efficiencies arising from economies of scale and scope.
17. When Central Bedfordshire was formed in 2009 a contract was put in place to provide a wide area network service including the provision of the 0300 telephone number range. This contract was renewed in 2012 and will expire in August 2014.
18. The Schools wide area network provides connectivity for 119 schools and academies in Central Bedfordshire. The contract for the Schools wide network was awarded by Bedfordshire County. In 2009 Bedford Borough Council was named as the contract owner and managed the supplier on behalf of Central Bedfordshire Council. From 2011 Central Bedfordshire Council assumed responsibility for the operational management of the contract. The contract has now expired and a replacement contract is required.
19. Central Bedfordshire Council and Bedford Borough Council conducted a joint re-procurement exercise for the supply of schools network connectivity. However, this procurement was protracted and Central Bedfordshire Council did not award as the available options would have incurred significant investment of officer time for minimal return over the primary contract term.
20. The Corporate mobile phone contract expires on 29 September 2013. This contract is let through the Government Procurement Service and can be renewed on an annual basis.
21. There is now an opportunity to re-procure these services in an innovative way in order to make a significant contribution to the Medium Term Financial Plan savings targets for Information Assets.

22. The business requirements of the Council have changed and will continue to change. A replacement contract would need to offer a broad scope and scale of technology services that are sufficient to meet the immediate and near future plans for business change initiatives such as Your Space 2.

Procurement Options

23. Individual EU compliant tender

This route is not recommended for the following reasons:

- A Central Bedfordshire Council tender was unlikely to attract the level of saving possible from joining a much larger contract as evidenced by the price difference of the current Schools and Corporate WANs and the Essex NGN calculations
- Timescales to undertake the procurement would defer the realisation of the savings
- Availability and cost of the time required from officers and members to specify, evaluate and approve the contract

24. Framework Contracts

A number of framework contracts for specialist services have been made available through entities such as Government Procurement Services, Eastern Shires Procurement Organisation and Central Buying Consortium. Typically a specification is defined and a mini-competition is run under the framework and the contract is awarded under a pre-determined set of terms and conditions.

This route is not recommended as the frameworks are rigidly defined in terms of the type of services offered e.g. hardware, software and professional services. There was not an obvious match with the blend of services being sought for a corporate and school WAN and telephony package.

25. Joint Procurement with other Local Authorities

Central Bedfordshire Council and Bedford Borough Council undertook an unsuccessful a joint procurement exercise earlier in 2013 for School WAN services. A contract was not awarded due to limited supplier choice and insufficient cost saving opportunity. This route is not therefore recommended.

26. Join an existing EU compliant contract let by another local authority

During recent years it has become common practice for local authorities to name other councils in their tenders for ICT services. This approach attracts a better deal and opens the way for other authorities to take advantage of the awarded contract.

The Essex NGN contract is an example of a contract that was awarded by a much larger organisation and could command a significant level of discount due to the size and scope of the services being sought. In addition to the Essex NGN contract, the Buckinghamshire County Council PSN (Public Service Network) contract was investigated. However, Central Bedfordshire Council was not listed amongst the eligible councils to join the contract.

This is the recommended procurement route.

The Essex NGN Contract

27. The Next Generation Network Services contract between Essex County Council and Daisy Updata Communications Limited (DUCL) was awarded on 11 December 2012 for a ten year period. There are contract break points at year 4 (2016), year 6 (2018) and year 8 (2020) with 6 months written notice required.
28. The contract comprises a range of service offerings including, but is not limited to, communication services, broadband, conferencing, contact centre services, wireless, video, mobile voice and data services, local area network and gateway services. There is no obligation for Central Bedfordshire Council to sign-up for the full service list.
29. The Essex NGN was initially established to provide a network for Essex with connectivity to schools and council sites and for members of the Essex On-Line Partnership (EOLP), a group of organisations already working together on ICT projects including district, borough and unitary councils, Essex Police and Essex County Fire & Rescue.
30. In addition to the Essex based entities the contract was advertised and awarded, in accordance with EU procurement regulations, to enable any of the following organisations in the East of England to join the contract:
 - NHS bodies, including Primary Care Trusts;
 - Unitary, District, Borough and Parish Councils;
 - Fire and Rescue Authorities;
 - Police Authorities;
 - Educational Establishments (private and public);
 - Voluntary Sector Charities
31. A Strategic Management Board (SMB) has been established with responsibility for overall service and delivery strategies. A strategic annual review meeting with the strategic board will take place at least every 12 months.

32. The SMB comprises a senior representative for each customer or groups of customers (where a consortium approach is used), a representative from Essex County Council along with the Head of NGN Services who fulfils the chairman role for the Board. As customers enter into the Essex contract they gain a seat on the SMB from the start date of their contractual agreement. Each and every member of the SMB has one equal vote. This governance provides a mechanism for the management of the master contract by Essex County Council and to provide a level of autonomy for customers joining the contract.
33. Current members of the SMB include Essex County Council (the lead authority), Essex Education Authority, the Essex On-Line Partnership (representing the Essex District Councils), Essex Fire & Rescue and Daisy Udata Communications Limited (DUCL).
34. Performance review, monitoring, information and value for money reviews have been built into the contract. There is a formally agreed benchmarking schedule in the contract that the SMB can choose to invoke annually if desired. This is carried out by an independent body based on like for like services.

The Suppliers

35. Daisy Udata Communications Limited (DUCL) was formed as a Joint Venture company in order for Udata Communications Limited and Daisy Group PLC to deliver the breadth of services sought by Essex NGN contract. The two entities have equal shares in the business and the board is comprised of four directors, two from each entity. DUCL sub-contracts to Daisy and Udata as the main sub-contractors to deliver the catalogue of services as follows: WAN services delivered by Udata; Telephony and communications services delivered by Daisy.
36. Udata only supplies the public sector market and the vast majority of contracts are with Local Authorities and Local Education Authorities. Customers include: Hertfordshire County Council, Central Bedfordshire Council, Bedford Borough Council, Buckinghamshire District Council, Herefordshire County Council, Fife County Council, Peterborough City Council and the Welsh Assembly.
37. Daisy provides services to both the private and public sector market and has contracts in some form of another with over 50% of UK Local Authorities. Particular examples include London Borough of Newham, Kent County Council, Rochford District Council and Hertfordshire County Council.

Arrangements for Central Bedfordshire Council

38. Central Bedfordshire Council is eligible to become a customer of the NGN contract.
39. Central Bedfordshire Council would contract with Daisy Udata Communications Limited (DUCL). The Essex NGN contract would be used purely as an EU compliant procurement vehicle.
40. There is no fee or contribution paid to Essex County Council from the CBC contract.

41. DUCL would provide flexible terms to accommodate the uncertainty over schools commitment. This can take the form of an agreed minimum contract value over the term. The contract break clauses are available to Central Bedfordshire Council as per the terms of the Essex NGN contract. DUCL has the right to claim breakage and unrecovered costs but these are capped and these can be agreed with individual customers depending on contracted services.
42. Central Bedfordshire Council would be expected to establish a Contract Management Board to manage the operational relationship between Daisy Udata Communications Limited and the Council. Service Levels would be agreed with Central Bedfordshire Council and services would be reviewed on a monthly basis.

For further information concerning governance a copy of the contract schedule for governance is provided in Appendix B.

43. The intention is to make use the Essex NGN contract during the next 18 months to access the following services: wide area network for the Schools Network and corporate network, fixed line telecoms, voice calls and broadband (public and partner sites).
44. During this period the following service offerings would be investigated and considered for feasibility within the Central Bedfordshire context: mobile telephony fixed to mobile integration and unified communications technology.

Benefits

45. The following benefits are anticipated from the award of the contract and Central Bedfordshire becoming a customer of the Essex NGN:
 - i. MTFP savings associated with the resupply of wide area network connectivity services – as set out in appendix A.
 - ii. The use of a contract with a single supplier for all data and telephony services would make the contract and supplier management activities more efficient.
 - iii. The Essex NGN has 9 years to run. The length of this contract enables the supplier to make significant investment in the technologies which will provide Central Bedfordshire with resilient, secure and high available network services.
 - iv. DUCL would invest in the core infrastructure and exchanges to ensure that all equipment is maintained at current software levels and new technologies (e.g. Next Generation Access) will be provided as they become available.
 - v. The contract makes available a broad catalogue of technology services to support the Place and Making it Happen e.g. broadband services, unified communications.
 - vi. Benefit from innovation and technology advancements driven by Essex and the partnership group
 - vii. Support towards the localism agenda and extending the reach of affordable broadband services to parish and town councils.

Conclusion and Next Steps

46. In summary, the Essex NGN contract will enable the Council to leverage the scale and scope of the wider contract to deliver savings and provide the Council with secure, resilient and up-to-date data and telephony services.
47. The next step is to award the contract and plan the transfer of links and services to the new provider for the schools and corporate network as well as investigate the other service catalogue items to identify suitability and fit with Central Bedfordshire.

Appendices:

Appendix A – Financial Calculations (Exempt)

Appendix B – Governance Schedule

Background Papers: (open to public inspection) None