

SUPPLEMENT TO THE AGENDA FOR

Cabinet

Thursday 25 July 2013

2.00 pm

The Council Chamber, Brockington, 35 Hafod Road, Hereford

	Pages
5. HEREFORDSHIRE COUNTY NETWORK RENEWAL (PSN)	3 - 12



MEETING:	CABINET – HIGHWAYS & TRANSPORTATION
MEETING DATE:	25 JULY 2013
TITLE OF REPORT:	HEREFORDSHIRE COUNTY NETWORK RENEWAL (PSN)
REPORT BY:	ASSISTANT DIRECTOR PEOPLE, POLICY & PARTNERSHIPS

1. Classification

Open

2. Key Decision

This is a Key Decision because it is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

3. Wards Affected

County-wide

4. Purpose

The Wide Area Network service contract for Herefordshire Council and partners is due for renewal in March 2014. The contract is currently managed by Udata Infrastructure UK Ltd, which costs the Council approximately £435,000 per annum. Herefordshire Council are working with Hoople to ensure that the replacement contract delivers value for money. One of the collaborative options available to the Council will require full commitment to contractually engage by August 8th 2013. Full details of the proposal will not be available for Cabinet.

Cabinet is asked to agree the approach and delegate decision making about the preferred option to the Assistant Director People, Policy & Partnerships in order that the timeline for this work can be achieved. This decision will be made after consideration by the IM&T Board (29th July 2013), and in consultation with the Cabinet Member Highways and Transport, Chief Financial Officer and Solicitor to the Council (31st July 2013). This decision can only be made when in full knowledge of the proposed contract details which will not be available at time of cabinet report, and needs to be made by the 8th August to comply with one of the option requirements.

The appendix to this report provides an update on the progress made towards re-

Further information on the subject of this Report is available from
Dominic Latham, Service Manager ICT Strategy and Commissioning on Tel (01432) 383186

procuring a Network Connectivity contract for Herefordshire Council in time for the current contract end date of March 2014.

5. Recommendation(s)

THAT:

- (a) **the Assistant Director People, Policy & Partnership is granted delegated authority, in consultation with the Cabinet Member Highways and Transportation, Chief Financial Officer and Solicitor to the Council, to make the decision on the Wide Area Network re-procurement for Herefordshire Council;**

6. Alternative Options

The Wide Area Network provision, maintenance and support requires renewal for March 2014. It is essential that the Council's Wide Area Network (and that of schools and NHS) is supported and under contract to ensure the smooth running of important data circuits and telephony services. The alternative options as outlined in the document are:

- 6.1 To procure network provision independently for the council and its local partners only.
- 6.2 To procure WAN provision through Staffordshire County Council's Framework Agreement.
- 6.3 To procure network provision collaboratively through the West Midlands collaborative PSN.

7. Reasons for Recommendations

- 7.1 There are a number of timescale constraints. Cabinet is therefore asked to agree the approach being taken and to delegate authority to Assistant Director, People Policy and Partnerships for the consideration of the options and final decision on the way forward.

8. Key Considerations

- 8.1 The objective is to ensure that due consideration is given to the renewal of WAN provision in Herefordshire for the next 3 years;
- 8.2 To ensure that provision is provided with maximum value for money; with a provider that will work with the partners to reduce costs year on year;
- 8.3 To ensure that all options are considered which includes a West Midlands collaborative opportunity where the decision is required prior to August 8th 2013;
To ensure that provision serves all partners including Wye Valley NHS Trust,

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- 8.4 Together and Herefordshire CCG, and that appropriate mitigation is in place should a partner exit the agreement;
- 8.5 To ensure that opportunity is provided to schools to take advantage of any cost benefits, providing a network that is fit for purpose;
- 8.6 The approval date scheduled for Wye Valley NHS Trust is the 24th July.
- 8.7 It is essential that the Council's Wide Area Network (and that of schools and NHS) is supported and under contract to ensure the smooth running of important data circuits and telephony services.

9. Community Impact

- 9.1 Providing our partners and schools with a reliable network, whilst looking to reduce costs and increase data security will have a positive effect on the community.

10. Equality and Human Rights

There are no identified implications to our equality duty.

11. Financial Implications

- 11.1 The current agreement has cost the partners £773,000 for this financial year, of which £435,000 is apportioned to the Council. It is likely that this spend will be reduced with a new agreement. Additionally, tariff based options will be available to schools, where currently only 1 option is available.

The decision to award a contract will have to balance cost with duration of the contract in order to provide financial flexibility. This is important given the central government funding reductions.

12. Legal Implications

- 12.1 The three options considered in the appendix appear to be EU procurement compliant. However, further legal input will be necessary on the form of contract once the further details of the proposed agreement become known later this month. This will be addressed as part of the final decision-making process.

13. Risk Management

- 13.1 If this proposal is not agreed then it is possible that Herefordshire Council and partners will not be able to take advantage of potential cost savings and collaborative opportunities through the West Midlands PSN.

14. Consultees

- 14.1 Internal consultation has taken place;
- 14.2 General Overview & Scrutiny Committee members reviewed the proposal on the 6th June 2013;
- 14.3 Cabinet Member, Highways and Transportation
- 14.4 Management Board

15. Appendices

- 15.1 Appendix 1 – HerefordshireNetworkRenewal.doc

16. Background Papers

- 16.1 None identified.

Interim Report on Wide Area Network
(WAN) Re-Procurement
For
Herefordshire Council - Cabinet

June 2013

Product	
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Author	Amanda Burn - Hoople Head of Transformation & Technology Dominic Latham – Herefordshire Council ICT Strategy & Commissioning Manager
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Summary

AUTHOR(S)	AMANDA BURN & DOMINIC LATHAM
CLIENT	HEREFORDSHIRE COUNCIL
APPROVAL BODY	HEREFORDSHIRE CABINET
TITLE	INTERIM REPORT ON WIDE AREA NETWORK (WAN) RE-PROCUREMENT
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Document History

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DRAFT	0.1	10 JUNE-2013	K.D.VAN-MALE	SENT TO AMANDA BURN
DRAFT	0.2	12-JUNE-2013	K.D.VAN-MALE	SENT TO DOMINIC LATHAM , CC'D AMANDA BURN
DRAFT	0.3	28 JUNE 2013	JENNY LEWIS	AMENDMENTS TO DOCUMENT & SENT TO COUNCIL MANAGEMENT BOARD FOR AGREEMENT
DRAFT	0.4	2 JULY 2013	JENNY LEWIS	AMENDMENTS FROM MANAGEMENT BOARD INCORPORATED & SENT TO LEADERS BRIEFING
DRAFT	0.5	18JULY2013	DOMINIC LATHAM	AMENDMENTS MADE AND SENT TO CABINET

Intended Audience

This document is intended for Herefordshire Council Cabinet.

Initial Distribution List:

NAME	TITLE	ORGANISATION
DOMINIC LATHAM	ICT Strategy & Commissioning Manager	HEREFORDSHIRE COUNCIL
JENNY LEWIS	ASSISTANT DIRECTOR; PPP	HEREFORDSHIRE COUNCIL
COUNCIL MANAGEMENT BOARD		HEREFORDSHIRE COUNCIL

1. Executive Summary

The Wide Area Network circuits and BT Exchanges provide telephony and data services to Herefordshire's public sector partner sites (Herefordshire Council, Schools, Wye Valley NHS Trust, Herefordshire CCG and 2gether Trust). The contract for this service is due for renewal in March 2014. The contract is currently managed by Udata Infrastructure UK Ltd, and will cost the partners £773,000 for services provided in 2013/14, of which £435,000 is apportioned to Herefordshire Council. The existing contract expires in March 2014.

Options for wide area network re-procurement have increased since the tender process for the current service in 2010, with the introduction of Public Services Network (PSN) options which support greater secure sharing of information between public sector organisations, reduced cost through greater collective purchasing, and new options for data backup and longer term access to nationally provided services.

The 3 main options for consideration in Herefordshire are:

- Retender for the existing local service currently provided by Udata Infrastructure UK Ltd,
- Staffordshire County Council, a PSN compliant solution.
- West Midlands PSN - a collective body led by Solihull MBC where Herefordshire technical expertise is working very closely with to try and establish more cost efficient ways of meeting Herefordshire specific rural requirements.

Cabinet is asked to agree the approach and delegate decision making about the preferred option to Assistant Director People, Policy & Partnerships in order that the timeline for this work can be achieved.

2. Purpose of the Document

The Council interconnects its premises and technology services with data circuits. Managed to tight standards in terms of quality and security, it is collectively known as a Wide Area Network (WAN). The provision and management of these circuits in Herefordshire is currently contracted with Udata Infrastructure UK Ltd. This contract is up for renewal on 31 March 2014.

This paper provides an update on the progress made towards re-procuring a Network Connectivity contract for Herefordshire Council in time for the current contract end date of March 2014.

There are a number of timescale constraints described later in the document. Cabinet is therefore asked to agree the approach being taken and to delegate authority to Assistant Director, People Policy and Partnerships for the consideration of the options and final decision on the way forward.

3. Summary

Background

The Council's Wide Area Network circuits and the presence in BT Exchanges are managed by Udata. This is a "circuits and BT Exchanges only" contract. The majority of network monitoring and management is provided in-house by Hoople Ltd.

This community network includes the circuits for all council buildings, 77 circuits for the schools network and NHS circuits serving Wye Valley NHS Trust, 2gether and Herefordshire CCG.

The current contract was let in March 2010 with a contract end date of 31st March 2013, with clauses that allowed a 1 year or 2 year extension to be invoked. In March 2013, Herefordshire Council invoked the plus 1 option and renegotiated the price for the additional year, delivering a 5% saving. The total contract value is currently £773,950 per annum (down from £815,120 in 12/13), of which approximately £435,000 is Council cost. The remaining cost is invoiced out to schools and NHS organisations 'at cost' as revenue recovery.

The contract value pays for 3 elements: circuit rental costs, rental of equipment in BT exchanges, and fast Udata support for exchange issues which Hoople Ltd cannot cover.

It is essential that the Council's Wide Area Network (and that of schools and NHS) is supported and under contract to ensure the smooth running of important data circuits and telephony services. It is also in the interest of Herefordshire to fully explore the move to a PSN. Herefordshire Councils digital strategy outlined the need for increased secure collaboration and sharing of information in support of improved ways of working. It is anticipated that greater integration between public sector bodies and other partners and collaboration across a wider geographical area where appropriate are going to be key features for the future.

What is the Public Services Network (PSN)?

PSN provides an assured network over which we can safely share services, bringing together a number of public services with more flexible geographical boundaries. PSN will also enable services to be offered nationally which conform to the required security standard and for data backup storage which does not rely upon local data warehouses. Furthermore the aim is to establish a safe network at least cost enabled by purchasing economies of scale.

4. Herefordshire's approach to re-procuring our WAN

In approaching the re-procurement, Hoople Ltd and Herefordshire Council have worked together to identify a range of procurement and "soft market testing" options to fully consider the wider opportunities afforded by moving to PSN or to stay with a local network ensuring the required best value is achieved. This work has established the 3 main options

below;

Option 1; Re-tender for the existing service

- This option maintains the status quo in terms of collaboration opportunities for less money. If this option is progressed then a retender exercise using a Government Procurement Service framework would be required. Soft market test and indicative pricing suggests that a potential saving could be achieved.
- We will still need to ensure that we achieve PSN compliance for our own wide area network which has replaced the CoCo standard. This is required in order to maintain our GCSX connection which is a critical service for Revenue and Benefits, Social Care and Public Health.

Option 2; Staffordshire County Council (SCC) Framework Agreement

- The network is currently used by Staffordshire schools, North Staffordshire NHS and GP's.
- SCC ran a full framework procurement for a PSN compliant wide area network delivering a framework contract in 2010. This established framework is accessible to other authorities and we have invited a quote via this framework which indicates a cost increase on the current contract value.

Option 3; West Midlands PSN

- This is a cross sector collaboration that brings together over 30 public sector bodies in the West Midlands including Local Authority, Police, Fire and Rescue and NHS, focussed on the collective procurement of a wide area network initially for secure connectivity and a stronger purchasing position. The aim is to bring on the national service delivery elements at a later date.
- Herefordshire technical staff from both Hoople Ltd and the Council have been fully engaged in the development of this initiative purposefully to ensure the specific rural requirements of Herefordshire are fully captured and considered in the technical design.
- This initiative is currently at tender (scoring responses) stage. This process will determine whether Herefordshire's specific requirements can be met and if not we will reject this PSN initiative for the time being. Another key aspect and question in the tender process is how will the vendors look to reduce costs year on year.
- Udata are one of the companies tendering for this work along with large nationals such as BT & Virgin.

It is because of this process that we're seeking Cabinets agreement to delegate authority to Assistant Director People, Policy & Partnerships to decide the right option to pursue as the outcome of this process will not be understood until the end of July. This will then be

considered by an extraordinary IM&T programme board and Cabinet portfolio lead ahead of a decision to join the WMids PSN or not, required by 8th August 2013.

If this option were to be decided having a plan in place to mitigate the risk of non-delivery of this PSN by March 14 is critical. We have a very good contractual relationship with Udata and would need to manage closely delivery of the WMids PSN whilst also working with Udata on a fall back option to extend the current contract to mitigate non delivery.

5. Timescales & Key Dates

Of the three procurement options being explored, it is keeping the option of the WMids PSN procurement open to us that drives key decision dates in our local re-procurement process:

Feb – June 2013	Herefordshire requirements definition
May - June 13	Exploration of options available; briefing of cabinet and OSC leads
17 th June to 23 rd July	Evaluation of responses for WMids PSN
2 nd July 2013	Council Management Board views sought
11 th July 2013	Cabinet views sought (Leaders briefing)
13 th July 13	Evaluation of 3 options available to Herefordshire and recommendation on preferred option
24 th July 13	WVT Approval
25 th July 13	Herefordshire Council Cabinet Approval – Delegated Authority agreed
29th July 13	Extraordinary IM&T Programme Board to review recommendation
31st July 13	Brief Cabinet Portfolio Member for IM&T
8 th Aug 13	Hereford decision on WMids PSN – Yes/No

Beyond this, assuming the WMids PSN is the chosen route, due diligence, detailed planning, business case development and mitigation for lack of delivery will be undertaken leading to Herefordshire Council signing a “back to back” contract with Solihull MBC on 7/10/2013.

If WMids PSN is not the chosen route we’ll reassess our options with the potential of a re-tender process conducted to maintain the status quo service. .

6. Recommendation

That Cabinet supports the outlined re-procurement approach given the added complexity of needing to consider PSN options and approve delegation for the contract award decision to Assistant Director People Policy & Partnerships on behalf of Herefordshire Council.