

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

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## Summary

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## Document History

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DRAFT	0.3	28 JUNE 2013	JENNY LEWIS	AMENDMENTS TO DOCUMENT & SENT TO COUNCIL MANAGEMENT BOARD FOR AGREEMENT
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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
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# 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.
- Updata 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 8<sup>th</sup> 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 <sup>th</sup> June to 23 <sup>rd</sup> July	Evaluation of responses for WMids PSN
2 <sup>nd</sup> July 2013	Council Management Board views sought
11 <sup>th</sup> July 2013	Cabinet views sought (Leaders briefing)
13 <sup>th</sup> <sup>rd</sup> July 13	Evaluation of 3 options available to Herefordshire and recommendation on preferred option
24 <sup>th</sup> July 13	WVT Approval
25 <sup>th</sup> July 13	Herefordshire Council Cabinet Approval – Delegated Authority agreed
29 <sup>th</sup> July 13	Extraordinary IM&T Programme Board to review recommendation
31 <sup>st</sup> July 13	Brief Cabinet Portfolio Member for IM&T
8 <sup>th</sup> 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.