

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE

12/12/17

Subject:	Wide Area Network (WAN) Service Purchase		
Corporate Director(s)/ Director(s):	Candida Brudenell Corporate Director for Strategy & Resources		
Portfolio Holder(s):	Councillor Toby Neal Portfolio Holder for Community and Customer Services		
Report author and contact details:	Paul J. Burrows, IT Change, Projects & Strategy Manager paul.burrows@nottinghamcity.gov.uk , 0115 87 63153		
Key Decision	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Subject to call-in	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Reasons: <input checked="" type="checkbox"/> Expenditure <input type="checkbox"/> Income <input type="checkbox"/> Savings of £1,000,000 or more taking account of the overall impact of the decision	<input checked="" type="checkbox"/> Revenue <input checked="" type="checkbox"/> Capital		
Significant impact on communities living or working in two or more wards in the City	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Total value of the decision: The value of the contract is estimated to be in the region £ 2,500,000 over the life of the contract period including the potential extension period.			
Wards affected: All	Date of consultation with Portfolio Holder(s): Councillor Toby Neal, Portfolio Holder for Community and Customer Services – 9 November 2017		
Relevant Council Plan Key Theme:			
Strategic Regeneration and Development			<input type="checkbox"/>
Schools			<input type="checkbox"/>
Planning and Housing			<input type="checkbox"/>
Community Services			<input type="checkbox"/>
Energy, Sustainability and Customer			<input type="checkbox"/>
Jobs, Growth and Transport			<input type="checkbox"/>
Adults, Health and Community Sector			<input type="checkbox"/>
Children, Early Intervention and Early Years			<input type="checkbox"/>
Leisure and Culture			<input type="checkbox"/>
Resources and Neighbourhood Regeneration			<input checked="" type="checkbox"/>
Summary of issues (including benefits to citizens/service users): Nottingham City Council purchase WAN connectivity from the market to connect Council offices to each other and to other organisations to enable digital communications. These digital communication channels allow systems to be accessed and information to be shared across the City so that services can be offered to citizens from offices in localities. The WAN also allows digital 'phone services for citizen, colleague, partner and Councillor contact across the Council.			
Exempt information: None			
Recommendation(s):			
<p>1) To delegate authority to the Corporate Director for Strategy & Resources to enter into a single 3 year contract through the CCS framework (with the option of extension by a further 2 year period) with the supplier offering best value for WAN services, which is a combination of both Voice and Data Circuits.</p> <p>2) To approve the expenditure of up to £ 2.5 million from the IT Efficiency Fund to fund the supply of WAN services for the contracted period.</p>			

1 REASONS FOR RECOMMENDATIONS

- 1.1 To comply with Financial Regulations relating to testing the market to demonstrate best value for money is being obtained.
- 1.2 The current contract for WAN connectivity will end in October 2018 and so authorisation is sought to enter an exercise in compliance with Financial Regulations to purchase this service. The contract will be for 3 years with an option to extend for a further 2 year period.
- 1.3 A new supplier of the service will require a significant period of time to set up to provide the service and so it is planned to undertake the purchasing exercise well in advance of the end of the contract.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 Financial Regulations and procedures require the review of contracts and market testing to achieve best value for money. The Council has a single supplier of WAN services in order to deliver lower prices (through economies of scale) and more operational efficiency (i.e. speedier fault resolution).
- 2.2 The current contract was entered into in 2015 with a 3 year contract period and so expires in October 2018. Whilst this contract includes the option to extend it for up to two additional 1 year periods it is considered opportune to test the market at the 3 year point.
- 2.3 The Council's WAN, which carries both voice and data traffic, connects a significant number of sites and a new supplier may wish to implement new technologies, e.g. fibre to the cabinet, Multiprotocol Label Switching (MPLS), to provide the service. For this reason the purchasing process needs to provide a sufficient lead in period to allow any new supplier sufficient time to set up the new service.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 Extended the current contract under the terms it was awarded for a further two 1 year periods. This option was rejected as it is believed greater value for money can be achieved through a competitive exercise.

4 FINANCE COLLEAGUE COMMENTS (INCLUDING IMPLICATIONS AND VALUE FOR MONEY/VAT)

- 4.1 The current contract for the Wide Area Network (WAN) expires in October 2018. Although the current contract can be extended beyond this date the intention is to go out to tender in advance of this in order to achieve greater value for money against the current contract and to ensure continuity of service delivery once the contract expires.
- 4.2 The cost of the contract is expected to be in the region of £1,5m over the 3 year period with an option to extend a further two years taking the full 5 year cost to £2.5m (approx. £0.5m cost annually).

- 4.3 The full cost of the WAN will be met from existing IT Medium Term Financial Plan (MTFP) base budgets in the service areas that the WAN supports. Savings against current levels of spend for the service will be sought although the amount is unknown at this stage. There will be no budgetary pressure as a result of the tender exercise, providing the service is on a like-for-like basis.
- 4.4 VAT will be treated in accordance with HMRC guidance.

Hayley Mason, Strategic Finance Business Partner – 23 November 2017

5 LEGAL AND PROCUREMENT COLLEAGUE COMMENTS (INCLUDING RISK MANAGEMENT ISSUES, AND INCLUDING LEGAL, CRIME AND DISORDER ACT AND PROCUREMENT IMPLICATIONS)

- 5.1 Any tender exercise to purchase the service referred to in the report should, if possible, be on terms and conditions that are acceptable to the Council rather than relying on the suppliers standard form terms and conditions . In this respect, the Procurement Team should be fully engaged in the reprocurement process.
- 5.2 From a purely legal perspective any new contract should ensure that there is flexibility to add and remove buildings should the need arise. It should also include provision for service credits and/or rebates in the event of delivery failure. As far as the technical aspects are concerned, it is assumed that any reprocurement will set minimum technical specifications for bidders' consideration.

Malcolm Townroe, Director of Legal and Governance – 21 November 2017.

6 STRATEGIC ASSETS & PROPERTY COLLEAGUE COMMENTS (FOR DECISIONS RELATING TO ALL PROPERTY ASSETS AND ASSOCIATED INFRASTRUCTURE (STRATEGIC REGENERATION COMMITTEE REPORTS ONLY)

- 6.1 None

7 SOCIAL VALUE CONSIDERATIONS

- 7.1 There are no social value considerations directly associated with this decision.

8 REGARD TO THE NHS CONSTITUTION

- 8.1 Local authorities have a statutory duty to have regard to the NHS Constitution when exercising their public health functions under the NHS Act 2006. In making this decision relating to public health functions, we have properly considered the NHS Constitution where applicable and have taken into account how it can be applied in order to commission services to improve the health of the local community.

The NHS Constitution states in section 2, 'NHS Values' that:

'Working together for patients.

Patients come first in everything we do. We fully involve patients, staff, families, carers, communities, and professionals inside and outside the NHS.

We put the needs of patients and communities before organisational boundaries. We speak up when things go wrong.'

The Council's WAN enables data communications with the NHS and supports joint working at shared service centres.

9 EQUALITY IMPACT ASSESSMENT (EIA)

9.1 Has the equality impact of the proposals in this report been assessed?

No

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An EIA is not required because:

- (a) This report does not contain proposals for new or changed policies, services or functions.
- (b) WAN services provide a communications channel is not directly accessed by colleagues or citizens.

Yes

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10 LIST OF BACKGROUND PAPERS RELIED UPON IN WRITING THIS REPORT (NOT INCLUDING PUBLISHED DOCUMENTS OR CONFIDENTIAL OR EXEMPT INFORMATION)

10.1 None

11 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

11.1 NHS Constitution for England – March 2012, updated October 2015