

COMMISSIONING AND PROCUREMENT SUB-COMMITTEE – 10/09/19

Subject:	Voice and data networks contract renewal		
Corporate Director(s)/ Director(s):	Candida Brudenell, Corporate Director for Strategy & Resources		
Portfolio Holder(s):	Councillor. David Trimble, Portfolio Holder for Leisure, Culture and IT		
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 decision is estimated to be up to £8,000,000 over 5 years			
Wards affected: All		Date of consultation with Portfolio Holder(s): 25/06/19	
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):			
<p>Nottingham City Council purchases on a contract basis services from commercial providers of voice and data networks. These allow the Council to communicate by telephone, e-mail and use online services in communication with citizens, colleagues in different locations, partners and stakeholders in other organisations, such as the Police, Health Service and Central Government.</p> <p>Periodically, usually every 5 years, the contracts under which these services are provided require to be re-let and this report seeks authorisation to do this.</p>			
Exempt information:			
None.			
Recommendation(s):			
<p>1 To delegate authority to the Head of Service (IT) to enter into contracts up to the value of £8,000,000 using approved procurement methods for voice and data network contracts for a period of up to 5 years.</p> <p>2 To approve allocation of funding from the IT Efficiency Fund for the five year period 2020/21 to 2024/25 to purchase voice and data network services.</p>			

1 REASONS FOR RECOMMENDATIONS

1.1 The current voice and data network contracts that enable Nottingham City Council to provide services will expire on 30 October.2020.

- 1.2 The Council's Financial Regulations require that contracted services are subject to competitive tender to ensure that value for money is achieved.
- 1.3 Because of the size of the contracts and the complexity of the services to be purchased a significant lead time should be allowed should the supplier of these services be changed through the competitive tendering exercise. This is the reason that approval for this work is being sought so far in advance of the current contracts' expiry dates.
- 1.4 The Council will seek competitive bids for the supply of voice and data network contracts using Crown Commercial Services. The contract award will be for a period of up to 5 years. Use of the CCS framework allows the Council to access pre-assessed providers of services which helps ensure the quality, including security capability, of bidders. The estimated values of the contracts are £5,500,000 for voice networks and £2,500,000 for data networks over the 5 year period.

2 BACKGROUND (INCLUDING OUTCOMES OF CONSULTATION)

- 2.1 All Council services in some way use voice and data network services. These services allow interactions to be made between citizens and Council services, between Council services to enable service delivery and between the Council and other organisations to deliver services in a 'joined-up' way. These services are used by the Council and its partner organisations including Nottingham City Homes, Robin Hood Energy, etc.
- 2.2 Dependence upon voice and data networks has grown significantly as methods of service delivery to citizens have become increasingly telephone and Internet based. These services, based on voice and data technology, have displaced face-to-face service delivery. This has reduced service costs and enabled services to be delivered more flexibly.
- 2.3 Increasingly the Council is seeking to develop the way in which services are delivered to citizens and the way in which colleagues delivering these services work. The drive to increase the flexibility and mobility of colleagues' working methods will demand increased use of voice and data networks.
- 2.4 Council services are delivered in a growing 'joined-up' way with partner organisations, for example the Health Service and Police. The increasing demand to share information and to work together requires greater capacity and functionality of communication systems dependent upon voice and data networks.
- 2.5 The way in which IT systems are delivered to colleagues for their use in service delivery is changing. In the past software systems tended to be based on computers that were managed by the Council directly and accessed through the networks controlled by the Council. Now an increasing number of systems are delivered from the 'cloud', and these demand increased network capacity that is resilient and secure. To meet this need the Council needs to have up to date network services.

3 OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

- 3.1 It is not considered feasible for the Council to revert to having no voice and data networks and so this is not recommended.
- 3.2 It is not considered feasible for the Council to develop its own voice and data network infrastructure to replace those provided by commercial suppliers and so this is not recommended.
- 3.3 It would be feasible for the Council to 'roll-over' the existing contracts with suppliers, to continue with what is in place on current, or marginally revised, terms and conditions. Such an approach would save the cost of procurement and the possible disruption of a change of supplier. This approach though would not enable the Council to demonstrate that it has sought to achieve value for money nor would it enable the Council to access new voice and data networking technologies. For these reasons this option is not recommended.

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

- 4.1 The estimated values of the contracts are £5.500m for voice networks and £2.500m for data networks over the 5 year period starting in 2020/21 - a total of £8.000m.
- 4.2 The funding of these contracts will be a mixture of existing MTFP revenue budget within the IT service, existing MTFP revenue budget from departments across NCC, charges to NCC companies and an element from the IT Efficiency Fund (ITEF). The split of this between revenue and capital expenditure is unknown at present until bids are received from suppliers as there are different approaches to the supply of services requested.
- 4.3 Existing MTFP budget for these contracts exists in IT and across various NCC departments. There is also an element of this contract that is charged to NCC companies directly from the supplier. Current contracts were managed within these budgets in 18/19 and is forecast to in 19/20 therefore it is expected that the new contract will be also contained within these budgets. No financial pressure to the organisation is expected from this decision (based on like for like) however it is important that the IT service work closely with Finance colleagues once costs are known to understand the full and accurate impact of the new contract.
- 4.4 A previous, one-off, MTFP saving of £0.200m was applied equally across years 2019/20 and 2020/21 in relation to these contracts within IT. The IT service need to ensure where possible that this is being met from efficiencies generated from procuring the new contracts so no budgetary pressure occurs as a result of this exercise. Should this be unachievable then mitigating actions needs to be identified to absorb this pressure.
- 4.5 £0.500m of capital expenditure has been earmarked from the ITEF in relation to these contracts. The year in which these costs are incurred and the exact amount are unknown/estimates at present until bids are received. The £0.500m has been considered in the ITEF forward plan though and is affordable from within this budget. If this amount increases then the ITEF will need to be re-profiled accordingly to ensure affordability. It is to be noted however that there are further IT projects within the ITEF forward plan that are yet to be approved. The current

balance of the ITEF funding is insufficient to fund all of these projects therefore careful consideration when prioritising projects is a must in order to maximise the ITEF funding and support corporate needs.

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

- 5.1 This report does not raise any significant legal issues. Notwithstanding that the contract will be awarded by a call-off from a framework there is considerable work required to put this in place and early engagement with the legal Services team is necessary. The procurement team should ensure the terms of the framework are adhered to when carrying out the call-off competition. The requirement for a Data Protection Impact Assessment should be considered as soon as possible in connection with this project and guidance obtained from the Information Governance team as required.

Advice provided by Andrew James Team Leader Commercial, Employment and Education 12 June 2019.

- 5.2 IT colleagues have already engaged with the Procurement Team to ensure compliance with the Council's financial regulations and contract procedure rules. Use of compliant third-party frameworks, such as those offered by Crown Commercial Services, is allowed under clause 3.8 of the Contract Procedure Rules. Procurement supports the use of third-party frameworks in appropriate situations and where it can be demonstrated that they provide value for money. On this basis there are no procurement concerns with the approach.

Advice [provided by Mabs Karim, Procurement Officer, Commissioning & Procurement, 10 Jun. 2019.

6 SOCIAL VALUE CONSIDERATIONS

- 6.1 There are no Social Value Considerations directly associated with this decision.

7 REGARD TO THE NHS CONSTITUTION

7.1 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.' Having reliable and up to date voice and data network services enables the Council to work more effectively with NHS colleagues. The proposals in this report will enable the Council to refresh core elements of its infrastructure to support this joint working as in place now and in the future.

8 EQUALITY IMPACT ASSESSMENT (EIA)

- 8.1 An EIA is not required because the proposal included in this report is a renewal of voice and data network services which are already in use by the Council. The award of the contract to either the incumbent or a new supplier will not have a material effect on the type of service used by an end user, be they a citizen, colleague or Councillor.

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

- 9.1 None.

10 PUBLISHED DOCUMENTS REFERRED TO IN THIS REPORT

- 10.1 None.