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|--------------------------|--|--|---------------------|
| <b>Subject:</b>          | <b>Wide Area Network - Sussex Public Services Network ("The LINK")</b> |  |                     |
| <b>Date of Meeting:</b>  | <b>29<sup>th</sup> November 2012</b>                                   |  |                     |
| <b>Report of:</b>        | <b>Acting Director of Finance</b>                                      |  |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>   | <b>Paul Colbran</b>                      | <b>Tel: 29-0283</b> |
|                          | <b>Email:</b>  | <b>Paul.Colbran@brighton-hove.gov.uk</b> |                     |
| <b>Ward(s) affected:</b> | <b>All</b>   |  |                     |

**FOR GENERAL RELEASE**

**1. SUMMARY AND POLICY CONTEXT:**

- 1.1 The Council is dependent on data networks to deliver information systems and communication services to over 240 sites including approximately 66 schools connections. Services such as internet, email and telephony are essential to the delivery of Council services.
- 1.2 The existing contract between the Council and Virgin Media Business (VMB) for the provision of voice and data services is due to expire in August 2013. The Council is seeking to re-procure voice and data services separately in order to access "best of breed" services at competitive rates. On the 14<sup>th</sup> July 2011 Cabinet authorised the procurement of a shared Wide Area data network through the Sussex "LINK" Partnership.
- 1.3 By connecting Council sites to the LINK core network BHCC will continue to provide connectivity and communications between its sites and the outside world including government networks via the Public Services Network (PSN). The PSN is a government programme to unify the provision of network infrastructure across the public sector into an interconnected 'network of networks' to increase efficiency and reduce overall public expenditure.
- 1.4 The migration to a Public Services Network is essential to achieving a joined up 'network of networks' across the Southeast region using existing public sector infrastructure within each authority, a primary objective of the Southeast7 (SE7) collaboration of local authorities. Linking separate networks will deliver a communications base upon which future shared services can be delivered to all public service agencies regardless of geographic boundaries.
- 1.5 This report seeks approval from Policy & Resources Committee for the Council to join the LINK data network and in so doing join the PSN. This means placing orders with the preferred bidder in order to meet the requirement to have the new network in place before the expiry of the existing contract, in compliance with public procurement legal requirements.

## **2. RECOMMENDATIONS:**

- 2.1 The Head of ICT be granted authority to join the council to the LINK network, and transition all existing Council and Schools networked sites to it in advance of the expiry of the Virgin Media Business contract in August 2013 to ensure continuity of service.
- 2.2 That the delegated authority to award contracts granted to the Director/Strategic Director responsible for ICT by Cabinet in July 2011, be used and that in addition the Director/Strategic Director responsible be granted delegated authority to sign the subsequent Accession Agreement with East Sussex County Council.
- 2.3 Approve the additional one off and recurrent resources required to implement the new data network as set out in paragraphs 5.1 to 5.5.

## **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The services that are currently delivered by VMB will become out of contract in August 2013, therefore BHCC needs a new Wide Area Network contract in order to maintain its data communication links.
- 3.2 The procurement of a new Wide Area Network approved at Cabinet in July 2011 has been carried out in accordance with the public procurement regime. The preferred bidder now needs to receive firm commitment from the LINK partners who wish to participate in the first phase in order to build the LINK core network and prepare to migrate those partners' sites to it within a constrained time frame. Provision has been made for other stakeholders, namely all Sussex public and voluntary sector organisations, to be able to join the new network as their current contracts expire.
- 3.3 A number of different drivers (contractual, financial, national/ governmental/ regional and business transformation drivers) have informed the Councils approach to procuring a Wide Area Network with local partners through the LINK partnership. The proposed approach does not simply deliver a data network, but delivers additional opportunities within the Council's business areas that are not available with the current arrangements.
- 3.4 The key benefits of joining the Sussex LINK PSN are listed below. A glossary of Terms indicated by an (\*) below can be found at Appendix 1.
  - Continued connectivity for our sites to each other and the outside world
  - Cleaner, simpler and more flexible network design that means we can link up new sites or decommission and close sites quickly and cheaply whilst removing the current dependency on key sites.
  - The Council will join the Public Services Network (PSN), a prerequisite for communicating securely with government agencies and taking G-Cloud\* services from next year

- Enables the participating organisations to make savings by sharing secure gateways\* to government networks and potentially other services such as Internet
- Aggregation of provision under a single supplier (a “systems integrator”\*) who will supply a managed service to a deeper level than our current supplier. This will remove complexity and cost
- The network uses a protocol called MPLS\* which makes the network and how services run across it more flexible and secure, and will bring us up to date technically
- Letting a contract with other public bodies and third sector partners has enabled the council to obtain very much better pricing through economies of scale and the ability to share the costs of managing the contract, the delivery and the supplier relationship
- The Sussex LINK\* will be a secure foundation upon which to procure and deliver other Sussex public and third sector services, or to co-locate\* with those organisations because our data networks will be physically joined although logically separated
- Removes some key technical barriers to business transformation
- Mitigates the risk of increased cost from:
  1. Maintaining an outdated network design and not taking advantage of the latest technology
  2. Loss of flexibility/agility for the organisation in the way we can commission or decommission data services at various sites – both BHCC’s own and those of our partners - in support of Workstyles, ICE, regional and local partnership working, accessing Govt/G-Cloud\* services, developing local and regional markets for services that could support BHCC’s own costs.

#### **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 Regional SE7 partners have been informed of the proposed approach in line with a set of agreed principles so that opportunities for further regional collaboration are not missed or prohibited.
- 4.2 Public sector partners including Schools, Universities, Police, Health and Fire & Rescue services have all been consulted and their representatives maintain an active role in The LINK stakeholder governance arrangements.
- 4.3 There is no direct community impact except to potentially enable service transformation. Where service delivery impacts are identified it is recommended that business owners consult with representatives of the communities affected.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The council spends £0.95m per annum for the provision of Voice and Data services under the current contract. Approximately £0.3m per annum is for Data services that will be replaced through the LINK.

- 5.2 The new data contract will provide additional functionality and the opportunity for medium and long term savings, for example through aggregated procurement of ICT services and reduced total cost of ownership. In addition, the flexibility and functionality of the PSN will support transformation projects across council services and with partners to generate savings that are not feasible with the current data services. The new data service is a building block to achieving savings from buildings rationalisation, closer partnership working and productivity gains, for example by supporting a mobile workforce. The LINK will immediately avoid £0.1m cost of relocating a network hub as part of the Workstyles 2 programme and this reduction was factored into the Workstyles business case. The new data service is a step change from the current arrangements and this means a step increase in costs.
- 5.3 Procuring data services with partners has helped to contain the costs and the costs of the procurement itself estimated as a saving of £0.200m. The LINK PSN procurement has been undertaken alongside a concurrent process by Surrey CC (project UNICORN). Through close collaboration the LINK has been able to reuse learning and content from Surrey CC and previous procurements by Kent CC (KPSN) and Hampshire CC (HPSN2).
- 5.4 The cost to the council of the LINK PSN are split into 2 elements - one off upfront costs including building the network and the transition; and ongoing costs of the network including managing the contract. The following table shows the soft market testing costs as a benchmark and then the range of costs the council will incur depending on the final specification of requirements.
- 5.5 The cost of the Link is driven by the options selected for each site, and could be expected to fall approximately in the middle of the range given.

|                                | <b>Install (£,000)</b> | <b>Transition Cost (est)</b> | <b>Recurrent (£,000)</b> | <b>7 Years (£,000)</b> |
|--------------------------------|------------------------|------------------------------|--------------------------|------------------------|
| Soft market testing comparator | £979                   | £560                         | £779                     | £6,992                 |
| Provisional LINK pricing Low   | £625                   | £560                         | £570                     | £5,175                 |
| Provisional LINK pricing High  | £1,271                 | £560                         | £771                     | £7,228                 |

Additional LINK stakeholders are expected to join over time, and as they do so the unit cost is expected to fall for all users as shared fixed costs are spread more widely. The level of this reduction will depend on the type of services selected, but calculations based on a typical basket of services indicate reductions of around 1-2% for every additional 100 sites added. The LINK is expected to grow from around 600 to over 1600 sites during its lifetime, holding the possibility of additional cost reductions for anchor tenants of 10% or more in future years.

The estimated one off costs shown in the table range from £1.185m to £1.831m; on the 14<sup>th</sup> June 2012 this committee approved the allocation of £1m to support these costs and £0.5m funding has been earmarked from unallocated reserves and factored into the budget setting process for 2013/14.

The range of recurrent costs is £0.57m to £0.77m per annum. The council's current budget is £0.30m for data lines of which £0.10m is recharged to schools.

The increase in costs is estimated to be £0.27m to £0.47m and this range is expected to reduce as new partners join the LINK to an additional cost range of £0.21m to £0.39m. Part of these additional costs are likely to be met from schools funding although this will not be known until the final specification and service provision is agreed with each establishment. The council will also have opportunities to share some of these costs with partners where there is co-location.

To cover these additional costs £0.25m recurrent funding has been allocated from the general fund service pressure funding included in the medium term financial strategy for 2013/14.

Finance Officer consulted: James Hengeveld

Date 6/11/2012

Legal Implications:

- 5.6 The services which have been procured are categorised as 'Part A' services for the purposes of the Public Contracts Regulations 2006 and therefore the procurement process must be undertaken in full compliance with the Regulations. In addition the arrangements with Sussex LINK stakeholders and any other public sector partner with whom the services are to be jointly procured should be documented in order to ensure clear allocation of responsibilities and costs.

*Lawyer Consulted: Name* Oliver Dixon

*Date:* 06/11/2012

Equalities Implications:

- 5.7 An Equalities Impact Assessment (EIA) will be conducted against any implementation which results in a change to user functionality or customer access channels. The procurement does not of itself introduce such change.

Sustainability Implications:

- 5.8 When re-procuring a contract of this nature it is policy to specify sustainable products and services wherever possible, and this policy has been made clear during the procurement process. Depending on a range of factors such as cost, functionality and risk, the preferred bidder may select local suppliers or those using green data centres or other low carbon initiatives. Services enabled through the Sussex LINK may help to reduce the number of face to face meetings and officer travel by encouraging conferencing and online secure collaboration. This would be the subject of a separate project, "LINK Community".

Crime & Disorder Implications:

- 5.9 The proposal removes technical barriers to collaboration and working with Public Sector partners over time, potentially aiding prevention of Crime & Disorder.

Risk and Opportunity Management Implications:

- 5.10 The risk to essential services is high if there is no further investment in this key service. Without reliable telephony, in particular as a contact channel for

vulnerable citizens, lives could be put at risk. There is an opportunity with the proposed procurement to improve both back and front office functions, leading to service improvement and potentially efficiency savings.

#### Public Health Implications:

- 5.11 The proposal removes technical barriers to collaboration and joint working over time, which has a potential benefit for Public Health.

#### Corporate / Citywide Implications:

- 5.12 The proposal supports the Corporate Plan objectives and removes barriers to service transformation.

### **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 Do nothing: This is not considered a viable option due to expiry of the current contract as the council must maintain data services for staff and the data network also supports voice based and online customer channels.
- 6.2 Further extension of existing contract: There is no provision for further extension of the contract with VMB and it no longer offers best value for money and cannot enable the council to achieve potential future efficiencies for the reasons set out above.
- 6.3 Do not transition to LINK and procure separately: Whilst in theory not transitioning to the LINK is an option, it is not viable because the Council would still need to address the issues with the inflexibility and outdated nature of the network which, if done alone, would result in higher project and operating costs than the LINK option. The Council would increasingly have to invest in tactical solutions in order to realise the benefits and mitigate the risks outlined in 3.4. In addition, the Council would have to procure services itself, which would incur very substantial additional costs due to the complexity of the procurement.

### **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 The Council is dependent on the provision of robust and consistent data connectivity between its sites and the outside world in order to operate. Without this, the Council would be unable to operate its business or deliver its services. The resilience of the service is also key to Business Continuity and Disaster Recovery Plans. The LINK network is a means of meeting these needs and moving the Council on in its transformation of services at the same time, and is consistent with the councils' ICT Strategy and Roadmaps.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

Appendix 1 Glossary of terms

### **Documents in Members' Rooms**

None

### **Background Documents**

1. Brighton & Hove City Council ICT Strategy 2011-2016

## Appendix 1

### Glossary of terms

- The Sussex LINK

A partnership of Sussex public and voluntary sector organisations which is procuring and implementing ICT services jointly, not as separate instances of the same service that are separately owned and managed but as a genuinely shared commodity. The first project "*The LINK*" network, will see a supplier build a core Wide Area Network and deploy it to the partners, with ESCC and BHCC, the two anchor tenants, being the first to take it up.

- Wide Area Network

A network of connected computing devices covering a wider geographical area than just a single locality, site or campus.

- Hub Site

A site which is connected directly into the network core and via which a number of satellite sites are connected to the rest of the network and each other. If connectivity to the hub site is interrupted then connectivity to all the satellites fails.

- PSN (Public Services Network)

The aim of the Public Sector Network (PSN) programme is to create a network of networks providing secure fixed and mobile communications operating to common standards. It takes the procurement of network services into the 21st century, by creating a centrally managed standard design to save time and money and enable Government to safely share services to collaborate in new ways, more effectively and efficiently than ever before. PSN is a set of technical and security standards that remove barriers to sharing between Central & Local Government, Health & Blue Light services.

- G-Cloud

Cloud computing is a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g. networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or cloud provider interaction.

The G-Cloud approach is to create procurement frameworks of suppliers who can provide Cloud services, so that public sector organisations can get access to the services without having to do full and expensive OJEU procurements.

- Secure gateway

For example, the Government Gateway, the central registration and authentication point (manages access based on knowing and trusting the person



or organisation attempting access) for secure online government services. Provides citizens, business and government employees with access to a wide range of services offered by central government, government agencies and local authorities.

- Systems Integrator

A systems integrator is a person or company that specialises in bringing together component subsystems into a whole and ensuring that those subsystems function together, a practice known as systems integration. In the case of the LINK the systems integrator will bring together products and services from different suppliers into one delivery and pricing structure under one management umbrella.

- MPLS

Multiprotocol Label Switching (MPLS) is a standards-approved technology for speeding up network traffic flow and making it easier to manage. In addition to moving traffic faster overall, MPLS makes it easy to manage a network for quality of service ([QoS](#)). For these reasons, the technique is being readily adopted as networks begin to carry more and different mixtures of traffic (eg telephone calls as well as data files and packets).

- Co-locate

To share space, power, air conditioning, and security facilities in a computer room between local authorities or in a PSN supplier's data centre. For instance making use of the spare capacity in Surrey County Council's new purpose built data centre.

