

**Executive**

**7 December 2017**

Report of the Deputy Chief Executive and Director of Customer and Corporate Services

Portfolio of the Executive Leader, Finance and Performance

## **Procurement of ICT Managed Services**

### **Summary**

1. This report describes and seeks approval for the proposed approach to procure a technology provider to deliver the City of York Council's (CYC) essential managed network services that all the council's other Information and Communications Technology (ICT) services require to be highly available and fit for purpose. Network connectivity, be that internal or external, has become known as the fourth utility, and is a vital requirement to the council's frontline and supporting services as they cannot function without this service being in place, and it also underpins the council's current and future digital programme.
2. The council's current contract for the managed service expires in August 2018, and it is proposed that the new contract will seek to procure services that include, but are not restricted to, the design, management and support of the council's (and potential partners') highly resilient and robust data network services (fixed, mobile and wifi), access to the internet, office and mobile telephone services and a key part of the council's e-security protection services.
3. The current contract has delivered a number of very successful outcomes including a ground breaking future proof 'pure fibre' fibre network that has featured in a number of media releases (see paragraph 9 in this report for a recent example).
4. This means that York and CYC are well ahead of most other cities and councils in the UK, helping to establish and retain strong links with York University, and this leading position, has also been a key contributing factor when making successful submissions to secure additional

funding – the most recent example being the £2.8m Department for Transport’s “National Productivity Investment Programme” (NPIP) for the Smarter Travel Evolution Programme (STEP).

5. This new contract, when in place, will seek to extend the reach of the fibre network and also ensure that CYC continues to exploit our national position of being one of the best connected councils within a leading digital city with world-class connectivity, that helps our businesses to be more competitive, and attracts new jobs and investment to York.
6. The proposal will also include exploring options to work in collaboration with Harrogate Borough Council (HBC) as a joint client, as discussed and agreed at HBC’s Cabinet on 18<sup>th</sup> October 2017.

### **Recommendation**

7. The Executive is asked to:
  - (a) Approve the proposed approach outlined within the report to explore options to procure a technology provider to deliver the managed infrastructure service.
  - (b) Approve the proposed approach outlined within the report to explore options to work in collaboration with HBC, as part of developing the benefits and opportunities of the existing shared head of ICT Services arrangements.
  - (c) Approve the council to act as the Accountable Body for the Local Full Fibre Network (LFFN) funding regime identified in paragraph 17 and any other relevant grant schemes that may become available in the future.
  - (d) Delegate authority to the Deputy Chief Executive and Director of Customer and Corporate Services to approve the procurement process, to approve the terms of relevant legal agreements and to award the resulting contract to the successful bidder following the conclusion of the process to secure a technology partner to deliver the managed infrastructure service.
  - (e) Delegate authority to the Deputy Chief Executive and Director of Customer and Corporate Services to determine the final terms in relation to the LFFN grant and any other relevant grant schemes

that may become available in the future and to give approval to the acceptance of such grants..

**Reason:** to comply with the council's procurement rules and ensure transparency around the strategic direction and spend relating to technology infrastructure.

## **Background**

8. CYC has already established itself as a 'Fibre/well connected council' and is providing some unified services (CCTV, Urban Traffic Management (UTC), Education, Corporate, and Public Access) via the gigabit fibre infrastructure in the city. This has been possible because CYC chose a joint approach to delivering connectivity for its corporate, education, library/explore and UTC networks via a single managed service agreement (MSA) in 2009.
9. The forward thinking and bold steps that we have taken regarding making sure that we have excellent network connectivity within the council and York, has featured in a number of regional national media releases over the past few years, with the latest being in **The Times: "Public Sector Technology supplement, October 2017 - What is our future without critical infrastructure?"** which content included:

*"Take York, for example - it is in fact one of the UK's most advanced examples of a Gigabit City in the UK. Our extensive full-fibre network connects hundreds of council offices, schools, libraries and community centres; it powers city-wide public WiFi, high-definition CCTV and traffic management; it provides affordable ultra-fast internet connectivity to York's business community. It has also served as a backbone for the UK's largest trial of fibre-to-the-home – the 'end-game' in residential broadband.*

*By attracting a private sector investment in its digital infrastructure, York has paved the way for new social and economic development opportunities such as smart city applications and inward investment from new business start-ups and multinational expansion. Public WiFi has also had a positive impact on the city's tourism offering, enabling visitors to use their smart phones to help them make the most of its celebrated attractions.*

*Local authorities in other towns and cities are now following suit by aggregating the build of ubiquitous fibre-to-the-premises infrastructure and future-proofing their community as data usage continues to grow exponentially in the home and the workplace”.*

10. CYC and HBC have a joint ICT management service and in part, is a result of the strategic synergy between CYC and HBC’s current and future ICT requirements. Additionally CYC and HBC are very similar in terms of their demographic characteristics and both are considering their wider smarter place aspirations.
11. From a regional perspective, CYC and HBC are geographically close enough to achieve economies of scale when procuring the underlying infrastructure to drive their smart city and town aspirations.
12. Once the infrastructure is embedded, and a plan developed for delivery of services over the digital platform, it may also provide a spring board for rolling out the infrastructure and services to other agencies and interested partners in the region.
13. HBC has a number of disparate support and maintenance contracts and connectivity agreements in place with different providers and duration periods for its voice/data and CCTV connectivity layer and active network components.
14. Therefore, given the similarities and requirements of both CYC and HBC and the existing synergy that exists between the two organisations, this presents an opportunity to adopt a collaborative procurement approach to the renewal of CYC’s managed service contract and the consolidation and rationalisation of the current arrangements in place within HBC.

## Approach

15. As the value of the contract will be in excess of the current EU threshold of £164,176, the procurement will be conducted using one of the processes prescribed in the Public Contracts Regulations 2015 . It is proposed that the project analyses the most appropriate procurement route and the resulting procurement process will be conducted by a project team consisting of representatives from Finance, Legal, Procurement, ICT and other service leads from both CYC and HBC with external support where required and appropriate.
16. As part of the joint discussions within CYC and HBC, and given the potential size of the contract - the preferred approach is to issue a Prior Information Notice (PIN) as part of process to engage with the market place and also to help inform the appropriate strategic procurement approach to enable the council to secure the best outcome and response from the market.
17. The project team will explore opportunities to secure funding from external sources. One such funding source is the LFFN funding stream that Department for Digital, Culture, Media & Sport (DCMS) announced in summer 2017.

## Consultation

18. Given the scope of this requirement, an initial consultation process has been conducted as part of the work leading up to and informing this report which has taken a number of factors and potential implications into consideration including:
19. **HBC** - As part of developing the benefits and identifying new opportunities of the shared ICT Management arrangements, the Head of ICT has worked with the Director of Corporate Affairs for HBC to identify and establish a collaborative approach for the procurement of a single provider based on CYC's experience, that helped to inform the approved HBC Cabinet report which was discussed and agreed on 18<sup>th</sup> October 2017.
20. This collaborative approach will also help inform future and ongoing discussions between the Director of Corporate Affairs for HBC and the Assistant Director Customer and Digital Services regarding CYC/HBC future joint working opportunities.

21. **Property:** Access to a robust, high availability and agile network platform is an essential requirement to the council's changing and evolving use of its property estate in response to changing workforce/service and budget management. It is also a key platform for any potential additional commercial opportunities from onwards sale of service wrapped around the council's commercial estate.
22. **Urban Traffic Control:** The CCTV and UTC services are significant users of and are highly dependant upon, the council's network infrastructure as it connects the very high number of its street/road based equipment back to the council's control room facilities within West Offices.
23. Over the past five years virtually all of this estate has been migrated onto a single, unified city-wide network delivered as part of the current managed service arrangements. This has reduced the service revenue spend on communications considerably by allowing the termination of a number of individual connectivity provisions and contracts.
24. As the council moves towards the introduction of vehicles that are able to share data this will greatly enhance the tools we are able to use to actively manage the transport network. To maximise the council's ability to use this opportunity, we will need to continue expand the digital connectivity we have within the city to carry greater volumes of complex data. A managed service is the most effective way of ensuring the council's data networks develop in a way that support this aspiration.
25. **Department for Digital, Culture, Media & Sport (DCMS) -** Discussions have taken place with the LFFN project team within DCMS to clarify that our approach and thinking around the expansion of existing fibre connectivity network within York and into Harrogate, is aligned to and supportive of their LFFN programme. These discussions have, and will, continue to include the opportunity of making use of the LFFN funding stream that DCMS will be making available through a submission process that is yet to be confirmed.

## **Council Plan**

26. As identified within this report, the digital connectivity and managed services provision is an essential requirement and a key enabler for the council and its partners and helps to underpin their collective focus on frontline service delivery.

27. The existing contract and the associated connectivity requirements provide the platform for the underpinning connectivity model that supports the local economy and residents and communities. This benefit has and continues to be realised within York, and this model and our example, is one that DCMS are looking for other cities to follow as part of their LFFN programme.
28. Our reach and ability to work within and with our communities is heavily dependant upon digital connectivity for all, and the current contract has allowed the enabling of fixed and wireless networks to expand into our communities through a blend of private and public sector funded initiatives, and this will continue as one of the outcomes should the recommendations be approved.

### **Implications**

29. **Financial:** It is anticipated that the expected annual cost £1.3m of the contract will be accommodated within the existing budgets and external funding sources available for this service. However, any variations will be reported to members through the quarterly finance reporting in the usual way.

**One Planet Council / Equalities:** The standard better decision making process will be used in the detailed development of the specification for the ICT Managed Service to ensure wider factors are considered. This will include the One Planet York principles, with a view to maximising the positive impacts and minimising any negative impacts across the social, economic and environmental domain.

**Legal:** The procurement process will be conducted in accordance with the Public Contracts Regulations 2015 and the council's Contract Procedure Rules. Any grant funding will be obtained in accordance with the council's Financial Rules and any State aid implications will be fully considered and addressed appropriately.

**Crime and Disorder:** None.

**Information Technology (ICT):** Included within the report.

**Human Resources (HR):** None, other than that the MSA supports the working infrastructure of the council without which many staff could not undertake their duties in support of our residents.

**Property:** Included within the report.

## **Risk Management**

30. There are a number of risks associated with not undertaking the procurement of ICT Managed Services, and these include:
- a) Failure to provide the required level of ICT Services that are essential and underpin the council's and its partner's frontline service delivery and their supporting services.
  - b) Creating the need for additional capital funding that would be required to meet the future growth requirements of the ICT services covered within the scope of the managed service agreement.
  - c) That the planned ICT savings in the current and next two years will not be delivered.
  - d) Restricting the council's success to secure additional Central Government and other funding stream opportunities that will emerge during the contract period and that can be linked to connectivity.

## **Contact Details**

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**Ian Floyd**

Deputy Chief Executive and Director of  
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**Report  
Approved**



**Date** 27 October 2017



## Specialist Implications Officer(s):

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**Wards Affected:** List wards or tick box to indicate all

**All**

**For further information please contact the author of the report**

**Background Papers:** None

## List of Abbreviations Used in this Report

CCTV Closed Circuit Television  
CYC City of York Council  
DCMS Department for Digital, Culture, Media & Sport  
HBC Harrogate Borough Council  
HR Human Resources  
ICT Information and Communications Technology  
LFFN Local Full Fibre Network  
MSA Managed Service Agreement  
NPIP Department for Transport's National Productivity Investment Programme  
PIN Prior Information Notice  
STEP the Smarter Travel Evolution Programme  
UTC Urban Traffic Management