



Cabinet Member Report

Decision maker and date of Leadership Team meeting or (in the case of individual Lead Member decisions) the earliest date the decision will be taken	<i>Cabinet Member:</i> Mary Weale Forward Plan ref: 05514/19/K/AB	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
	<i>Cabinet Member:</i> Paul Swaddle Date of Decision: 10/02/2020	 City of Westminster
Classification:	<i>General Release</i>	
Title:	<i>Bi Borough Network Contract (WAN & Data Centre Networking) Award.</i>	
Wards Affected:	<i>All wards</i>	
City for All Summary	<p>The award of this contract and the new WAN network associated with it will create an environment to deliver a leading edge scalable, safe, secure and cost-effective networking services.</p> <p>It will facilitate collaboration with partners and stakeholders to promote cohesive communities and support engagement with businesses to enable growth.</p>	
Key Decision:	Yes	
Financial Summary:	The contract will deliver annual ongoing savings for WCC of £0.5m and a cost neutral RBKC revenue position	
Report officer:	Ben Goward – Chief Information Officer	

1. Executive Summary

This report seeks approval for award of Bi-Borough Network (WAN & Data Centre Networking) contract through the Crown Commercial Services Network Services2 (CCS NS2) Framework (RM3808).

Westminster City Council (WCC) and Royal Borough of Kensington and Chelsea (RBKC) currently have separate data networks between them with over 150 sites connected to their respective corporate wide area networks (WAN). Each council also has dual data centres housing data centre networking services.

An analysis of the procurement routes required to progress the existing programme to the deployment phase concluded that the CCS NS2 Framework is the best option presenting best combination of value for money, quality and delivery timescales. This position has been supported by WCC Procurement Assurance Board (PAB) and RBKC procurement officer.

Data Networking is an essential part of the corporate IT provision. The approach laid out in this paper delivers service improvements with the introduction of new Bi-Borough support model, increased bandwidth and enhanced monitoring included in new integrated data network. The new contract will deliver £0.5mil annual revenue savings for WCC and will have a cost neutral impact for RBKC.

2. RECOMMENDATIONS

Royal Borough of Kensington and Chelsea Council (RBKC)

It is recommended that the Cabinet Member approves:

2.1 That Part B of this report be exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A, Part 1, paragraph 3, in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

2.2 That the RBKC contract amount committed under the jointly procured contract with WCC for provision of WAN & Data Centre Networking services through the CCS NS2 Framework.

Westminster City Council (WCC)

It is recommended that Lead Member approves:

2.3 That Part B of this report be exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A, Part 1, paragraph 3, in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

2.4 The award of a contract for provision of WAN & Data Centre Networking services following a mini-competition under through the CCS NS2 Framework RM 3808 to Virgin Media Business for a period of 5 years extendible by 2 more years.

3. REASONS FOR DECISION

As the value of the contract variation is above £500,000, this variation constitutes as a Key Decision under section 2.28 of the Code and accordingly Member Involvement is required as per section 2.28.

The Bi-Borough Network (WAN & Data Centre Networking) contract will ensure that the existing networking services that both Authorities use continue uninterrupted while also supporting increased demand for bandwidth and better network access and monitoring capability required due to the rapid expansion of digital business and cloud services.

The new contract aligns with the strategic vision as it allows WCC and RBKC to create a single Bi-Borough network and exploit changes in technology landscapes to improve capacity and customer experience while delivering value for money by use of competitive framework.

4. BACKGROUND

The Royal Borough of Kensington and Chelsea (RBKC) and Westminster City Council (WCC) ('The Councils') deliver IT through a shared services arrangement transitioned to in 2016 from previous Tri-Borough structures. In the current operating model, the Councils have separate data networks with between them over 150 sites connected to their respective corporate WAN supporting over 6000 staff as well external visitors to council premises including libraries. Each council also has dual data centres housing data centre networking services providing centralised internet breakout, third party network connections and perimeter security services.

The RBKC network is managed by an in-house networking team with the all but 2 of the WAN links sourced through a contract with Virgin Media Business (VMB) which now has expired but provision continuous on rolling 60-day extensions.

WCC has a managed network service contract with Virgin Media Business (VMB) which expires in April 2020 and the current contract cannot be extended further; other than by invoking the "run-off" clause twice; with six months at a time but that option will be needed beyond April 2020 to support transition to new service provider.

The Network2020 Programme is the overall Bi-Borough network service provision for WAN & Data Centre (DC) Networking

This paper covers WAN & DC networking award provision sourced through the Crown Commercial Service Network Services 2 Framework (CCS NS2).

5. INDIVIDUAL SERVICE ARRANGEMENTS

The arrangements for the individual services are summarised within the following paragraphs.

RBKC and WCC have led a joint procurement exercise during 2019 through the CCS NS2 Framework. It is proposed that WCC will be the CCS NS2 Framework contract owner as NS2 framework does not support multiple contracts against single tender and RBKC already holds a significant bi-borough contract (Microsoft tenancy). However, each council will be invoiced separately for their respective costs of the CCS NS2 Framework contracts.

Procurement stages	Process
Stage 1	Mandatory Qualification
Stage 2	Technical qualification (5 suppliers promoted to stage 3)
Stage 3	Full Technical qualification, presentation and award

Webinar sessions were conducted on 03, 06 September and 29 October for suppliers, providing them with an understanding of the Authorities requirements, how the procurement process was going to run and the strategies for evaluation and selection were explained. The Invitation To Tender (ITT) was released on 23 October 2019 to all the suppliers (35) on the CCS NS2 Framework (RM3808). The sessions enabled the suppliers to ask multiple questions related to the requirements.

At the end of the ITT submission period on 12 December 2019, a total of 5 suppliers responded to the ITT whilst others declined due to their inability to meet the Authorities complex requirements and availability of resource to meet delivery timelines.

The 5 suppliers were taken through the mandatory stage 1 compliance and due diligence. All passed the Authorities compliance threshold.

The technical bids were opened independently and scored by the evaluators. Sessions were convened to moderate all the scores that were deliberated on the rationale behind the scores and a consensus was reached.

A further technical clarification request was made to all suppliers and some were required to further clarify their technical offer. The responses were factored into the scoring process and moderated accordingly.

After the technical scores were baselined, the commercial envelop was opened and the suppliers were invited to present their commercial submission to the evaluation team within a 90 minutes session each.

Upon completion of all supplier sessions, the evaluation team realised that many had made assumptions that were not included in the pricing schedule, hence additional post commercial clarification questions were sent to all suppliers. The commercial envelop was reopened for some suppliers to respond and update their commercial submission.

Key points from recommended bids

- Supply base reduced from five suppliers to one.
- Recommended Bidder **Virgin Media Business (VMB)** is able to provide all the requirements of the council based on the tender response, technical and commercial walkthrough.
- VMB provided the best MEAT figures and its delivery is within both Councils' ICT budgets with overall WCC savings of circa £2,534,645.43 over the term of the contract (5+2) including implementation charges. The contract is cost neutral RBKC revenue position.

6. ISSUES & PROPOSALS

The Councils are seeking to complete a procurement with one main supplier for the devices and added services as described below:

WAN Links: Connectivity from all council sites to the corporate network and where appropriate for certain SaaS services direct internet breakout allowing for different levels of resilience and capacity appropriate to the size and importance of each site.

Data Centre Networking Services: Provision of centralised internet breakout, third party network connections and perimeter security services for both Councils.

Monitoring: Improved network application monitoring capability.

Services: Transition support to ensure that existing networking services that both Authorities use continue uninterrupted during the migration to new Bi Borough network.

The Councils will not be using an e-auction solution, as this is more appropriate for 'off the shelf' type device, where like for like can be easily compared. Thus, not referred to in this paper.

Innovation Partnership is not a recommended option and is used when knowledge of the requirement is next to none so would not fit this requirement.

A suggestion was raised in relation to obtaining a quote from BT plc through London ICT framework Lot 4, in addition to running a further competition under the CCS NS2 Framework, Lot 1. BT plc are listed as a supplier on the CCS Framework and as such there could be a potential risk of challenge from the other suppliers if the councils were to abandon the further competition and award to BT through Lot 4 so this route was not pursued.

It was noted that the councils have existing relationships with a number of network providers (Community Fibre, GNetworks and Ontix). Although none of these providers put forward a bid through CCS for the new network provision ICT are exploring whether any connections offered at low or no cost from these suppliers could be incorporated into the new network and a pilot is planned with Community Fibre at a community (Library) site to test viability of integration with the new network which if successful could lead to additional capacity or reduced operating costs.

7. OPTIONS & ANALYSIS

Option 1: OJEU Open Procedure

The open procedure is suitable for simple procurements where the requirement is straightforward. It is commonly used in practice for the purchase of goods where the requirement can be clearly defined and there is no "pre-qualification" of bidders.

This procedure does not have a prequalification stage, therefore the number of suppliers that express an interest is unlimited. Suppliers that express an interest are then invited to tender (ITT).

Timescales	Benefits	Risks
<p>Excluding Document prep, tender evaluation and contract award:</p> <p>Minimum Period for Contract Notice/applications for Tender Documentation: 30 days</p> <p>If a Prior Information Notice (PIN) has been issued and has been published for more than 35 days, the length can be reduced to 15 days</p>	<ol style="list-style-type: none"> 1. Contract term can be determined by the business. 2. PIN Notice gives suppliers plenty of warning. 3. PIN Notice reduces the timescales. 4. Opportunity to receive a proposal from the incumbent Virgin Media who if successful would have much lower transition costs and risk to alternative suppliers. 	<ol style="list-style-type: none"> 1. This procedure is time consuming due to potential volume of responses and bids to evaluate and would not complete on time to enable transition of network services to new network provider before end of existing network contract. 2. Increases the risk of challenge (more responses and time invested/transaction costs in preparing a tender. 3. Details, for example, contract duration, options, OJEU category classification code (CPV) in the ITT would need to match the published PIN/OJEU Notice. 4. Increased resource cost to run the procedure and evaluate the responses. 5. The Councils IT infrastructure is not known to the market.

Option 2: OJEU Restricted Procedures

The restricted procedure is used where the requirements are typically complex and where you want to "pre-qualify" suppliers based on their legal and financial status, technical or professional capability. This is a two-stage process.

Stage one - Suppliers that respond to the OJEU notice are evaluated against a set of criteria that can include legal, financial and technical status. This limits the number of companies invited to tender.

Stage two - Shortlisted suppliers from stage one are invited to tender (ITT) and submit a bid.

This is the standard process normally used for Council OJEU tenders.

Timescales	Benefits	Risks
<p>Excluding Document prep, tender evaluation and contract award:</p> <p>No PIN Published</p> <ul style="list-style-type: none"> • SQ Period:30 days • ITT Period: 25 days • Minimum Tender Period: 55 days 	<ol style="list-style-type: none"> 1. PIN Notice gives suppliers plenty of warning and reduces the timescales. 2. Restricts the number of suppliers invited to tender therefore reducing the number of responses, ensuring value for money. 3. Contract term can be determined by the business. 4. Opportunity to receive a proposal from the incumbent Virgin Media who if successful would have 	<ol style="list-style-type: none"> 1. Less transparent than an Open procedure and the Selection Questionnaire must be robust and defensible. 2. Timescales longer than Open Procedure and a two-stage process and would not complete on time to enable transition of network services to new network provider before end of existing network contract. 3. Details, for example, contract duration, options, OJEU category classification code (CPV) in the ITT

Timescales	Benefits	Risks
PIN published for more than 35 days <ul style="list-style-type: none"> • SQ Period: 30 days • ITT Period: 10 days • Minimum Tender Period: 40 days 	much lower transition costs and risk to alternative suppliers.	would need to match what was published in the PIN/OJEU Notice. <ol style="list-style-type: none"> 4. Increased resource cost to run the procedure and evaluate the responses. 5. The Councils IT infrastructure is not known to the market.

Option 3: Crown Commercial Services Network Services2 (CCS NS2) Framework (RM3808)

Network Services2 offers public sector bodies a flexible and compliant route to market for networking needs. Featuring a mix of suppliers, the agreement is comprised of thirteen Lots of which lot 1 'Data access services' covers WAN and DC networking.

Timescales	Benefits	Risks
There is no formal OJEU process, the Council would be able to set its own timescales for the mini-competition. CCS recommend a period of at least 2/3 weeks to allow sufficient time for bidders to respond	<ol style="list-style-type: none"> 1. The Council would not have to conduct a full OJEU process, therefore reducing the timescales. 2. This option will allow for competitive pricing and value for money. 3. Standstill period is voluntary (OJEU tender process requires a standstill period before contract award). 4. Pre-agreed contract by suppliers on the framework, reducing time to confirm contract details. 5. Opportunity to receive a proposal from the incumbent Virgin Media who if successful would have much lower transition costs and risk to alternative suppliers. 	<ol style="list-style-type: none"> 1. <i>CCS charge the suppliers 0.7% of the total contract value (TCV) on award of contracts.</i>

Option 4: The London ICT Framework Lot 4

After a competitive process, WCC & RBKC appointed BT as its ICT service provider. The Councils can acquire goods and services without having to go through a full OJEU tender process or use an alternative framework (such as those available through CCS).

Lot 4 of the Framework relates to network and telephony services including WAN and DC networking services.

Timescales	Benefits	Risks
A Change Control Notice (CCN) would need to be completed. There is an SLA with BT of two weeks to complete this task	<ol style="list-style-type: none"> 1. The Councils would not need to run a mini-competition or a full 	<ol style="list-style-type: none"> 1. No competitive pressure on BT to provide best value proposal

Timescales	Benefits	Risks
depending on the complexity of the requirement	<p>OJEU procedure thus saving on resources and time.</p> <p>2. Framework charge would go to WCC rather external party</p> <p>3. Open book accounting; complete transparency and breakdown of all charges and costs.</p> <p>4. The Councils IT infrastructure is known to BT, through the IT Helpdesk managed service provision. BT is therefore well placed to deploy the new technologies and hardware, ensuring low risk of delayed deployment.</p> <p>5. Direct award with the use of a CCN and applicable internal approval process.</p>	<p>2. No opportunity to receive a proposal from the incumbent Virgin Media who if successful would have much lower transition costs and risk to alternative suppliers.</p> <p>3. No opportunity to receive proposal from alternative suppliers who may have technologically more advantageous solutions for the councils</p>

8. Summary of Options

Based on the pros and cons listed, Option 3, the CCS NS2 Framework is the recommended procurement route. This option presents the most value for money with the lowest margins on hardware, savings on internal time and resources.

Option / Opportunity	Pros	Cons	*Ranking
1. OJEU Open Procedure	<ul style="list-style-type: none"> Contract and contract term can be determined by the business Opens up the market 	<ul style="list-style-type: none"> Time consuming due to potential number of responses Increased resource costs Councils infrastructure is not known to the market 	4
2. OJEU Restricted Procedure	<ul style="list-style-type: none"> Contract and contract term can be determined by the business Restricts the number of suppliers invited to tender 	<ul style="list-style-type: none"> Longer timescales than open procedure Increase resource costs Councils infrastructure is not known to the market 	3
3. CCS NS2 Framework (RM3808)	<ul style="list-style-type: none"> Full OJEU process not required Allows for competitive pricing and value for money Voluntary standstill period Pre-agreed contract via the framework Opportunity to receive a proposal various suppliers including the incumbent Virgin Media who if successful would have much lower transition costs and risk to alternative suppliers. 	CCS charge the suppliers 0.7% of the total contract value (TCV) on award of contracts.	1

Option / Opportunity	Pros	Cons	*Ranking
4. WCC IT Framework Lot 4	<ul style="list-style-type: none"> • Full OJEU or mini competition not required • 	<ul style="list-style-type: none"> • No competitive pressure on BT to provide best value • No opportunity to receive a proposal from the • No opportunity to receive proposal from alternative suppliers including incumbent Virgin Media who may have more advantageous solutions for the councils 	2

*Ranking for most viable route for project, rank 1 = best

9. COMMERCIAL & PROCUREMENT IMPLICATIONS

Option 3 provides a time efficient and compliant route that reduces the time and resource that would be required to manage an OJEU competition.

Commercial & Procurement Implications by Tai Gbadebo, IT Category Manager

10. EQUALITIES IMPLICATIONS

There are no service equalities implications as the approval does not impact the service provided to service users.

11. LEGAL IMPLICATIONS

The proposal is to award a contract for Bi-Borough WAN and DC networking services to Virgin Media Business (VMB) for an initial period of 5 years with the option to extend for 2 years. VMB have been selected following a mini competition under Crown Commercial Service Framework RM3808 for Network Services 2.

The procurement process followed during the mini-competition seems to be compliant with the City Council's obligations under the Public Contracts Regulations 2015 for this above threshold public contract. This is a joint procurement led by WCC who will enter into the contract with VMB. It is noted that VMB will invoice RBKC directly for its portion of services provided under the contract.

It is recommended to observe a voluntary 10-day Alcatel standstill period prior to award of the contract following the mini-competition.

The contract terms would be as per the RM 3808 Framework stipulations.

The contract would need to be sealed due to its value A contract award notice would need to be published within 30 days of the award.

RBKC

As per RBKC Contract Regulations, RBKC's contract amounts committed under the jointly procured contract, led by WCC would necessitate approval of the appropriate Cabinet Member.

WCC

This contract award to VBM would necessitate award decision by the appropriate Cabinet Member following recommendation of Executive Director and PAB due to the contract value as per the WCC Procurement Code.

Legal implications by Babul Mukherjee, Solicitor (Contracts), Bi-Borough Shared legal Services.

12 INFORMATION GOVERNANCE IMPLICATIONS

Information Security requirements were incorporated into the tender and a member of the information security formed part of the evaluation team.

13 FINANCIAL IMPLICATIONS

RBKC

The Group Finance Managers, Corporate Services, has been consulted and comments as follows:

One-off implementation costs will be met from the Network2020 Programme which forms part of the current capital programme.

Any recurring revenue costs will be contained within existing ICT revenue budgets.

Confidential financial implications are contained within Part B.

Financial implementations by Hitendra Godhania RBKC Finance Manager

WCC

The capital budgets are sufficient to meet the requirements of this project. The transformation & transition expenditure will be funded from approved flexible capital budgets and all on-going cost will be met from recurrent revenue budgets. On a monthly basis, all expenditure will be monitored and reported to the ICT Board.

Financial implementations by David Kirkhope, SFM Corporate Services

14 CONSULTATION

This paper has been agreed by the Chief Information Officer and discussed informally with the relevant cabinet members. It has been approved by Finance, Legal and Procurement teams within WCC and RBKC prior to formal submission.

Local Government Act 1972 (as amended) – Background papers used in the preparation of this report

None

Part B – Confidential Information

1. This section of the report is exempt from disclosure by virtue of the Local Government Act 1972, Schedule 12A, Part 1, paragraph 3, in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

Westminster City Council Sign-off

For completion by the **WCC Cabinet Member** for Community Services and Digital

Declaration of Interest

I have <no interest to declare / ~~to declare an interest~~> in respect of this report

Signed:  Date: 09/03/2020

NAME: **Councillor Paul Swaddle OBE**

State nature of interest if any

(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled and reject any alternative options which are referred to but not recommended.

Signed 

WCC Cabinet Member for Community Services and Digital

Date ...09/03/2020.....

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:
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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal and Democratic Services, Chief Operating Officer and, if there are resources implications, the Director of Human Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

Royal Borough of Kensington and Chelsea Sign-off

For completion by the **RBKC Cabinet Member** for Finance and Modernisation

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: _____

State nature of interest if any

.....

(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitledand reject any alternative options which are referred to but not recommended.

Signed

RBKC Cabinet Member for Finance and Modernisation

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

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Appendix A

Other Implications

1. Resources Implications

None

2. Business Plan Implications

None

3. Risk Management Implications

None

4. Health and Wellbeing Impact Assessment including Health and Safety Implications

None

5. Crime and Disorder Implications

None

6. Impact on the Environment

None

7. Equalities Implications

None

8. Staffing Implications

None

9. Human Rights Implications

None

10. Energy Measure Implications

None

11. Communications Implications

None