



NORWICH City Council

Committee name: Cabinet

Committee date: 14/06/2023

Report title: Wide Area Network Contract

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Head of customers, IT and digital

Wards: All wards

OPEN PUBLIC ITEM

Purpose

For Cabinet to approve the award of a contract to supply the Wide Area Network (WAN).

The current contract to supply WAN services expires 31 March 2024. A new contract is required to continue to use these services beyond 31 March 2024. The services include data and telephony network circuits, internet connection, network services such as IP and Domain Name Services and service management.

The WAN is an essential element of the core IT services. Without the WAN staff and residents cannot connect to nor use the council services.

Recommendation:

It is recommended to enter a contract with Capita IT Services Ltd (Capita) to supply the WAN services.

Policy framework

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city

corporate priority.

Background

1. The current 8-year agreement, with Capita, for WAN services will expire 31 March 2024.
2. The WAN is an essential element of the core IT services. The WAN is a large computer network that connects the council's and Norwich City Service's office locations together so that IT resources can be shared and also connects these locations to the Internet.
3. Without the WAN staff and residents cannot use the council services. The services include data and telephony network circuits, the Internet connections, Network Services such as IP and Domain Name Services.
4. The WAN services are required to maintain computer connections between the council locations, to allow for laptops to connect to the council's applications and services, to access the Internet and to allow customers to access our on-line services. The WAN services are also required to support the telephony platform used by the customer contact centre and staff. In essence, these services are vital for the effective operation of the Council's day-to-day business.
5. The current contract was procured using the Norfolk Council's Network Framework and is supplied by Capita. This framework doesn't provide for an extension beyond March 2024 and there is no option to use Norfolk Council's new network solution. A new contract is therefore required.
6. On review of the councils need of future service requirements we are satisfied that Capita are able to fulfil our needs.
7. The service received from Capita over the last 8 years has been good. There has been a 100% availability over the last two years.
8. Any change of WAN supplier is resource intensive and comes with significant risk. The risks associated with the change of supplier include increased timescales (such as new circuits to be installed), timelines to obtain hardware, increased disruption and down time to services and potential to miss the cut-off deadline of March 2024. Keeping the current supplier and entering a new contract will mitigate these risks.
9. Due to the recent cyber incident that affected Capita, the Council has obtained confirmation that there is segregation between the council's WAN and the supplier's network which limits risk.

Proposal

10. To use the Yorkshire Purchasing Organisation (YPO) Framework to procure WAN services.
11. To award a contract to Capita for 9 years, being an initial 7-year contract term

together with two optional yearly extensions

12. The two optional yearly extensions, years 8 and 9, will be subject to RPI, staff increases, and any costs associated with equipment reaching end of life and requiring replacement. Any cost increase will be subject to approval by both parties. The constitution provides officers with delegated authority to extend the contract if it is appropriate to do so.
13. The new contract will allow the council to procure new Network Connectivity and Telecommunication Solutions, if desirable. These solutions could include corporate WiFi, replacements for the old analogue public switched telephone network (PSTN) to a fully digital network and implementing new technologies such as Software-defined networking.

Options for Procurement.

14. Identify a single supplier to award the contract to without competition: This route would be contrary to Contract Procedures and public procurement regulations due to the value of the contract. **This option is not recommended**
15. Establish competitively tendered contract with one supplier: Run a competitive procurement exercise looking for a single supplier to meet the council's requirements. As per the council's contract procedures, the recommended approach for the procurement of contracts of over PCR2015 thresholds should be advertised as an 'open' procedure in order to maximise open, transparent and fair supplier selection. This requirement can be viewed as 'off the shelf' and with existing frameworks active and available, it would be a duplication of efforts to pursue a contract via open tender. **This option is not recommended.**
16. Utilise an existing framework: Frameworks provided by Crown Commercial Services (CCS), Eastern Shires (ESPO), KCS Procurement Services and YPO have been explored. There is a suitable framework available with lower-than-average cost, and favourable call-off terms which also allows for a direct award. **This is the recommended approach.**
17. The Council must order the services at the earliest opportunity to ensure the new service is available for dual operation and a managed migration away from Norfolk's network before March 2024. Both the new contract and existing contract shall run in parallel from sign-off until 31st March 2024. Therefore, the start date of the new contract shall be before the 1st April 2024.
18. The new contract will allow for services to flex over the term of the agreement based upon network and premises maintained and the resources required to support the network and telephony. If a premise is closed the contract allows for costs to be reduced.

Consultation

19. No consultations with the public have taken place or required.

Implications

Financial and resources

20. Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2022-26 and budget.

21. The current annual cost is £83,501.

22. The cost for the new agreement is quoted as £23,167 for one-off startup costs for new equipment and then annual costs for year one to seven plus an optional 1+1 additional years (maximum of nine years) of £86,950 per year.

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total for Initial Term - 7 Years
£23,167 £86,950	£86,950	£86,950	£86,950	£86,950	£86,950	£86,950	£631,817

23. Due to the dual running of the contracts, the year 1 costs of the new contract shall commence in the financial year 23/24.

24. The new agreement includes an initial term of 7 years with the option to extend the agreement further with two one-year extensions. e.g. 7+1+1 (9 years in total) The new agreement prices will be subject to annual indexation in line with RPI.

25. Extension periods in years 8 and 9 will be subject to RPI, staff increases, and any costs associated with equipment reaching end of life and requiring replacement. Any cost increase will be subject to approval by both parties.

26. The new agreement allows for removal and adding of services.

27. The contract, across nine years, being the Initial Term of 7 years and the 2 optional years, is valued in the region of £805,717 excluding future RPI costs for all years and other potential costs for years 8 and 9.

Legal

28. The Council is using a recognised framework, YPO, for the purchase of the service. This is compliant with the Public Contract Regulations 2015.

Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and diversity	Neutral.

Consideration	Details of any implications and proposed measures to address:
Health, social and economic impact	Positive – supports IT solutions across the council. Supporting good methods of communication across the workforce and customers.
Crime and disorder	Neutral.
Children and adults safeguarding	Neutral.
Environmental impact	Neutral.

Risk management

Risk	Consequence	Controls required
Not entering this contract.	<p>Severe disruption to council services as the WAN is inextricably linked to IT provision across the council.</p> <p>Staff would not be able to access council systems.</p> <p>Residents would not be able to access online services.</p> <p>The customer centre wouldn't be able to make or receive telephone calls or respond to customer enquiries.</p> <p>Access to DWP data for the benefits team would not be possible.</p> <p>If the contract is not entered, the council will be at risk of failure to deliver essential services.</p>	<p>Report progress to key officers.</p> <p>Procurement and Finance have both approved the recommendation as within budget and uses an approved Framework.</p> <p>IT will manage the migration of service to the new contract.</p> <p>IT, Finance and Procurement will be required to immediately provide resource to find an alternative solution. (This in turn carries its own risk that there isn't sufficient time to find an alternative).</p>

Other options considered

29. No other options have been considered. The wide area network solution is inextricably linked to the IT provision across the council.

Reasons for the decision/recommendation

30. The recommendation is to enter a new contract with the current supplier.

31. The recommendation is based upon:

- The current supplier service is good (100% availability in the past two years)
- the costs are within the expected budget
- the risk to the service by changing supplier and service is mitigated by using the same supplier
- the procurement route meets the council's requirements,
- the service is essential. Without the wide area network services, the core elements of IT will not be available.

Background papers: None

Appendices: None

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