

Report of **Head of Operational Services**

Report to **Chief Digital and Information Officer**

Date: **26 June 2017**

Subject: **Framework Owner for Regional Telecommunication Network Services**

Are specific electoral wards affected? If yes, name(s) of ward(s):	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Summary of main issues

1. The Yorkshire and Humber Public Services Network (YHPSN) contract for Regional Telecommunications Network Services is being re-procured.
2. NHS Digital is leading the procurement but require an organisation to act as Framework Owner upon contract award.
3. Leeds City Council has stepped forward as a prospective Framework Owner as this aligns to work already underway in rationalising the IT estate across the city.
4. This move has been supported by NHS Digital and both the YHPSN Executive Board and Partnership Management Board.

Recommendations

1. It is recommended that Leeds City Council become the Framework Agreement owner of the Regional Telecommunication Network Services Framework upon contract award, expected to be March 2018.

1. Purpose of this report

- 1.1 To detail the background and main issues in relation to Leeds City Council becoming Framework Owner for the Regional Telecommunication Network Services contract for the Yorkshire and Humber region.
- 1.2 Present information to allow the Chief Digital and Information Officer to make a decision as to whether the recommendation of this report should be accepted.

2. Background information

- 2.1 The Yorkshire and Humber Public Services Network is recognised as being the largest and most holistic regional IT network infrastructure project in England. By combining individual networks into a unified regional network it has already saved the Yorkshire and Humber Region an estimated £35 million since 2010.
- 2.2 Originally formed in 2010 by 22 partner organisations from across Local Government, Health, Police, Fire & Rescue and Transport the Partnership now has 64 members.
- 2.3 The Partnership is an unincorporated association, meaning that in itself it has no legal standing and cannot borrow money or enter into contracts. Leeds City Council has stood as the lead partner for any required procurement or contractual arrangement.
- 2.4 The Partnership has long established governance arrangements through an Executive Board which comprises of around a dozen representatives from Partner organisations. The Executive Board focuses on the strategic direction of the Partnership and reports into the Partnership Management Board (PMB). The PMB represents all Partner organisations with each Partner having an equal say in the ultimate direction of the Partnership.
- 2.5 Partners pay an annual subscription to be a member of the Partnership. This money is used to fund a central team, the Transition Resources Team (TRT), whose role is to support the Partnership in maximising the benefits of a unified network and dealing with any common supplier issues. The TRT is administered through Leeds City Council as part of its current lead partner role.
- 2.6 In 2011 the Partnership undertook two procurements conducted under the Government Procurement Service frameworks for PSN Connectivity (RM860 - PSNC) and PSN Services (RM1498 – PSNS, covering such things as CCTV, Conferencing, Call Centres, Equipment Rooms, Paging, LAN, Mobile Voice & Data), both of which were awarded to Virgin Media Business.
- 2.7 The contract for PSN Connectivity is now coming to an end and is currently being re-procured.
- 2.8 The current procurement work is being undertaken in collaboration with NHS Digital with the aim of fulfilling the future needs of the Partnership and also the objectives of NHS Digital's Health and Social Care Network (HSCN) programme. The procurement will see the award of a Framework contact for Telecommunication Network Services and associated Call-off contracts allowing partner organisations to migrate from their existing network estates.
- 2.9 An OJEU Notice and Supplier Questionnaire were release on 13th April 2017, marking the start of formal procurement activity. NHS Digital is acting as lead organisation for the procurement on behalf of the Partnership. It is expected that the Framework contract will be awarded in March 2018 allowing partner organisation to call-off services at the end of March.

3. Main issues

- 3.1 Whilst NHS Digital are acting as lead organisation for the procurement it has been requested by NHS Digital that another organisation becomes the Owner of the Framework moving forward.
- 3.2 The Owner of the Framework will inherit a number of obligations that are to be defined in the Framework contract which broadly fit into two categories; contractual and service management.
- 3.3 Contractual obligations will ensure that the Supplier fully meets their obligations under both the Framework contract and under any subsequent Call-off contracts, also to arbitrate on behalf of partner organisations in disputes with the Supplier on issues that affect multiple partners.
- 3.4 Service management obligations will ensure service levels and performance targets are being met by the Supplier, that the agreed migration timeline is being adhered to, to advise partners on service credits and how to access these and to act as a point of escalation if and when needed. It is expected that the Supplier will attend regular review meetings with the Framework Owner.
- 3.5 These obligations will be met through a reconfigured TRT that will act as an intelligent client function sitting under the Framework Owner. The TRT will be funded through a levy on procurements made via the Framework and associated Call-off contracts. The levy will be administered by the Framework Owner.
- 3.6 Leeds City Council has stepped forward as a perspective Framework Owner as the framework supports the delivery of the city wide programme in terms of integrating service delivery and sharing buildings. This move has been supported by NHS Digital and both the YHPSN Executive Board and Partnership Management Board.
- 3.7 This report seeks approval for Leeds City Council to become Framework Owner for the Regional Telecommunication Network Services Framework.

2. Corporate considerations

2.1 Consultation and engagement

- 2.1.1 Cllr J Lewis; ICT Service Leadership Team; the Programmes, Project and Procurement Unit; and the ICT Strategic Sourcing team have been consulted in relation to this matter. Their input has been incorporated within this report and no objections to the recommendation have been received.

2.2 Equality and diversity / cohesion and integration

- 2.2.1 No equality and diversity implications have been identified.

2.3 Council policies and best council plan

- 2.3.1 The Yorkshire and Humber Public Services Network itself supports a number of Council Policies and elements of the Best Council Plan by providing the infrastructure to support joined up working. A Framework Owner that is one of the Yorkshire and Humber Public Service Members will help to ensure the requirements of the members (including Leeds City Council) are met and help to drive value for money through the contract.

2.4 Resources and value for money

- 2.4.1 This proposal will have no capital or revenue implications for the Council.
- 2.4.2 The Framework will be administered via a team funded wholly through a levy on sales made via Call-off contracts.

2.5 Legal implications, access to information, and call-in

- 2.5.1 The estimated value of the Framework Agreement itself and the value of the levy on sales made is greater than £250,000.00 per annum and, therefore, this is a Key Decision and subject to call-in. There are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 2.5.2 The procurement of the Framework Agreement is being undertaken using the competitive procedure with negotiation and is subject to the Public Contract Regulations 2015 (Regulations).
- 2.5.3 There is a risk that an aggrieved party might seek to declare the Framework Agreement ineffective or to recover costs from the Framework Agreement owner in relation to any breach of the Regulations by NHS Digital in procuring the Framework Agreement. As the Council has not been involved in conducting the procurement of the Framework Agreement it will look to mitigate this risk by seeking an indemnity from NHS Digital and by waiting 30 days from contract award before agreeing to complete the novation. Under the Regulations, aggrieved parties must commence action within 30 days of when they knew, or ought to have known, that there was a breach of the Regulations.

2.6 Risk management

- 2.6.1 The key risk identified is that partner organisations do not procure from the Framework Agreement because the price is not competitive. This may lead to an unsustainable Framework Agreement where not enough orders are placed to fund the central team via the expected level of levy.
- 2.6.2 Mitigating actions comprise of:
- A business case based on industry analysis and regional experience to help Partners understand the likely range of price responses from bidders.
 - Provision of as detailed a picture as possible of the current estate, future requirements and planned transition timelines so bidders have as complete a picture as possible to inform pricing.
 - Encouragement of single supplier and collaborative bids to maximise the number of bids received during the procurement exercise.
 - Separate pricing for PSN circuits where required, this means that the additional cost of more rigorous compliance is applied only when required.
 - Fibre pricing requested to encourage circuit uplift through use of central government funding initiative.
 - Post code based pricing model to give guaranteed catalogue pricing.
 - Ongoing engagement to ensure that Partners are ready to call-off from the Framework Agreement and migrate to the new network to an agreed timeline.

2.6.3 Ultimately, if levy income is not sufficient to support the central team the partner organisations will be asked to make additional subscriptions, as is the case with the model that is currently operated by the Yorkshire and Humber Public Services Network. Partners are aware of this possibility and are accepting of it.

3. Conclusions

3.1 Leeds City Council becoming the Framework Agreement owner is supported by NHS Digital, the YHPSN Executive Board and the YHPSN Partnership Management Board.

3.2 It builds on the Council's existing role of lead partner for the previous YHPSN regional contracts.

3.3 The Framework Agreement and Call-Off contracts support the work of the city wide programme.

3.4 Being the Framework Agreement owner brings no capital or revenue implications for the Council, costs are covered via a levy on sales through the Framework Agreement.

3.5 Whilst risks do exist, their impact is considered low and mitigating actions are in place.

4. Recommendations

4.1 It is recommended that Leeds City Council become the Framework Agreement owner of the Regional Telecommunication Network Services Framework upon contract award, expected to be March 2018.

5. Background documents¹

5.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.