

Report of: Head of Operational Services

Report to: Chief Digital and Information Officer

Date: 17th September 2019

Subject: To invoke Contract Procedure Rule 21.2 to extend the Councils Managed WAN (PSN) contract (LCCITS120033) with Virgin Media Business for a period of 12 months from 30th December 2019 to 30th December 2020.

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 council has had a contract in place with Virgin Media Business for the supply of wide area network (WAN) connectivity since 31st December 2013. The contract was awarded for five years with one 12 month extension option and a further 12 month extension available via the exit term provisions contained within the contract.
2. The original intention was to migrate to the new HSCN Redcentric PLC contract, however following a soft market exercise it was determined that this contract was not cost effective for the requirement to supply a lit gigabit network.
3. Leeds City Council are currently engaged in a procurement exercise to award a contract for the supply of a lit gigabit capable network which will include provision to all the sites currently supplied via this contract. It is expected that contract award will have been achieved by January 2020.
4. The planning and build of the WAN network once awarded is expected to take 18-24 months, therefore there is a requirement to extend the current contract again with Virgin Media Business using the provision within the exit terms.
5. The provision of WAN connectivity services across the council's buildings and schools is critical for the delivery of key public services. All services rely on the ability to connect to digital services to be able to transact and undertake their duties.

Recommendations

6. The Chief Digital and Information Officer is recommended to approve the extension of the contract for wide area network connectivity for a further period of 1 x 12 months with an estimated value of £1,200,000.

1. Purpose of this report

- 1.1 The purpose of this report is to explain the rationale for requesting an extension to the existing Managed WAN (PSN) contract with Virgin Media Business for a period of 1 x 12 months from 30th December 2019 to 30th December 2020.

2. Background information

- 2.1 The Yorkshire & Humber PSN contract was awarded to Virgin Media Business in 2012 following an OJEU procurement exercise. Leeds City Council's contract commenced on the 31st December 2012.
- 2.2 The contract was awarded for 60 months and included the option to extend for a further period of 12 months.
- 2.3 Under the exit terms of the contract there is a termination assistance period which provides the ability to extend for further periods of time on the agreement of both parties.
- 2.4 A regional procurement exercise was undertaken to put in place a new framework, The Telecommunications Network Services Framework Agreement was awarded on behalf of YHPSN partners to Redcentric Solutions Plc on the 9th May 2018, the framework commenced on the 5th June 2018 with an end date of the 4th June 2023.
- 2.5 Leeds City Council had intended to utilise this contract to migrate WAN services, however following a soft market exercise to assess costs for a lit gigabit network to cover approximately 1400 sites in the Leeds Metropolitan District, it was decided that the most cost effective approach would be to undertake a new procurement exercise.
- 2.6 Leeds City Council are now in procurement to select a supplier to provide a lit gigabit network to cover approximately 1400 sites in the Leeds Metropolitan District.

3. Main issues

- 3.1 The provision of wide area connectivity is a critical requirement for Leeds City Council, as such an extension with the incumbent supplier is required to ensure continuity of services until a new network is built.
- 3.2 The current procurement exercise is expected to award in January 2020. The business case and financial model will be taken to the Exec Board in autumn 2019.
- 3.3 The provision of wide area connections to all the council's buildings plus schools is critical to allow those business areas to be able to transact and deliver services. Without extending the contract there would be no ability to deliver connectivity to the council's estate.
- 3.4 The exit provisions within the Virgin Media Business PSN contract require the same service level provisions and costings to be provided during the exit period.
- 3.5 The incumbent supplier has been delivering a good level of service on the delivery of the service level agreement.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 Consultation has taken place with the Chief Digital and Information Officer.
- 4.1.2 Consultation has taken place with the lead member Councillor James Lewis.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 There are no issues relevant to equality and diversity / cohesion and integration with this decision.

4.3 Council policies and best council plan

- 4.3.1 This contract underpins the delivery of Council policies and best council plan. Specifically this contract supports 21st Century infrastructure, working with people and engaging with the communities.

4.4 Resources and value for money

- 4.4.1 The existing commercial agreements within the contract will be maintained throughout the extension period.
- 4.4.2 The supplier has been delivering a good level of service against the service level agreement described within the contract.

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

- 4.5.1 This decision to extend the contract is a key decision due to contract value exceeding £500K per annum and is subject to call in.

4.6 Risk management

- 4.6.1 The contract will continue to be managed in line with the existing contract management plans.

5. Conclusions

- 5.1 The Chief Officer of Digital and Information Services is recommended to note the contents of this report and approve the invocation of contract procedure rule 21.2 for the reasons explained in this report.
- 5.2 The extension of the contract will ensure continuity of critical wide area network connectivity to the council's buildings and schools.

6. Recommendations

- 6.1 The Chief Digital and Information Officer is recommended to approve the extension of the contract for wide area network connectivity for a further period of 1 x 12 months with an estimated value of approximately £1,200,000.

7. Background documents¹

7.1 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.