

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	3 October 2017
Title:	Strategic Procurement and County Supplies Contracting Activity and Approvals for 2017/18
Report From:	Director of Transformation and Governance

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1. Summary

- 1.1. The purpose of this report is to present the relevant procurement approvals in relation to various contracts as listed in Appendix 1. This approval request is in accordance with the County Council's Contract Standing Orders and Constitution.
- 1.2. The County Council's Contract Standing Orders (CSO) requires that 'The procurement of a Contract (not including a Framework Agreement) is subject to the approval of the relevant decision maker who has the authority to give approval for the relevant expenditure under the Constitution.'
- 1.3. Framework agreements are not linked to specific one-off purchases or projects but provide for the ongoing routine goods and services requirements of a large number of individual budget holders, either through direct call-offs or mini-competitions as required by each framework agreement. Therefore, the framework agreement values are only estimates and expenditure will be determined by the actual commitments made by budget holders.

2. Contextual information

- 2.1. The programme of procurements contained within this report includes arrangements for use by the County Council, Hampshire Constabulary and Hampshire Fire and Rescue Service, schools and other external partners and customers, with a total estimated value over £1 million. Contracts with a total value of under £1 million are approved by the relevant budget holder under the scheme of delegation.
- 2.2. One of the approvals in this report is a revision to an existing approval because the estimated value and/or the procurement approach has been amended. These amendments are due to contract strategy changes or a more appropriate procurement approach being developed and to allow for transition and continuity with current service user delivery requirements.

- 2.3. Whilst all the latest finalised procurement proposals are included in this report, further procurement projects are planned during the coming year. Once fully developed, these proposals will be reported to this Panel prior to seeking Executive Member for Policy and Resources approval.
- 2.4. Additional background and context has been provided for the larger scale projects in the sections below.

3. T19 IT - HPSN 3

Background

- 3.1. The HPSN2 contract was awarded to Ntl:Telewest Business (now Virgin Media Business (VMB)) in 2009, for an initial period of six years with the option to extend for a further four years which was taken up in July 2015. This is a single supplier framework agreement.
- 3.2. The contract provides a range of telecommunications and Internet services, to the HPSN2 partnership, including the County Council, nearly all schools and 16 initial Partner organisations: Hampshire County Council, Southampton City Council, Portsmouth City Council, Isle of Wight Council, Basingstoke & Deane Borough Council, Hart District Council, Rushmoor Borough Council, Fareham Borough Council, Eastleigh Borough Council, East Hants District Council, Havant Borough, Gosport Borough Council, New Forest District Council, Test Valley Borough Council, Winchester City Council, Hampshire Fire & Rescue Service.
- 3.3. The following organisations have since joined the Partnership: New Forest National Parks Authority, Southern Health NHS Foundation Trust, Portsmouth Hospitals NHS Trust and Solent NHS Trust. There are approx. 1,200 connected sites.

HPSN2 services include Ethernet connectivity (WAN and LAN), wireless network, voice (both fixed & mobile), Video conferencing, text, CCTV, structured cabling, internet, content filtering (E safety).

Progress to Date

- 3.4. The current framework contract does allow for Call Off orders for services to be placed which extend beyond the life of the contract.

We have been in discussions with VMB since January 2017 on whether they can provide a new deal (as a Call Off) which will achieve the level of cost savings we require, which could be tied into an extension of services. VMB responded in June 2017 with an offer which fell short of the required savings.
- 3.5. In the meantime, IT worked with Procurement to prepare the issuing of a Prior Information Notice (PIN) for Market Awareness should VMB be unable to provide an adequate offer. PIN issued 1st September for an engagement day scheduled 22nd September.
- 3.6. VMB have indicated that they will put forward a revised offer, but this has not been received at the time of writing.

- 3.7. The supplier engagement day is designed to give early, high-level information about what we are potentially looking for, give suppliers the opportunity to ask questions, and stimulate market interest.

Next Steps

- 3.8. A number of streams will take place over the next 3 months which will culminate in the issuing of an invitation to tender (ITT) in January 2018.
- 3.9. Detailed requirements will be gathered with regard to external connectivity e.g. number/location/type of sites, bandwidth, future growth, public or private infrastructure etc.
- 3.10. An options paper will be drafted outlining the potential future models for telephony, which will then be used to consult with business representatives. Once the model has been agreed, this will form the basis of the telephony strategy and associated requirements.
- 3.11. The ITT will be drafted in December, containing a number 'baskets' of services which may be bundled or unbundled (based on advice from Procurement).
- 3.12. An overview of the requirements will be communicated to appropriate stakeholders (e.g. CMT, programmes with dependencies).
- 3.13. Should VMB as the incumbent provide a revised offer before the issuing of the ITT, which delivers the required savings, and is deemed of sufficient commercial value, then the option to extend services to them will be pursued.
- 3.14. Post contract award / or re-negotiation, the project will move into an implementation phase which will include the following based on our detailed requirements:
- Migration / refresh of local network lines, Internet and security infrastructure, and the decommissioning of legacy equipment
 - The implementation of the new telephony solution, end-user transition and decommissioning of existing Avaya service

Financial

- 3.15. The current annual cost is made up of the following core elements: connectivity (network access circuits & support) £2.8 million; Telephony (fixed lines and calls) £1.5 million; Internet services (including firewalls) £2.7 million; mobile telephony £0.5 million. Typical BAU spend @£7.5 million/pa. Whole year under HPSN 1st Jan 2010 to 31st Dec 2015 was @£62.4 million (average £10.4 million pa over 6 years).

4. Enabling Productivity

Background

- 4.1. The Enabling Productivity (EP) programme is in place to Enable Transformation T19 and beyond to support HCC achieve the goal of saving £140m by 2019.

- 4.2. This includes a device refresh and exploitation to mitigate an operational risk of IT systems going out of support and also introduce a greater diversity of IT assets to enable a flexible and mobile workforce.
- 4.3. Management and Leadership (HR) workstream will support departments to work with their teams to change their operating models and practices to enhance productivity and embed these into teams.
- 4.4. Full alignment with the T19 Office Accommodation Strategy to enable savings to be realised within the property estate through flexible and mobile working.

Progress to Date

- 4.5. Alignment with HR activity and the T19 Office Accommodation Strategy is in progress.
- 4.6. There has been a full review of HR policies and relevant updates made where necessary to ensure these are suitable for new ways of working.
- 4.7. Flexible Working Policy and Overtime Policy are under review and will be updated during autumn 2017. In addition HR has designed a new Mobile Device Conditions of Use Policy to ensure staff will be aware of their obligations in regards to devices.
- 4.8. Commercial benchmarking has commenced and indicative device costings should be available for inclusion in the Cabinet Report for October.
- 4.9. Intensive engagement with key stakeholders including DMT engagement is underway to understand how the programme aligns to T19 opportunities and other portfolios of work.
- 4.10. Along with mobile devices, a review of Windows 10 operating software is underway. This project was designed to ensure Windows 10 is fully supported by the IT Department and hence enhance the user experience. Devices need to be enabled with appropriate business software and productivity software suited to role.
- 4.11. There is a technology imperative that requires all of our existing Windows 7 machines to be replaced by the end of December 2018 when Windows 7 goes out of support.
- 4.12. Deployment of 500 Devices to Children Service department has commenced (due for completion October). This trailblazer deployment project is currently underway and is providing valuable insight to both IT and departments for future device deployments.

Next Steps

- 4.13. CMT approval for the programme deliverables, structure & governance approach, prior to contracting is to be sought.

Financial

- 4.14. As part of the EP funding £4.4 million of reserves/capital (effectively IT hardware underspend from previous years) is ear-marked for the programme. There is a further £3.6 million in revenue to capital contributions for IT device

renewals over the next 5 years. In total there is £8.0 million allocated to EP leaving a further £12.0 million of new financial requirement.

5. Consultation and Equalities

- 5.1. This report seeks approvals for spending on individual projects and no equality impacts have been identified.

6. Recommendation

That the Buildings, Land and Procurement Panel make the following recommendations to the Executive Member for Policy and Resources:

That procurement and spend approvals, as appropriate, be given for the contracts as detailed in Appendix 1.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

This report seeks approvals for spending on individual projects and no equality impacts have been identified.

2. Impact on Crime and Disorder:

2.1 The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all decisions it makes on the prevention of crime. The proposals in this report have no impact on the prevention of crime.

3. Climate Change:

3.1 Positive impact on climate change will be considered at the time each of the projects is reported for approval. This report seeks solely procurement approvals and it is not appropriate to set out specific impacts on climate change for each individual item.