

North Lanarkshire Council

Report

Transformation and Digitalisation Committee

approval noting

Ref KH/GR/WAN19

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Contract Extension Options – Wide Area Network

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Executive Summary

We aspire, approved by the Policy and Resources Committee in September 2018, outlined the opportunities available to the council to develop North Lanarkshire as the place to Live, Learn, Work, Invest, and Visit. The delivery model referenced within the report, and now known as The Plan for North Lanarkshire (The Plan), highlighted that adopting a whole system approach could unlock potential in deprived areas, break the cycle of poverty, and provide alternative approaches to local service delivery and community involvement.

The Programme of Work (Policy and Strategy Committee, March 2019) which accompanies The Plan envisages residents, local businesses, and organisations routinely coming together in integrated campuses/multi-purpose buildings to identify and work on issues which matter to their community. The SmartNL project within the DigitalNL Transformation Programme aims to support this ambition by providing communities with access to the affordable connectivity necessary for accessing online services, driving economic growth and tackling potential areas of digital exclusion. As outlined within the separate DigitalNL Transformation Programme Progress Report, the requirements for the Infrastructure and Connectivity Procurement are presently being gathered with the Invitation to Tender scheduled for release mid-2019.

The council's current corporate Wide Area Network (WAN) was designed to solely meet the requirements of the council as a corporate entity and therefore does not lend itself to meet the wider objectives envisaged within WE Aspire and The Plan which due to the Construction works required across the area, will take at least two years to complete.

The council's current WAN contract ends on the 30 June 2019 therefore suitable interim arrangements need to be implemented for the council to maintain operational services pending finalisation of the infrastructure procurement and subsequent transition.

This report sets out the options available to the council in this regard.

Recommendations

The Transformation and Digitalisation Committee are requested to:

1. Note the available options, and;
2. Approve option 4, enabling officers to contract via Crown Commercial Services RM1045 for the two-year interim period.

Supporting Documents

The Plan for North Lanarkshire Ongoing connectivity is essential to the delivery of all council priorities

Appendix 1 Option Appraisal Findings – Interim WAN Solutions

1. Background

- 1.1. The council's WAN consists of approximately 240 leased line services, provided by Capita via the Scottish Wide Area Network (SWAN) framework established by the Scottish Government in 2014. The SWAN contract was seen as a ground breaking collaborative service to be used by all public sector bodies across Scotland.
- 1.2. The council novated to this contract from its previous supplier Virgin Media on 16 December 2015, with an initial contract period end date of 30 June 2019. The current value of the contract is approx. £1.1M per annum, and the underlying infrastructure supporting the service continues to be predominantly provided by Virgin Media as a sub-contractor of Capita.
- 1.3. As a response to the Scottish Government paper "[Enhancing Learning and Teaching Through the use of Technology](#)", there is an increased focus on Digital Learning and Teaching and a proliferation of diverse curricula content now available on-line. This has resulted in our educational establishments demanding increased levels of access to internet delivered services. At present, this increasing demand is resulting in numerous schools "maxing out" their WAN circuit and the associated single education internet breakout service, which all schools internet related traffic passes through.
- 1.4. The council has recognised this increasing demand and proposes to increase the bandwidth for individual schools as follows:
 - Secondary schools current 50mb increasing to 1GB
 - Non secondary current 10mb increasing to 50mb

However, this demand is expected to be further exacerbated when educational establishments move to GLOW as the mail, collaboration and on line storage solution for all teachers and pupils within North Lanarkshire.

- 1.5. The Policy and Strategy Committee of 21 March 2019 approved the DigitalNL Transformation Programme, with the two complementary projects of SmartNL and DigitalNL now moving forward to facilitate North Lanarkshire becoming the place to Live, Learn, Work, Invest and Visit. Whilst SmartNL is linked to the outcome of the Infrastructure and Connectivity Procurement scheduled for later this year, the immediacy of the DigitalNL "digitising the workplace" and "digital first for customer contact" work streams could add further pressure to the existing WAN, as the O365 productivity suite and planned digital platform are dependent on a network which has acceptable latency (speed of response) levels.
- 1.6. The current network design is problematic and generally accepted as not being of a modern design. In reflecting the change in service user demand and shift in delivery model envisaged by DigitalNL programme, it is therefore essential to determine which of the available interim WAN solutions is most likely to satisfy the council's short to medium term internet requirements.

2. Report

- 2.1. The SWAN framework has been operational since 2014-2015, and has grown since its inception with many Value Added Services now included. Generally organisations report that membership of this framework proves beneficial, however North Lanarkshire has experienced a range of delays when requesting new or amended services. The sub-contracting arrangement between Capita and Virgin Media has at times exacerbated these delays.

2.2. The existing contract with Capita is scheduled to terminate on 30 June 2019 and SmartNL is targeted from 2021. Interim solutions are therefore required to maintain operational services whilst the wider infrastructure ambitions programme is procured and delivered. Following some initial market testing, a number of options are available to the council from 30 June 2019. These are detailed in paragraphs 2.3 to 2.9 below, and summarised in Appendix 1 attached.

2.3. The key options available are:

- ❖ Option 1 Remain with SWAN on a rolling month to month contract
- ❖ Option 2 Commit to 1 year with SWAN, then month to month
- ❖ Option 3 Commit to 2 years with SWAN
- ❖ Option 4 Contract via Crown Commercial Services RM1045 for a 2 year period

2.4. Option 1 enables the council to maintain its existing network and services for up to 36 additional months. The arrangement can be terminated without penalty providing 30 day notice of termination is delivered. Though very flexible, this option relates to “as is” service only. It does not include capacity for the council to obtain additional or amended services, and does not address the bandwidth issue routinely experienced by schools. Where such may be required, those revisions would need to be procured independently by the council.

2.5. With option 2, the council can extend its existing “call off” arrangement for one further year, retaining the ability to order new and amended services without additional charge. This option does not address the current schools’ bandwidth issue. Similar to option 1, the council can terminate the contract after the one year extension has lapsed by providing 30 day termination notice, but cessation charges may apply and will be dependent on the final contract negotiated.

2.6. The offering within option 3 is two-fold, with both requiring a degree of council investment and an extension of the existing contract by up to 2 years. Both of these options include opportunities to negotiate changes and enhancements to services, and would therefore enable a smooth transition to DigitalNL and accommodate an increase to the schools bandwidth. Further detail worthy of highlight regarding these sub-options includes:

Option 3(a)

- ❖ re-uses existing infrastructure with Capita engaging the existing supplier Virgin Media, to uplift individual site bandwidth, and;
- ❖ one-off investment totalling around £0.2m is required to facilitate increased bandwidth

Option 3(b)

- ❖ envisages Capita improving bandwidth through provisioning new services for each site
- ❖ one-off investment totalling around £0.920m is required to procure and implement the increased bandwidth
- ❖ likely to require significant resources and time to implement, with improvement unlikely to be evident within the first 12 months

2.7. With option 4, the council would look to use the existing Crown Commercial Services Framework RM1045 to procure its interim WAN solution. This option creates an element of competition and could result in the council achieving some short-term price reductions. The final price realisable would of course be dependent upon the service specified, which going forward would include the required increase to the schools’ bandwidth and a phased reduction of individual circuits as we transition to DigitalNL. Virgin Media, a named RM1045 supplier, but also the existing sub-contractor to SWAN and provider of our underlying VMB infrastructure, may offer existing customer price incentives.

- 2.8. In determining the optimal option to recommend to committee, all options were assessed against key business criteria, with results illustrated in Appendix 1. The key findings of the options appraisal can be summarised as follows:
- options 1 and 2 were quickly discounted as they are unable to support the level of internet access Education require going forward;
 - option 3(a) scores well against all business criteria, with the exception of ability to easily improve the performance of the supplier. This achieves a score of 2 to reflect delays experienced to date, and the need for council staff to negotiate a required improvement as part of any extension. Timely performance and delivery is considered particularly crucial given the pressure on the existing school bandwidth;
 - option 3(b) though providing good flexibility going forward, has the same performance concerns as option 3(a), and is also the most expensive interim option. This may not represent value for money unless SWAN was selected as the route to market for our wider ambition;
 - option 4, through the RM1045 Framework testing rates available, is most likely to deliver a cost effective service solution for the next 2 years. This option scores well against all business criteria, and is envisaged to deliver an improved performance as well as an increased bandwidth in our schools. Furthermore, selecting this as our interim option does not preclude the council from using the SWAN Framework for its future Smart NL requirements, should such be deemed appropriate going forward.
- 2.9. In weighing the potential benefits realisable from the available options against the costs, risks and opportunities likely to arise from implementing them, option 4 is therefore recommended to committee for approval.

3. Equality and Diversity

3.1 Fairer Scotland

The Fairer Scotland Duty is intended to reduce the inequalities of outcomes caused by socio – economic disadvantage. Whilst the wider ambitions of the DigitalNL programme look to address digital equality across the North Lanarkshire area, there is no direct impact as a result of this report, which is seeking to determine the most appropriate interim option in respect of the council’s WAN.

3.2 Equality Impact Assessment

There is no direct impact as a result of this report.

4. Implications

4.1 Financial Impact

Initial market testing has identified indicative costs associated with implementing and operating the options available to the council. Whilst all costs are subject to negotiation and/or actual market testing through the RM1045 Framework, Table 1 below summarises the indicative financial implications considered as part of the option appraisal.

Option	Indicative One-off investment	Illustrative Annual Fee
1	Nil *	£0.951m
2	Nil	£0.951m
3(a)	£0.200m	£1.050m
3(b)	£0.920m	£0.750m
4	Nil	£0.900m

Table 1 – Illustrative Financial Implications

* Any additional services required would be out with the scope of this option, and would result in additional procurements and costs arising

4.2 **HR/Policy/Legislative Impact**

There are no implications of this nature arising from this report.

4.3 **Environmental Impact**

There are no implications of this nature arising from this report.

4.4 **Risk Impact**

4.4.1 Although Capita, through the SWAN contract, are mandated to continue to supply service for up to 36 months, doing so without commitment from the council is likely to cause concern and could further exacerbate existing supply and performance levels.

4.4.2 In continuing with SWAN and contractually committing for up to 2 further years, we must take cognisance of the service experienced over the previous 3 years, and the risk that this is unlikely to significantly improve without significant monitoring effort from the council. Furthermore, there is a risk that continuing with SWAN will not deliver the speed of response (latency) which is required for the transition to cloud computing. The option appraisal assumes this risk can be mitigated and appropriately tested as part of the contract extension negotiations.

4.4.3 Contracting via RM1045 Framework also carries risk and could result in the number of responses ranging from one (the existing supplier) to all those presently included on that framework. Furthermore, the illustrative pricing and potential cost saving outlined within paragraph 4.1 above is dependent upon suppliers submitting proposals reflective of our earlier market testing.

5. **Measures of success**

5.1 Ongoing delivery of the corporate WAN with minimal downtime or additional internal resource requirement.

5.2 Improved bandwidth delivered to sites, increasing Education's ability to focus on digital learning and teaching curricula.



Head of Business Solutions

Option Appraisal Findings – Interim Wide Area Network (WAN) Solutions

Key Business Criteria	Weighting	Option 1.		Option 2.		Option 3(a)		Option 3(b)		Option 4.		Comments
		Scoring	Score	Scoring	Score	Scoring	Score	Scoring	Score	Scoring	Score	
Ability to amend, cancel or add services and circuits	25	0	0	3	75	3	85	4	100	4	100	Options 3(a), 3(b) and 4 all provide the necessary flexibility to vary services and circuits, which is essential going forward as the Council takes decisions re its buildings and service locations.
Opportunity to improve Educational establishment access	25	0	0	0	0	3	75	3	65	3	80	Options 3(b) and 4 will be able to deliver increased bandwidth, but likely to be dependent upon significant support from NLC staff that are already under pressure to maintain service delivery <u>and</u> support the transition to Digital.
Cost effective - consider one-off investment and recurring	20	3	64	3	68	3	52	2	32	4	78	See section 4 of the committee report for financial analysis
Ability to improve performance of network/supplier	15	1	9	1	21	2	33	2	36	3	45	Option 4 scores highest as competition could result in an alternative supplier being engaged. This also brings an element of uncertainty, but it is assumed performance would improve under a new contract. Options 3(a) and 3(b) anticipate improved performance being negotiated as part of the contract extension, but also recognises this has been challenging to date.
Ability to maintain effective transition into wider connectivity procurement	15	3	42	3	42	3	45	3	42	3	39	The SWAN framework will be considered as an option when preparing the Sourcing Methodology for the wider Infrastructure and Connectivity Procurement later this year. Other Local Authorities have deemed this to be an appropriate route to market, and this would be easier to achieve through an ongoing relationship. Remains open to us for the larger procurement regardless of whether SWAN chosen as our short-term interim option.
Weighted Totals	100		115		206		290		275		342	
Ranking of options			5		4		2		3		1	
Scoring Definitions												
Will definitely achieve goal and provide further opportunities to achieve additional benefits												
Will achieve goal and may generate scope to offer some additional benefits												
Generally likely to achieve goal but limited opportunity to realise additional benefits												
Some impact on achieving goal but requires significant Council support, either time or money												
Minimal impact on achieving goal												
Not legally permissible and/or doesn't achieve goal												