



Notice of Non-key Executive Decision

Subject Heading:	London Borough of Havering – ICT Network Upgrade – approval to go out to tender
Cabinet Member:	Roger Ramsey, Cabinet Member for Finance and Property
SLT Lead:	Jane West
Report Author and contact details:	John Friend, 0203 3731 897, john.friend@onesource.co.uk
Policy context:	Places – In-line with the Council's corporate plan.
Financial summary:	<p>Estimated hardware costs of £795k plus £134k implementation costs to be split 50/50 between Havering & Newham Councils.</p> <p>Estimated ongoing annual running costs of between £32k and £37.5k which is an increase from current cost of £25k per annum to be met from existing ICT budgets.</p>
Relevant OSC:	Overview and Scrutiny
Is this decision exempt from being called-in?	This decision is exempt from call in, it is a non-key decision made by officer.

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The subject matter of this report deals with the following Council Objectives

- | | |
|-------------------------------|-------------------------------------|
| Communities making Havering | <input type="checkbox"/> |
| Places making Havering | <input type="checkbox"/> |
| Opportunities making Havering | <input type="checkbox"/> |
| Connections making Havering | <input checked="" type="checkbox"/> |

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

The Officer is requested to approve this decision to give authority to commence a procurement exercise via the Crown Commercial Services, Network Services Framework RM1045 Lot 2. Vocal Connectivity Services for:

- Network Hardware, appropriate licences and support for the expected life of the hardware.
- Professional services support to assist with the implementation.

AUTHORITY UNDER WHICH DECISION IS MADE

Part 3 [Responsibility for Functions], paragraph, section 3.4 Powers of Second Tier Managers.

Contracts Powers

(a) To approve commencement of a tendering process for, and to award all contracts below a total contract value of £500,000 but above the EU Threshold for Supplies and Services.

STATEMENT OF THE REASONS FOR THE DECISION

Summary

The provision of ICT to LB Havering is underpinned by its Network, this network has been in place for 10 years and many elements are either out of support or reaching end of life.

This report is seeking approval to undertake a procurement exercise to replace the current network hardware and software, whilst also simplifying the design, improving performance, resilience and availability.

This project will seek to procure and implement suitable hardware and expertise to overhaul the network to meet the requirements of LB Havering.

Background

The ICT network is shared with LB Newham as part of the oneSource arrangement. This network provides connectivity between all ICT systems, end user devices and to third parties via the internet.

Due to the shared nature of the network the costs associated with this procurement and subsequent implementation will be shared with Newham on an equal (50/50) basis. Accordingly the decision making process is also being progressed at Newham to ensure any authorisations or funding granted by Havering are matched by Newham.

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This procurement is aligned with the ICT Strategy and forms part of the agreed Infrastructure Roadmap, which details the forthcoming improvements in technology.

The current network infrastructure is built on Cisco hardware and technology that is over 10 years old. During this time there have been significant technological advances that will deliver tangible benefits for LB Havering, its staff and customers. Including improved resilience, performance and flexibility.

The existing network infrastructure is a result of joining two networks together (LB Havering and Newham respectively) to enable collaboration and compatibility. Whilst it delivers these benefits it is also complex and challenging to maintain.

This procurement will also reduce the risk of device failure, security breaches and potentially cyber-attacks which could lead to service disruption to LB Havering and potentially its customers. Whilst providing a platform which will be supported and **warranted** by the vendors over the next 7 years.

In order to ensure ICT leverage the technological advances in the market, an independent supplier was engaged to undertake a pre-emptive analysis of the current estate and to provide suitable recommendations which would then inform the procurement specification.

This supplier was asked to consider and make recommendations based on the following principles:

- **Simplification:** a single network for both Councils.
- **Consolidation:** minimise vendor variation as far as is practicable while considering the wider cost/benefit to simplify the deployment and configuration
- **Stability:** to provide the best possible service to LB Havering by deploying modern technology and appliances.
- **Cloud awareness:** prepare for an increasing volume of processing in the Cloud. Creating the conduit to enable the migration to cloud services.
- **Cost of Ownership:** to reduce occurrence of failures on the Network and enable staff to take a proactive approach to managing the network.
- **Software-Defined Networking (SDN):** ensure the new network infrastructure supports automation.
- **Compliance:** a PSN compliant service that can flexibly apply additional security controls to services that require them as the PSN standard evolves.

The independent supplier carried out a review and produced a detailed options report recommending available vendor technologies, as well as indicative costs for the equipment, installation services and five years support and maintenance.

The independent supplier validated ICT's approach and recommended the deployment of a refreshed network infrastructure is phased for the following reasons:

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- The ICT operational team is already highly utilised but it is vital that they are as engaged as much as possible in the design and rollout. A 'big bang' migration will be difficult to fully support without significant backfill of resource and additional expense. The 'big bang' approach also increases the risk of disruption of service by undertaking many technical changes at once. As a result this approach has been discounted.
- Some technology areas, such as the current firewalls, are impacting day-to-day performance and business operations including a severe bottleneck on internet performance and remote working. As such it is vital that this issue is resolved in the most expedient manner possible.

Significant assistance will be sought from the successful tenderer to ensure a timely implementation in line with the technology roadmap. The delivery will be augmented with external and internal specialists to ensure ICT is able to support the new infrastructure going forward.

Below are the high level deliverables in scope for the project which take a phased approach.

- **FY19/20 Tranche 1:**
- Load Balancing & Application Delivery Control - Ensuring network traffic is distributed efficiently and able to provide applications and remote access to staff.
- Fire walling - Ensuring the network is protected from external threats and implementing a solution that is compliant with the authorities ICT strategy and security policies.
- Edge Routing Networking – Providing specialised equipment located at the network boundary which enables the campus network to connect to external networks resulting in improved performance.

- **FY20/21 Tranche 2:**
- Data Centre Networking - Providing a fast core to the network to enable servers, applications and databases to communicate efficiently and effectively.
- Decommissioning of old network hardware, software and its removal from the network.

This project has been previously discussed as part of the Cabinet paper submitted by Director of Technology and Innovation in 2017 with respect to the ICT Investment Plan.

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Key Considerations & Proposals

Procurement Approach:

It is recommended that the Crown Commercial Service frameworks are utilised to shorten procurement timescales and simplify the overall process, specifically Contract ID: RM3808.

The Strategic Procurement Unit (SPU) has been engaged throughout this project and will continue to offer guidance and support.

A detailed specification will be produced in consultation with the SPU and submitted to framework suppliers and these returns will be evaluated on a 70% price and 30% quality ratio.

Indicative Capital Investment Breakdown:

Havering's share of the cost of the project is set out below. The figures are indicative and formed from discussions with suppliers on the noted framework and its predecessor framework RM1045. It should be noted that these figures are likely to vary as a result of the procurement process and associated evaluation weighting.

Work Stream	Forecasted Costs	Procurement Framework
FY19/20 Tranche 1		
Hardware	£237,500	RM1045/RM3808 Network Service
Implementation Costs	£47,000	RM1045/RM3808 Network Service
FY20/21 Tranche 2		
Hardware	£160,000	RM3808 Network Service
Implementation Costs	£20,000	RM3808 Network Service
Total	£464,500	

Associated support and maintenance charges for the new infrastructure are forecast to increase in line with the sector.

Legal Implications:

This report seeks Cabinet approval to commence the procurement process for the provision of ICT Network Upgrade services (the "Services"); the relevant background is as set out within the body of this report and the appendices to it.

The Council has a general power under section 1 of the Localism Act 2011 to do anything that individuals generally may do, including enter into the arrangements proposed in this report. The Council also has a general power under section 111 of the Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to the discharge of its function.

On 5th June 2019, the (Checkpoint) Gateway Stage 01 review panel recommended approval to proceed with the intended procurement process, in accordance with the Contract Standing Orders (CSO) 9.1.1.

The relevant EU procurement financial threshold for services is £181,302. The total value of the Services is over the EU procurement threshold, and would generally necessitate that a Contract Notice be published in the Official Journal of the European Union (OJEU) as well as an advertisement on Contracts Finder. However officers intend to procure the Services via an existing framework agreement which satisfies the OJEU advertising requirement.

This is a non-key decision and exempt from the call-in (requisition) procedure under Part 4 Overview and Scrutiny Committee Procedure Rules, (paragraph 17) of the Council's constitution (the "Constitution").

The terms and conditions of the framework agreement are not detailed within this report and should be reviewed by Legal Services prior to concluding the contract.

The recommendations in this report will also have to comply with the Council's Constitution and Contract Standing Orders to achieve best value in making the most economical advantageous arrangement.

Contractual arrangements exceeding £250,000 are subject to execution under seal in line with the Council's Constitution.

Policy Implications & Corporate Priorities:

There are no direct policy implications due to this implementation.

This procurement directly supports the ICT Strategy as detailed in section 6.8.2 - Replacement of the ageing network communications and security equipment.

Part B - Assessment of implications and risks

Alternatives considered:

Do Nothing - This option is not viable given the probability of equipment failure and the associated high risk to service and business operations. There is a high risk of device failure and security breaches given the large number of network devices which are at Vendor-end of life and out of support.

Replacing the network devices over a longer period of time – for example when they fail or when is convenient. This is a feasible option but will result in disruption to services and customers. Particularly the risks arising from the varying amounts of end of life, or soon to be end of life equipment within both infrastructures.

This unstructured approach would likely lead to increased cost due to multiple procurement exercises not achieving economies of scale. This will also prevent Havering taking advantage of a more agile network.

Financial Implications:

Costs for both boroughs and Havering's share are set out below:

Capital Costs

Cost Item	Total Costs	Havering's 50% share of costs	Tranche 1 Spend profiled 19/20	Tranche 2 Spend profiled 20/21
Hardware	£795,000	£397,500	£247,500	£150,000
Implementation Costs	£134,000	£67,000	£37,000	£30,000
Total	£929,000	£464,500	£284,500	£180,000

Funded from:

ICT Infrastructure Capital Programme A2818/2.0 £464,500

In addition to the above costs implementation will also be supported by existing ICT staff.

Replacement costs – The network hardware has a projected 5 year life span, it is expected that replacement costs will be similar plus the additional annual inflation.

In order to ensure that both boroughs correctly account for the capital expenditure, clarity is needed regarding asset ownership. It is envisaged that the purchase and therefore ownership of the hardware assets will be split 50/50 between the 2 boroughs. No single piece of hardware is being purchased only devices in pairs as this provides resilience removing single points of failure.

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Should there be any change to this during as the project progresses it will be possible for one borough purchase the entire network and receive a capital grant from the other Council.

Ongoing Revenue Costs

Cost Item	Existing Annual Revenue	FY19/20 Forecasted Ongoing Revenue	FY20/21 Forecasted Ongoing Revenue	19/20 Increase in Costs	20/21 Increase in Costs
Hardware Support & Maintenance (A45050)	£50,000	£64,000	£75,000	-£14,000	-£25,000
Cost per Borough	£25,000	£32,000	£37,500	-£7,000	-£12,500

Risks

The main hardware and professional services costs are due to go through the Crown Commercial Services procurement framework. Therefore there is a risk that the forecasted project costs may be higher after the completion of the tender and with any large project there is always potential for timings to change which could add additional costs to the project.

Given the additional costs are estimates and are subject to change following the tender process the financial implications will be reassessed prior to the award of any contract. This will allow time to assess the level of additional costs and establish whether they can be contained within existing ICT budgets and/or whether additional funding is required. Funding sources will be finalised prior to the award of any contract.

Human Resource Implications:

There are no Human Resource implications as a result of this decision being made. The ICT service has confirmed that no members of staff are placed at risk of; redundancy, alteration of terms and conditions of employment or any other negative effect on their employment with the London Borough Havering.

Procurement Comments:

The Strategic Procurement Unit is working with the service in delivering this contract.

Equalities Implications:

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An equalities impact assessment is not required to support this decision. No discernible disadvantages on any protected characteristics will be incurred through the imposition of this decision.

The project will not have any negative effect on service users, employees or the wider community in the London Borough of Havering. The project does not seek to change or alter how functions are delivered and it does not relate to activities or functions which have been identified as important to protected groups. Finally; this project does not relate to an area where there are known inequalities.

Property and Asset Management Implications:

At this point there are no property or Asset Management implications. However any redundant network assets will be decommissioned and then disposed of through accredited asset disposal 3rd party EOL IT Services Ltd.

Other Implications relevant to this report:

The "Professional service support" element of the contract could contribute to The Mayor's Community Wealth Building Agenda by providing opportunities for local residents to secure work experience, job opportunities and Apprenticeships. These opportunities could be promoted to local residents via Workplace, LBH's job brokerage.

The Invitation to Tender will ask prospective contractors to demonstrate what opportunities they can offer to local residents via the contract. Their answer will form part of the selection process. The successful contractor will be required to work with Workplace to deliver on their commitments and will be required to report on them as part of the contract management processes.

Background Information used in the preparation of this report:

N/A

PRE-DECISION CONSULTATION

No consultation has been undertaken with respect to this decision as there will be no discernible degradation in the quality or level of service provided to; staff, service users or residents of each Borough.

NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: John Friend

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Designation: Assistant Director of ICT

Signature:

A handwritten signature in black ink, appearing to be 'A. K. Singh', written over a horizontal line.

Date: 01/08/2019

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BACKGROUND PAPERS

None

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Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

~~Proposal NOT agreed because~~

Details of decision maker

Signed

Jane West

Name:

JANE WEST

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

29/8/19

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on

29/08/2019

Signed

J. J. [Signature]

