

Notice of Non-Key Executive Decision

Subject Heading:	Amendment to existing ITS SIP Fibre Contract
Decision Maker:	Helen Oakerbee Director of Planning and Public Protection
Cabinet Member:	<p>Councillor Graham Williamson, Cabinet Member for Development and Regeneration (re original SIP Fibre contract)</p> <p>Councillor Barry Mugglestone, Cabinet Member for Environment (Re CCTV element)</p> <p>Councillor Paul McGeary Cabinet Member for Housing</p>
ELT Lead:	Neil Stubbings, Strategic Director, Place
Report Author and contact details:	Chris McAvoy Chris.mcavoy@havering.gov.uk
Policy context:	<ul style="list-style-type: none"> • Supporting our residents to stay safe and well • A great place to live, work and enjoy • Enabling a resident-focused and resilient Council

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Financial summary:	<p>Project aims:</p> <ul style="list-style-type: none">• To invest £0.095m from the CCTV capital project C38020.• In return, Housing Revenue Account (HRA) savings realised would be:<ul style="list-style-type: none">• £0.022m per annum in years 1-5 (total £0.110m to HRA by year 5), then:• £0.030m per year from years 6-19, saving a further £0.420m.• Housing Revenue Account £0.435m in total by 2043.
Relevant Overview & Scrutiny Sub Committee:	Place
Is this decision exempt from being called-in?	Yes, it is a Non-Key Officer Decision

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

People - Supporting our residents to stay safe and well
(X)

Place - A great place to live, work and enjoy (X)

Resources - Enabling a resident-focused and resilient Council

Place an X as appropriate

Part A – Report seeking decision

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DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Recommendations

It is recommended that the Director of Planning and Public Protection agrees to amend the Council's existing fibre network contract with ITS Technology Group Limited (Company number 08786229) at a total value of £0.095m for the provision of CCTV transmission circuits and in order for Housing Revenue Account savings to be released.

Once this decision has been approved, we will ask ITS to make amendments to the network as soon as practicable so that the proposed HRA savings can be realised.

AUTHORITY UNDER WHICH DECISION IS MADE

Scheme 3.3.3

Powers common to all Strategic Directors

2. Expenditure

2.1 To incur expenditure for their allocated directorate within the revenue and capital budgets as approved by the Council, or as otherwise approved, subject to any variation permitted by the Council's contract and financial procedure rules.

STATEMENT OF THE REASONS FOR THE DECISION

The CCTV Service currently pays £0.055m per year to BT in order to utilise rented circuits for CCTV transmission.

BT have indicated that the current circuits used are due to be retired within the next 2-5 years and have indicated that they will not be replacing them with a like for like solution. If BT remove them altogether this will force the Council into finding another transmission solution which may result in a loss of service whilst an option is sourced.

Furthermore, the costs of using these rented circuits in the short to medium term whilst BT decide on their longer term strategy is also likely to rise, with an unconfirmed but loosely suggested cost doubling from £0.055m to approx. £0.110m per annum.

The CCTV service therefore has no option but to research and procure other transmission options.

One option which the council considered several years ago (pre-Covid) was to install its own Dark Fibre network as part of the CCTV upgrade program. Due to financial pressures, the Council was forced to review and reduce the CCTV upgrade budget from £5m to £2.9M. In doing so, the bespoke CCTV Dark Fibre option had to be removed from the project scope.

However, at the same time that the CCTV project scope was being reformed and reshaped, another council project (SIP funded Invest in Fibre Project) was underway to award the installation of Dark Fibre across the Borough to improve internet access and data speeds.

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This project has since been completed and the Council are now in a 20-year contract with the Fibre provider – ITS (procured and awarded under a separate Key ED process) Having investigated this option, it seems that with a relatively small investment to amend the ITS fibre (£0.095m), the CCTV service could switch from the current BT rented circuits onto the ITS provided network and benefit from immediate annual line rental savings. Based on the figures provided, the HRA Account would see a 100% return on the £0.095m investment within 5 years, with further substantial savings being made each year from year 6 to year 19 thereafter.

Depending on the price rises planned by BT, the **minimum** amount to be saved by switching from BT to ITS would be £0.022m per year for the first five years (£0.110m), followed by 14 years of saving £0.030m per year (£0.420m) with a total overall saving of £0.610m over the period of the contract. (The maximum projected total saving over the same 19-year period is likely to be far higher, in the region of £1.4M).

Option (Option 1)

Costs

One-off Capital Installation cost	= £0.095m
Revenue Annual Charge for Year 1 to Year 5	= £0.033m (£0.165m to year 5)
Revenue Annual Charge for Year 6 to Year 19	= £0.025m (£0.350m year 6 to 19)
Total cost of both Revenue & Capital over 19 years	= £0.610m

Savings

Saving years 1-5	= £0.110m (£0.022m p.a.)
Saving years 6-19	= £0.420m (£0.030m p.a.).
Total combined saving	= £0.530m
Total saving minus £0.095m	= £0.435m

BT Costs

Theoretical additional costs **avoided** due to planned BT circuit price increases:

- £0.055m - year one of price rise
- £0.275m - 5 years' costs avoided
- £0.550m - 10 years' costs avoided
- £1.045m - 19 years' costs avoided

OTHER OPTIONS CONSIDERED AND REJECTED

Option 2 -

Option 2 is the same as Option one, but with a larger initial outlay of £0.2m but with a lower annual cost of line rental. Overall, it was felt that the risk of the larger investment upfront and length of time to recoup it was too long, whereas with option 1 the returns on investment were within 5 years.

Installation	= £200,000.00
Annual Charge for Year 1 to Year 5	= £25,000.00
Annual Charge for Year 6 to Year 19	= £20,357

Rejected due to the higher cost of installation phase requiring longer term savings projection.

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Option 3

To do nothing and keep paying BT line rental.

Rejected as the BT rented circuits are due to double in price over the next two years and remain at that price until such time that they are removed. When they are discontinued, the council will have to find an alternative solution for CCTV transmission anyway at significant cost.

PRE-DECISION CONSULTATION

Cllr Graham Williamson, Cabinet Member for Development and Regeneration
Cllr Barry Mugglestone, Cabinet Member for Environment
Cllr Paul McGeary, Cabinet Member for Housing

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

Name: Chris McAvoy

Designation: Head of Enforcement and Community Safety

Signature: Chris McAvoy Date: 5th July 2024

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

The Council has a general power of competence under s1 of the Localism Act 2011 to do anything that an individual generally may do subject to other statutory provisions limiting or restricting its use. The recommendation in this report is compatible with this statutory power.

This report seeks approval to vary the fibre network contract with ITS Technology Group Limited to include additional CCTV transmission circuits by relying on Regulation 72(5) of the Public Contracts Regulations 2015.

To modify the Contract in this way, the value of the modification must be below £102,200 (10% of the initial contract value). The total value of the proposed variation is £95,000.

The Council's Contract Procedure Rules state that the reasons and authority to vary, modify or extend a contract shall be recorded in writing and loaded onto the Council's preferred e-tendering suite.

FINANCIAL IMPLICATIONS AND RISKS

This is initially funded via the CCTV Capital budget. There is £2.9m amount available in the budget to spend.

Savings will be realised in the HRA accounts for the next 19 years.

See appendix A for table showing all current/forecasted options

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

The recommendations made in this report do not appear to give rise to any identifiable HR risks or implications that would affect either the Council or its workforce.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

A full EQIA was completed at the start of the CCTV project prior to commencement. This minor contract modification does not impact directly or indirectly that assessment.

ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

The SIP Fibre project has already been completed and is now a Council asset. Significant ground works have been undertaken to install the network and the fibre is now available to be used by a number of services such as CCTV for image transmission, the ICT network, alarm monitoring, concierge & intercom services and

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also has potential for other innovative uses in future such as automated (& monitored) gate controls. This was a significant investment of circa £0.8M and was externally funded by a government grant.

The contract signed between the Council and ITS states that the supplier (ITS) should perform its obligations with a commitment to conserve resources, reduce waste and phase out the use of ozone depleting substances and minimise the release of greenhouse gases, volatile organic compounds and other substances damaging to health and the environment.

By utilising the technology to carry out multiple uses, the council will benefit from economies of scale and realise savings in multiple budget areas. Savings are a key focus of the Council and some of these savings can be reinvested in other carbon offsetting projects.

Of all the available options, utilising the already existing SIP fibre network makes a huge amount of sense and limits the carbon footprint in doing so as the ground works of the network have already been completed.

Other options are to pay line rental to another provider (but in doing so we lose control over carbon emissions and may not make the same savings), or to build a new fibre network purely for CCTV network, which again would not make sense financially and would incur the greatest carbon footprint of all options.

BACKGROUND PAPERS

CCTV Cabinet Report – March 2023

ITS Contract Call Off Agreement – HAV021457

APPENDICES

N/A

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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

Details of decision maker

Signed 

Name: Helen Oakerbee, Director of Planning and Public Protection

Date: 19 September 2024

Lodging this notice

The signed decision notice must be delivered to Committee Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____