
Report to
Cabinet

Report of Director of City Development & Director of Finance and ICT

Title
Wide Area Network (WAN) Implementation Project Procurement

1 Purpose of the Report

- 1.1 To update Cabinet on progress of the WAN Implementation Project, giving details of the procurement process to date and next steps. It should be noted that the information given regarding project costs are still approximate, and will be updated as dialogue with the short-listed suppliers continues.
- 1.2 To seek delegated authority for the Director of Finance & ICT and the Director of City Development, in consultation with the Cabinet Member for HR, Corporate & Customer Services and the Cabinet Member for Finance, Procurement & Value for Money, to progress the project within the provisional affordability envelope identified.

2 Recommendations

- 2.1 To continue the procurement process to effect the project.
- 2.2 To propose to Cabinet that the principle is adopted of applying net revenue savings resulting from the infrastructure project implementation, to fund the additional cost of repaying prudentially borrowed debt taken to finance the Wide Area Network infrastructure capital funding gap. (Excl Primelines funding).
- 2.3 To delegate authority to the Director of Finance & ICT and the Director of City Development, in consultation with the appropriate Cabinet Members, to award the contract following the procurement process, given the critical timeline to meet essential project deadlines, e.g. Variable Messaging Service (VMS) connectivity and DfT funding for the Primelines corridors.
- 2.4 To approve the addition of the project to the Council's capital programme.

3 Information/Background

- 3.1 The ICT infrastructure is the network of cabling and other technologies that connect Council equipment, members and officers to one another and the outside world. The vision for the infrastructure is to expand the technology beyond the traditional image of data and

telephone cables, enabling a broader and more diverse service platform, capable of being shared with partners and other locally based organisations.

- 3.2 The procurement process began in 2006, a Pre-Qualification Questionnaire (PQQ) being sent to interested suppliers. This was reduced to a shortlist of three suppliers in October 2006. The appointment of a Project Manager in January 2007 has led to renewed focus on the project. As a result, the three short-listed suppliers have been sent a request for further information as part of the competitive dialogue process.
- 3.3 The network expansion has arisen from a range of drivers, which make the expansion and improvements critical. The opening of the new IKEA store in November 2007 has highlighted the need to provide enhanced network connections for Urban Traffic Control. This, in turn, has shown that the Primelines developments must have their routes connected to the network by April 2008, in order to ensure maximum benefit, and prevent clawback of the DfT funding. CVOne's proposed City Wide BID is dependant on the successful implementation of the network expansion. In addition, the existing vulnerability of the network caused by having a Single Point of Failure in the Crownfield's Sewer based fibre, exposes the Council to the potential of a total loss of service.

4 Proposal and Other Option(s) to be Considered

- 4.1 The project will deliver fibre-based connections to sites currently linked by BT LES circuits, improve the robustness of the core network, allow CVOne to complete the necessary infrastructure work for their City Wide BID, and provide opportunities for partner organisations to improve services.
- 4.2 The “do nothing” option is untenable. The financial implications of continuing to lease lines from BT are significant, with indicative prices set to double over those costs currently incurred. The financial implications are discussed in more detail in section 5.8. Additionally, the importance of creating a more robust network to allow the Council to effectively deliver services and work with partners in the city is essential.

5 Other specific implications

5.1

	Implications (See below)	No Implications
Best Value	✓	
Children and Young People	✓	
Comparable Benchmark Data	✓	
Corporate Parenting		✓
Coventry Community Plan	✓	
Crime and Disorder	✓	
Equal Opportunities	✓	
Finance	✓	
Health and Safety	✓	
Human Resources		✓

	Implications (See below)	No Implications
Human Rights Act	✓	
Impact on Partner Organisations	✓	
Information and Communications Technology	✓	
Legal Implications	✓	
Property Implications	✓	
Race Equality Scheme		✓
Risk Management	✓	
Sustainable Development	✓	
Trade Union Consultation		✓
Voluntary Sector – The Coventry Compact		✓

- 5.2 **Best Value** - A robust, strategically managed ICT infrastructure is a significant factor in enabling the Council to deliver services via Best Value. The number of corporate objectives that the ICT infrastructure strategy links to demonstrates this.
- 5.3 **Children and Young People** - Children and Young People will benefit significantly from a single ICT infrastructure which offers e-learning and e-delivery of services.
- 5.4 **Comparable Benchmark Data** - Benchmarking the ICT infrastructure strategy and performance of the ICT infrastructure within the public and private sector will take place to ensure that we are giving our customers best value in service delivery
- 5.5 **Coventry Community Plan** - The ICT infrastructure is key to supporting the outcomes of the Coventry Community Plan and Council's Corporate Plans. It also involves partner working and will contribute to improved service delivery for all our customers.
- 5.6 **Crime and Disorder** - The ICT infrastructure is and will be used to transport CCTV and alarm monitoring information back to the Emergency Services Unit.
- 5.7 **Equal Opportunities** - The ICT infrastructure is key to ensuring equality of access to services and service delivery for all. We will consult our customers periodically to identify and address any adverse impacts that any change that we implement. The project will create greater access opportunities for the wider community.
- 5.8 **Finance** – Currently, the Council spend over £600k annually on LES circuit rentals from BT. This figure is set to rise significantly under the new price structures announced by BT. Once fibre optic links are installed, that are owned by the Council, this annual cost will cease.

WAN Capital Costs

There are 3 main elements to the capital cost of the required infrastructure:

- Installation of fibres for Primelines in 'corridors' already laid
- Installation of infrastructure relating to the City Wide BID

- Installation of infrastructure to replace existing LES circuits relating to schools, libraries & other Council sites, and improvement of the robustness of the network to prevent failure to ensure continuity

Dialogue is ongoing with tenderers to determine the level of these costs. In addition, there is a potential further cost of installing the infrastructure which will enable VMS. An agreement with IKEA exists which requires this to be tested & functioning prior to the opening of the new store in late November. This is fully funded.

WAN funding

A limited amount of funding from Primelines is in place to contribute to the capital investment. It is also expected that S106 and other capital monies will be available to fund the VMS requirements. Following the unsuccessful bid to AWM to fund the BID capital investment, no further capital resources are available to fund the remaining gap.

However, as stated in 4.2, the replacement of LES circuits for the 250 or so Council sites, will result in revenue savings in BT rental payments, for which the Council has budget provision for in 07/08. This will be offset by the following:

Infrastructure maintenance

This will be unknown until the final tender submissions have been received.

Non-Domestic Rate costs

Organisations owning an optic fibre infrastructure are liable to incur an annual cost of business rates. The cost is based on the route length of the infrastructure installed, and the number of fibres used in the network.

Infrastructure Management

It is possible that on an ongoing basis, the infrastructure and its ongoing maintenance will result in the need for additional management resources.

Based on the above, net savings would be available to contribute to financing the capital costs. It is proposed that Prudential Borrowing could be used to finance the additional capital expenditure required within the project, repaid using the net revenue savings identified. This could be achieved within the existing borrowing headroom approved by Council on 20 February 2007. The level of actual net savings will determine the amount, which the Council can afford to borrow to finance the project.

It should be noted that at this stage, that **financial implications exclude any cost necessary to fund the CVOne investment in relation to the City Wide BID project.** As a result of the unsuccessful application to AWM for the City Wide BID project, CVOne are considering alternative options regarding the scope of the infrastructure required from the WAN procurement, and how that can be funded. The financial implications of this are outside of the scope of this report.

Other one-off Costs

WAN contract procurement costs will be incurred between now and July 2007. The majority of this cost will need to be afforded from the project capital resources discussed above.

BT LES Circuit Rentals

The Council currently uses BT to provide connections to the network for approximately 130 offices. In addition, all schools and libraries use BT in the same way, creating a total of around 250 sites. These links are known as LES Circuits. The Council novated the LES Circuits back from Serco in November 2006, in order to save around 8% management costs that Serco were passing on to the Council. These circuits are expensive and are subject to a significant rise in the future. This committed the Council to a 3 year rental agreement with BT to get best value. Thus, some of the revenue savings identified above under WAN Funding, will not all fully materialise until November 2009. This may well fit with the suppliers timescales for implementation, as they will be focussing on the Primelines corridors, CVOne works and improving the robustness of the existing fibre network in the first phases of the project. Should the Council wish to terminate the LES Circuit rentals before November 2009 there is a termination charge of 20% of the remaining contract term.

- 5.9 **Health and Safety** – All work will be carried out following CCC Health & Safety policies, and any current legislation.
- 5.10 **Human Resources** – There may be a requirement for training staff in the use of CCTV technology. In addition, there may need to be an expansion of the Infrastructure team to manage the completed network.
- 5.11 **Human Rights Act** - The changes carried out will be made in accordance with the Human Rights Act. Members of the public will need to know that CCTV is being installed and the details of what will be monitored and how that information will be used. Employees will need to receive training on the appropriate use of CCTV images.
- 5.12 **Impact on Partner Organisations** - CVOne City Wide BID will be supported in their developments. In addition, there is potential for the PCT to enhance their service by utilising the infrastructure to enhance connectivity between their sites. The Police may also wish to use the infrastructure for deployment of CCTV and enforcement cameras, and to link all their stations.
- 5.13 **Information and Communications Technology** - The ICT infrastructure will enable more efficient and effective use of the Council's ICT systems overall as it increases their availability for use. It will also provide opportunity to use innovative technologies to help deliver improved services. The project will create a resilient network with greater capacity.
- 5.14 **Legal Implications** - The legal implications of shared services models need to be investigated prior to their implementation. So will agreements between partners about the use of the ICT infrastructure. Access to Crownfield's sewer based fibre, links to CVOne fibre are all key to any proposals.
- 5.15 **Property Implications** - The ICT infrastructure promotes a one council culture by linking disparate operational buildings to common technologies, systems, and solutions. Depending on the eventual solution developed with the preferred supplier there may be a need to erect WiFi antennae on CCC buildings.
- 5.16 **Race Equality Scheme** - The proposals in this document are consistent with section 5 of the Council's Race Equality Scheme that deals with access to information and services.

- 5.17 **Risk Management** - The ICT infrastructure will be fully risk managed. As new developments occur with the ICT infrastructure and partnership working, risk assessments will be carried out to ensure risk is minimised.
- 5.18 **Sustainable Development** - A robust, strategically managed ICT infrastructure is key to ensuring the Council's business needs are met in the short, medium and long term, in addition, CVOne will provide for the sustainable elements of their elements of the project, CCC may need to consider costs of eventual addition of extra sites onto fibre network.
- 5.19 **Trade Union Consultation** – The CBS Core Group will be briefed, but there are no staffing issues foreseen at this stage.
- 5.20 **Voluntary Sector – The Coventry Compact** - The ICT infrastructure will enable shared services models to be implemented with partners. It will also provide the environment for additional service delivery and partnership working across the public and private sectors.

6 Monitoring

- 6.1 The activities resulting from this project will be delivered and monitored in accordance with the Council’s Programme and Project Management Toolkit.

7 Timescale and expected outcomes

- 7.1 See attached Gantt chart outlining the procurement process.
- 7.2 Preferred supplier identified by Friday 11th May 2007.
- 7.3 Contract negotiations completed by Thursday 31st July 2007.
- 7.4 Implementation commences Friday 1st August 2007.
- 7.5 Outcomes – a robust, resilient network to provide for CCC & partner needs for current and future developments.

List of background papers

- 1. Project Gantt Chart showing timeline for Procurement
- 2.

Proper officer: Chris Wanley – ICT Manager

Author: Cris Treacher – WAN Implementation Project Manager Telephone 3209

(Any enquiries should be directed to the above)

Other contributors: Phil Helm – Finance Manager CDD & Central Services
 Chris West – Director of Finance & IT
 Mick Burn – Procurement Manager
 John McGuigan – Director of City Development
 Keith Eales – Programme Manager
 Mick Green - Head of Public Protection

Papers open to Public Inspection

Description of paper

Location

None