

CAMBRIDGESHIRE PUBLIC SERVICE NETWORK (CPSN)
EAST/NET RE-PROCUREMENT

To: **General Purposes Committee**

Meeting Date: **13 June 2017**

From: **Deputy Chief Executive, Chief Finance Officer –
Chris Malyon**

Electoral division(s): **All**

Forward Plan ref: **2017/003** *Key decision:* **Yes**

Purpose: **This paper sets out the background to the need for an extension to the current Cambridgeshire Public Services Network (CPSN) Contract which provides IT infrastructure services to Cambridgeshire County Council buildings and to Cambridgeshire schools.**

Recommendation: **The Committee is recommended to approve the Direct Award to Virgin Media Business (VMB) for a further eighteen months at current costs and conditions.**

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1. BACKGROUND

1.1 Introduction

1.2 The County Council is dependent on network connectivity to function efficiently and the increased reliance on digital communications and transactions has increased this dependency over recent years.

1.3 The CPSN Partnership was formed in 2009 with two objectives:

- To reduce the cost of network connectivity for public sector partners via economies of scale achieved through taking a shared approach to network connectivity across a geographic area;
- To act as an enabler for delivering more joined up public services with the shared network facilitating shared service arrangements, shared buildings and new service delivery models.

1.4 The County Council was the lead authority for this procurement and let a framework contract to Virgin Media Business (VMB) on behalf of the CPSN Partnership in 2011. Each party then initiated their own call-down contract against the framework. The contracts have a co-terminus end date of 23rd June 2018.

1.5 The CPSN contract is overseen on behalf of the partnership by a Shared Service and Contract Management function. This is jointly funded by the partnership and is hosted within the IT directorate of LGSS

1.6 The CPSN contract has been extremely successful for the Council, Cambridgeshire schools and the wider partnership. In March 2016 General Purposes Committee (GPC) approved the necessary procurement activities to replace CPSN:

1.7 At this meeting it was resolved to:

- a) Approve the County Council's continued engagement in the Cambridgeshire Public Services Network (CPSN) shared service partnership;
- b) Endorse Cambridgeshire County Council as lead authority on behalf of the partnership to undertake procurement activities for a PSN framework based contract to replace the current CPSN contract;
- c) Approve the investigation of charging mechanisms which would enable Cambridgeshire schools continuing involvement in any future network connectivity contract whilst minimising any financial risk to the Council.

1.8 Current Procurement Update

1.9 The new partnership will be called EastNet. This is in recognition that the CPSN membership now includes Northamptonshire and Bedfordshire. All the current CPSN partners are committed to being included in future arrangements. These partners are:

- Cambridgeshire County Council & Cambridgeshire Schools;
- All Cambridgeshire District and City Councils;
- Peterborough City Council;

- Cambridgeshire and Peterborough Fire and Rescue;
- Bedfordshire and Luton Fire and Rescue;
- Northamptonshire County Council (& Northamptonshire Districts via LGSS)
- Cambridgeshire Constabulary (also linked to Hertfordshire & Bedfordshire constabularies)
- Cambridge & Peterborough Foundation Trust

1.10 As the re-procurement activity has got underway we have seen increased interest from National Health Service (NHS) organisations particularly as the approach to provision of network connectivity within the NHS is changing from the current approach, which only includes health partners (N3), to an approach which will include Health and Social Care partners (HSCN). As a result we are in discussion with the following organisations with the potential for a further expansion of the partnership. This would open up further opportunities for joint working. These partners are:

- Arden and Greater East Midlands Commissioning Support Unit – NENE Clinical Commissioning Group;
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- Cambridgeshire Community Services NHS Trust;
- Northampton NHS Trust;
- Northampton General;
- Papworth Hospital NHS Foundation Trust;
- Hinchingbrooke Healthcare NHS Trust;
- Peterborough Healthcare NHS Trust.

2. MAIN ISSUES

2.1 Procurement Route to Market and Timelines

2.2 As a public body we are legally bound to follow the EU Directives (2014) and the Public Contracts Regulations 2015 in terms of the procurement route to market. We want to carry out a thorough and detailed investigation of the market that will ensure the right balance between making sure we have the best approach to connectivity for the future as well as cost efficiency for ourselves and our partners. Therefore we have decided to choose the Competitive Dialogue tender process as the procurement route to market instead of the more traditional open or restricted procedure for tenders. This is because

- We are keen to maximise the opportunities to include our Health partners in future arrangements.
- We want to take full account of the information that is emerging about the future Health and Social Care Network (HSCN) data network.
- We would feel better assured discussing with bidders what we want from the solution, innovation and supplier partnership and how best to achieve it before final bids are returned.

Therefore, our proposed timeline for our procurement is:

Task Name	Duration	Start	Finish
Completion of SQ	38 days	Mon 22/05/17	Wed 12/07/17
Completion of ISOS (Invitation to Submit Outline Solutions)	51 days	Tue 18/07/17	Tue 26/09/17
Completion of ISDS (Invitation to Submit Detailed Solutions)	50 days	Wed 27/09/17	Tue 05/12/17
Completion of ITSFB (Invitation to Submit Final Bid)	91 days	Wed 06/12/17	Wed 11/04/18

2.3 Contract Expiry and Proposed Continuance

2.4 The current contract expires in June 2018. With the proposed timeline this would leave a six month window for transition from the CPSN to the new EastNet arrangements. Our soft market dialogue, and our discussions with other Public Service Network partnerships who have recently procured a new service, indicates that we would a 12 – 18 month transition period, particularly if a new provider is the successful bidder. Hence the need for a request for an extension to the current contract of 18 months. This extension would allow the required time for the transition to the new service and provide some contingency in what is a complex, multi-agency partnership procurement.

2.5 To support the process of the re-procurement the County Council has negotiated with the current providers VMB on behalf of the CPSN Partnership and VMB have agreed to offer a continuance of the current pricing and service levels, which represents a saving of some 19 – 26% on the providers current prices, for all partners. The continuation with VMB at current costs and current service level would effectively mean a direct award for:

Cambridgeshire County Council Corporate	£862,003.02
Cambridgeshire County Council Education	£1,807,872.86

2.6 Financial and operational risks

2.7 To mitigate the financial and operational risks of a Direct Award to VMB for a further eighteen months we intend to issue a VEAT (Voluntary Ex Ante Transparency) notice to meet with EU Directives and so that all suppliers can clearly see that the main purpose of this contract extension is to allow sufficient time for a thorough procurement process, to ensure that any successful supplier has the time to transition from CPSN to EastNet and to enable any additional NHS organisations to be included in the transition plan following further clarity around the HSCN network.

2.8 Partnership implications

2.9 The CPSN Partnership Board is united in its approach and all partners agree that stabilising and maintaining the current costs through a contract extension for a further eighteen months is the best solution. All partners have sought the relevant mandate for this from their organisation. The issuing of a VEAT is only required by those organisations who with a larger financial stake in the partnership. These VEAT notices will be co-ordinated so that they go out on the same day, subject to the decision of the General Purposes Committee.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are significant economic benefits to having a shared CPSN/EastNet network. These include economies of scale for participating organisations and opportunities for efficiencies from improved joint working.

3.2 Helping people live healthy and independent lives

By reducing complexity, standardising networks, enabling service sharing and extending the parameters of collaborative working we will be able to share information safely and reliably. This will help staff, particularly across health and social care, to be able to work more effectively for the benefit of residents across the region.

3.3 Supporting and protecting vulnerable people

See 3.2 above

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

This contract has significant resource implications. The value of the current contract across all partners is around £2.2 million per annum with the County Council and Cambridgeshire Schools comprising £1.6 million – at £400k and £1.2m respectively.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

We are working closely with colleagues in Procurement to determine the best route to market to meet ours and our partners' objectives and to ensure we deliver best value for money. This paper seeks approval from General Purposes Committee to extend the existing contract with VMB so as to allow for a robust procurement process and replacement of a more strategic contract. All other Contract Procedure Rules have been satisfied.

4.3 Statutory, Legal and Risk Implications

Legal advice has been sought throughout and Legal Services are fully involved in the development of documentation for the re-procurement.

Legal advice is that there is a risk of a procurement challenge being made to the direct award of a high value contract to the incumbent provider. The issuing of a VEAT notice is designed to identify at an early stage whether such a challenge is likely to arise and mitigates the risk of a challenge by setting out the Council's position transparently and providing the market with notice that the Council intends to commence a new procurement process as soon as practicable.

4.4 Equality and Diversity Implications

See 3.2 above.

4.5 Engagement and Communications Implications

See 3.2 above.

4.6 Localism and Local Member Involvement

There are no significant implications within this category.

4.7 Public Health Implications

See 3.2 above.

Implications	Officer Clearance
Have the resource implications been cleared by Finance?	Yes Name of Financial Officer: Chris Malyon
Have the procurement/contractual/ Council Contract Procedure Rules implications been cleared by Finance?	Yes Name of Financial Officer: Gus De Silva
Has the impact on statutory, legal and risk implications been cleared by LGSS Law?	Yes Name of Legal Officer: Karen White
Have the equality and diversity implications been cleared by your Service Contact?	N/A
Have any engagement and communication implications been cleared by Communications?	Yes Name of Officer: Christine Birchall
Have any localism and Local Member involvement issues been cleared by your Service Contact?	N/A
Have any Public Health implications been cleared by Public Health	N/A

Source Documents	Location
General Purposes Committee – 15 March 2016	https://cmis.cambridgeshire.gov.uk/ccclive/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/46/Committee/2/Default.aspx