

17 July 2024		ITEM: 16
		Decision: 110729
Cabinet		
Preferred Supplier of Network Hardware Procurement		
Wards and communities affected:	Key Decision:	
N/a	1. Expenditure over £500K yes	
Report of: Cllr S Muldowney, Cabinet Member for Resources		
Accountable Assistant Director: Marta Poczowska, Chief Digital Officer		
Accountable Director: Daniel Fenwick – Executive Director Corporate Services		
This report is Public		
Version: Final / Cabinet		

1 Executive Summary

- 1.1 This report seeks agreement to commence a competitive tender for the award of a contract to supply network hardware and related support packages for a contract period of three years (with an option to extend for up to a further one year subject to satisfactory performance) commencing no later than 1 November 2024. While strategic decisions are made around the future location of the data centre and the shift to digitisation of council services, the Council must ensure best value on purchasing all network hardware product lines. The overarching strategy is to reduce the number of contracts and the number of suppliers, improve overall contract management and achieve cost efficiencies through the use of CCS Technology E-Catalogue aggregated buying.
- 1.2 Cabinet is recommended to appoint a preferred supplier of network hardware where specialist purchases for equipment and related support can be managed through one contract via CCS Frameworks Technology Products & Associated Services 2 (RM6098).

2 Commissioner Comment:

- 2.1 Commissioners have been consulted on the content of this report and agree with the recommendations made.

3 Recommendation(s)

For the reasons set out in this report, Cabinet is recommended to ;

- 3.1 **Agree to commence the competitive tender of a preferred provider for network hardware equipment purchases as described in this report using the CCS Frameworks Technology Products & Associated Services 2 (RM6098) for a period of three years from 1 November 2024 with an option to extend for a further one year conditional on satisfactory performance for an estimated total contract up to a value of up to £909,731 (including the optional year extension).**
- 3.2 **If 3.1 is agreed, to delegate the award of the contract to the Executive Director of Corporate Services in consultation with the relevant Portfolio Holder.**

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4 Introduction and Background

- 4.1 As the Council's networking hardware cyclically reaches end of life, network purchases are essential to provide the infrastructure that underpins its digital service provision. It is imperative that the Council maintains networking infrastructure within manufacturer's product support lifecycle to ensure there is ongoing technical support and maintenance. Once unsupported by the manufacturer, appliances fail to receive security updates, posing a cyber security risk to the Council. This would breach PSN (Public Sector Network) compliance, potentially resulting in loss of access to the network. PSN access is vital for the provision of multiple statutory services, including Blue Badge and DWP services. It is therefore essential that the Council has a compliant route to market for the timely replacement of appliances that are approaching end of lifecycle.

5 Current arrangements

- 5.1 The Council currently uses multiple providers for network hardware and related support packages, including Cisillion, MLR networks and Optec IT Solutions. Currently, the supplier chosen depends on the hardware manufacturer of the appliance to be procured. This results in contracts and relationships with multiple suppliers simultaneously and makes the co-termining of support agreements and feature set license subscriptions difficult to achieve.
- 5.2 At present each network device is purchased following a desktop exercise to obtain the most economic pricing in the market. The supplier chosen is based on both cost and whether or not any "value add" services are required, such as pre-sales advice or consultancy for assistance with implementation or installation. As a result, the council has purchased network hardware and related support via ad hoc arrangements with multiple suppliers in the past. Network hardware is purchased on end of lifecycle or strategic cadences while support packages and protection are purchased on annual, three or five year cycles.
- 5.3 Consolidating these multiple engagements and competitively awarding a preferred provider of specialist network hardware and related support contracts would result in a rationalisation of suppliers in line with the Council's digital strategy and ensure the same supplier is used for initial appliance purchase, as well as ongoing support and subscriptions, regardless of hardware manufacturer.
- 5.4 Having a preferred supplier and a E-Catalogue capability will enable the Council to improve overall contract management, provide a single contact for network design, technology expertise, and appliance support and achieve best value through cost efficiencies and consolidation of expenditure. The decisions tree below (see 7.3) will be used to identify the best route to market on a case by case basis. It is estimated that at least 10% of the overall contract spend will be via E-catalogue.
- 5.5 The combined value of these hardware purchases and the ongoing annual support and maintenance package costs exceed the value for undertaking a competitive exercise under procurement law.

6 Requirements and proposed procurement route

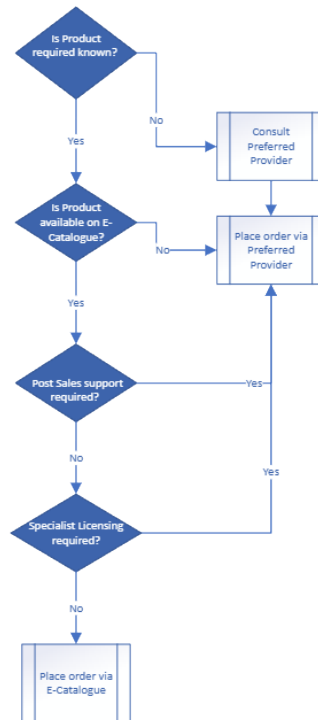
- 6.1 The Council's Digital Strategy requires a robust and secure digital infrastructure which is maintained to mitigate potential risks of interruption to services and system outages. In the next three years the Council will need to refresh some key networking infrastructure devices that support connectivity to users at more than 20 remote sites. Additionally, appliances that provide WiFi connectivity at all sites where wireless connectivity is enabled will need to be replaced with models capable of receiving security updates from the manufacturer
- 6.2 The proposed future procurement strategy can be described simply as follows: Procurement of a preferred supplier to provide the bulk of the council's network hardware needs with the

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following benefits; the sourcing of specialist product lines with pre-agreed lead times, streamlined contract management arrangements, certainty in expertise for product selection and immediate and responsive support throughout the life of the products purchased. These quality criteria such as expertise, purchasing lead time and support will be used to assess the preferred provider. It is proposed an equal price / quality split (50:50) will allow the Council to assess the quality of such support services. The option to purchase via the preferred supplier will sit alongside the Council's ability to purchase via the Crown Commercial Services Technology e-catalogue,

6.3 Best value will be achieved through a "Decision Tree" approach to Network Hardware procurement, as demonstrated in the diagram below:



6.4 A preferred provider is recommended to service the needs beyond the capacity of immediate off the shelf network devices or where procurement "off the shelf" does not provide Value added and support services such as device licensing, ability to source specialist product lines, design and implementation consultancy, pre-sales product advisory, and device loan for interoperability testing.

6.5 It is estimated a minimum of 10% of total network hardware contract value will be spent via the CCS Technology e-catalogue (£90K). The E-Catalogue provides an alternative procurement route for readily available network product lines. The E-Catalogue contains over 300,000 product lines, and numerous suppliers offering next day delivery, the portal conducts competition for each purchase by allowing the buyer to purchase the "lowest bid" for the basket. Initial analysis suggests prices are on average 13% lower than prices paid with existing suppliers; however, specialist network products may be difficult to source through the CCS Technology E-Catalogue platform. The portal is dynamic and only displays pricing on devices that are in stock and available for immediate shipping, removing the risk of placing orders for equipment potentially impacted by stock shortages.

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- 6.6 The total tender value will be set in line with;
- 6.6.1 The 2024/2025 capital plan approved at Cabinet on 13 March 2024
 - 6.6.2 The Council's 5 year Capital plan
 - 6.6.3 Prior year Support spends
- 6.7 It is proposed all network hardware purchases for approved Capital bids are purchased either through the preferred provider or via the CCS Technology E-Catalogue.
- 6.8 **Risks**
- 6.9 The key risks in relation to the recommendation at 2.1. and 2.2. identified at this stage are:
- 6.9.1 There is a risk of overspend as network hardware product lines are notoriously subject to volatile prices based on dollar exchange rates, raw materials availability, and the global supply chain. This risk is a global issue but has to be managed. The contract will contain special terms to allow for quarterly benchmarking of basket item pricing and costs will be monitored to ensure accurate forecasting and inform spending decisions. To mitigate this we will use out of support dates to plan in advance when new equipment needs to be purchased.
 - 6.9.2 While the total network hardware budget over the contract term is estimated at £900K, this will be split between the preferred provider or the CCS e-catalogue, as appropriate using the Decision tree approach mentioned at 6.2. The Council will maximise its savings by using comparing the prices in the e-catalogue and the preferred suppliers pricing and selecting the most appropriate option. It is not yet possible to accurately assess the split of spend but there is a risk of incurring greater risk by overuse of the catalogue and also potential challenge from the preferred provider due to underspending with them. This will be mitigated by clear guidance to purchasing staff on the appropriate use of the two purchasing options and, contract management monitoring of spend developing greater accuracy of spending projections. The Council will also set a tender value range £250K - £890K to provide for the possible shortfall in spend value based on the additional work that may be required to relocate the onsite data centre.
 - 6.9.3 There is a risk that spending occurs in isolation and is not aligned to corporate priorities including the operating model workstreams of a modernised council and transformed contact and customer relationship through digital by default. To mitigate this, spending decisions and priorities will be aligned to these programmes so there is visibility and, where appropriate, engagement. Inevitably some spending however will be urgent due to part failure, where directive decision making is required to maintain services.

7 Issues, Options and Analysis of Options

- 7.1 The rationale for the recommended procurement via CCS Frameworks Technology Products & Associated Services 2 (RM6098) is set out above.
- 7.2 Other procurement routes are available, such as a competitive process or procuring a range of suppliers as currently. It is not recommended to seek to extend the current providers' arrangements due to concerns as it does not provide best value, is inefficient and is not in line with the Council's strategy to rationalise suppliers. IT framework agreements provide a

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mature market of suppliers where the competitive element has been undertaken by the original contracting authority.

8 Consultation (including Overview and Scrutiny, if applicable)

8.1 An approval to proceed to tender Stage 1 form was presented to the Strategic Approval Panel in February 2024, the procurement was approved subject to Cabinet approval.

8.2 Conversations and meetings were conducted with Procurement and CCS Frameworks regarding pricing, discounts and contracting options.

9 Impact on corporate policies, priorities, performance and community impact

9.1 None

10 Implications TBC

10.1 Financial

Implications verified by: **Rob Chimani**
Accountant
5th June 2024

The total contract value of the procurement is set at £909,731. This is made up of Capital budgets of £759,000 for purchase of hardware approved via the 5 Year Capital Plan at Cabinet on the 13 March 2024. The remaining budget of £150,731 is provisioned for under the ICT business as usual Revenue budgets and is strictly reserved to cover associated maintenance costs. In the event that cost of supply over the contract period exceeds allocated budget, the service will manage this by reducing the quantum of hardware procured in order to contain total spend within the approved budget envelope.

10.2 Legal

Implications verified by: **Dan Fenwick**
Executive Director of Corporate Services and Monitoring Officer

The Council has power to enter into contracts for the provision of IT systems to support the delivery of its functions under s.1 of the Localism Act 2011 (the general power of competence) as it has the power to do anything an individual can do. None of the limitations on the power in s.2 to 4 of the 2011 Act apply to the recommended decisions. The Council may also rely on its implied powers under s.111 of the Local Government Act 1972 as the procurement of IT systems facilitates the delivery of the Council's statutory duties and powers generally.

In procuring goods and services, the Council is required to comply with the requirements of the Public Contracts Regulations 2015 and its own Contract Procedure Rules (although the former will override the latter if there is any inconsistency). The proposed procurement process in this report uses a framework to procure goods and services and this is specifically authorised under Regulation 33 (8a) of PCR 2015, as an open procurement process has been undertaken to procure the framework but the Council must comply with the terms of the Framework,

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Cabinet is advised that the proposed procurement process is compliant with the terms of the Framework.

The proposed award of the contract falls within the definition of essential spending under s.114 of the Local Government Finance Act 1988 notice, as it ensures the fulfilment of a statutory duty.

The report addresses that the service provision and implementation of the contract will ensure compliance with data protection requirements in relation to the data held and processed in compliance with the statutory duties.

10.3 **Diversity and Equality**

10.4 Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer
23rd April 2024

While there are no specific diversity and equality implications, a social value selection criteria will be set as part of the tender with specific community initiatives pledged during the contract term becoming a contractual commitment. The social value criteria will form 5% of the overall weighted scoring during the evaluation process.

10.5 **Other implications (where significant)** – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, or Impact on Looked After Children; N/A

10.6 **Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

10.7 **Appendices to the report:**

None

Report Author:

Andy Best – Head of Digital and ICT

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