

HAMPSHIRE COUNTY COUNCIL

Executive Decision Record

Decision Maker:	Executive Member for Policy and Resources
Date:	18 October 2017
Title:	Strategic Procurement and County Supplies Contracting Activity and Approvals for 2017-18
Report From:	Director of Transformation and Governance

Contact name: Belinda Stubbs

Tel: 01962 846235

Email: belinda.stubbs@hants.gov.uk

1. The decision:

That the Executive Member for Policy and Resources approves the following:

- 1.1. The procurement and spend approvals be given for the contracts as detailed in Appendix 1 of the report.

2. Reason(s) for the decision:

- 2.1. The purpose of this report is to present the relevant procurement approvals in relation to various contracts as listed in Appendix 1. This approval request is in accordance with the County Council's Contract Standing Orders and Constitution.

3. Other options considered and rejected:

- 3.1. None

4. Conflicts of interest:

- 4.1. Conflicts of interest declared by the decision-maker: None

- 4.2. Conflicts of interest declared by other Executive Members consulted: None

5. Dispensation granted by the Conduct Advisory Panel: none.

6. Reason(s) for the matter being dealt with if urgent: not applicable.

7. Statement from the Decision Maker:

Approved by:

Date:

18 October 2017

**Executive Member for Policy and Resources
Councillor R Perry**

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Buildings, Land and Procurement Panel
Date:	3 October 2017
Title:	Strategic Procurement and County Supplies Contracting Activity and Approvals for 2017/18
Report From:	Director of Transformation and Governance

Contact name: Belinda Stubbs

Tel: 01962 846235

Tel: belinda.stubbs@hants.gov.uk

1. Summary

- 1.1. The purpose of this report is to present the relevant procurement approvals in relation to various contracts as listed in Appendix 1. This approval request is in accordance with the County Council's Contract Standing Orders and Constitution.
- 1.2. The County Council's Contract Standing Orders (CSO) requires that 'The procurement of a Contract (not including a Framework Agreement) is subject to the approval of the relevant decision maker who has the authority to give approval for the relevant expenditure under the Constitution.'
- 1.3. Framework agreements are not linked to specific one-off purchases or projects but provide for the ongoing routine goods and services requirements of a large number of individual budget holders, either through direct call-offs or mini-competitions as required by each framework agreement. Therefore, the framework agreement values are only estimates and expenditure will be determined by the actual commitments made by budget holders.

2. Contextual information

- 2.1. The programme of procurements contained within this report includes arrangements for use by the County Council, Hampshire Constabulary and Hampshire Fire and Rescue Service, schools and other external partners and customers, with a total estimated value over £1 million. Contracts with a total value of under £1 million are approved by the relevant budget holder under the scheme of delegation.
- 2.2. One of the approvals in this report is a revision to an existing approval because the estimated value and/or the procurement approach has been amended. These amendments are due to contract strategy changes or a more appropriate procurement approach being developed and to allow for transition and continuity with current service user delivery requirements.

- 2.3. Whilst all the latest finalised procurement proposals are included in this report, further procurement projects are planned during the coming year. Once fully developed, these proposals will be reported to this Panel prior to seeking Executive Member for Policy and Resources approval.
- 2.4. Additional background and context has been provided for the larger scale projects in the sections below.

3. T19 IT - HPSN 3

Background

- 3.1. The HPSN2 contract was awarded to Ntl:Telewest Business (now Virgin Media Business (VMB)) in 2009, for an initial period of six years with the option to extend for a further four years which was taken up in July 2015. This is a single supplier framework agreement.
- 3.2. The contract provides a range of telecommunications and Internet services, to the HPSN2 partnership, including the County Council, nearly all schools and 16 initial Partner organisations: Hampshire County Council, Southampton City Council, Portsmouth City Council, Isle of Wight Council, Basingstoke & Deane Borough Council, Hart District Council, Rushmoor Borough Council, Fareham Borough Council, Eastleigh Borough Council, East Hants District Council, Havant Borough, Gosport Borough Council, New Forest District Council, Test Valley Borough Council, Winchester City Council, Hampshire Fire & Rescue Service.
- 3.3. The following organisations have since joined the Partnership: New Forest National Parks Authority, Southern Health NHS Foundation Trust, Portsmouth Hospitals NHS Trust and Solent NHS Trust. There are approx. 1,200 connected sites.

HPSN2 services include Ethernet connectivity (WAN and LAN), wireless network, voice (both fixed & mobile), Video conferencing, text, CCTV, structured cabling, internet, content filtering (E safety).

Progress to Date

- 3.4. The current framework contract does allow for Call Off orders for services to be placed which extend beyond the life of the contract.

We have been in discussions with VMB since January 2017 on whether they can provide a new deal (as a Call Off) which will achieve the level of cost savings we require, which could be tied into an extension of services. VMB responded in June 2017 with an offer which fell short of the required savings.
- 3.5. In the meantime, IT worked with Procurement to prepare the issuing of a Prior Information Notice (PIN) for Market Awareness should VMB be unable to provide an adequate offer. PIN issued 1st September for an engagement day scheduled 22nd September.
- 3.6. VMB have indicated that they will put forward a revised offer, but this has not been received at the time of writing.

- 3.7. The supplier engagement day is designed to give early, high-level information about what we are potentially looking for, give suppliers the opportunity to ask questions, and stimulate market interest.

Next Steps

- 3.8. A number of streams will take place over the next 3 months which will culminate in the issuing of an invitation to tender (ITT) in January 2018.
- 3.9. Detailed requirements will be gathered with regard to external connectivity e.g. number/location/type of sites, bandwidth, future growth, public or private infrastructure etc.
- 3.10. An options paper will be drafted outlining the potential future models for telephony, which will then be used to consult with business representatives. Once the model has been agreed, this will form the basis of the telephony strategy and associated requirements.
- 3.11. The ITT will be drafted in December, containing a number 'baskets' of services which may be bundled or unbundled (based on advice from Procurement).
- 3.12. An overview of the requirements will be communicated to appropriate stakeholders (e.g. CMT, programmes with dependencies).
- 3.13. Should VMB as the incumbent provide a revised offer before the issuing of the ITT, which delivers the required savings, and is deemed of sufficient commercial value, then the option to extend services to them will be pursued.
- 3.14. Post contract award / or re-negotiation, the project will move into an implementation phase which will include the following based on our detailed requirements:
- Migration / refresh of local network lines, Internet and security infrastructure, and the decommissioning of legacy equipment
 - The implementation of the new telephony solution, end-user transition and decommissioning of existing Avaya service

Financial

- 3.15. The current annual cost is made up of the following core elements: connectivity (network access circuits & support) £2.8 million; Telephony (fixed lines and calls) £1.5 million; Internet services (including firewalls) £2.7 million; mobile telephony £0.5 million. Typical BAU spend @£7.5 million/pa. Whole year under HPSN 1st Jan 2010 to 31st Dec 2015 was @£62.4 million (average £10.4 million pa over 6 years).

4. Enabling Productivity Background

- 4.1. The Enabling Productivity (EP) programme is in place to Enable Transformation T19 and beyond to support HCC achieve the goal of saving £140m by 2019.

- 4.2. This includes a device refresh and exploitation to mitigate an operational risk of IT systems going out of support and also introduce a greater diversity of IT assets to enable a flexible and mobile workforce.
- 4.3. Management and Leadership (HR) workstream will support departments to work with their teams to change their operating models and practices to enhance productivity and embed these into teams.
- 4.4. Full alignment with the T19 Office Accommodation Strategy to enable savings to be realised within the property estate through flexible and mobile working.

Progress to Date

- 4.5. Alignment with HR activity and the T19 Office Accommodation Strategy is in progress.
- 4.6. There has been a full review of HR policies and relevant updates made where necessary to ensure these are suitable for new ways of working.
- 4.7. Flexible Working Policy and Overtime Policy are under review and will be updated during autumn 2017. In addition HR has designed a new Mobile Device Conditions of Use Policy to ensure staff will be aware of their obligations in regards to devices.
- 4.8. Commercial benchmarking has commenced and indicative device costings should be available for inclusion in the Cabinet Report for October.
- 4.9. Intensive engagement with key stakeholders including DMT engagement is underway to understand how the programme aligns to T19 opportunities and other portfolios of work.
- 4.10. Along with mobile devices, a review of Windows 10 operating software is underway. This project was designed to ensure Windows 10 is fully supported by the IT Department and hence enhance the user experience. Devices need to be enabled with appropriate business software and productivity software suited to role.
- 4.11. There is a technology imperative that requires all of our existing Windows 7 machines to be replaced by the end of December 2018 when Windows 7 goes out of support.
- 4.12. Deployment of 500 Devices to Children Service department has commenced (due for completion October). This trailblazer deployment project is currently underway and is providing valuable insight to both IT and departments for future device deployments.

Next Steps

- 4.13. CMT approval for the programme deliverables, structure & governance approach, prior to contracting is to be sought.

Financial

- 4.14. As part of the EP funding £4.4 million of reserves/capital (effectively IT hardware underspend from previous years) is ear-marked for the programme. There is a further £3.6 million in revenue to capital contributions for IT device

renewals over the next 5 years. In total there is £8.0 million allocated to EP leaving a further £12.0 million of new financial requirement.

5. Consultation and Equalities

- 5.1. This report seeks approvals for spending on individual projects and no equality impacts have been identified.

6. Recommendation

That the Buildings, Land and Procurement Panel make the following recommendations to the Executive Member for Policy and Resources:

That procurement and spend approvals, as appropriate, be given for the contracts as detailed in Appendix 1.

CORPORATE OR LEGAL INFORMATION:**Links to the Strategic Plan**

Hampshire maintains strong and sustainable economic growth and prosperity:	yes
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	yes

Other Significant Links

Links to previous Member decisions:	
<u>Title</u>	<u>Date</u>
Direct links to specific legislation or Government Directives	
<u>Title</u>	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

DocumentLocation

None

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- a) The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- b) Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- c) Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

This report seeks approvals for spending on individual projects and no equality impacts have been identified.

2. Impact on Crime and Disorder:

2.1 The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all decisions it makes on the prevention of crime. The proposals in this report have no impact on the prevention of crime.

3. Climate Change:

3.1 Positive impact on climate change will be considered at the time each of the projects is reported for approval. This report seeks solely procurement approvals and it is not appropriate to set out specific impacts on climate change for each individual item.

This page is intentionally left blank

Project Title Brief project description (including scope of project, customer, procurement route, other relevant bodies)	Contract / framework term & Start date	Anticipated HCC value over term	Anticipated Total Value over term	Approval required / project update										
<u>Framework Agreement for Education and Non Education Establishment Cleaning and Window Cleaning</u> Current call off contracts for cleaning of education and non education establishments are coming to an end and new arrangements now need to be put in place. It is proposed to establish framework arrangements through which new contracts will be provided for cleaning and window cleaning services for HCC, academies, voluntary aided and maintained schools, Hampshire Fire and Rescue Service and the Office of the Police and Crime Commissioner / Hampshire Constabulary. The proposed approach will provide a flexible solution for cleaning services and will feed into the longer term strategy for contracted soft facilities management services. Current annual spend is detailed below	Up to 4 years commencing November 2017	£14m incl. schools	£24m	Authority to spend										
<table border="1"> <thead> <tr> <th data-bbox="181 979 421 1054">Annual Spend</th> <th data-bbox="421 979 651 1054">HCC</th> <th data-bbox="651 979 927 1054">Schools and other partners</th> <th data-bbox="927 979 1111 1054">HFRS</th> <th data-bbox="1111 979 1357 1054">Police</th> </tr> </thead> <tbody> <tr> <td data-bbox="181 1054 421 1094">Spend 2016/7</td> <td data-bbox="421 1054 651 1094">£1M</td> <td data-bbox="651 1054 927 1094">£3.4M</td> <td data-bbox="927 1054 1111 1094">£230K</td> <td data-bbox="1111 1054 1357 1094">£1.36M</td> </tr> </tbody> </table>	Annual Spend	HCC	Schools and other partners	HFRS	Police	Spend 2016/7	£1M	£3.4M	£230K	£1.36M				
Annual Spend	HCC	Schools and other partners	HFRS	Police										
Spend 2016/7	£1M	£3.4M	£230K	£1.36M										

<u>Project Title</u> Brief project description (including scope of project, customer, procurement route, other relevant bodies)	Contract / framework term & Start date	Anticipated HCC value over term	Anticipated Total Value over term	Approval required / project update
<p><u>LASER Framework Agreement for the Purchase of Mains Gas and Electricity</u></p> <p>The current arrangement with LASER is due to terminate on 30 September 2018.</p> <p>The 2 year contract was in place to allow HCC to re-visit and refresh the Category Plan for Energy and other Utilities. There has been an unavoidable delay in the commencement of the work on this plan and this entry on BLAPP is to anticipate an extension to the current agreement for 12 months up to 30 September 2019.</p> <p>Any notification to LASER regarding an extension must be provided before 30 September 2017 as they operate 1 on a one year notice period.</p> <p>There is also an indication that with an extension, we will benefit from lower than current pricing.</p> <p>LASER in their last report advised that they have purchased 34% of the Purchase in Advance electricity basket for the year commencing 1 October 2018, and 36% of the gas requirements. The current secured prices of both baskets are lower than the current market prices:</p>	12 Months commencing 1 October 2018	Mains Gas £1.44 Million - Electricity £6.6 Million	Mains Gas £8 Million - Electricity £16.5 Million	Revised Approval for Authority to procure and Authority to Spend

Project Title Brief project description (including scope of project, customer, procurement route, other relevant bodies)					Contract / framework term & Start date	Anticipated HCC value over term	Anticipated Total Value over term	Approval required / project update															
Purchase in Advance Oct 18 - Sep 19																							
Commodity	Current Basket Price	Current Market Price	Difference	Difference %																			
Gas	42.69 p/th	43.13 p/th	-0.44 p/th	-1.0%																			
Elec	£40.78/MWh	£41.38/MWh	-£0.60/MWh	-1.5%																			
<p>Whilst it is not possible to say with certainty how the market will move between now and 30 September 2018 (i.e. the final date for purchasing PIA requirements from 1 Oct 18 onwards), the above differences against HCC (and partner authority) energy volumes equate to avoided costs of £86k for electricity and £36k for gas.</p> <p>The Current Agreement was approved at a value of £49 Million on 25 July 2016. (HCC account for approximately 40% of the spend on Electricity and 18% of the spend on Mains Gas)</p> <table border="1"> <thead> <tr> <th></th> <th>HCC</th> <th>Schools, Districts & other Partners</th> <th>Police</th> <th>HFRS</th> </tr> </thead> <tbody> <tr> <td>Current Contract Value for 2 Years</td> <td>£15.5M</td> <td>£29.25M</td> <td>£3.25M</td> <td>£0.9M</td> </tr> <tr> <td>Proposed Value of extension for year 3</td> <td>£7.5</td> <td>£14.5M</td> <td>£1.6M</td> <td>£0.44M</td> </tr> </tbody> </table> <p>We are currently contacting all users to ensure that they wish to remain on contract for this additional 12 month period.</p>						HCC	Schools, Districts & other Partners	Police	HFRS	Current Contract Value for 2 Years	£15.5M	£29.25M	£3.25M	£0.9M	Proposed Value of extension for year 3	£7.5	£14.5M	£1.6M	£0.44M				
	HCC	Schools, Districts & other Partners	Police	HFRS																			
Current Contract Value for 2 Years	£15.5M	£29.25M	£3.25M	£0.9M																			
Proposed Value of extension for year 3	£7.5	£14.5M	£1.6M	£0.44M																			

<u>Project Title</u> Brief project description (including scope of project, customer, procurement route, other relevant bodies)	Contract / framework term & Start date	Anticipated HCC value over term	Anticipated Total Value over term	Approval required / project update
<u>Digital Programme</u> All hardware, software and external services required for the delivery of the Digital 2 programme and any extensions to Digital 1 and 1.5 programmes. To include contracts for: <ul style="list-style-type: none"> • C4C Service new licences for extended use across the organisation • C4C Sales • Dell Boomi Licencing • Hybris Licencing • PowerBi Licencing • TFS licencing • Robotics process technology, licencing and associated integration tools • Sitecore licencing and environment licencing • WebChat (SnapEngage) • Amazon Web Services • ForgeRock licences The above are new requirements providing expansion and growth of services, new efficiency opportunities (such as software automation of multi task processes) and to assist with revenue opportunities (such as the SAP C4C Sales tool)	Various contract terms from 1st Nov 2017	Up to £7m	n/a	Approval to procure & approval to spend

<u>Project Title</u> Brief project description (including scope of project, customer, procurement route, other relevant bodies)	Contract / framework term & Start date	Anticipated HCC value over term	Anticipated Total Value over term	Approval required / project update
<u>T19 IT - HPSN3</u> The current HPSN2 contract expires at the end of July 2019. The project will include provision for the replacement and maintenance of the HPSN2 wide area network and internet access, HPSN2 voice service and HPSN2 services to schools. Procurement route to market is likely to be OJEU open, restricted or competitive dialogue. If services are unbundled, some elements may be procured through appropriate available frameworks Current annual business as usual spend £7.5 million	7 + 3 year framework from 1st April 2019	Up to £120m	Up to £200m to include partners & schools (£40m attributable to schools where HCC buys & resells services)	Approval to procure & approval to spend
<u>Procurement of a Managed Print and Document Services</u> The current PrintSmart contract with Canon expires in August 2018. Simultaneously, contracts on high volume production devices in Hampshire Printing Services also terminate. These services are managed by Facilities Management (CCBS) and are provided to all HCC departments, partners and customers. Although the corporate drive is to reduce print, service provision will need to continue beyond August 2018. Procurement route to market will through a competition against the CCS framework: RM3781 Multifunctional Devices, Managed Print and Content Services and Records and Information Management (Lot 2: Multifunctional Devices and Print Management Software and Services). This expenditure falls within existing budget provision. Current annual spend for the existing contract is £2.7 million	5 year contract from August 2018, 3 +1 +1 term	Up to £14m	n/a	Approval to procure & approval to spend

<u>Project Title</u> Brief project description (including scope of project, customer, procurement route, other relevant bodies)	Contract / framework term & Start date	Anticipated HCC value over term	Anticipated Total Value over term	Approval required / project update
<u>Enabling Productivity</u> All hardware, software and external services required for the delivery of the HCC Enabling Productivity programme. The hardware will typically consist of PC's, Terminals, Monitors, and Laptops, Tablets and Smartphones and any associated warranties. Currently already £8.0 million allocated to EP leaving a further £12.0 million of new financial requirement.	5 + 2 year contract from 1 st Nov 2017	Up to £20m	£10m (Schools)	Approval to procure & approval to spend