

Digital Services  
3<sup>rd</sup> Floor, 222 Upper Street  
N1 1XR

Report of: Corporate Director of Resources

Date: 5 June 2024

Ward(s): All

Decision No. I028569

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## **Subject: Combined Procurement Strategy and Contract Award for Wide Area Network Services**

### **1. Synopsis**

- 1.1. This report seeks approval for the procurement strategy and contract award for the Council's Wide Area Network (WAN) services for a 60-month term beginning on 24<sup>th</sup> July 2024 in accordance with Rule 2.8 of the Council's Procurement Rules.
- 1.2. The Council's existing WAN was procured under the Tri-borough Shared Digital Services arrangement in 2019 and was awarded to Virgin Media who delivered secure network connectivity to 110 buildings across the Council. This contract expires 23<sup>rd</sup> July 2024 and has no further options to extend.
- 1.3. To ensure the Council has full network connectivity between its buildings and the Councils Cloud services.

### **2. Recommendation**

- 2.1. To approve the combined procurement strategy and award for the Council's WAN services to London Grid for Learning (LGfL) for five-years.

## 3. Decision Date

3.1. 5<sup>th</sup> June 2024

## 4. Background

### 4.1. Nature of the service

- 4.1.1. In July 2019 London Borough of Islington (LBI) signed a call off contract with our incumbent service provider to deliver a fully managed, secure, and resilient network to approximately 110 sites across the borough. The contract period was for 36 months and allowed for two 12-month extensions. It was procured via the Crown Commercial Services Network Services Agreement (RM1045), Framework Schedule 4. We are now into the final 12-months of the contract which is due to expire on the **23<sup>rd</sup> July 2024** with no further option to extend.
- 4.1.2. Implementation of a new WAN involves the physical installation of circuits and equipment into all council buildings. This is a very costly, resource intensive and time-consuming activity.
- 4.1.3. Even though the contract was signed in 2019, the new WAN was not actually completed until October 2021. Migrations are often complex as wayleaves and site inspections can be very time consuming and require multiple sub-contractors.
- 4.1.4. It is crucial that the Council maintains a fully functioning, secure and supported Wide Area Network (WAN) to provide connectivity from LBI buildings to Council IT services.
- 4.1.5. IDS have categorised WAN sites into three tiers whereby:
  - 4.1.5.1. **Tier 1** are large sites which have fully resilient WAN connection e.g. 222, Town Hall.
  - 4.1.5.2. **Tier 2** sites are medium size sites which require large bandwidths e.g. Libraries, Children Centres.
  - 4.1.5.3. **Tier 3** sites are small offices e.g. concierge and caretaker offices.
- 4.1.6. The recommendation is to procure the more costly WAN circuits for Tier 1 and 2 sites for three years and to procure the cheaper direct internet access for the Tier 3 sites for five years.
- 4.1.7. The IDS technology roadmap shows that with further developments in cloud technology that after three years there will be no requirement for WAN circuits and all LBI sites will benefit from more cost-effective direct internet access.
- 4.1.8. The Tier 3 sites will be converted from WAN to Direct Internet Access (DIA) within the first year of the contract. The conversion will use the existing circuit underlay; therefore, the changeover can be done quickly and with no loss of service.
- 4.1.9. Within the five-year term we will collaborate with the supplier to develop the WAN services at the Tier 1 and 2 sites to provide:
  - 4.1.9.1. More efficient and better integration with rapidly evolving cloud-based services.

- 4.1.9.2. Improved flexibility and efficiencies in terms traffic management and bandwidth utilisation.
- 4.1.9.3. Greater scalability leading to easier and faster deployment of WAN services.
- 4.1.9.4. Improvements to the organisation's security profile.
- 4.1.9.5. Aid for the early exit of 222 datacentre.
- 4.1.10. These larger sites will be connected via WAN circuits for a 3-year term.
- 4.1.11. The five-year term allows the Council to modernise its WAN infrastructure and move away from traditional on-premises WAN at the same time as enhancing our cyber security posture.

**4.2. Estimated value.**

- 4.2.1. Existing revenue budget will be used to fund the renewal of the WAN services.
- 4.2.2. The total value of the existing five-year contract including all extensions is £1,133,113.04. The breakdown of costs of the new WAN services over the duration of the agreement are as follows:

Year	2024/2025	2025/2026	2026/2027	2027/28	2028/29	Total
Annual cost	£327,0000	£327,000	£327,000	£31,000	£31,000	£1,043,000

- 4.2.3. The seamless transition to the new provider means that we will use the existing circuits therefore avoiding the costly and time-consuming upheaval of installing new circuits.
- 4.2.4. New third-party hardware and back-end configuration will be installed which will lead to better integration and more efficient use of the available bandwidth for our cloud-based services.

**4.3. Timetable**

- 4.3.1. Timescales need to be adhered to, as the current contract is coming up for renewal on **24<sup>th</sup> July 2024.**

**4.4. Options appraisal**

A range of procurement options have been considered:

**4.4.1. Option 1 - Do Nothing**

This would mean that our contract would switch to a rolling annual contract with the incumbent provider and would make spend non-compliant in accordance with the procurement rules. There would also be an immediate price increase of 10% and we would be subject to further short-notice price increases in the future. Furthermore, this would continue to use legacy WAN technology which does nothing to move the council towards a more efficient, cost-effective, and modern cloud-based technology.

**4.4.2. Option 2 - Full market procurement**

This would mean that we go out to tender for the replacement of our WAN, this approach would not meet with the timescales outlined in this report. Furthermore, the successful

bidder may also wish to replace our existing WAN circuits which is an extremely costly, time-consuming, and disruptive activity which we should make every effort to avoid.

4.4.3. **Option 3 - Framework Procurement VIA further competition**

This would be a compliant route to market but there is the risk that as with the full market procurement the successful bidder would wish to replace our existing circuits which is something that we need to avoid.

4.4.4. **Option 4 – Direct award to LGfL [RECOMMENDED]**

LGfL is a contracting authority that acts as a central purchasing body on behalf of itself and other contracting authorities in accordance with the Public Contracts Regulations 2015.

LGfL have established an agreement for the provision of broadband, telecommunications, and related Information Communication Technology (ICT) Services for the wider public sector in accordance with the regulations.

The agreement was established to aggregate demand and to allow contracting authorities to obtain the benefit of procured services without the need to conduct further individual procurements.

LGfL contracted with Virgin Media Business (VMB) our incumbent supplier for the delivery of broadband and ICT related services, this agreement has an estimated value of £1.1 billion.

The agreement was established to aggregate demand across the wider public sector and to allow contracting authorities to obtain the benefit of procured services without the need to conduct further individual procurements, this procurement option allows us to do both and avoid costly migration costs.

Consequently, VMB is a strategic partner of LGfL and LGfL, by virtue of its customer base is one of VMB's largest public sector customers.

4.5. **Key Considerations**

4.5.1. Considerations around social value and London Living Wage have been considered as part of this strategy.

4.5.2. Delivering a contribution to the Council's social value objectives is a key element of this procurement strategy and contract award. The supplier will be asked to demonstrate their contribution over the duration of the contract to economic, environmental, and social benefits.

4.5.3. TUPE will not apply to this procurement.

4.6. **Award Evaluation**

4.6.1. The agreement was procured by LGfL in 2013 as a regulated procurement conducted under the restricted procedure in accordance with the public contract regulations 2006. The agreement commenced on 25<sup>th</sup> March 2014 and expires 24<sup>th</sup> March 2028.

4.6.2. The procurement commenced with the publication of a Contract Notice in the Official Journal of the European Journal (OJEU) on 22 May 2013 (2013/S 245-165716).

4.6.3. A contract was awarded to VMB on 29<sup>th</sup> November 2013, and a Contract Award Notice published in the OJEU on 18<sup>th</sup> December 2013 (2013/S 245-4165). A copy of both notices has been retained by strategic Procurement.

4.6.4. The contract award criteria used by LGfL for the procurement was as follows:

Charges – 40%

Service and Support - 15%

Implementation – 15%

Technical Design – 9%

Interoperability and connectivity 9%

Contractual terms and management – 5%

Security – 4%

Opportunity – 3%

4.6.5. The Council evaluation team for this procurement have insured further due diligence by applying their own evaluation of the proposal submitted by LGfL. This proposal was evaluated based on price, implementation, support, and social value to establish if this procurement route via direct award was the most appropriate route to market for the council.

4.6.6. The evaluation of the LGfL proposal and the scores were as follows:

Criteria	% Weighting	% Score
Cost	40%	31%
Implementation	20%	16%
Support	20%	16%
Social Value	20%	17%

4.6.7. With a total score of 80% the evaluation team concluded that a direct award offers the most economically advantageous option, which meets our requirements and provides continuity of vital infrastructure services to the council. Details of the LGfL proposal can be found in Appendix 1.

4.6.8. There is scope within the contract to increase and decrease the number of circuits as required.

#### **4.7. Business risks**

4.7.1. Failure to secure a new agreement will result in a significant corporate risk with the Council unable to deliver essential services to businesses, partners, residents, and service users.

4.7.2. Failure to secure a new agreement would mean moving to a rolling contract which would be non-compliant within the LBI procurement rules. There would also be an

immediate price increase of 10% and the council would be subject to further short-notice price increases in the future.

- 4.7.3. The cost and time to deliver the services will be impacted if we move away from the incumbent supplier circuits. Wayleaves will be required to install new circuits, or the new circuit supplier will need to consider taking over the circuits (Offnet). This does not impact the technologies used to transmit the data over the circuits (i.e., SD-WAN).
- 4.7.4. The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale, or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to complete an anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences.
- 4.7.5. The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1. Nature of the service	See paragraph 4.1
2. Value	<p>The value per for FY 24/25 is £327,000</p> <p>The value per for FY 25/26 is £327,000</p> <p>The value per for FY 26/27 is £327,000</p> <p>The value per for FY 27/28 is £31,000</p> <p>The value per for FY 28/29 is £31,000</p> <p>Total agreement value for agreement duration £1,043,000</p> <p>The agreement is proposed to run for a period of 5 years</p>
3. Timetable	See paragraph 4.3.

4. Options appraisal for tender procedure including consideration of collaboration opportunities	Options for Procurement routes to market See paragraph 4.4.
5. Consideration of: <ul style="list-style-type: none"> <li>• Social benefit clauses.</li> <li>• London Living Wage.</li> <li>• Best value.</li> <li>• TUPE, pensions, and other staffing implications</li> </ul>	See paragraph 4.5.
6. Award Evaluation	See paragraph 4.6
7. Any business risks associated with entering the contract	See paragraph 4.7.
8. Any other relevant financial, legal, or other considerations.	See paragraph 5

## 5. Implications

### 5.1. Financial Implications

- 5.1.1. The current budget for the Council's Wide Area Network (WAN) services is £0.307m per annum. The proposed cost of this contract will be £0.327m per year for the 3 years then reducing to £0.031m because the contracts is only for the small sites (tier 3) and new solution for the large sites (Tier 1 and 2) will be procured separately. This is an increase of £0.020m per annum for the first three years. This will result in an increase for the digital contracts budget for the first 3 years, **which will be covered by the Digital Services contract inflation allocation for 2024/25.**

## **5.2. Legal Implications**

- 5.2.1. The decision recommended in paragraph 2.1 of this Report is a Key Decision of the Council's Executive to be made in accordance with the Council's Constitution, Part 2, Article 13.03.
- 5.2.2. The Council has a legal duty under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.
- 5.2.3. The proposed procurement, under Regulation 32(2)(c) of the Public Contracts Regulations 2015 is, in all the circumstances, appropriate.
- 5.2.4. Legal Officers will assist in preparing the new contractual arrangements for the proposed term as required between the Council and the new provider for the Council's Wide Area Network (WAN) services.

## **5.3. Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 5.3.1. The next generation of WAN paves the way for better integration with Cloud-based applications meaning there is less dependence for on-premises hardware and infrastructure. This will therefore reduce the Council's energy consumption although we acknowledge that this is offset by the energy consumption from within the cloud-based solution.
- 5.3.2. Majority of the WAN based equipment is owned by the supplier and any of their equipment which is to be replaced as part of this contract will be removed and repurposed by the supplier. Any LBI equipment that is identified to be removed will also be repurposed as spares or disposed in a secure manner following WEEE regulations.
- 5.3.3. In terms of the environmental implications of the new third-party hardware this will replace old (5 years) legacy technology therefore will be more energy efficient, although as the hardware has not been specified yet we cannot quantify this.
- 5.3.4. As part of our evaluation of the proposal we asked what social value benefits the supplier will deliver to help fight climate change within the London Borough of Islington. As well as statements confirming the supplier's green credentials, they have also committed to providing annual contract-specific carbon footprint to contribute to the Council's net zero ambition.

## **5.4. Equalities Impact Assessment**

- 5.4.1. The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in



public life. The council must have due regard to the need to tackle prejudice and promote understanding.

- 5.4.2. An Equalities Impact Assessment screening was completed on **08<sup>th</sup> November 2023**. The main findings are: *We are proposing entering a new agreement, and refreshing our WAN with modern technology. This will not have any impacts of protected groups.*

## **6. Conclusion and reasons for recommendation**

- 6.1. The Council's current 5-year WAN services contract expires on the 23<sup>rd</sup> July 2024. To enable the council to continue using these services, a new WAN services agreement is required to be in place effective from 24<sup>th</sup> July 2024.
- 6.2. The recommendation is to procure the more costly WAN circuits for Tier 1 and 2 sites for three years and to procure the cheaper direct internet access for the Tier 3 sites for five years. This is to allow further developments in cloud technology so that after three years there will be no requirement for WAN circuits and all LBI sites will benefit from more cost-effective direct internet access.
- 6.3. The recommendation is to agree the procurement strategy to provide WAN Services to the council as outlined in this report and award a contract to London Grid for Learning (LGfL) for five years.

## **7. Record of the decision**

- 7.1. I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Authorised by: **Corporate Director of Resources**

Date: 5 June 2024

### **Appendices:**

- Appendix 1 – Social Value Delivery Plan
- Appendix 2 - Equalities Impact Assessment

**Background papers:**

- None.

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