

From: Peter Oakford, Deputy Leader and Cabinet Member for Finance,
Corporate and Traded Services

Lisa Gannon, Director of Technology

To: Policy and Resources Cabinet Committee - 13th July 2022

Subject: Kent Public Service Network Re-Procurement Update

Key decision – Yes, *decision affects more than 2 Electoral Divisions and involves expenditure or savings of maximum £1m*

Classification: Unrestricted

Past Pathway of report: Policy and Resources Cabinet Committee, 13 July 2021

Future Pathway of report: Policy and Resources Cabinet Committee
Cabinet Member Decision

Electoral Division: All - Countywide

Summary:

The Kent Public Sector Network Partnership (KPSN) provides a Wide Area Service Network across the County. Hosted by KCC, the service ensures that those who access the service across the public sector, have access to secure, resilient networks, which achieve Public Sector Network (PSN) compliance. The network has evolved from 14 Local Government Partners across 900 sites, to 30 multi-agency Partners across 1500 sites including Schools, Blue Light Services, Universities and NHS.

The KPSN agreement with Daisy Udata Communications Ltd (DUCL), is due to expire in August 2024. All contract extensions have been utilised and a replacement supplier is required to continue providing network connectivity.

This report updates Members on the re-procurement of this contract and sets out the next steps.

Recommendation(s):

The Policy and Resources Cabinet Committee are asked to **note** the report.

1. Introduction

1.1. The Kent Public Services Network (KPSN) agreement with Daisy Udata Communications Ltd (DUCL), a company of Capita Plc, is due to expire in August 2024. All contract extensions have been utilised and a replacement supplier is required to continue providing network connectivity to our partners.

- 1.2. In addition to providing secure and resilient core network connectivity, KPSN provides a range of value-added services, such as network security, public and commercial internet, Wi-Fi, CCTV, mail filtering, remote access services and cyber security protection.
- 1.3. KPSN is a partnership, it is not a legal entity and Kent County Council (KCC) is the owner of the KPSN contract.

2. Background

- 2.1. The KPSN is a broadband ICT network developed by a Partnership of public sector agencies. Built to the highest standards, this integrated network has been designed to meet growing demands for better access to services, collaboration, and multi-agency shared services. The core principles of KPSN are that a collective approach to the provision of telecommunications services decreases the cost and increases the value proposition to our partners.
- 2.2. The KPSN Partnership is constituted through a broad range of mostly public sector organisations which are set out in the table below:

Kent County Council	Dartford Borough Council	Canterbury City Council
Ashford Borough Council	Cantium Business Services	Medway Unitary Council
Citizens Advice North & West Kent	Pilgrims Hospices	Medway Community Health (MCH)
South, Central and West CSU (SCWCSU)	Medway and Tunbridge Wells Trust (MTW)	Kent and Medway CCG
JANET UK (Jisc)	Kent Community Health Foundation Trust (KCHFT)	University of Greenwich (Medway)
Northeast London Commissioning Support Unit (NELCSU)	Kent Fire and Rescue Service	Canterbury Christ Church University
Maidstone Borough Council	Gravesham Borough Council	University of Kent
Sevenoaks District Council	Folkestone and Hythe District Council	Swale Borough Council
Tonbridge & Malling Borough Council	Thanet District Council	University for the Creative Arts
Tunbridge Wells Borough Council	Dover District Council	

- 2.3. DUCL is the service provider of the contract that underpins the KPSN Partnership which is due to expire in August 2024. DUCL is a joint venture between Udata Infrastructure Ltd, a leading communications integrator to the public sector and part of Capita IT Services, and Daisy Group plc, an experienced supplier of unified business communications services.
- 2.4. The contract was originally let in August 2014 for 6 years with various options to extend for a further 4 years. The 2014 contract opportunity was advertised for a value of £75m over the 10-year duration, however due to consolidation of

demand on the network core, the overall spend from 2014-2024 is estimated to be £50-55m.

- 2.5. The challenges of Brexit and the COVID-19 pandemic have completely reset the baseline for public services within Kent and has reinforced the value of an integrated resilient public service network, which underpins service delivery and enables mutual support between public sector agencies.

3. Objectives of the KPSN Re-procurement

- 3.1. Ensuring the continuation of the Council's (and other partners on KPSN) network connectivity requirements are delivered and managed, including a whole range of services providing resiliency, security and flexibility.
- 3.2. Continuing to be the trusted partnership model and vehicle for Kent public sector organisations.
- 3.3. Provide services that are excellent value for money by continuing to aggregate partner requirements and streamline infrastructure where possible.
- 3.4. Be the go-to solution to assist partners with their migration from on premise infrastructure to Cloud solutions, and/or a hybrid of both.
- 3.5. Continue to remove the task of managing a network away from KPSN partners to allow them to focus on their own individual organisation's objectives.
- 3.6. Continue to be a vehicle for partner collaboration throughout the public sector in Kent.

4. Collaboration Efforts

The following options have been considered:

4.1. Collaboration with another County Council

- 4.1.1. Essex County Council (ECC) provide a similar service to KPSN, as they aggregate user requirements to access advantageous pricing, contractual terms, higher levels of services etc. The main difference to the KPSN model is the ECC model was designed as a framework, so ECC user organisations contract directly with the service provider.
- 4.1.2. The ECC service provider is also DUCL, the main difference being DUCL are sited permanently at Essex County Hall and Essex County Council maintain a 'hands-off' approach in the day-to-day activity.
- 4.1.3. The contract between ECC and DUCL terminates at the end of 2024 (4 months after the KPSN contract), the timing of which is prompting KCC discussions with ECC. Collaborative discussions started in 2019 as there was an opportunity to jointly terminate both DUCL contracts in 2022 (and not take advantage of the final contract extension).

4.1.4. KPSN and ECC participated in joint early market engagement in 2020 (ECC leading as the lead authority) which involved virtual meetings with 18 suppliers in the network and communications market.

4.1.5. ECC decided not to progress onto a procurement after the early market engagement activity as the information obtained proved that the network and communications market was unstable due to the effects of Covid-19 and the sudden change in what customers needed to continue to operate.

4.1.6. KPSN and ECC jointly decided to discontinue the option of collaboration due to various factors listed below:

- Both organisations had differing appetites to extend the existing contract and KPSN wanted to take advantage of the available extensions left on the contract to allow the market more time to stabilise during the COVID-19 pandemic.
- It was agreed determining the 'lead authority' would be challenging, i.e., ownership, liability, and governance.
- Different operating models were preferred, i.e., partnership working vs. framework call-offs.
- Different funding models were preferred, i.e., self-funding via partner contributions vs. 'hand-off' approach and the supplier manages the financial model.

4.2. **Collaboration with NHS**

4.2.1. There is an appetite to explore a more centred/grouped collaboration with the NHS, however, there has not been an opportunity to open dialogue, despite the attempts from KPSN. This could have been due to the Clinical Commissioning Group (CCG) consolidation (reduction from 9 to 1 CCG) and resources available. In addition, the CCG were in the process of changing their CSU (Clinical support Unit) provider during this time. We anticipate this to stabilise in this calendar year (2022) and hope to work with them in the near future.

5. **Financial implications**

5.1. The KPSN contract value is £75m over the life of the contract, of which all costs incurred are recharged to partners. KCC pay for the services it receives from its technology budgets. An important feature of the network is that it is self-sustaining financially. The means to ensure that the network remains resilient and fit-for-purpose is provided through a renewals reserve and the eventual re-procurement will be funded through a procurement reserve. Each partner makes a contribution to the reserves, as part of their re-charges, to enable the replacement of end-of-life hardware and software. It also funds the programmed upgrades of circuits which go above 50% average utilisation, to maintain the required capacity as partners' requirements flex and additional sites join the network.

5.2. The cost of the KPSN core infrastructure is fairly static, consequently the addition of new partners and/or sites, results in a decrease in the cost to

existing partners. Conversely, the loss of partners/sites potentially increases the cost.

- 5.3. This has been evidenced during 2020/21, particularly in the schools' sector. The schools' market has become significantly more competitive over recent years, and schools can be tempted by a cost reduction for what may appear to be an equivalent service. Recent well publicised ransomware attacks on schools demonstrate that this can be a costly policy.
- 5.4. There are also opportunities for growth, however, such as the potential addition of 700 private care homes to the network as part of the Digital Inclusion Programme, or Kent Highways utilising KPSN for street furniture or Traffic Management.
- 5.5. The team intends to undertake a market engagement activity with the issuing of a PIN (Prior Information Notice) to the market. The intention of the PIN is to understand the current stance and situation of the market, and to learn how best to deliver the next 10 years of KPSN services.
- 5.6. Financial information will later be shared from the outcome of the tender in 2023. There may be a possibility that any indicative costs can be shared, if any are obtained through the PIN process.
- 5.7. Overall contract spend to date, as of March 2022 is £39,771,135.32.
- 5.8. Anticipated total contract duration spend by 2024 is £49,500,000.00 based on the previous 8 years and considering decrease/increase of partners.

6. Legal implications

- 6.1. KPSN is not a legal entity, and as such cannot procure, consequently Kent County Council is the Contract Owner. Partners are required to sign a legally binding Partnership Service Agreement before taking KPSN services.
- 6.2. The procurement will be undertaken using recognised public sector procurement guidelines in consultation with Strategic Commissioning. Legal advice will be sought in support of the procurement.

7. Equality implications (EQIA)

A full impact assessment will be conducted as part of the tender activity.

8. Governance

As the contract is held by KCC, any re-procurement of the contract will require a key decision in accordance with KCC's constitution and governance process.

9. Conclusions and Next Steps

- 9.1. The KPSN contract has been a successful partnership arrangement which has facilitated connectivity across the public sector in Kent. This has proved invaluable to its partners. The current contract is due to expire in 2024. It is recognised the services currently provided by KPSN and its model will need to evolve to align to the partners forward strategy and advances in technology.
- 9.2. The KPSN – DUCL contract has now used all possible extensions, making the final expiration of the contract August 2024. The 30+ partners contributing to KPSN have all expressed an interest to continue utilising KPSN services for their network connectivity needs. It is also worth noting the contracts governing the relationship between KPSN and the partner have no end date. They are automatically renewed each year and have strict termination periods (12 months plus the remainder of the financial year the notice is served) to protect the stability and funding of the partnership.
- 9.3. It is proposed to undergo a full procurement after a successful PIN activity, to continue providing competitive connectivity services to the partners of KPSN and future organisations that wish to take advantage of the proven partnership.
- 9.4. As many services will be factored into the procurement as possible to best serve the customers’ needs. We anticipate having a service to offer no matter where the partner is, whether they require services we provide today currently, a hybrid set of requirements or fully implemented Cloud based services. We aim to futureproof the service offering as best as possible, to cover all ranges of requirements.
- 9.5. The indicative key milestones are as follows:

Indicative Milestone	Key Dates
Partner engagement activity	May 2022 – June 2022
PIN activity	July 2022 – December 2022
Undertake Procurement	January 2023 – October 2023
Contract Award	November/December 2023
Contract Mobilisation	January 2024 – August 2024
New supplier fully in place	August 2024 onwards

- 9.6. It is proposed to update the timeline further following the procurement activity in 2023.

10. Recommendation(s)

Recommendation(s):

The Policy and Resources Cabinet Committee are asked to note the report.

11. Background Documents

None.

12. Contact details

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