

REQUEST FOR DMPC DECISION – PCD 151

Title: Network Tower – British Telecom (BT) contract

Executive Summary:

This paper requests approval to award a contract to British Telecom (BT) as the Network Tower provider with a total contract value of up to £200m. The contract consists of two lots:

- Lot A – Network Services; 5 years with an option to extend for two one year extensions.
- Lot B – Emergency Call Routing; 4 years minus 1 year (to accommodate an earlier termination for strategic fit).

This contract award will deliver the final tower in the ICT delivery strategy (SIAM & Towers) and provide a transformed service, which is more attractive to the market.

Recommendation:

The DMPC is asked to

1. Approve the award of a contract to BT as the Network Tower provider. The contract value is up to £200m over 5 years with the option to extend for a further 2 years (includes Lot B at £13.2m over 4 years).
2. Authorise this project to move into Final Negotiation stage to refine the bid and achieve contract signature by March 31 2017.

Deputy Mayor for Policing And Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Sybil Under

Date

2/3/17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1. Technology is a key enabler in meeting the MPS's objectives for the Total Technology Programme Infrastructure (TTPI). The TTPI was established to ensure the desired outcomes for the ITC estate were met. The award of the contract to BT as the Network Tower provider is the final tower in the original SIAM & Towers model delivery.
- 1.2. The MPS needs a network that supports the modernisation of networks and significantly reduces the risk of failure, especially where this could impact on critical MPS activities. The MPS needs to develop a technology infrastructure that supports more flexible frontline policing and provides long term stability and adaptability in technology platforms.
- 1.3. A modern flexible network is critical to the network infrastructure and supports all future changes. In particular, the MPS's change programmes relation to mobile and flexible working, more efficient use of officers time and estate rationalisation. The Network Tower will facilitate the MPS to move away from outdated technology and unsupported connectivity. This will also lead to reduced run costs, technology restrictions and security risks.

2. Issues for consideration

- 2.1. These are discussed further in the Part 2.

3. Financial Comments

- 3.1 The contract costs are shown below:

- Lot A – Network Services is budgeted at £134m.
- Lot B – Emergency Call Routing is budgeted at £13.2m.

The revenue costs will be £149.9m and capital of £18.2m (£8.5m was previously approved in the Outline Business Case).

- 3.2 The MPS has identified that the contract costs from 2018/19 represent a pressure on the Medium Term Financial Plan. This will be managed through future business planning and the subsequent budget setting process.
- 3.3 These are discussed further in the Part 2.

4. Legal Comments

- 4.1. The competitive procedure with negotiation was chosen due to the complexity of the requirements and the need to engage with potential service providers to identify an optimised solution. The contract will be awarded on the basis of the tender response taking into account a range of technical and commercial evaluation criteria and in line with EU and UK public procurement law.
- 4.2. The contract obligates BT to provide transition from the existing contract and service delivery model and transformation of the estate during the life of the contract.

5. Equality Comments

5.1. There are no direct equality or diversity implications arising from this report

6. Background/supporting papers

6.1. None.

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred ? NO

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rational for non-publication.

Is there a **part 2** form – Yes

If yes, for what reason: EXEMPT under Article 2(2) of the Elected Local Policing Bodies (Specified Information) Order 2011.

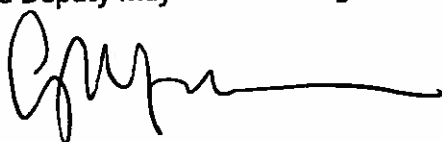
ORIGINATING OFFICER DECLARATION:

	Tick to confirm statement (✓)
Head of Unit: The Head of Strategic Finance and Resource Management has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Financial Advice: The Head of Strategic Finance and Resource Management has been consulted on this proposal.	✓
Equalities Advice: No Equality and Diversity issues identified.	✓

OFFICER APPROVAL**Chief Executive Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature



Date

2/3/17

Final Business Case for the Network Tower Provider

IAB 9th February 2017

Report by Angus McCallum on behalf of the Deputy Commissioner

EXECUTIVE SUMMARY

The purpose of this paper is to approve the appointment of British Telecom plc (BT) as the 'Network' tower provider with a total contract value of up to £200m over 5 years with the option to extend for a further 2 (includes Lot B at £13.2m over 4 years).

The objective of the exercise was to:

- Procure a service provider to deliver the final tower in the ICT delivery strategy (SIAM & Towers) before expiry of existing contract
- To provide a transformed service, and generate increased market appetite in future
- To ensure Value for Money is achieved

A timely decision is required as the existing contracted service expires on 31 March 2017.

A. RECOMMENDATIONS - That the board

1. Approve the appointment of BT as the 'Network' tower provider with a total contract value of up to £200m over 5 years with the option to extend for a further 2. This comprises £149.9m of Revenue & £18.2m of Capital (£8.5m of which was approved in the OBC) split between Lot A and Lot B services (see Table 1).
2. Authorise this project to move into Final Negotiation stage to refine the bid and achieve contract signature by 31st March 2017.
3. Note that the costs for 17/18 are included within the overall 17/18 MPS revenue budget presented to MOPAC on 31 January 2017 for agreement by MOPAC and inclusion in the final Mayor's budget for approval by the London Assembly on 20 February 2017. The costs for 2018/19 onwards are recognised as a pressure on the MTFP and will be managed through future business planning and the subsequent budget setting process.

B. SUPPORTING INFORMATION

1. **Transformation & Vision** - Technology is a key enabler in meeting the MPS's objectives, the Total Technology Programme Infrastructure (TTPi) was established to ensure the desired outcomes for the ICT estate were met. In addition to the cost savings outlines in the 20/20/20 strategy, the TTPi had 2 primary objectives:
 - Technology transformation and optimisation
 - The improvement of commercial agreements

The award of this contract is the final tower in the original SIAM & Towers model for delivery of these objectives.

Table 1: The details of the Network contract are as follows:

Contract	Lot A – Network Service	Lot B – Emergency Call Routing	Other services
Supplier	BT	BT	<i>Various, inc. Internal costs, external mobile</i>
Term	5 +1yr +1yr (commenced Apr 17, expires Mar 22 with option to extend annually until Mar 24)	4 -1yr Commenced Apr 17 with the option to break in Mar 20	<i>No fixed term and is dependent on MPS need</i>
Value	£134.0m (inc orphaned and undocumented)	£13.2m	£20.9m
Services	WAN, LAN, Business Telephony, orphaned, and undocumented services	999 Call Routing Service - Met Command and Control 999/101 telephony service, Storage and retrieval of all 999 and 101 calls for evidential purposes, Workforce scheduling for Emergency Contact Centres	<i>This includes other services that require formal allocation to towers post signature, such as Mobile Phone costs, CCTV and internal costs. These are included to ensure continuity of service after Service Commencement Date</i>

2. **Key Benefits** - The fundamental aim of the introduction of the Network tower, is to modernise, refresh and ensure that the critical network backbone that underpins all IT services delivered to the MPS is no longer at significant risk of failure that would jeopardise mission critical activities within MPS. But more critically the services being delivered through this project allow for the modernisation and improvement of our network services, and enable a level of change that is currently unable to be completed under the current networks within MPS.

- To improve the quality of technology services provided to the business through new and enhanced services:
 - Wide Area Network transformation moving from the MPS private network to a shared service solution allowing increased interoperability for future services, whilst retaining security controls.
 - Local Area Network refresh, replacing end of life switches, routers and other key networks hardware.
 - Work Force Management (WFM) upgrade, replacing the current end of life failing application
 - Single queue creation for 999 and 101 calls reducing the response time in answering calls and enabling more efficient scheduling of workforce
 - 7 year storage retention of call recordings of 999 and 101 calls for evidential purposes, adhering to the MPS policy
- Remove ageing and end-of-life devices and replaces them with modern hardware and operating systems while significantly reducing risks associated with security and compliance. This business case covers the delivery and support for the next 5 years.

- Underpin the delivery of OMM 2020, including Smarter Working, Core Infrastructure and Estates Transformation.
- Provide the network platform on which OMM 2020 can continue to deliver new capabilities and significant benefits.
- Reduce overall running costs:
 - Reduction in call storage costs whilst enhancing the call storage solution to meet records retention policy
 - Reduction in WAN costs whilst delivering an enhanced more flexible solution
 - Consolidation of telephony estate, reducing core telephony costs and call costs through transformation
 - Reduction in rental/call costs by re-tariffing PSTN, ISDN and DDI lines
- By the end of the transformation period a network infrastructure that is delivered in a manner that would allow for support by multiple partners, increasing competitive tension when needed.

3. Key Deliverables -

- Fully supported Local Area Network, refresh of unsupported and end of life switches on sites to be retained in the medium to long term
- Wide Area Network upgrade providing a modern flexible network on sites to be retained in the medium to long term
- Upgraded and fully supported Workforce Management Tool for Met Control Centre
- Upgraded and fully supported telephony for the 999 service
- Consolidation and modernisation of the telephony estate, removing complexity and cost in the current multi solution environment

4. **Procurement** - The competitive procedure with negotiation was chosen due to the complexity of the requirements and the need to engage with potential service providers to identify an optimised solution. The contract will be awarded on the basis of the tender response taking in to account of a range of technical and commercial evaluation criteria and in line with EU and UK public procurement law.

5. **Contract** - The proposed contract initial duration for Lot A is five (5) years, with the option to extend for a period up to 2 years (1+1), Lot B is 4 years minus 1 (to accommodate an earlier termination for strategic fit). The contract obligates BT to provide transition from the existing contract and service delivery model and transformation of the estate during the life of the contract.

Not Protectively Marked

6. **Scope** - The following goods and services are being contracted. In addition to this BT have been given the opportunity to provide a response for the Optional Services shown below:

Lot A
WAN (RTC)
LAN
Call Logging
Redcare Alarm lines
SIP Firewalls
IP Address management
Fixed Telephony Secure
Fixed Telephony Business
Analogue Telephony
Business Broadband
Brent Phone Lines
Shared Service Desk

Lot B
CRS Call Routing
Firewalls
Workforce
CRS Call Storage
Workforce Management

BT Optional Services - In addition BT have been given the opportunity to cost some optional services
Secure Services - Costed
Mobile Billing *
Telecom Expense Management - Costed
Cisco Telephony Consolidation - Costed
Unfiltered Internet - Has not been scoped at this stage
Covert Broadband - Costed
Wifi - Guest and corporate - Has not been scoped at this stage
SEG - Legacy - Has not been scoped at this stage
*All Mobile costs flow through BT billing

C. Financial Implications / Value for Money (mandatory)

1. **Pricing** - The total amount payable to the service provider each year will depend upon the volume of services required. Rates for all services have been evaluated on a value for money basis by a specialist 3rd Party, including comparison against national frameworks for similar services and other similar peer organisations. Tendered rates are subject to a defined profit margin cap and any service provider cost reductions in year will be shared with the MPS based on Open Book review.
2. **Changes in Demand** - Where there is a significant change in demand, the contract includes a mechanism for adjustment of rates where the cost of providing the service has gone up or down. Where this goes up or down by more than a defined margin, a fee review will take place. Any increase in fees must be based upon documented increases in costs, taking into account the service provider's obligation to maximise VfM. If costs go down, the service provider's rates will also go down. Minor changes in demand do not trigger any revision of rates.
3. **Open Book & Value for Money** - The contract will operate on the basis of open book accounting, meaning the supplier must make records of all costs and margins available for inspection annually. This will enable enforcement of the profit margin cap, as well as auditing subcontract costs and ensuring proper use of contract resources. In addition, market testing and benchmarking of costs will demonstrate value for money throughout the lifetime of the contract.
4. **Incentivisation** - The contract is expected to generate efficiencies due to the better management of resources and demand. To encourage delivery of these benefits, an incentivisation mechanism applies whereby any gains generated under the contract will be shared between the service provider and MPS.

Report author: Simon Wilson, Commercial Director x781590

Background papers: none