

Meeting	Public SPA Board Meeting
Date	20 June 2016
Location	Stirling Court Hotel, Stirling
Title of Paper	Contract Award Recommendation Report – C3 Core Network
Item Number	13.3
Presented By	Gordon Downie
For Approval For Consultation	For Approval
Appendix Attached:	NO

PURPOSE

This paper is presented in accordance with the Scottish Police Authority Scheme of Administration between the SPA and Police Scotland, Section 6.0, and the Police Scotland Standing Orders Relating to Contracts.

Following approval and recommendation from the SPA Finance and Investment Committee on 9 May 2016 for this paper to be submitted to the full SPA Board, this Report is submitted in order to seek SPA Board approval to award a Contract for the Provision of Core Network Connectivity for Police Scotland C3 Division.

1. BACKGROUND

- 1.1 Police Scotland ICT provides services for Scottish Policing, maintaining the ICT requirements of Police Scotland. Police Scotland ICT works to a strategy that supports the vision of common systems running on a common infrastructure to deliver services across Scotland.
- 1.2 The existing ICT provision for Contact Command and Control (C3) features a number of differing and diverse solutions based on legacy force requirements. As part of the need to consolidate this service, these separate services require to be brought together into one ICT environment, meaning that an almost entirely new network will have to be implemented.
- 1.3 The current network lacks cohesion and consistency, it utilises a number of different services and is without a single high bandwidth network for C3 as part of a wider national network.
- 1.4 The November 2015 HMICS Report into Police Scotland Call Handling highlighted the need for a dedicated C3 network which forms the core element of a new national network.
- 1.5 It is therefore anticipated that the C3 Core Network will provide the 'backbone' for a new national network for Police Scotland. The wider national network requirements are presently being developed and will form part of a separate procurement exercise which it is anticipated will commence in late 2016/early 2017.
- 1.6 An Initial Business Case for the Provision of circuits specific to C3 was considered at the Police Scotland Corporate Finance and Investment Board on 18 February 2016 and approval was granted for a procurement exercise to commence.
- 1.7 The specification for this solution was created on the basis of generic output based requirements, ensuring that these were non-discriminatory and open and transparent for all potential Service Providers of such requirements to be able to offer a suitable solution. This is consistent with our standard practice and allows us to seek best value at the same time as maintaining compliance with the Procurement Regulations.

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- 1.8 A Further Competition was carried out via the Crown Commercial Service (CCS) Network Services Framework (RM1045), Lot 1 – Data Access Services. This competition was undertaken utilising the CCS electronic Procurement Portal as deemed appropriate due to this specific Framework being a CCS offering.
- 1.9 All twenty six suppliers within Lot 1 of the Framework were invited to respond to the Invitation to Tender (ITT). Two suppliers responded to the ITT, British Telecommunications Plc and Virgin Media Business. The responses were checked for compliance with the Terms of the ITT and progressed through for formal evaluation.
- 1.10 The offers were evaluated by Procurement, Technical and Information Management representatives to identify the most economically advantageous tender in accordance with the award criteria detailed in the ITT:

Overall Evaluation Criteria	
Criteria	Weighting
Quality	60%
Cost	40%

Quality Sub Criteria	
Criteria	Weighting
Technical Solution	50%
Security Requirements	20%
Delivery & Professional Services	20%
Support Services	10%

- 1.11 The overall weighting of the Award Criteria represents a 60/40 split between Quality and Cost respectively. The Network Services Framework guidance has no mandatory weightings and allows you to apportion an appropriate weighting to your criteria in order to achieve best value for the specific requirement.
- 1.12 The Scottish Government suggests within the Scottish Procurement Directorate Toolkit that for a procurement of this value which is strategic to operations, the suggested price to quality ratio could be apportioned in this manner.
- 1.13 In this instance it was felt that the weightings given to each criterion would allow for Best Value to be achieved.

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1.14 There were no physical samples required or evaluated as part of the tender process.

1.15 Supplier visits were not necessary for this procurement.

2. FURTHER DETAIL ON THE REPORT TOPIC

2.1 Each of the firms who submitted a compliant bid were evaluated in accordance with the published award criteria as detailed at 1.10 above.

2.2 The overall score for each Tenderer is calculated by the addition of the weighted score for each element of the award criteria.

2.3 The ITT contained a suggested Network Design for the C3 Core Network. Tenderers were invited to offer design alternatives should they consider there to be a more effective way of delivering the solution.

2.4 The offer from Virgin Media Business (VMB) contained pricing for two design solutions, one reflecting the suggested design issued within the ITT and another proposing an alternative design solution. These options were evaluated separately against the published award criteria.

2.5 The VMB Option 2 Design contained the lowest bid pricing of the ITT responses. The alternative design proposed within this option met all of the requirements specified in the ITT while reducing costs for both installation and ongoing rental.

2.6 The Virgin Media Business Option 2 offer therefore represents the most economically advantageous tender in respect of the Provision of Core Network Connectivity for Police Scotland C3 Division.

Firm Name	Score	Value of Offer (Ex VAT)
Virgin Media Business (Option 2)	80.00	£1,645,000

2.7

The other compliant bids were:

Firm Name	Score	Ranked Position
Virgin Media Business (Option 1)	70.54	2
British Telecommunications Plc	64.49	3

3. FINANCIAL IMPLICATIONS

- 3.1 The recommended contract award is for a period of five years with the option to extend for a further two years.
- 3.2 The estimated total cost of the five year contract and two year extension is £1,645,000 (ex VAT).
- 3.3 It should be noted that this cost includes four existing circuits on the C3 Network which are currently under separate contracts that expire during the term of the new C3 Core Network Contract. As such, these circuits were included as options in the ITT that was issued so that they could be incorporated into the new contract if that proved to offer best value.
- 3.4 Bringing these four circuits into this Contract at the expiry of their current rental periods will result in the entire C3 Network being managed under a single contract and reduce the ongoing rental costs of the four circuits by an estimated total sum of £250,000 (ex VAT) over the period of a five year contract with two year extension.
- 3.5 It should also be noted that the costs contained within the Initial Business case were based on a five year contract made up of an initial three year period with the option to extend for a further two years ("3+2").
- 3.6 An additional option for a seven year contract (five year initial period with two year optional extension ("5+2")) was requested within the ITT. This allowed Police Scotland to consider the duration of contract which offered best value.

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- 3.7 Having analysed the costs submitted it is considered that the 5+2 contract duration offers best value and, in addition to the actual savings for the four circuits stated at 3.4, this duration will also result in cost avoidance through reduced rental fees of £37,500 in comparison to the estimated cost for the same total period at the 3+2 rental fees.
- 3.8 Furthermore, a 5+2 contract will result in longer value being obtained from the initial investment in the installation and construction required for the C3 network and negate the requirement for new circuits to be tendered and installed before the full potential value of the C3 Core Network Contract has been realised.
- 3.9 Prior to the optional two year extension being taken up under a 5+2 contract, a full analysis would be conducted to ensure that best value would be achieved by the continuation of the Contract at that time.
- 3.10 The installation costs for the C3 Core Network are contained within the 2016/17 ICT Capital Budget. Revenue costs for circuit rental will be offset by the termination of legacy circuits and services which will no longer be required, although for an estimated four month period of the financial year 2016/17 there will be dual running of old and new services with associated costs. Thereafter the revenue spend will reduce.

4. PERSONNEL IMPLICATIONS

- 4.1 There are no personnel implications associated with this paper.

5. LEGAL IMPLICATIONS

- 5.1 This procurement was performed in compliance with The Public Contracts (Scotland) Regulations 2012 and the Police and Fire Reform (Scotland) Act 2012.
- 5.2 The Terms and Conditions of the Crown Commercial Service Network Services Framework apply to the purchase of this solution and therefore there are no further legal implications in respect of Terms and Conditions.
- 5.3 There are no further legal implications in this paper to those listed above.

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6. REPUTATIONAL IMPLICATIONS

- 6.1 There are reputational implications associated with this paper.
- 6.2 The Provision of Core Network Connectivity for Police Scotland C3 Division seeks to mitigate a number of risks associated with the current network infrastructure.
- 6.3 As identified within the Final Report of the HMICS Independent Assurance Review of Police Scotland Call Handling published in November 2015, these risks include:
- the stability of C3 ICT systems remains in question while network performance continues to affect day to day operations;
 - performance issues affect the use of C3 ICT systems due to issues with supporting network infrastructure;
 - given the mission critical real time nature of C3 systems, 'significant risk' exists to C3 services from reduced network performance or network outages.
- 6.4 Without the award of Contract the above risks cannot be mitigated. This could result in reputational damage to Police Scotland and the Scottish Police Authority.
- 6.5 Ultimately the public could suffer from a lack of service, which in turn would lead to lower confidence in Police Scotland and the Authority.

7. SOCIAL IMPLICATIONS

- 7.1 There are no social implications associated with this paper.

8. COMMUNITY IMPACT

- 8.1 There are no community implications associated with this paper.

9. EQUALITIES IMPLICATIONS

- 9.1 There are no equality implications associated with this paper.

10. ENVIRONMENT IMPLICATIONS

- 10.1 The suppliers within the Crown Commercial Service Network Services Framework were required to fulfil environmental and sustainability requirements as part of the original procurement exercise.
- 10.2 The terms and conditions of the Framework state that suppliers are required to comply in all material aspects with all applicable environmental laws in relation to the ordered IT products.
- 10.3 In respect of sustainability the supplier warrants that they have a sound environmental policy and warrants that they have ISO 14000/14001 certification for its environmental management and shall comply with and maintain such certification requirements.
- 10.4 Compliance with UK and EU Environmental Standards was included within the Police Scotland ITT requirements and all responses confirmed satisfactory compliance.

RECOMMENDATIONS

Members of the Scottish Police Authority Board Open Session are invited to:

1. Approve the award of the Contract in respect of the Provision of Core Network Connectivity for Police Scotland C3 Division to Virgin Media Business at an estimated cost of £1,645,000 (ex VAT).
2. Subject to approval from SPA, and as part of service provision to the Authority by police staff permitted under section 83 (2) of the Police and Fire Reform (Scotland) Act 2012, to instruct Procurement staff within Police Scotland to prepare contract documentation for the contract period, to present this documentation for review and signature by the Accountable Officer and subsequently issue on behalf of the Authority.