



Classification: Open	Item No.
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Meeting:	Cabinet
Meeting date:	30 th June 2021
Title of report:	Greater Manchester One Network Procurement
Report by:	Councillor Tahir Rafiq – Cabinet Members for Corporate Affairs and HR
Decision Type:	Cabinet Key Decision
Ward(s) to which report relates	All

Executive Summary:

The Wide Area Network (WAN) contract that supplies data circuits to connect approximately 80 council buildings is due for renewal in September 2021. Approval is sought for Bury Council in partnership with, Greater Manchester Combined Authority (GMCA), Transport for Greater Manchester (TFGM), Stockport Council, Oldham Council and Rochdale Council, to commence a joint procurement process in the summer of 2021 for WAN services under the collective title of GM One Network.

Independent financial modelling of a Bury 10-year WAN contract has shown that £1.3m of new capital and £667k of revenue funding would be required and that would generate £392k of savings over ten years. These savings will be dependent on the final delivery model and costing model and will be used to support the wider digital Transformation Programme for the borough.

Approval of this Key Decision will support the organisation's needs by simplifying and strengthening the council's digital connectivity and exploit the new Greater Manchester Local Full Fibre Network (LFFN) infrastructure.

Recommendation(s) That:

Cabinet approves the decision to join the joint procurement exercise and endorses the use of ICT Capital Investment and Corporate Reserves to fund the delivery of this work.

Context and Key Considerations

In 2017, Greater Manchester secured £27.3m of Government funding for a fibre infrastructure investment known as the Local Full Fibre Network (LFFN). The GMCA, TFGM and seven of the 10 councils (including Bury) co-invested in the scheme and 2,700km of new fibre optic cabling is now being laid across GM, connecting approximately 1,600 public sector sites. This work will be complete by end 2021 and it is a Governmental grant condition that it must be in use by December 2022.

The LFFN work has highlighted how much duplication of infrastructure and Wider Area Network (WAN) services occurs across Greater Manchester, particularly between services that span all of GM. As a result, GMCA, TFGM and several of the Local Authorities have explored the potential opportunity, risks and costs of taking a collective approach to procuring and running their WAN services.

Once deployed, other public bodies across Greater Manchester would be able to join and access the WAN but this would need to be on an equitable basis with those partners that have already invested. The model for this will be determined during the procurement phase. The benefits include:

- Operational savings through standardisation and commoditisation of hardware and network connections generating economies of scale as the number of organisations increases.
- Improved connectivity speeds to individual sites.
- Greater resilience through more effective backup connectivity.
- Improved security (and the cost of security) through standardised technology.
- Helping address digital inclusion and mobile working through a single sign-on Wi-Fi for partners sharing public buildings.
- Less duplicated effort by running a single WAN procurement for many partners.

At present over 730km of new fibre has been laid; 91% of site surveys, design and wayleave agreements had been completed; and 437 public sector sites had been connected and commissioned.

The partners involved in LFFN have been considering how best to use this infrastructure to provide services as it is delivered “unlit”. A set of options have been considered; the three principal ones are summarised below:

1. **Do Nothing** – including not lighting the fibre delivered under the LFFN programme. This option is discounted as each organisation needs effective network services and wishes to leverage the infrastructure. This option could require repayment of the DCMS funding for LFFN as a condition of the grant funding is to use the fibre
2. **DIY** – involving each organisation procuring network services separately across the LFFN infrastructure. The incremental benefits of doing this alone as opposed to collaboratively are predominantly linked to existing contractual commitments as there are wider savings to be had from engaging more widely.

3. **Collaboratively light the fibre with other LFFN partners** - This option has been pursued on the basis that it represents the most effective means of lighting the LFFN infrastructure. It is expected to generate service improvements plus wider strategic benefits described below with additional gains as other organisations leverage the network, plus it avoids unnecessary procurement spend and duplication of activities. The network design would still enable each organisation to manage its services across this shared network. The benefits of this approach are described further below.

Having undertaken significant financial and technical analysis of a collaborative approach, three councils plus TFGM and GMCA(FRS) have agreed to commence a procurement for joint network services. This paper seeks approval for Bury Council to be added as a founding partner and included in the current procurement process in order to maximise the benefits of the LFFN network as a replacement for our current WAN provision.

Partner Organisation	Sites in Scope	Initial Partner
GMCA (GMFRS)	46	Yes
Oldham MBC	73	Yes
Rochdale BC	98	Yes
Stockport MBC	136	Yes
TFGM inc. GMCA sites managed by TFGM (UTC)	797	Yes
Bolton MBC	93	No
Bury MBC ¹	130 ²	Yes
Trafford MBC	73	No
Wigan MBC	116	No
Grand Total	1557	

All councils, GMP and health services in GM have been named in the tender documents to create provision for scaling. Once the GM One Network is operational, other public organisations can join but there is a clear principle that this would need to be on an equitable basis with the original partners, with either a financial return to those partners or further investment as determined appropriate by the partners. The specific model for this is being determined with the partners.

Overall Benefits to Greater Manchester One Network partners:

- Financial savings described further below.
- Significant improvements in service speed and quality, particularly for those partners migrating from copper to fibre through this process.
- Improved user experience, by providing a common and consistent platform for each organisation to use, users can seamlessly move between public spaces.

¹ Subject to approval of this report

² Sites in scope include the 77 Council Owned buildings, Plus CCTV locations and other sites owned by other organisations such as schools

- The acceleration of adopting modern working practices such as remote and mobile working, something that is more important following the lessons learnt from recent Covid-19 related lockdowns.
- The ability to shift from revenue to capital spend on wide area networks (WAN), interconnect services and core network infrastructure, including routers and firewalls – with further benefits accruing from standardisation, reducing duplication and economies of scale.
- A “do things once” approach for Greater Manchester, freeing up resources to focus on more value adding activity in each partner organisation.
- Moving to a software/policy defined network platform, where reduced effort required to deploy, configure and install network infrastructure, using automation to reduce the need for third party site visits.
- Accelerated adoption of modern working practices such as Wi-Fi, remote working and mobile working.
- Wireless-first approach reducing the required density of fixed local area networks, which will reduce site installation and maintenance costs.
- Additional buying power and the ability to gain investment in social value through this procurement which we would like focussed on efforts to address digital exclusion.

Whilst the focus here is providing networking services to the partner organisations and for TFGM to connect with Urban Traffic Control Signals, it is clear that several GM programmes have data connectivity needs that could leverage this infrastructure. These include:

- The Clean Air Zone programme which will be rolling out 1,000 new vehicle recognition cameras across GM.
- Bus Reform, which will require connectivity to on Bus Services for operating payment and performance monitoring and for Network Planning as well as CCTV.
- CCTV – a high level review of GM wide CCTV capability across a wide range of public organisations is currently underway.
- Potential extension of the 5GCREATE smart traffic optimisation pilot that is linking traffic signals on a section of the A6 with internet based machine learning capabilities in order to improve flow.
- Smart energy and environmental monitoring initiatives in line with the city region’s carbon neutral ambitions.
- GM as a leading AI and Data research centre of excellence across a range of sectors.
- Potential to address connectivity challenges expressed in the Young Person’s Guarantee and GM Inequalities Commission report.

Procurement Process

This procurement will let contracts for ten years and over that period it is estimated it will generate a cost reduction of £2.8M across the initial partner organisations for all sites in scope of the GMCA programme.

It should be noted that some of the partners benefit more of service uplifts and resilience improvements than financially, particularly those moving from copper to fibre.

5 x Organisations Estimated Capital Expenditure and Revenue						
GMCA, TfGM, Oldham Council, Stockport Council & Rochdale Council	"As Is" Annual Spend	"To Be" Total Capital	"To be" Annual Revenue	"To be" Annual Capital Payback*	Annual Net Savings	10 Year Total Forecast
Total	2,143,000	12,462,000	616,000	1,250,000	280,000	2,800,000

(* This figure is illustrative to show the effective if the capital investment needs to be repaid – each partner has its own arrangements, figures will be recalculated to include Bury Council subject to the approval of this paper).

The costs of investment in the LFFN infrastructure by relevant GM organisations have been netted off these figures to avoid double counting. The detailed financial modelling has been worked through with GMCA Finance and each partner organisation. The key planning assumptions are noted below.

- GM One Network is a 10-year investment, aligned to the 30-year Local Full Fibre Network (LFFN) programme as agreed by the GMCA Board in March 2021.
- Hardware asset lifetimes will be assumed at 10 years, with some components 5-7 years in line with industry standards.

Whilst the costs associated with connectivity within individual sites - such as Wi-Fi routers - are not included in either the "as-is" or "to-be" financial case, the procurement will also create a framework for these additional elements with the intention to generate further savings and benefits. Once these savings have been quantified a further business case will be developed to recommend how these are best used with the next Medium Term Financial Strategy.

Due to variations in end dates for construction of the LFFN in different areas, the timeline for GM One Network procurement and transition activities, bridging contracts with current suppliers may be needed for short periods and as result may see a reduction in Year 1 benefit. The programme will seek to offset any contract charge increases and hence reduction in Year 1 benefits through costs savings associated with the GM One Network and consolidating WAN and site connectivity contract procurement. This will be the case in Bury due to timings of our current WAN contracts,

The overall timeline for the procurement is summarised below.

Phase	Description	Estimated Timeline
1	PQQ including release of PQQ, Clarification Questions and Evaluation	April - May
2	Stage 1 Competitive Dialogue including execution and evolution	June-July

3	Stage 2 Competitive Dialogue including execution and evolution	August-September
4a	Contracting & Governance including Full Business Case review and approval and contracting with preferred supplier	October-November
4b	Preparation for Contract Execution including GM One technology architecture update, GM One MVP release plan and technology guide rails and standards update.	October-December

Subject to detailed planning and confirmation of migration timescales GMCA may need to extend the existing contract after the current extension ends in 2022 and as result may see a reduction in Year 1 benefit.

It is proposed that the GMCA will lead on this procurement with the agreement of the other partners. Based on an options analysis and initial market engagement activity, the intent is that the approach includes a mix of framework procurements and Competitive Dialogues.

The intention is that this is provided by a small number of providers with a Lead Supplier providing integrator and managed services with service levels on a par or higher than existing arrangements, including for blue light.

It is proposed that GMCA acts as the accountable body and undertakes this strategic procurement on behalf of partnering authorities. This role would include procurement of the delivery contracts; oversight of the equipment installation by the suppliers; working closely with the participating LAs and the GMCA; management of overall supplier performance and progress tracking.

A governance structure including all the partners in GM One Network would be established to oversee and manage the contracts. The financial model includes costs for ongoing contract management, technical oversight and continued innovation throughout the 10-year model.

Governance for Programme Delivery:

At present a Project Board is co-ordinating this work, chaired by Stockport Council with attendance from GMCA(FRS), TfGM and Bury, Oldham, Rochdale, Stockport and Trafford Local Authorities. The project team is in place and led by GMCA(FRS). Individual members report to their own organisational governance where formal decision-making lies. In the case of the GMCA, the WAN refresh is a delegated decision to the Treasurer, however as the GMCA/TfGM elements of lighting the figure for Urban Traffic Control Signals relate to GMCA Board decisions on LFFN investment in March 2020, any future key decision is expected to come back to the GMCA Board.

It is proposed that this group continues to coordinate activity between the partners and reports back into senior leadership in each organisation, representatives from which are convened as necessary with decision making continuing to lie within the governance of each organisation. Visibility and oversight is also provided via the GMCA Digital Portfolio which reports to the GMCA Board.

Procurement evaluation will be undertaken jointly by representatives from the partners.

Going forwards, a services and contract management oversight board will need to be established – the costs for this are included in the financial case and the model for this will be agreed during procurement.

Funding Model:

GM One Network involves a 10-year investment case, aligned to the 30-year Local Full Fibre Network (LFFN) programme. Hardware asset lifetimes have been assumed to be 10 years, with some components replaced in years 5 and 7, in line with industry standards.

The procurement does not include individual organisations' costs of connectivity within individual sites such as Wi-Fi access points and these costs have been excluded from the "as-is" costs. The procurement will create a framework for these additional elements with the intention to generate further savings.

Due to variations in end dates for construction of the LFFN in different areas and the timeline for GM One Network procurement, Bury will need a bridging contract with current supplier. It is assumed therefore that approval will be given to extend existing contracts for a relatively short period of approximately one year. This will be covered by existing budgets.

To ensure an equitable share of investment in the GM One Network platform build, and scalability for future joiners, a fair basis for apportionment of core build costs has been determined that considers factors such as number of connections, BT exchanges used and average cost of current connectivity per site for each organisation.

Savings shown are net of both the GM One Network and LFFN capital investment repayments. Investment in the Local Full Fibre Network programme has been removed from these figures to avoid double counting the costs or benefits. The cost of borrowing for capital, exchange rates, contingency and impacts of inflation have also been factored into the financial model.

Legal and financial advice is being sought on the options for contract and capitalisation models and will be determined during the procurement process.

Investment requirements are based on direct costs per organisation – meaning that every additional organisation joining the service post procurement will make an equivalent investment as the original partners. This may result in resource being returned to the original partners or a decision to invest in enhancing capabilities such as stronger security. The governance for this will be agreed during the procurement process and will depend on the contract model. GMCA are keen to bring in other public bodies into the GM One Network which would mean reduced costs to the initial partners.

Current Request and Return on Investment:

The costs below reflect the GMCA programme in its entirety. This table includes the as-is and to-be costs of running Bury Council's 77 sites as owned by ICT. Costs for bringing the CCTV sites on-line are contained within a separate budget. Other sites will be funded from the budgets of the organisations responsible for those buildings.

Year	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	Total
As-is											
Revenue	£231,231	£231,231	£231,231	£231,231	£231,231	£231,231	£231,231	£231,231	£231,231	£231,231	£2,312,305
Total-As-is											£2,312,305
To be											
Capital	£741,360	£439,979				£36,433		£36,433			£1,254,205
Revenue	£63,604	£76,374	£65,732	£65,732	£65,732	£65,732	£65,732	£65,732	£65,732	£65,732	£665,834
Total-To-be											£1,920,039
Saving	£39,227	£39,227	£39,227	£39,227	£39,227	£39,227	£39,227	£39,227	£39,227	£39,227	£392,266

The cost of capital is factored in throughout at the PWLB rate of 1.66%.

Without GM One the assumption is that Bury will need 1.5 hardware refresh cycles over the next 10 years and that has been estimated at an average cost per site for a refresh of £1,773. This has been added into the As-is forecasts.

To realise this saving, this paper also seek permission to recruit a Project Manager from Corporate Reserves to support with the current transition of Bury WAN contract to the GM ONE programme³. This post would act as a client-side project manager ensuring that timescales are adhered to and that the full benefits of the Local Full Fibre network roll out are utilised in Bury including with wider programmes of transformation such as the CCTV network; agile working from public service hubs and our commitment to modernising our data centre and business intelligence.

³ £51755, plus on-costs for 12 months

Recommendation:

It is recommended that Bury Council proceeds with joining the GM-One procurement as a founder member and approves a potential £1.3m from the existing ICT capital scheme for a new wide area network. This will allow a faster implementation of the next generation of WAN technology i.e., a software defined WAN, allows us to fully realise the benefits of the investment in the LFFN and the increased transmission speeds that go with it.

Specifically, in the short term, this will include contributing £35k to running the joint procurement exercise including legal costs and the cost of a Project Manager for twelve months. This cost can be met from Corporate Reserves. Year on year costs will be funded from the revenue budget.

Other alternative options considered:

Two principal alternative options have been considered as follows: -

- Bury organises its own WAN contracts to light its own fibre delivered through LFFN. This option is not preferred as it would not deliver the strategic benefits described above and would incur avoidable spend for Bury and across Greater Manchester.

Community impact/links with Community Strategy

Digital Inclusion:

When Greater Manchester's Digital Blueprint was launched in February 2020 it included a specific ambition to extend our World Class Digital Infrastructure as a cross cutting enabler to underpin the city regions economic and social ambitions.

The Bury LET'S Strategy confirms our commitment to digital inclusion through the development of better connectivity and investment in digital skills training to ensure access to the improve infrastructure.

Carbon Neutrality:

This proposal builds on the Local Full Fibre Network infrastructure in Greater Manchester which supports our environmental objectives in several ways:

- By re-using and re-conditioning a high proportion (approx. 90%) of existing ducting to install new fibre connectivity not only is the pace of deployment faster but the effort required is lower. As a consequence, the carbon normally generated by laying over 2,500km of new fibre is lower.
- By consolidating authority by authority work into the One Network GM programme:
 - Reducing duplication of equipment and associated space and power requirements.
 - Avoiding the need to mobilise multiple project teams and reducing the associated environmental impact.

- Consolidating the number of suppliers engaged across GM and reducing the associated environmental impact.

Equality Impact and considerations:

Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.*
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.*
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services.

Equality Analysis	<i>Please provide a written explanation of the outcome(s) of either conducting an initial or full EA.</i>
<p>Improved digital connectivity across the borough is important for not only economic but social reasons. This investment underpins better connectivity access across community buildings, libraries, council offices and other locations with the potential to do so more cost effectively, to enable more people to access the internet, information, and services more easily.</p>	

**Please note: Approval of a cabinet report is paused when the 'Equality/Diversity implications' section is left blank, and approval will only be considered when this section is completed.*

Assessment of Risk:

The following risks apply to the decision:

- There is a potential risk that the procurement process does not secure a suitable partner or costs exceed our current budget allocation. However, there would be no formal commitment required until September 2021.
- The joint procurement exercise could be delayed beyond its current target of September 2021. It is very likely that that the Council will extend the current agreement with Capita until March 2022 anyway to either allow sufficient time for procuring the service independently or dealing with the phasing of GM One.
- Being part of a non-Bury specific WAN contract may put us at a disadvantage in the event of connection problems. However, we would ensure via robust

service level agreements, that response times to any Bury issues would not be adversely affected.

Consultation:

Legal Implications:

The recommendation is a key decision, within the policy framework and Financial Procedure Rules, which specify the need for a report to Cabinet for any capital expenditure over £250,000. The procurement exercise as set out in the report is a legally complaint route to market to secure a Partner to deliver the WAN contract.

Financial Implications:

This paper seeks approval to progress with a combined procurement with GMCA, TfGM and other GM authorities to produce cost efficiencies due to scale and to deliver a better priced contract.

There is scope within the original £9.8m digital capital project which was established several years ago to reprioritise and fund this project. The digital capital programme will be reviewed in year and refreshed to meet the ongoing and future needs of the locality within the ambition identified in the Let's Do It Strategy for the Borough. The costs within the paper have been calculated by the project lead at GMCA and therefore the funding will be capped at this level and number of sites determined by the costs.

The projected savings identified in the paper are net of the costs of borrowing and are still based upon indicative values. The savings are generated by the alternative funding source of the programme and because of the efficiencies generated by undertaking the project as a collaborative procurement. Once the procurement is complete the actual number of sites to be delivered within the cost envelope will be confirmed and any future revenue savings identified.

Additional costs over and above those identified within the paper are still required in relation to the costs of connectivity but these costs would be incurred irrespective of the procurement process.

The costs of the project manager are being sought from Corporate Reserves to deliver the future benefits and savings.

It is recognised that the existing contract will need to be extended beyond its original contract duration and the costs for the bridging contract with the existing provider are not expected to be higher than current costs and are therefore within existing budgets.

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Background papers:

- Greater Manchester Local Full Fibre Network Programme – GMCA Report 7 January 2020.
- Greater Manchester LFFN Programme – Public Sector Building Upgrade – GMCA report 18th December 2020.

Please include a glossary of terms, abbreviations and acronyms used in this report.

Term	Meaning
GMCA	Greater Manchester Combined Authority
GMFRS	Greater Manchester Fire and Rescue Service
LFFN	Local Full Fibre Network
TFGM	Transport for Greater Manchester
WAN	Wide Area Network