

BROADBAND PATHFINDER NORTH UPDATE

1 EXECUTIVE SUMMARY

- 1.1 This report updates the Policy & Resources Committee on the Broadband Pathfinder re-procurement for a wide area network for the council providing connectivity to all schools, libraries and offices. It details the progress following the paper presented to the Council meeting on 13 February 2014 which approved the business case and associated costs, and delegated authority to the Executive Director Customer Services to conclude the Minute of Agreement with Highland Council and the further update provided to Policy & Resources Committee on 17 March 2016.
- 1.2 It highlights that the details of the delay notice served by Capita on the partnership claiming relief for delay of up to 6 months has not yet been finalised. Also, the most recent plans for transition show that 31 of our sites may be implemented after 21 September – the original scheduled completion date, and the date when our contract with Vodafone is scheduled to terminate. This risk of delay brings risks to business continuity and possible additional costs. At present, the view is that any additional costs should be accommodated within the earmarking of £100,000 approved by Council on 30 June 2016. The paper sets out the actions being taken to mitigate the risks and the Committee is asked to note these.

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2 INTRODUCTION

- 2.1 This report updates the Policy & Resources Committee on the Broadband Pathfinder re-procurement for a wide area network for the council providing connectivity to all schools, libraries and offices. It details the progress following the paper presented to the Council meeting on 13 February 2014 which approved the business case and associated costs, and delegated authority to the Executive Director Customer Services to conclude the Minute of Agreement with Highland Council and the further update provided to Policy & Resources Committee on 17 March 2016.
- 2.2 The previous paper highlighted that there had been a six month delay to finalising the order for sites with Capita, and that Capita had served a notice on the partnership claiming relief for delay of up to 6 months. At that time their plans for transition showed that all our sites should be implemented by end of September 2016 as per the original milestones. The details of the delay notice have not yet been fully finalised although there has been agreement in principle. The latest information is that 31 of our 132 sites may not be implemented until after 21 September – the scheduled date for the termination of our contract with Vodafone. The paper sets out the actions being taken to mitigate these risks and the Committee is asked to note these.

3 RECOMMENDATIONS

- 3.1 The Committee is asked to note the details provided and to note the actions being taken to mitigate the risks described.

4 DETAIL

- 4.1 Vodafone (formerly Cable & Wireless) provided Pathfinder North with a 2 year contract extension from 21 March 2014 to 20 March 2016 at a cost to Argyll and Bute Council of £814,330 p.a.. This allows for up to 6 months' extension to 20 September 2016 as part of a handover period to a new service provider.

Scottish Wide Area Network (SWAN) update

- 4.2 Following approval by Council of the PFN2 business case on 13 February 2014, a new Minute of Agreement was eventually signed by us in July 2015 between the new PFN2 partners (now including Western Isles and excluding Shetland) to bind partners together and allowing Highland Council to sign both a SWAN Membership Agreement with NHS National Services Scotland (NSS) on behalf of Pathfinder North 2 partners and a Call-Off contract with Capita.

- 4.3 The order was finalised in December 2015. This was delayed largely because of difficulties with supplying the originally agreed bandwidths and associated technology to a significant number of Highland Council sites. As a result of this, Capita, as the supplier for SWAN, submitted a relief notice to Highland Council on 25 November 2015 claiming up to 6 months' extra time on the transition programme. Their specific grounds for this notice relate only to Highland Council sites. However the notice applies to the whole programme. They have verbally agreed that the delay notice should only apply to the Highland Council fibre sites and will be reduced to 3 months and we are awaiting written confirmation of this.
- 4.4 Of our total of 134 sites, 24 are fibre and 110 are copper. The latter should be more straightforward. As of 19 July, we now have connections to both data centres at Kilmory and Helensburgh although we don't yet have the requested resilient (back up) links to both these sites. 21 sites in total are live. A further 24 sites are scheduled for transition in late July. Given that we are now 4 months into the scheduled 6 month transition window, this is very limited progress.
- 4.5 Capita's previous forecast provided at the end of May showed that all bar 5 sites were on track for us as originally planned – but progress clearly has not been on track since then. The latest forecast now shows significant delays for all partners. The forecast dated 27 June was presented by Capita to the PathfinderNorth programme board on 5 July. This shows 31 Argyll and Bute Council sites now being delayed to quarter 4 (Sept to December 2016). Across the partnership, this shows 239 sites out of 673 sites (36%) delayed by up to 9 months. The majority of these are high bandwidth fibre sites.
- 4.6 We have been provided with details of 21 out of the potential 31 late sites and reviewed these for possible alternative connections. Four of these sites are copper circuits where civil/cabling works are required, and the rest are fibre circuits. Vodafone have been asked to price continued connections for these sites and this was due early July. This has proved complex for them to price and will not now be available till end of July.
- 4.7 In addition, we have reviewed these sites for possible short term alternative services from Capita. For all bar two of these sites, there appear to be viable interim alternatives based on bandwidths currently being utilised. This would potentially mean we incur two sets of install charges for these sites which is not acceptable – Capita are aware of our views on this. We will not be able to determine if these can offer better value until the terms and conditions of Vodafone's offer are known. At this point, we will agree with Capita the best contingency option.
- 4.8 Overall, Capita's track record of delivery on transition of sites for earlier SWAN members continues to be very poor. Success has been dependent on the services of a number of sub-contractors, including BT, but significant operational failures continue to hinder the transition. The national SWAN programme board is aware of our concerns about delays and are assisting with putting pressure on Capita at a national level. Capita are assuring us that the changes in management at BT Openreach should result in significant delivery improvements longer term.

Risks and Issues

- 4.9 We have calculated that each 3 month delay will cost the council an additional £105k based on the difference between current annual rental costs with Vodafone and Capita. Vodafone are being strongly encouraged to ensure that their prices for contingency circuits are no more expensive than their current prices. We also have

to bear costs for dual running the connections to the data centres for the whole period of transition until the very last site moves over from Vodafone circuits, and these alone could be in excess of £6k per month.

- 4.10 Council, at their meeting on 30 June 2016, agreed to earmark a further £100,000 for potential costs to cover transition delays. At present, we consider that we should be able to contain costs within the budget agreed in February 2016 and the earmarked funds agreed at 30 June 2016. Any lengthy delay has the potential to increase costs, and may result in us moving to poorer quality circuits for an interim period. This is not ideal, particularly for corporate sites which are heavily dependent on Lync for voice traffic.

5 CONCLUSION

- 5.1 The Council is actively managing the risks of potential delay with transition of its sites to the new SWAN contract. As yet, we do not expect costs to exceed the amounts budgeted, but there is a risk that this position could change and this will continue to be carefully monitored. Detailed contingency plans are being drawn up for all sites where there is a potential for transition not to be completed by 20 September and these will be actioned as required.

6 IMPLICATIONS

- 6.1 Policy: No change. In line with ICT strategy.
- 6.2 Financial: In line with budget set in February 2016 and additional earmarking approved 30 June 2016. Potential for cost increases but these will be actively managed to keep within budget. Some additional costs potentially may be recoverable through damages / delay claims.
- 6.3 Legal: External legal advice is being obtained via Highland Council and NSS.
- 6.4 HR: Additional short term requirement for resources for implementation in 2016/17 is already budgeted for. Two students are assisting over the summer months when large numbers of sites are scheduled to go live.
- 6.5 Equalities: None
- 6.6 Risk: Significant risk to service continuity if there is an overrun to transition beyond 20 September when provision for service from Vodafone expires. Detailed contingency plans being progressed for all sites where risk is identified as high.
- 6.7 Customer Service: Significant potential impact on services if network services are disrupted.

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19 July 2016

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Background Papers:

Broadband Pathfinder Re-Procurement: PFN2 Business Case: Council 13 February 2014

Broadband Pathfinder North Update: Policy & Resources Committee 17 March 2016