Staffordshire County Council

To: All Members and Officers of the Schools Forum.

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My Ref: **Your Ref:**   **Date:** 21 March 2017

Dear Sir/Madam,

Schools Forum - Monday, 27th March, 2017

I have recently forwarded to you a copy of the agenda for the next meeting of the Schools Forum.

I am now able to enclose, for consideration at next Monday, 27th March, 2017 meeting of the Schools Forum, the following reports that were unavailable when the agenda was printed.

7.   **Changes to Staffordshire Public Sector Network   TO FOLLOW   (Pages 1 - 12)**

Report of the Director of Finance and Resources

John Tradewell
Director of Law and Democracy

Enc

Schools Forum – 27th March 2017

Changes to Staffordshire Public Sector Network

Recommendations

1. Schools forum notes the significant long term cost reduction to schools brought about by the implementation of a new broadband solution based on the new superfast broadband.

2. Schools forum considers the issue around small and rural schools having higher than anticipated transition costs due to the extended timescale of implementing the new broadband solution and considers the recommendation to assist those schools most adversely affected by using contingency.

3. Schools forum to make a recommendation as to which of the options should be used to assist schools with the transition costs of the new broadband solution.

Report of Director of Finance and Resources

PART A

Why is it coming here – what decision is required?

4. To inform schools forum of the financial issues for adversely affected schools.

5. To advise schools forum that funding for adversely affected schools will be provided from DSG contingency

6. Schools forum to recommend which of the following options should be used to assist adversely affected schools with the transitional costs.

   Option 1: fund the increased costs to adversely affected schools beyond a 6 month transitional period - **£105k**

   Option 2: fund 50% of the increased costs to adversely affected schools between a 3 and 6 month transitional period and full increased costs beyond 6 months - **£157k**

   Option 3: fund the increased costs to adversely affected schools beyond a 3 month transitional period - **£210k**

Option 4: fund the increased costs to adversely affected schools for the transitional period - **£325k**

Reasons for recommendations:

7. To advise schools forum on the options of financial support to assist schools with the transition costs of the new broadband solution.

PART B

Background:

8. During 2015, the Schools Forum received information regarding the future provision of schools' broadband.

9. In September 2015 Entrust informed Schools that following consultation with various parties including the Schools Forum that the historical tariffs levied by Staffordshire County Council for Schools Broadband Services would be changed.   See Appendix A - documents issued to schools in September 2015.

10. The tariff changes sought to remove the historically agreed tariff that was cross subsidised. The historic tariff was based on pupil numbers and meant that those schools that were small and rural were not disadvantaged when accessing Broadband services. In reality small and rural schools had been subsidised primarily by larger urban schools. The cost of delivering services to rural locations using the legacy technology in use is disproportionally expensive compared to those in urban areas.

11. Due to academisation and increased competition in the broadband market place through the availability of new technology such as Super Fast Broadband it was necessary for prices to be aligned to reflect the true underlying costs of delivery. The council's contract with schools for PSN services ended in March 2016 and there was a need to reflect the true cost of delivery to avoid school decisions being made based on inaccurate assumptions around price.

12. In practice the new pricing change was financially beneficial or cost neutral to around 74% of schools, however around 26% were disadvantaged and in some cases, primarily small rural schools, those cost increases were significant.

13. Further letters were sent to Schools by Entrust in February 2016 highlighting the specific charges liable to each individual school, this included the

"transitional charge" based on the council's legacy costs to maintain the current broadband provision and the new Entrust Broadband charges post migration. The template letter is shown in Appendix B.

14. Entrust had originally hoped that they would complete the migration of the 328 schools that committed to their new broadband offer by December 2016. Entrust also agreed to prioritise those schools most adversely affected by transitional price increases.

15. In practice the migration has in a number of cases faced extended timescales and the ability to migrate all of those schools most adversely affected has taken longer than anticipated, primarily due to delivery issues encountered when dealing with BT Openreach.

16. This problem is not unique to Entrust. Some schools that have opted to move to a broadband provider other than Entrust have also suffered migration issues and continue to suffer from problems and delays.

17. It is important to highlight that the vast majority of schools made significant budget savings, some with immediate effect and that the overall benefit to Staffordshire schools economy at the final completion of the programme is in the region of £3.5m over a 3 year period.

18. A number of the schools most adversely affected during the transitional period have now raised concerns with both Entrust and the County Council around the financial impact they have suffered.

19. The council has been asked to analyse the cost implications on those schools affected by the extended timescales and to consider whether compensation should be sought for those that incurred increased costs beyond what is deemed to be a reasonable implementation period. The Council is seeking recommendations as to the length of the 'reasonable implementation period' based on the options provided above. The cost of compensating schools affected for each option based on current information, is detailed in Appendix C.

20. There is a 2017-18 schools specific contingency fund of £575,000 which was approved at Schools Forum on 4th October 2016. This can be used to fund unanticipated expenditure impacting the operation of schools. It is proposed that the recommended option is funded from the reserve to cater for the extended timescales that have impacted schools identified in Appendix C beyond the recommended transitional period in 2016/17.

21. In addition to this there are still a number of schools that are still pending migration. It is proposed that a further £30,000 is ring fenced to fund the continued impact on these schools in 2017/18.

22. Over and above the cost impact directly incurred by schools the County Council also has stranded costs due to the extended timescales of the full implementation of the new broadband solution. In practice the council could, if acting as a commercial provider switch off its residual Infrastructure costs, but this would mean that all schools still reliant on its service whilst Entrust, or other suppliers complete their migration activities, would be left without Internet and in some cases telephony services. The council will not do this, however the cost consequence of the extended timescales means that it will have an unfunded cost pressure of around £100,000 as a consequence.

Report author:

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List of background papers:

Appendix A – Letter sent to Schools regarding the PSN.
Appendix B - Letter sent to schools from Entrust in February 2016. Each letter included the specific pricing relevant to that School.
Appendix C – link to breakdown of proposed compensation options to assist those schools most adversely affected with transitional costs - to be tabled at the meeting

Appendix A – Letter sent to Schools regarding the PSN.

Dear Head Teacher,

As you may be aware Entrust currently provide schools with Staffordshire County Council's Public Services Network (PSN) and some subscriptions to this service are due to end in March 2016.

I am writing to assure you that we are working hard to finalise a new solution that will:

- Be designed to meet the specific needs of your school.
- Provide you with best value for money.
- Provide continuity of service and the least disruption.
- Give you confidence with access to a reliable network and access to a local support team who are committed to responding to any P0 issues within four hours.
- Give you access to a secure and private network, as well as optional add-on features that are necessary in a school environment, such as Policy Central and key stroke logging to alert you to any suspicious or concerning online activity. This will support you to meet Ofsted safeguarding requirements and keep your pupils and school data safe.

You can read more about the PSN and the service provided by Entrust in the FAQs attached.

We will be ready to launch the new service to you in September. If you have any questions in the meantime, please do not hesitate to contact your Learning Technologies Account Manager or call 0300 111 8030.

Entrust look forward to working with you in the autumn term to help tailor the best solution for you and to continue to transform futures with technology.

Yours sincerely

Emma Pearson

Chief Executive Officer, Entrust

What is the Staffordshire PSN?

The Staffordshire PSN is a private network that provides broadband connectivity to public sector organisations across Staffordshire including council offices, schools and fire and rescue locations.

The Staffordshire PSN is:

- Designed to meet the specific needs of your school.
- Puts the safety of your pupils and school data first, enabling you to meet your Ofsted safeguarding requirements with access to a private network and additional features such as Policy Central and key stroke logging.
- A reliable network with access to a local support team who are committed to responding to any issues within four hours.
- Designed to provide better, more joined-up, services with key partners across Staffordshire.

When does my subscription end?

PSN only subscriptions end in March 2016. Entrust and Staffordshire County Council are working together to confirm the subscription end dates for associated services, such as VOIP telephony.

When can I renew my subscription?

Entrust will be in touch in the autumn term with details of the new offer and how you can sign up to the service.

When will we know more about the offer available?

Entrust will issue details of the new offer in early September and will then be in touch to arrange a meeting to discuss the best solution for your school.

Has the Schools Forum been engaged with the new offer?

Entrust has engaged the Schools Forum and they are aware of the work that is taking place to ensure that your school gets the best possible offer going forward.

How is the PSN currently priced?

Following extensive consultations with schools and stakeholders, including the Schools Forum, the current PSN charge and pricing structure was agreed in 2011.

The current charge includes all of the initial investment costs (such as installing the network cables) which ensures no one-off set-up charge is levied on schools.

The existing charge is based on the pupil number on roll, with additional options around the bandwidth (or speed of the connection). When launched, schools were offered a four year fixed price deal, which was taken up by the vast majority of schools. The four year fixed annual fee prices are shown in the table below.

	NUMBER ON ROLL	ANNUAL CHARGE £
A	Less than 50	3,700
B	50-99	4,200
C	100-199	5,500
D	200-299	6,000
E	300-399	6,800
F	400-499	7,500
G	500-999	13,000
H	Over 1000	15,000

Will there be any changes to the pricing?

The current pricing structure features an element of subsidisation between schools. As the education landscape changes and schools become more autonomous, subsidisation is no longer a sustainable option.

We will be coming to speak to you in September to discuss what this means for your individual school but please be assured that the vast number of schools will see a reduction in price.

I have more questions. Who can I speak to?

If you have any questions, please do not hesitate to contact your Entrust Learning Technologies Account Manager or call 0300 111 8030.

Appendix B - Letter sent to schools in February 2016. Each letter included the specific pricing relevant to that School.

Dear Head Teacher,

As you will know, Entrust currently provides schools with a secure broadband internet connection through Staffordshire County Council's Public Services Network (PSN).

We have been working hard with Staffordshire County Council over the last six months to develop and improve the offer available to you, and after much consideration, the county council has decided to no longer play a part in the delivery of PSN, network and ICT services to schools.

This decision reflects both changes in the technology marketplace and the council's role as a commissioning authority. The outcome of this decision has been made when considering best value for money for schools and Staffordshire's taxpayers.

Entrust remains dedicated to providing you with a safe, viable and proven broadband connection. We have carried out a review of the many broadband providers in the market and are pleased to confirm that we have a new provider and offer ready for you.

The great news is that this offer will meet the needs of your school and there will be no break in your broadband service. It's also worth noting that:

a) A connection back into SAP is included in the Entrust offer to you.
b) VOIP phones will continue to work under this arrangement and will ensure that you do not suffer from a new connection charge into the council's network or from a change of phone number, all of which would represent a disruption and we have worked hard to ensure is avoided by the arrangements we have put in place.
c) Installation and set-up charges are included in our offer so no additional charges apply.

You can read more about the benefits and considerations regarding SAP and VOIP phones in our FAQs attached.

Transition will commence on the 1st April 2016. During the transition period, Staffordshire County Council will continue to provide PSN under the current arrangements to ensure you don't lose connectivity.

Under the new arrangements you will pay the following prices from the 1st April 2016:

School Name and Postcode	DfE Number	SCC VOIP Phone User

Current Charges	PSN Annual Charges During Transition	Entrust Annual Charges After Transition (based on a three year	Proposed Access Technology*

subject to final site survey

Whilst we have sought to limit the financial impact on schools, you will notice that, due to the removal of an unsustainable cross-subsidisation between schools, the service price has nonetheless increased. For a number of years, your school has benefitted from a subsidy for your PSN connection, which has kept your costs down. The new unsubsidised prices now reflect the underlying costs of delivery and are not artificially fixed.

I would like to apologise for the delay in finalising our offer to you. Designing a network is a complex process and we wanted to ensure our new solution will meet the current and future needs of schools.   Entrust is both mindful of its duty, and of your responsibility, to make the safety of children and young people a priority in any decision relating to internet security, connectivity and related services.

We have attached a range of FAQs which should help you but if you have any questions, please do not hesitate to contact your Learning Technologies Account Manager or call 0300 111 8030 and we will be very pleased to help.

Yours sincerely

Emma Pearson
Chief Executive Officer

When does my subscription end?

PSN only subscriptions end in March 2016. Entrust and Staffordshire County Council are working together to confirm the subscription end dates for associated services, such as VOIP telephony.

When can I renew my subscription?

You can renew your subscription as of today using the attached commitment form. It will take some time to migrate all schools over to the new provider so Staffordshire County Council will continue to provide PSN until your school has transitioned ensuring you don't lose connectivity.

When can I transition over to the new Entrust solution?

Transition will start in April 2016. Staffordshire County Council will continue to provide PSN services during transition. Entrust will endeavour to prioritise those schools that have been adversely affected by the removal of cross subsidisation as a priority.

Will there be any changes to the pricing?

The vast number of schools will see a sizeable reduction in price from April 2016 onwards for two main reasons:

1. The current pricing structure features an element of cross subsidisation between schools, which is not sustainable. Without cross subsidisation between schools, prices will reflect the underlying costs of delivery and are not artificially fixed. As a result, prices will reflect those you'd expect to pay to other providers for similar services.

2. Using advances in technologies and our purchasing power will enable us to deliver further cost savings.

Do I need to pay anything upfront?

No. The Entrust charges include installation and set-up so no additional charges apply.

If I change to a new provider, will I lose my connection to SAP?

PSN currently supports your connection to Staffordshire County Council's HR/payroll and finance system, SAP.

If you change broadband provider away from Entrust and wish to continue using SAP, you will need to purchase a connection back into the system. This will cost £1747 in the first year and £900 for subsequent years.

Please note the connection back into SAP has already been included in the Entrust offer to you.

Why do I need to keep my connection into SAP when you are looking to procure a new HR/payroll and finance system?

SAP is likely to still be in place until at least 2017. If you wish to continue using SAP during this time, you will need to purchase a connection back into the system if you choose to change provider away from Entrust.

Please note the connection back into SAP have already been included in the Entrust offer to you.

If I change to a new provider, will VOIP phones still work and can I keep my current telephone numbers?

VOIP phones require a connection back to the council's network and appropriate services to ensure call quality is acceptable. The Entrust solution will facilitate the continuation of this service during transition. If you move to a new provider, you will need to factor in the cost of the connection back to the council's network or replacing your phone system.

Unfortunately if you move away from the VOIP phone system, you will not be able to keep your existing telephone numbers. The county council has attempted this on a trial site but were unable to successfully migrate numbers.

If I change to a new provider, will I lose my connection to SIMS?

As SIMS is hosted locally in your school, your choice of broadband provider will not impact your connection to SIMS. If your school admin network is connected to Entrust's SIADS system (i.e. you log in with a username ending in @slt or @school), some reconfiguration will be required.

Does the package offer any flexibility?

There are many types of broadband technologies and bandwidths available, but they do vary by location. Don't be afraid to ask questions and what other options are available to you. Entrust has

provided you with details of the package we think will meet your requirements best but we do have a suite of connectivity offers available.

I have more questions. Who can I speak to?

If you have any questions, please do not hesitate to contact your Entrust Learning Technologies Account Manager or call 0300 111 8030.

Appendix C – breakdown of proposed compensation to assist those with budget difficulties – to be tabled at the meeting.