

CABINET

17 January 2017

Title: Contract for Provision of Mobile Telephony and Ancillary Services	
Report of the Cabinet Member for Finance, Growth & Investment	
Open Report with Exempt Appendix 1 (relevant legislation: paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972 as amended)	For Decision
Wards Affected: None	Key Decision: Yes
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Accountable Strategic Director: Claire Symonds, Chief Operating Officer	
Summary: This report presents proposals to enter a new contract for the provision of Mobile Telephony and Ancillary Services for a term of three years from 1 February 2017. EE is the current provider of Mobile Telephony and Ancillary Services to the Council's staff, which enables staff to work safer, be more mobile and assists with meeting the key strategic objectives as outlined in the Smarter Worker Programme. The existing contractual arrangements have operated on an annual roll over basis the latest of which expired on 31 December 2016. Until a new contract is entered into, EE will continue to provide the services under existing terms. EE has been identified as the Council's preferred supplier in view of the existing arrangements and quality of offer. To secure a fair market price and to deliver savings against the existing portfolio, negotiations have been conducted with EE. The contract would be awarded under the new Crown Commercial Services Framework via a Direct Call Off Model. The key benefits of the contract will be: <ul style="list-style-type: none">• Provide good quality and cost effective Handsets (Mobile Phones)• Provide consistency in Network and reception performance• Cost efficiencies through a review in Call Volumes, Hand set Need and data packages	
Recommendation(s) The Cabinet is recommended to: <ul style="list-style-type: none">(i) Agree that the Council enters into a three-year contract for Mobile Telephony and Ancillary Services with EE, through the Crown Commercial Services Framework via Direct Call Off, in accordance with the strategy set out in this report; and(ii) Delegate authority to the Chief Operating Officer, in consultation with the Director	

of Law and Governance, to conduct the award of contract and enter into the contracts and all other necessary or ancillary agreements with EE.

Reason(s)

The service will enable the Council to continue in its roll out of “Smarter Working”, which allows for a fluid and flexible workforce. In addition, it ensures mobile or lone workers have access to equipment which delivers a high area of coverage to enhance their safety.

1. Introduction and Background

- 1.1 The existing service has been conducted on an annual roll over basis, which required review as the market has changed considerably over the past few years.
- 1.2 The Council currently has over 3000 handset devices which are supported by a variety of call and data packages, which allow staff to make and receive calls as well as access to their emails, Calendars and the internet on the move, which enhances the capabilities of a workforce which is becoming more mobile as the Council transforms its services.

The main areas that are covered by this service are;

- Handsets and Sim Cards
- Sim Only Services for Traffic Cameras
- Sim Only Services for Door Entry Systems (hard to uninstall and replace)

- 1.3 The following table outlines a typical snap shot of a quarterly supply period to demonstrate the current usage;

Usage Review	
Period Reviewed	Aug, Sep, Oct 2016
Number of Months Analysed	3
Number of Handsets Analysed	3261
Analysed Totals	
Number of Calls	1,346,892
Duration (Minutes)	453,577.95
Average Call Time	0.34 minutes

- 1.4 The Council, as part of its Transformation Projects and through Smarter Working, will increase the way that Mobile Devices will be used, not only as a voice communication device, but as a mechanism to record and share valuable data on the move, or to ensure that the Smarter Working principles can be complied with in terms of the fluid movement and location of staff.
- 1.5 Currently the management and monitoring of the service is conducted by the Council’s strategic partner Elevate. Elevate ensure that the billing cycle is conducted appropriately, that all requests for new or upgrade devices are sanctioned by the staff member’s line manager. The costs are borne by the Council and cross charged to each user’s departmental costs code.

- 1.6 The original implementation and roll out of the mobile phone service was very labour intensive and had attached a large amount of back office cost in terms of recording, managing, distributing and maintaining the Councils requirements. In addition, in the event that a new provider was to be secured, additional costs would be required to manage the procurement and implementation of a potential new provider.

2. Proposed Procurement Strategy

2.1 Outline specification of the works, goods or services being procured

The service requirement is to provide the following:

- Hard ware (Handsets) compatible with the Councils infrastructure needs (smart phones)
- Beneficial call tariffs to a variety of uses (Text, mobile to mobile, mobile to land line local, national or international)
- Allow roaming data
- Allow internet and web services
- Good or excellent signal (4G) in over 99% of the Borough and 90% Nationally
- Consolidate and itemised billing
- Static and transparent costs to enable budgetary forecasts
- Outline where improvements can be made by utilising data to enable the Council to change its service usage

2.2 Estimated Contract Value, including the value of any uplift or extension period

The contract value over the three-year term will be circa £1.349m. This has been estimated based on the existing service, and will reduce in the event that the service requirements decrease based on the Councils transformation strategy.

2.3 Duration of the contract, including any options for extension

The contract would be for a three-year term with no extension option.

2.4 Recommended procurement procedure and reasons for the recommendation

The recommended procurement route is to exercise a direct call off from the Crown Commercial Services Framework RM1045 for Network Services. The Council is eligible to access and use this framework as it was procured on behalf of all local and central Government bodies.

The direct call off allows for service continuity whilst providing a cost-effective service and is compliant with EU Legislation and the Council's contract rules. The process will allow the Council to have a scalable solution which will assist in the implementation of the Ambition 2020 project.

2.5 The contract delivery methodology and documentation to be adopted.

The contract documentation will be as outlined in the use and acceptance of the CCS Framework Call Off Agreement.

The Council will need to comply with the criteria as outlined in the Call Off agreement and the use of the direct award process in the user guide.

2.6 **Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract**

There will be proportionate savings made in awarding the contract to EE and a summary is shown as Appendix 1. This information is in the exempt section of the agenda as it is deemed to be commercially confidential and the public interest in maintaining the exemption outweighs the public interest in disclosing the information – relevant legislation: paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

2.7 **Criteria against which the tenderers are to be selected and contract is to be awarded**

Not applicable as the procurement route is a direct award process.

2.8 **How the procurement will address and implement the Council's Social Value policies**

Not applicable to this process.

3. **Options Appraisal**

3.1 The following options have been identified and rejected or proposed as the best way forward:

- **Do Nothing:** This option has been rejected as this would be in direct violation of the Council's Contract rules and EU legislation.
- **Access an open Framework via mini competition:** This option has been rejected. The fact that Council has an existing contractual relationship with EE means that the lead-in time for a full change implementation to a different provider would expose the Council to additional cost due to procurement management and implementation costs for a new provider.
- **Access an Open Framework through Direct Award:** This is the **recommended option** as it is least disruptive to the Council whilst securing improved value, and the products and back office functions are already compatible with the Council and its systems. This also offers cost mitigation through not having to conduct a lengthy implementation process.
- **Conduct an open market procurement:** This option has been rejected as the timeframe required to conduct the process does not align with the Council's priorities, and the cost of the open market procurement would not achieve value for money in terms of the full procurement activity costs and the additional cost of implementation, compared to the savings achievable.

4. **Waiver**

4.1 No waiver is required if the recommended procurement approach is used.

5 Equalities and other Customer Impact

- 5.1 This does not impact on Equalities, however the introduction and roll out of smartphones, means that the Councils workforce is more fluid and can respond to the public, members and Officers in a timely manner. The phones will play a major part in communication which could enhance the customer experience from both an internal and external view.

6. Other Considerations and Implications

6.1 Risk and Risk Management

Risk	Likelihood	Mitigation
The Council does not enter a contract	Unlikely	Procurement of the service through the Framework will negate the risk of non-contractual operations
Cost Increase	Likely	Pricing will be fixed for set periods of time within the contract. All increases will be agreed by all parties
Handsets in the future may not conform to the Council's requirement	Fairly Likely	The Council and its strategic partner will manage the requirements to ensure all iterations of device are to the required standard

- 6.2 **Property / Asset Issues** - The risk of non-deployment is that the Council will not be able to fully adopt and utilise smarter working practices, which will require more staff to be in Council premises. This goes against the principles of a mobile work force.

7. Consultation

- 7.1 Consultation for this procurement has taken place through circulation of this report to relevant Members and officers. The proposals within this report were also considered and endorsed by the Corporate Procurement Board on 19 December 2016.

8. Corporate Procurement

Implications completed by: Euan Beales, Head of Procurement and Accounts Payable

- 8.1 The use of an open framework is a compliant route to market which satisfies the Councils Contract Rules and EU Legislation.
- 8.2 The direct Call Off is the most appropriate way of procuring the service as there would be minimal benefit of changing providers as the implementation and service transfer costs would negate the cost benefit that may be able to be achieved through mini competition.
- 8.3 To ensure value is achieved through the Direct Award process pricing has been agreed and savings have been earmarked through process delivery change in addition to the lower tariff costs.

8.4 It should be noted that this service is part of the core services as defined in the Joint Venture contract and as such attracts gainshare.

9. Financial Implications

Implications completed by: Steve Hinds, Chief Accountant

9.1 The figures in Paragraph 2.2 and Appendix 1 give an indication of the total cost and savings expected to be gained through negotiating this contract with EE based on the current number of calls. This is summarised in the table below.

	Current Rate	Negotiated Rate		Savings
Monthly	37,467.88	15,532.79		21,935.09
Annual	449,614.56	186,393.48		263,221.08
Over 3 Years	1,348,843.68	559,180.44		789,663.24

9.2 Any savings would be applied to existing Mobile Phone Budgets across the Council's services, less Elevate's 20% Procurement Gainshare entitlement.

9.3 The figures in the table would flex if call volumes vary from the base set out in paragraph 1.3.

9.4 There is a likelihood that Council services will be commissioned out under Ambition 2020 plans, although these are not finalised yet. Any significant impact on mobile call volumes resulting from such decisions may lead to EE seeking a novation to this contract, which would impact on these savings figures.

10. Legal Implications

Implications completed by: Angela Willis, Major Projects Solicitor

10.1 Legal Services note that the value of the contract being considered is above the EU threshold for services contracts. The Council's Contract Procedure rules and the Public Procurement Regulations 2015 therefore require the competitive tender of the contract via the Official Journal of the European Union (OJEU).

10.2 Where a Framework Contract is in place, the Council is able to rely on the OJEU compliant process which took place to establish the framework, as long as that process was explicitly made on behalf of local authorities, as is the case here. The Framework contract provides the option of a direct award to a supplier.

10.3 The report author and responsible directorate are advised to keep Legal Services fully informed at every stage of the contract award process. Legal Services are on hand and available to assist and answer any queries that may arise.

Public Background Papers Used in the Preparation of the Report: None

List of appendices:

Appendix 1 – Outline of savings forecast (Exempt document)