

CABINET

23 January 2024

Title: Procurement of 8x8 Telephony Services Contract	
Report of the Cabinet Member for Finance, Growth and Core Services	
Open Report	For Decision
Wards Affected: None	Key Decision: No
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Accountable Executive Team Director: Jo Moore, Strategic Director, Resources	
Summary: <p>The Council is coming to the end of its current four-year (2+1+1) contract with 8x8 for soft-phone telephony in March 2024. 8x8 is a communications provider that currently provides the Council with soft-phone capabilities in the form of UCaaS (Unified Communications as a Service) and CCaaS (Contact Centre as a Service). A soft-phone is an application or web service that sits on a Council employees' laptop and acts as a telephone.</p> <p>This contract was put into place as a result of the Covid lockdown and the change in employees' working conditions as they transitioned from office to home-based working and meant that telephone interaction with staff and the public could continue. Previously, the Council used the traditional Alcatel hard-phone solution that required employees to have a physical handset to make and receive telephone calls.</p> <p>After several years of these working practices and with the end of the contract in sight, IT Services and Customer Contact began discussions in early 2023 to decide on the future direction. The view taken was that with the Council's current financial position and the advent of emerging technologies like AI and automation, it was not advantageous for the Council to transition to new software and, instead, to look to implement a new 8x8 contract with a potentially new provider.</p> <p>The proposals is to award a new two-year contract via the G-Cloud 13 Framework through the long list to short list method; this is a commonly used technology framework and is fully compliant for public sector use. The contracting period will be between 20 March 2024 until 19 March 2026.</p> <p>The annual cost of this contract is estimated at c£350,000.00 and would result in a total contract cost of c£700,00.00 for the two years. These costs have been estimated as 8x8 runs on a licensing model and there may be some changes throughout the life cycle of this contract to the licensing numbers.</p>	

Recommendation(s)

The Cabinet is recommended to:

- (i) Agree that the Council proceeds with the procurement of a new two-year contract for 8x8 UCaaS and CCaaS through the G-Cloud 13 Framework in accordance with the strategy set out in the report; and
- (ii) Delegate authority to the Strategic Director, Resources, in consultation with Cabinet Member for Finance, Growth and Core Services and the Head of Legal, to conduct the procurement and award and enter into the contract and all other necessary or ancillary agreements to fully implement and effect the proposals.

Reason(s)

To accord with the Council's Contract Rules and the Public Contract Regulations 2015 and assist the Council to achieve its priority to "Provide value for money".

1. Introduction and Background

- 1.1 Historically, both the Contact Centre staff and the wider Council staff population communicated via Alcatel hard phones, which required users to have a physical handset to be able to communicate, especially the contact centre. As a result of the Covid-19 pandemic and lockdown, the Council had to drastically alter its strategy for communications amongst Council staff and with the public to meet the requirement of transitioning the workforce to home based working. Therefore, a procurement exercise was conducted to transition the Council from hard-phones to soft-phones.
- 1.2 Soft phones are applications or web services that sit on a Council employees' laptop as a virtual phone, allowing Council employees to have phone capabilities wherever they were, whether in the office or at home. A maximum four-year contract was awarded to 8x8 via the G-Cloud 11 Framework, encapsulating the Contact Centre, general Council staff and several of the Borough's Schools.
- 1.3 In anticipation of the end of the current contract, IT Services and Customer Contact held a series of consultations to discuss the future of communication within the organisation. With numerous developments in AI and other advanced technologies, accompanied with the expense of change at this scale, both services believe that moving now would not benefit the Council. The rationale is explained in more detail below:

Cost of Change

- 1.4 With the current financial position that the Council finds itself in and the need to look for savings or reductions in cost, IT Services and Customer contact do not feel that the cost of large-scale change, which a transition to a new communications platform would incur, is warranted for the little difference in product it would garner currently.
- 1.5 The previous implementation cost of 8x8 across the Contact Centre, Unified Communications and the dozen or so schools that also adopted 8x8 was £120,000 - £150,000.

- 1.6 IT Services also believe this cost of change is premature in relation to the advancements in the market, which will lead on to the second reason for delaying this procurement until later next year.

Advancements in technology, notably AI and Automation

- 1.7 Artificial Intelligence (AI) and automation are providing huge advancements being made in this area which is seeing innovation to working practices across the board. Although AI and automation emerged in the Contact Centre market several years ago, the view is that many of these technologies will be mature and more worthy of investment in the years ahead and would yield more substantial efficiencies.
- 1.8 This also ties with the current AI Feasibility project running within IT Services that is assessing the application of AI in key business areas with a pilot being run for AI and the Staff Intranet site.

Service Rationalisation

- 1.9 In 2020, the 8x8 contract was acquired to supply communications to all three different areas; Contact Centre, Unified Communications and schools. As the contract has progressed, the need to maintain all these three services under one contract requires review. Below is the current license counts for those services:

Services	Count
Standard LBBB Staff	1788 User Licenses, 157 Service Numbers
Contact Centre	100 Licenses, 52 Service Numbers
LBBB Schools	288 Licenses, 15 Service Numbers

**Service Numbers are numbers advertised to the public to use for a service rather than contacting an individual.*

- 1.10 The needs and requirements of Contact Centre services differs greatly to those required of other staff, and once again to those schools using the service. IT Services and Customer Contact are looking to undertake a detailed analysis of the best direction for these services, and whether they should remain with one provider under one contract or whether they require separate more specific contracts to meet the needs and demands of the services. This process will require consultation with services to work out their distinct requirements.

2. Proposed Procurement Strategy

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

- 2.1.1 As part of this procurement, the Council will be looking to acquire a 2-year contract for the supply of 8x8 Contact Centre as a Service, Unified Communications as a Service and Licenses for 15 Barking and Dagenham Schools. This contract will be procured via the CCS G-Cloud 13 Framework which is recognised as a fully compliant framework for the procurement of technology for public sector organisations.

- 2.1.2 There are a number of 8x8 product resellers on the G-Cloud 13 Framework.

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

2.2.1 The estimated value of a two-year Contract for the services described is £700,000.00, equating to £350,000.00 per annum.

2.3 Duration of the contract, including any options for extension

2.3.1 This contract will be acquired for two years with no options to extend on the CCS G-Cloud 13 framework. The contracting period will be 20 March 2024 to 19 March 2026.

2.4 Is the contract subject to (a) the Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?

2.4.1 Yes, a) for services. This contract is for use across the whole organisation and multiple departments, including but not limited to the Contact Centre, IT Services, Children's Services and Adult Services. This contract also provides telephony for 15 Schools across the borough.

2.5 Recommended procurement procedure and reasons for the recommendation

2.5.1 The recommended procurement procedure is via the CCS G-Cloud 13 Framework. G-Cloud 13 requires buyers to run a "search" using keywords, this will generate a longlist, which then requires shortlisting. This is done through evaluating the longlist and whittling it down to only the suppliers who can provide the services you require. Once a shortlist has been obtained, the suppliers will be evaluated on a pure price weighting basis. Due to the Council already understanding the technical requirements and specification and making no changes to it, there is no need for a quality weighting.

2.6 The contract delivery methodology and documentation to be adopted

2.6.1 This contract will be delivered using the G-Cloud 13 Terms & Conditions, this call off contract will incorporate the framework schedules as well as the licensing terms and conditions for the product and any terms and conditions from the reseller if applicable. All terms and conditions will be reviewed by Legal, prior to any contract signing.

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

2.7.1 There are no key savings or efficiencies forecasted for the award of this contract.

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

2.8.1 This contract will be evaluated on 100% price after a long list to short listing via the G-Cloud 13 Framework buyers' guidance.

2.9 **How the procurement will address and implement the Council's Social Value policy**

2.9.1 IT Services and Customer Contact as part of this contract will be requiring a Social Value offering, consultation with the new supplier will be taking place with the Councils Social Value manifesto being provided and discussed.

2.10 **London Living Wage (LLW)**

2.10.1 Not applicable.

2.11 **How the Procurement will impact/support the Net Zero Carbon Target and Sustainability**

2.11.1 Not applicable.

3. **Options Appraisal**

3.1 Throughout the consultation between IT Services and Customer Contact, several options were considered for the end of the current 8x8 contract as follows:

Do Nothing (Rejected) - Not feasible due to vital public facing services requiring soft-telephony capabilities to function; Housing Benefit, Repairs etc.

New Product/Platform via a Framework/Open Tender (Rejected) - IT Services and Customer Contact do not believe that the process of invoking change to our CCaaS and UCaaS services at this current time would garner an improvement in efficiency or cost nor see any substantial advancements in the technology procured. As previously stated, these services would like to maintain their position for a further two years whilst the advancements in AI and automation have matured within this market and offer more substantial benefits.

The resource cost involved in completing a change of product for both these services would incur substantial financial cost, in the region of £150,000.00+.

Award via G-Cloud 13 (Preferred) - G-Cloud 13 is viewed as the most efficient and simple Framework for the completion of a procurement exercise for a new 8x8 UCaaS and CCaaS contract. Other CCS Frameworks have been considered, including Technology 3 but the procurement process requires a more traditional procurement process. This procurement will not include any technical evaluation and the product spec is already known and detailed, as it exists on the estate, thus a lengthier process is not required.

4. **Waiver**

4.1 Not applicable.

5. **Consultation**

5.1 The proposals in this report were considered and endorsed by the Procurement Board on 18 December 2023.

6. Corporate Procurement

Implications completed by Sam Woolvett, Category Manager, Corporate Procurement

- 6.1 This report seeks approval to carry out a further competition from the CCS G Cloud 13 Framework. The Framework is live and enables local authorities to utilise it.
- 6.2 This approach complies with LBBD's Contract Rules. The value of this procurement exceeds the threshold for services under the Public Contracts Regulations 2015 (the Regulations), but as a framework is being used a standstill period is voluntary not mandatory, although the Council may still issue a standstill notice as it is good practice to do so for any call-off over the Regulations threshold.

7. Financial Implications

Implications completed by: Gina James, Finance Business Partner

- 7.1 The report is requesting for the Procurement of a new 2-year contract with no options to extend for 8x8 UCaaS and CCaaS Services via the CCS G-Cloud 13 Framework Lot 2 Cloud Software. The contract cost is c.£350,000 a year and a total contract c£700,000 for the 2-years.
- 7.2 The current 12-month G-Cloud 8x8 contract is the final extension of a 4-year (2+1+1) contract, expiring on March 18th 2024. The current bill payments average at £30k a month based on users' consumption and licence count. The actual costs from April to November 2023 is £230k and IT are forecasting approx. £350k for FY 23/24, 36k less than the £386,000 contract price.
- 7.3 The monthly billing cost is initially allocated to the IT Telephony cost centre F23410 and then recharged out to council services based on their usage; each service is responsible for identifying the funding from their revenue budget with the recharges including schools, customer contact and other council departments.
- 7.4 The new 2- year contract will follow the same process and is estimated at £350k annually, which is £36k less than the current contract price. Although there are no expected savings from awarding this contract, IT are working on reviewing and reducing the number of licences which, in turn, may reduce the cost and recharges to services.
- 7.5 Further efficiency initiatives such as AI and automation will be advanced after this period, whilst IT pilots an AI feasibility project for application in key business areas

8. Legal Implications

Implications completed by: Yinka Akinyemi, Solicitor - Contracts and Procurement Law, and Governance.

- 8.1 This report is seeking approval for the Council to proceed with the procurement of a 2-year contract for 8x8 UCaaS and CCaaS between the 20th of March 2024 until

the 19th of March 2026 at a total contract cost of c£700,00.00 through the G-Cloud 13 Framework due to reasons detailed in this report.

- 8.2 A procurement of this nature and value is subject to the requirements for a full competitive tender exercise in accordance with the Public Contracts Regulations 2015 (“the Regulations”) and the Council’s Contract Rules.
- 8.3 Procuring the services via an established, compliant framework agreement meets the requirements of the Regulations and the Council’s contract rules, provided that the proposed framework agreement permits the Council to procure via that framework agreement and the call-off is made in line with the framework terms and conditions.
- 8.4 The framework proposed in this report permits the Council to carry out a procurement under the framework terms as it specifically permits all UK public sector bodies to procure services using its framework terms and conditions.

9. Other Implications

- 9.1 **Risk and Risk Management** – A risk assessment has been undertaken and is set out at **Appendix A**.
- 9.2 **Corporate Policy and Equality Impact** – The procurement of 8x8 has a significant impact on the public and how they access Council services. Without the product in place, the soft-telephony Contact Centre would not be able to make and receive calls to the public and other Council services to ensure that public requests are met.

8x8 gives the Contact Centre the opportunity to work more flexibly, both in and outside the office environment. This ensures that agents are available at key business hours to handle public requests. For many members of the public, being able to contact the Council easily is the difference between receiving vital benefits and not.

An Equality Impact Assessment Screening Tool was completed and is attached at **Appendix B**. After consultation with the Council’s Equalities and Impacts Assessment Team, it was confirmed that a full EIA is not required.

- 9.3 **Business Continuity / Disaster Recovery** – 8x8 is a third party hosted solution that has significant disaster recovery built into its business model as part of being hosted across the planet at various data centres. During the original procurement of 8x8, the company had to complete a Cloud Security Principles document which was reviewed by the Head of Security within the Council and signed off. This was deemed acceptable and is still considered acceptable now.

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

List of appendices:

- **Appendix A** – Risk Register
- **Appendix B** – EIA Screening Tool