

## **Cabinet – 4 February 2015**

### **Tendering for replacement mobile phone contract**

**Portfolio:** Councillor K Chambers – Personnel & Business Support

**Related portfolios:** All

**Service:** ICT, Council wide

**Wards:** All

**Key decision:** No

**Forward plan:** No

#### **1. Summary**

- 1.1 T-Mobile has been the provider of mobile services and devices to the Council for the past 4 years through a previous central government framework (PSN Services RM1498, Lot 6, expiry date 26 June 2015). The T-Mobile contract must be re-tendered during 2015 to maintain compliance with EU procurement legislation.
- 1.2 The Crown Commercial Service ('CCS') regularly facilitates aggregated procurements for mobile services; the aggregated procurements are known as National Further Competitions (NFCs). NFCs aggregate the requirements of a number of customers into a single competition whereby customers can benefit from achieving better prices and suppliers benefit from responding to a single competition, using one set of terms and conditions..
- 1.3 By participating in a National Further Competition the Council is agreeing to contract with the successful bidder.
- 1.4 The new contract value over two years will be approximately £480,000; based on:
  - (a) continuing with the same number of connections as the Council currently has;
  - (b) the call volume/usage remaining the same as it currently is.

However, the contract value may exceed £500,000 if the number of connections and the use of mobile devices increase because of more agile working.

## 2. Recommendations

- 2.1 That Cabinet approve the Council's participation in the next National Further Competition (NFC10) for mobile services facilitated by Crown Commercial Service.
- 2.2 That Cabinet delegate authority to the Executive Director – Resources to enter into a new contract for mobile services, to include entering into an agreement with Crown Commercial Service to participate in the next Further National Competition (NFC10), which will legally bind the Council to the outcome of NFC10 and will result in a contract award to the successful bidder.
- 2.3 That Cabinet delegate authority to the Executive Director – Resources to subsequently sign or authorise the signing or sealing of any 'call off' agreements, deeds, contracts and other related documents in relation to mobile services.

## 3. Report detail

- 3.1 **Crown Commercial Services** is an executive agency sponsored by the Cabinet Office. They are responsible for:

- managing the procurement of common goods and services, so public sector organisations with similar needs achieve value by buying as a single customer;
- giving commercial advice and support to government departments, which helps them reduce their reliance on external resources;
- improving supplier and contract management across government;
- increasing savings for the taxpayer by centralising buying requirements for common goods and services and bringing together smaller projects;
- leading on procurement policy on behalf of the UK government.

Crown Commercial Service are currently facilitating the sixth NFC for mobile services in which 41 public sector bodies are participating.

- 3.3 **Benefits:** Participating in a National Further Competition facilitated by Crown Commercial Services is expected to result in:

- reduced exposure of risk to the Council;
- compliancy with all procurement legislation;
- highest possible savings achieved through aggregated purchasing power;
- Additional services (such as Blackberry email) will be subject to a minimum 30 day "bolt on contract" (opposed to the current 2-year commitment);
- a new contract that should be flexible, for example "bolt on" elements such as additional data tariffs and inclusive call plans will only be subject to a 30-day minimum contract thus catering for changing requirements easily and without termination charges.

- 3.4 **Bench marking and competition:** Crown Commercial Services facilitate the National Further Competition against an existing Framework; the current Framework has 6 mobile providers on it; Vodafone, EE, Telefonica UK Ltd,

Capita, Freedom Communications, Kcom. The competition is limited to these providers, who can bid for the aggregated business via an e-Auction. As a benchmark Crown Commercial Services anticipate to make savings of 50% of current spend in each National Further Competition: NFC3 realised a 77% saving for participants; and NFC4 realised a 66% saving for participants. National Further Competition 6 is currently underway, results of this will be known in May 2015. Only NFC3, NFC4 and NFC6 are relevant to mobile connections.

- 3.5 **Timescales:** The next National Further Competition (NFC10) will commence in late February 2015 and contract award to the successful bidder is expected to take place during August/September 2015. The Council proposes migration to the new contract between October 2015 and September 2017 (avoiding termination charges on current contracts); contracts awarded via National Further Competitions will run for a maximum of 3 years, thus allowing for a 2-year migration period, to avoid penalties with existing suppliers and a further 12 months.

Although the Council will migrate to the new provider as quickly as possible, the resource effort to achieve the migration with minimal disruption to service users should not be underestimated. Contract end dates of current connections, which could potentially be June 2017, will also determine how quickly connections can be migrated.

- 3.6 **Termination:** When all connections have been migrated to the new provider the contract may run for a period of a further 12 months resulting in a common contract end date towards the end of 2018.
- 3.7 **Statistics:** The following table shows current spend (January 2014 – December 2014) and current number of devices/connections.

By participating in a National Further Competition the Council maximum savings of £83,904 per annum are possible, this is calculated upon the current 3496 connections (3496 connections x 12 months x £2 saving per month current rental). However based on user behaviour and the number of devices cost savings are expected to be in the region of £70,000 per annum.

Device type	Current annual spend	Current connections
Mobile phone	£157,877	1739
Blackberry	£182,954	870
Mobile Broadband	£136,613	887
Totals	£477,444	3496

#### 4. Council priorities

ICT provides an underpinning service to all areas of the Council. This proposal indirectly supports all Council priorities and the Marmot policy objectives outlined in the Marmot Review report - 'Fair Society, Healthy Lives'.

Many Council employees are working in a more agile manner, directly with the citizens in their homes or a location of the citizen's choice; employees are therefore becoming more dependent on their mobile devices as their prime point of contact or as their main means of connectivity to the Council's network to carry out their day to day activity.

## **5. Risk management**

- 5.1 Participating in a procurement facilitated by an agency of the Cabinet Office minimises the exposure of risk to the Council.
- 5.2 New connections purchased between now and the end of June 2015 will have contract end dates through to June 2017 as a result the Council will have two providers for mobile connectivity for the same duration; this will not impact upon end users of the mobile service but it will increase and complicate current processes for invoice payment and subsequent onward recharging.
- 5.3 It is assumed that Crown Commercial Service will either extend the existing framework end date or have a new framework in situ prior to the expiry of the existing framework so as to ensure continued availability of a framework to purchase against. Should there not be a framework in situ for a short period of time the Council should be able to continue to provide new users with connections by re-utilising ones that we already have in contract that are not in use.

## **6. Financial implications**

- 6.1 It is not possible to be completely accurate on the actual savings that will be achieved by the re-tendering of this contract. The savings will be dependent on the behaviour of individuals and the number of devices that are issued. If the usage of mobile devices remains the same then the anticipated saving will be in the region of £70,000 per annum.
- 6.2 Budget for all mobile devices sit within individual service areas and therefore the savings achieved will not reduce ICT's revenue budget, however service areas will see a reduction in their costs.

## **7. Legal implications**

- 7.1 All contractual arrangements must be procured in compliance with the Public Contracts Regulations 2006 (as amended), if applicable; and with the Council's Contract Rules. The National Further Competitions facilitated by the Crown Commercial Service are fully compliant with such EU legislation and Contract Rules.
- 7.2 By agreeing to participate in a National Further Competition, the Council will be legally bound to the outcome of the competition and subsequent award of contract.

- 7.3 The proposed two-year migration period avoids termination penalties on current contracts.
- 7.4 The Council's Legal Services team will work with ICT to ensure that the call off terms and conditions of the Crown Commercial Service's NFC10 are suitable, are compliant and are put in place before service delivery.

**8. Property implications**

None.

**9. Health and wellbeing implications**

None.

**10. Staffing implications**

If the successful bidder is the Council's current supplier there will be very little impact upon end users and the migration process should not be onerous for ICT to facilitate.

If the successful bidder is not the Council's current supplier then new SIM cards will need to be inserted into each current device and current phone numbers 'ported' to the new supplier – there may be some disruption to end users service when carrying out this work and the end user may need to bring their device to a central location for the work to be carried out. This exercise will be resource intensive for ICT and an additional temporary staff resource may be required, to be funded from an existing budget.

**11. Equality implications**

As the National Further Competition for mobile services is facilitated by Crown Commercial Service, a change in provider for mobile airtime will not be visible to the end user, neither will there be any physical changes to the end users' devices and how they currently work. Therefore after an initial an equality analysis, an Equality Impact Assessment is not required to be carried by the Council.

**12. Consultation**

ICT Technical Services Team  
ICT Service Delivery Managers (representing end users)

## Background papers

National Further Competition no 6 further Information.pdf  
Framework Description - PSN Services RM1498, Lot 6

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The image shows two handwritten signatures. On the left, the signature 'Rory Borealis' is written in a stylized, cursive script. On the right, the signature 'Keith Chambers' is written in a similar cursive script. Both signatures are written in black ink on a white background.

Rory Borealis  
Executive Director – Resources

27 January 2015

Councillor K Chambers  
Business and personnel - Portfolio  
holder

27 January 2015