

To: Cabinet – 10 November 2021
Council – 29 November 2021

Report of: Head of Business Improvement

Title of Report: Council Telephony Contracts Replacement

Summary and recommendations	
Purpose of report:	Approval to proceed with the procurement and subsequent contract award(s) for a five year replacement to the existing BT OnePhone telephony contracts (fixed line and mobile) at a cost of less than and no more than the existing contract value.
Key decision:	Yes
Cabinet Member:	Councillor Mike Rowley, Cabinet Member for Citizen Focused Services
Corporate Priority:	None
Policy Framework:	Council Strategy 2020-24

Recommendations: That Cabinet resolves to:	
1.	Delegate authority to the Executive Director for Communities, in consultation with the Cabinet Member for Citizen Focused Services, the Head of Financial Services and Head of Law & Governance, to conduct the procurement and award of new Telephony contracts for five years (3+2) using the [Crown Commercial Services Network Services 2 framework (RM3808 Lot 10)] (fixed line and mobile), and all other necessary or ancillary agreements with the successful bidder(s) in accordance with the strategy set out in the report; and
2.	Recommend to Council the addition of £50k into the capital programme as per paragraph 2.

Appendices	
Appendix 1	Council Telephony Contracts Replacement (Business Case)
Appendix 2	OCC Telephony Report November 2020 (release)
Appendix 3	Telephony Contract Replacement - Risk Register

Introduction and background

1. The various contracts for the provision of the BT One Phone system, with consolidated landline and mobile telephony (phone numbers, softphone users, SIMS, voice and data), signed on 1st April 2015, expired on 31st March 2020, with the option to extend the contracts year-on-year.
2. The likely total cost of a 3+2 year contract should be in the region of £1.25m for a full five-year term. The capital budget provision for implementation and setup costs is estimated to be £50,000.
3. The preferred procurement route is via the Crown Commercial Services framework
4. The proposed tendering strategy is as follows:
 - a. Single tender, separate lots for a single or dual supplier solution
 - b. Tender will test both cost and functionality
 - c. Soft market testing for this report indicates that it would be most advantageous for cost
 - d. Simplified account management (in the case of a single supplier)
 - e. Tech fund established could be applied to both fixed line and mobile device purchases
 - f. Single tender reduces procurement costs
 - g. Some suppliers can offer choice of mobile networks to cover “not spots”
 - h. Bidders from main telecommunications companies will be most attracted to the tender restricting options for innovative fixed line solutions
 - i. However Lot 10 has most suppliers which could extend evaluation process
 - j. Could be “compromise” fixed/mobile solution rather than best of breed for each
 - k. Fixed Line will need evaluation focus on Quality whereas mobile will focus on Price
 - l. Migration away from Legacy and unsupported systems
5. The project team includes:

a. Project Sponsor (Head of Service)	Helen Bishop
b. Programme Manager	Simon Park
c. Project Manager(s)	PTS Consulting
d. Stakeholder Manager	Rocco Labellarte
e. Business Analyst	PTS Consulting
f. Business Change Manager	Simon Park
6. As the proposed change of provider and services does not directly or indirectly affect the number of staff or roles within the Council, there are no TUPE issues to consider
7. The proposed procurement and implementation timetable is as follows:
 - a. Cabinet approval – November 2021

- b. Procurement via framework completion – January 2022
 - c. Implementation begins – 1st April 2022
 - d. Implementation completed – 30th September 2022
8. The contract commencement date would therefore be from 1st October 2022 and the end of the 3+2 term would be 30th September 2027

Rationale for the recommendation

9. Given the dated nature of the solution, going out to procure a replacement is recommended to leverage advances in technology and the reduction in cost of telecommunication services over the past five years.
10. Since the existing five-year contract was signed, with potential reductions in the cost of equivalent services, we estimate a saving potential of up to £100,000 per annum on the current annual cost.
11. Procurement for wider public sector bodies, such as local government, health and education, is subject to the Public Contracts Regulations.

Options considered

12. From a procurement perspective, the three options considered were:
- a. Procure via a framework – the CCS RM3808 Framework specifically Lot 10 has 44 suppliers. The benefits of running a mini competition under the framework can be identified as:
 - i. flexible contract lengths – up to 10 years for some services
 - ii. supports the Councils technology upgrade programme
 - iii. savings from lower cost and or more efficient technologies
 - iv. option for both direct award or further competition to meet needs
 - v. option to choose specialist suppliers who can deliver services under one specific lot, as well as suppliers who can provide multiple services across several lots
 - vi. uses the agreed Public Sector Contract (PSC) terms and conditions

The preferred option is a mini competition under the Framework.

- b. Independent procurement exercise
 - i. There are 94 suppliers in totality on the RM3808 framework, who have been awarded a place on the framework following a robust tender process. Going to the market independently would not represent value for money to the Council.
 - c. Do Nothing
 - i. To do nothing would result in the Council being non-compliant in terms of the Procurement Regulations and open to a possible challenge.
13. The Council engaged with a specialist independent consultant and carried out a full technical and market options analysis. The findings from their report (included in appendix) are summarised in the following options:

14. Do nothing. The market place could be tested against OCC's functional requirements and to ensure value for money. (This exercise was carried out and the existing contracts found not to be value for money).
15. Retender separately for the Unified Communications and Mobile Telephony services – This approach offers the opportunity to review both marketplaces for “best of breed” for both technologies, but replicates the recommended option (see below) with the additional overhead of duplicating the procurement effort.
16. Recommended option: Retender the contract (single procurement) in two lots (fixed and mobile telephony) with the option that it be a single or dual supplier solution. This option offers the best value for money out of the four options and reduces both implementation and operational risks.
17. Use Microsoft Teams as a phone system - Not Recommended – Unless the Council had other reasons to consider the more expensive Microsoft E5 licensing this would be more expensive and the necessary integration with the Netcall contact centre call management system is high risk.

Financial implications

18. There are no financial implications, insofar as the procurement exercise will award the contract(s) at a value of less than and no more than the current annual budget of £460k for the same services.

Legal issues

19. If a decision is made to approve the recommendations outlined above, then the Council has a general power under Section 1 of the Localism Act 2011 to do anything that an individual may generally do provided it is not prohibited by other legislation and the power is exercised in accordance with the limitations specified in the Act which enables the Council to procure and enter into the proposed new contracts.
 - a. The procurement route proposed in this report of using the Crown Commercial Services framework ensures that the Council are compliant with the Public Contracts Regulations 2015.
 - b. The Legal Services team will be available to properly advise on any procurement or legal issue arising from the procurement of the telephony contract.

Level of risk

20. The overall level of risk to the project is low.

Equalities impact

21. The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:
 - a. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - b. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
 - c. foster good relations between those who have protected characteristics and those who do not.

22. Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.
23. The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce.
24. In the case of this report, there are no new or changed policies or practices. The service provision being procured is a third-party, externally provided solution (telephony). The organisation(s) awarded the contracts will be required to demonstrate their adherence to the relevant section of the Equality Act 2010

Report author	Rocco Labellarte
Job title	Chief Technology and Information Officer
Service area or department	ICT – Business Improvement
Telephone	01865 252349
e-mail	rlabelarte@oxford.gov.uk

Background Papers: None

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