


<b>London Borough of Hammersmith &amp; Fulham</b>  <b>CABINET</b>  <b>5 FEBRUARY 2018</b>		
<b>PROCUREMENT STRATEGY FOR MOBILE TELEPHONY SERVICES</b>		
<b>Report of the Cabinet Member for Finance: Councillor Max Schmid</b>		
<b>Open Report</b>		
A separate report on the exempt part of the Cabinet agenda provides exempt financial information..		
<b>Classification - For Decision</b>		
<b>Key Decision: Yes</b>		
<b>Wards Affected: All</b>		
<b>Accountable Executive Director:</b> Veronica Barella, Chief Information Officer		
<b>Report Author:</b> Howell Huws, Head of Contracts and Operations	<b>Contact Details:</b> <b>Tel:</b> 020 8753 5025 <b>Email:</b> howell.huws@lbhf.gov.uk	

## 1. EXECUTIVE SUMMARY

1.1. The council last renewed its mobile telephony contract in 2015 via a Public Services Network (PSN) Services agreement (Ref: RM1498) between the then incumbent ICT supplier The Hammersmith and Fulham Bridge Partnership (HFBP) and Vodafone Limited. As part of the HFBP exit, this contract was novated to the council in October 2016 and the provision of this service will end on the 28<sup>th</sup> February 2018.

1.2. This paper proposes that the council:

1. Access a framework agreement through the Crown Commercial Services (CCS) Network Services Framework (NSF) Lot 6 agreement (RM1045).

2. Award a contract for mobile telephony services to Vodafone (an approved supplier on the framework) for a period of three years from 1<sup>st</sup> March 2018 to 28<sup>th</sup> February 2021.

## 2. RECOMMENDATIONS

2.1. That the Cabinet approves:

a) The procurement strategy for mobile telephony services to access the framework agreement through the CCS NSF Lot 6 arrangement.

- b) To award a contract for mobile telephony services to Vodafone Ltd or a period of three years from 1st March 2018 to 28th February covering the 3 years in total.

### **3. REASONS FOR DECISION**

- 3.1. Accessing the framework agreement and awarding the new mobile telephony contract arrangement to Vodafone will
  - a) Enable a significant saving on operational costs
  - b) Rationalise the existing mobile data bundles to a data allowance pooled across all phones, leading to lower costs.
  - c) Enable a later move to Mobile extension services (Mobex), which supports stronger business continuity in line with H&F ICT strategy.
  - d) Future proof the council's mobile telephony service delivery for the next 3 years, assuring the critical continuity of services to council and residents.

### **4. PROPOSAL AND ISSUES**

#### **Background**

- 4.1. The existing mobile telephony contract is for the provision of mobile telephone connections including calls/minutes and data bundles, and the provision of handsets and SIM cards. This causes significant elements of the allowance to be under-used, and other parts over used, resulting in increased costs.
- 4.2. These current charges and matched requirements have been reviewed against the Information Technology and Communications (ITC) Framework contract for CCS NSF RM1045 Lot 6, and significant savings can be achieved. The ITC Framework contract under CCS NSF RM1045 Lot 6 includes provision for direct award for a period of up to three years, for a contract meeting the council's needs.

#### **Proposal**

- 4.3. Compared to the existing contract, the requirement for all providers was to offer:
  - An increased data allowance. In addition, this allowance will be provided as 'Pooled Data' to provide a more efficient way compared against the existing approach of a per user allowance.
  - Improved management reporting of both incoming and outgoing calls with usage statistics available. On outgoing calls, H&F will have access to better statistics and billing data.
  - A platform for a Mobile Voice Virtual Private Network (VPN) solution capable of being adopted by H&F to support the 'Smart Working II'

programme. This Mobex solution will enable mobiles to be used as extensions to a telephony switch, by using Virtual Fixed Link technology which is included as part of this proposal. This means H&F's current telephony system can convey its telephone calls between its deskphones and landlines and the Vodafone system internally; by using short-code dialling plans. These calls made `on-net` within the council will be cheaper than traditional calls routed externally.

## 5. OPTIONS AND ANALYSIS OF OPTIONS

- 5.1. The procurement strategy is set out in Appendix I. This outlines two options, both relate to call-offs from two different framework agreements:
  - **Option 1** award to BT/EE through the existing ICT Services Lot 4 agreement (Call Off Contract – Relating to Information and Technology Services).
  - **Option 2** access the framework agreement through the CCS NSF RM1045 Lot 6 arrangement.
- 5.2. Option 2 identifies four suppliers, of which one is the same as Option 1 and provides the same prices as through Option 1.
- 5.3. This suggests that accessing the framework agreement through the CCS NSF Lot 6 arrangement and issuing direct award to Vodafone represents the best value for money for the council for the duration of the contract.

## 6. CONSULTATION

- 6.1. H&F's IT Operational Group has been consulted on the contract requirements. The IT Departmental Leadership Team was consulted on the procurement process and outcome.

## 7. EQUALITY IMPLICATIONS

- 7.1. The proposed procurement strategy for mobile telephony services will have no negative impact on protected groups.
- 7.2. Implications completed by Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

## 8. LEGAL IMPLICATIONS

- 8.1. This report seeks approval to make a direct award of supplies/services to Vodafone Limited ("**Vodafone**") through Lot 6 of Crown Commercial Service (CCS) framework agreement RM1045 (the "**Framework**") for the three-year period commencing 1 March 2018 and ending 28 February 2021 for the sum stated in paragraph 3 above.
- 8.2. LBHF is entitled to call off from the Framework. Calling off from a CCS framework for a contract of this value is also permitted under Contract Standing Orders 8.3 and 10.2.
- 8.3. The Framework permits the direct award of contracts for periods of up to 36 months to named suppliers under Lot 6, of which Vodafone is one (Legal Services have not provided any advice in respect of the suitability of Lot 6 for this procurement). A direct award to Vodafone Ltd is compliant with the Public Contracts Regulations 2015 (the "**PCR**"), provided this is undertaken in accordance with the provisions of paragraph 2 of Schedule 5 to the Framework. This requires LBHF to have identified all service offers from the Framework's Catalogue that meets its Statement of Requirements and to have applied the appropriate direct award criteria to those service offers in order to establish which of them provides the most economically advantageous solution. This was undertaken according to Appendix II to this report.
- 8.4. The call-off contract documentation will consist of the direct award order form, the direct award call-off terms, and, if applicable, the completed call-off Schedule 4, Annex 2. The terms of the call-off contract must not entail any substantial modifications to those laid down in the Framework. However, it should be noted that the direct award call-off terms do not take into account the entry into force in May 2018 of the EU General Data Protection Regulation (GDPR), which supersedes the Data Protection Act 1998 and requires any contract under which personal data is processed to include certain provisions (as set out in Article 28 of the GDPR). To the extent personal data is processed under this contract, it is recommended that Legal Services be

consulted on adapting the terms so that they are GDPR-compliant prior to entering into the contract with Vodafone.

- 8.5. Within a reasonable time of the award, LBHF is required under Regulation 112 of the PCR to publish on Contracts Finder the name of the supplier, the date on which the call-off contract was entered into, the contract value, and whether the contractor is an SME (small or medium-sized enterprise) or a VCSE (voluntary, community and social enterprise).
- 8.6. Implications initially provided on 6 December 2017 and updated on 3 January 2018 by: Raj Shah, Solicitor seconded to Tri-Borough Shared Legal Services (Contracts) – [raj.shah@rbkc.gov.uk](mailto:raj.shah@rbkc.gov.uk) (tel: 0758 4706577).

## 9. FINANCIAL COSTS

- 9.1. Expenditure for the operational costs of mobile telephony is managed by departments. This includes ensuring there is adequate budget provision. Any savings made from re-procurement will be passed onto users via the current recharging mechanism.
- 9.2. Implications completed by: Andre Mark, Finance Manager (020 8753 6729).

## 10. IMPLICATIONS FOR BUSINESS

- 10.1. There are no business implications.
- 10.2. Completed by: David Burns, 020 020 8753 6090 Interim Head of Economic Development (Regeneration, Planning and Housing Services)

## 11. COMMERCIAL IMPLICATIONS

- 11.1. The Council's Contracts Standing Orders require directors and heads of service to develop a procurement strategy for the Cabinet to consider prior to going out to the market and the award of a contract. The only exception being when, as part of the soft-market testing, a suitable framework agreement is identified as offering the Council the most economic, efficient and effective solution. The procurement strategy proposes that the Council call off from a suitable pre-existing framework agreement.
- 11.2. It was established that the requirement is within the scope of the relevant CCS framework agreement RM1045 lot and that an appropriate service offer exists in the Catalogue. The service department has been able to demonstrate through the report and appendices that a direct award through the Crown Commercial Services framework for mobile phone services is permissible. In accordance with the framework agreement a desktop evaluation has been undertaken by ICT. The template direct award call-off terms do not require amendment beyond what is permitted in the direct award Order Form.

- 11.3. The client department has identified that Vodafone, a provider under the Crown Commercial Services framework agreement offers substantial saving as detailed in 3.2 of this report over the three years. The Director therefore supports the recommendations of the intention to use the Framework Agreement which was subject to an open and transparent competitive tendering process.
- 11.4. Implications completed by: Joanna Angelides, Procurement Consultant, Telephone 0208 753 2581.

## 12. IT IMPLICATIONS

- 12.1. The report is aligned with the current IT strategic vision of converging software and infrastructure, facilitating mobile working, whilst enabling better collaboration and productivity amongst staff.
- 12.2. A privacy impact assessment (PIA) needs to be completed so any information risks mitigated or accepted. For example, signed information sharing agreements between client and provider. If no personal data is exchanged then only the first page of the PIA needs to be completed and signed off by the SRO.
- 12.3. Where phone devices are to be procured, these need to be capable of adopting the council's information security policies. For example, comply with information security requirements for managed devices, such as centrally administrated encryption as per CESG and PSN requirements.

Verified by: Ciara Shimidzu, Head of Information and Strategy, 020 8753 3895.

## 13. RISK MANAGEMENT

- 13.1. Mobile technology enhances business continuity, improves resilience and most importantly helps maintain service delivery and communications to the people and businesses in the Borough in times of crisis. Business continuity that responds to events or disasters will need to be mobile, so that Officers can pick up and carry on from any place. Modern mobile technology has been at the forefront of Business Continuity plans. Smartphones enable critical information and decisions to be available immediately and throughout a crisis. Deployment of Council apps and mobile devices will speed up recovery, reassure the public and may even save lives by providing this availability. Business continuity is a corporate risk, number 6 on the Council's Corporate risk register.

Verified by: Michael Sloniowski, Shared Services Risk Manager, 0208 753 2587

**14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

None.

**LIST OF APPENDICES: contained in the exempt part of this report.**

**Appendix I Procurement strategy and options analysis**

**Appendix II Mobile telephony service options analysis detail**