

DELEGATED POWERS REPORT NO.

1593

SUBJECT: Mobile Phone Solutions

Control sheet

All of the following actions MUST be completed at each stage of the process and the signed and dated report MUST be passed to Governance Service for publishing

|   |                               |  |
|---|-------------------------------|--|
| 1. Governance Service receive draft report  | Name of GSO<br>Date           | Andrew Charlwood<br>29.02.2012               |
| 2. Governance Service cleared draft report as being constitutionally appropriate  | Name of GSO<br>Date           | Chidilim Agada<br>29.02.2012                 |
| 3. Finance clearance obtained ( <i>report author to complete</i> )  | Name of Fin. officer<br>Date  | Sue Templeman/Jayne Fitzgerald<br>17.14.2012 |
| 4. Staff and other resources issues clearance obtained ( <i>report author to complete</i> )   | Name of Res. officer<br>Date  | N/A  |
| 5. Procurement response received (Staffing issues only)   | Name of Proc rep.<br>Date     | Craig Cooper<br>29.02.12                     |
| 6. Legal clearance obtained from ( <i>report author to complete</i> )   | Name of Legal officer<br>Date | Sheila Saunders<br>01.03.2012                |
| 7. Policy & Partnerships clearance obtained ( <i>report author to complete</i> )  | Name of P&P officer<br>Date   | N/A  |
| 8. Equalities & Diversity clearance obtained ( <i>report author to complete</i> )   | Name of officer<br>Date       | Julie Pal<br>29.02.2012                      |
| 9. The above process has been checked and verified by Director, Head of Service or Deputy ( <b><i>report author to complete</i></b> ) | Name<br>Date                  | John O'Dor<br>29.02.12                       |
| 10. Signed & dated report, <u>scanned or hard copy</u> received by Governance Service for publishing                                  | Name of GSO<br>Date           | Andrew Charlwood<br>30.04.2012               |
| 11. Report published by Governance Service to website   | Name of GSO<br>Date           | Andrew Charlwood<br>09.05.2012               |
| <b>Officer reports:</b>   |                               |  |
| 12. Head of Service informed report is published and can be implemented.  | Name of GSO<br>Date           | Andrew Charlwood<br>09.05.2012               |
| <b>Cabinet Member reports:</b>  |                               |  |
| 13. Expiry of call-in period  | Date                          | N/A  |
| 14. Report circulated for call-in purposes to BMOSC members & copied to Cabinet & Head of Service                                     | Name of GSO<br>Date           |  |
|   | Date                          |  |

**ACTION TAKEN BY CABINET MEMBER(S) UNDER DELEGATED POWERS  
(EXECUTIVE FUNCTION)**

|   |  |
|---|--|
| <b>Subject</b>  | <b>Mobile Phone Solutions</b>  |
| <b>Cabinet Member(s)</b>                                  | Cabinet Member for Resources and Performance   |
| <b>Date of decision</b>                                   | 30 April 2012  |
| <b>Summary</b>  | Authorisation to procure and Acceptance of a submission from Vodaphone, to enter into contract, by way of 'call off' from a Government Procurement Service Framework, for the provision of mobile telephone services to the council. |
| <b>Officer Contributors</b>                               | Natalie Reilly   |
| <b>Status (public or exempt)</b>                          | Public   |
| <b>Wards affected</b>                                     | All  |
| <b>Enclosures</b>   | None   |
| <b>Reason for exemption from call-in (if appropriate)</b> | N/A  |

Contact for further information: Natalie Reilly Tel: 020 8359 3685;

Serial No. 1593

## **1. RELEVANT PREVIOUS DECISIONS**

- 1.1 Cabinet Resources Committee, 27 November 2003, Decision item 12 – Approval to contract with T-Mobile under the Southwark London Boroughs consortium contract over a period ending no later than October 2005.
- 1.2 November 2005 – Director of Resources approved the extension of the corporate mobile contract over the period 1 November 2005 to 31 March 2006.
- 1.3 Cabinet Resources Committee, 30 March 2006, Decision item 5 – Approval to extend the mobile and network contract for a period of one year
- 1.4 31 October 2007, Cabinet Member for Resources approved the contract with Vodafone for a period of two years which expired on the 18 February 2010.
- 1.5 Cabinet Resources Committee, 19 February 2010, Report No. 986 – Approval to let the mobile contract to Vodafone for a period of two years.

## **2. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 2.1 The Corporate Plan 2011-13 states that “we will continue to drive costs out of the Council through transforming our internal organisation” and that we will focus on “....making sure we get the best value from resources across the public sector, including our people and assets” and to meet the Council’s corporate priority “Better services with less money” strategic goal to maximise improvements and savings in back office functions.

## **3. RISK MANAGEMENT ISSUES**

- 3.1 No risks have been identified that would prevent the direct award to Vodafone based on the criteria of the cheapest option available to the Council. The value of the contract over the 2 year life of the contract can be estimated at £444,000 on current usage; however, this is subject to fluctuation as it is dependent upon demand. Approval of this recommendation will, in two years, achieve savings of £132,700 of which £123,456 relates to LBB.
- 3.2 The Government Procurement Service Framework Agreement provides the overarching terms and conditions that will govern the provision of the service by Vodafone to the council. In entering into contract with Vodafone, the council will not guarantee any minimum volumes of

business or expenditure and, therefore, the value of the contract is not determinable at this stage.

- 3.3 The GPS guidance that accompanies the Terms and Conditions (which are issued with the Framework Agreement) allows Local Authorities to utilise the option of direct award, to a provider on the Framework, based on price. Financial analysis has been conducted which shows that Vodafone offer the best value for money option. Paragraph 8.4 below details the analysis.
- 3.4 Through subsequent conversations with Vodafone, a rebate in the tech fund budget of £45,000 may be offered to the council, by Vodafone.
- 3.5 There are no termination fees to transfer any current phones to the new tariff to achieve the savings associated to this contract. The termination fees have been offset by the overarching contract duration of 30 months (2.5 years).
- 3.6 In terms of the outsource, there is a clause in the contract that allows for contracts to be novated, therefore, individual phone contracts can transfer with staff.
- 3.7 Where individual phone contracts need to be terminated due to redundancies or other business critical situation then these phones will be subject to the standard termination fee. This would be the monthly line rental (new tariff cost £2.81 multiplied by the remaining term of the contract).
- 3.7 This contract will be a co-terminus contract in that all phones will start with the same contract start date. Any additional phone contract commenced after the overarching contract start date will run for 2 years.

#### **4. EQUALITIES AND DIVERSITY ISSUES**

- 4.1 The reliable provision of mobile phone services is essential in delivering a wide range of service to all internal and external customers, partners and statutory bodies.
- 4.2 Vodafone are an equal opportunities employer within the Buying Solutions (now GPS) framework. Their policies clearly state: (i) that they are aligned with current legislation; and (ii) that everyone should have the same opportunities for employment and promotion based on ability, qualifications and suitability for the work in question.

## **5. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 5.1 The value of the contract over the 2 year life of the contract can be estimated at £444,000 based on current usage; however, this is subject to fluctuation as it is dependent upon demand. Approval of this recommendation will, in two years, achieve savings for the Council in excess of £123,460 and an aim to secure the tech fund rebate of 45,000.

## **6. LEGAL ISSUES**

- 6.1 GPS (formerly Buying Solutions) ran an OJEU compliant procurement process in order to establish the Mobile Solutions 2 Framework for use by public bodies.
- 6.2 The Treaty principles of equal treatment, non-discrimination and transparency are addressed as the, proposed, award to Vodaphone is on the basis of the GPS Framework which provides for a direct award to a provider/supplier on the Framework.
- 6.3 Contract Procedure Rule 10.3.7 provides that where a contract is to be performed in stages or over a period of time, a sufficient surety (e.g. a bond) shall be taken for due performance unless, either, the cost of the contract is less than £300,000 or the Director/Head of Service, the Chief Finance Officer and the [Assistant Director – Legal] so direct following the completion of a risk assessment. A risk assessment has been completed and, on the basis of that assessment, the Director of Commercial Services, the Chief Finance Officer and the [Assistant Director – Legal] have approved waiver of the requirement for a surety.
- 6.4 A formal written contract will be prepared between the Council and Vodaphone, based on the terms and conditions of the Buying Solutions Framework.

## **7. CONSTITUTIONAL POWERS**

- 7.1 Council Constitution, Part 3, Responsibility for Functions, paragraph 3.1 states that Cabinet Members general powers include the power to discharge the executive functions that fall within their portfolio, whether or not they are also delegated to officers except for matters specifically reserved to Council, Cabinet or cabinet committees .
- 7.2 Contract Procedure Rule 5 and Table 5-1 of the Contract Procedure Rules (Authorisation and Acceptance thresholds for works, supplies and services) provides that for contracts with a value greater than £156,442 and up to £499,999, 'Authorisation' must be by Cabinet

Member and 'Acceptance' may be by Director/Head of Service where the tender is the lowest price. The offer from Vodafone is the lowest price but 'Acceptance' is being decided upon by the Cabinet Member, herein, given that 'Authorisation' is being decided upon by the Cabinet Member.

## **8. BACKGROUND INFORMATION**

8.1 The original contract was tendered during late 2007 and early 2008, with a contract start date of February 2008. The contract was, initially, for a two year period. Upon expiry of the contract in 2010, Cabinet Resources Committee ("CRC") authorised extension of the contract for two years. Whilst the overarching contract, with Vodafone, expired on 16<sup>th</sup> February 2012, arrangements are continuing with respect to individual mobile phone contracts. The contract value for financial year 2010/11 was £280,000.

8.3 The, original, contract was tendered in 2008 and the prices which were submitted, for the original contract, are detailed below:

Company A - £117,274.57 (Vodafone)  
Company B - £162,773.35  
Company C - £139,270.51  
Company D - £159,006.10  
Company E - £235,006.69

The above included a tech fund which was utilised to purchase equipment.

8.4 The contract was then extended in 2008 for a two year period authorised by CRC. Demand for this service increased to 1953 handsets at a cost of £286,000.

8.5 The details below show the prices submitted for the, proposed, new contract utilising the same number of phones 1953.

Company A - £222,000 (Vodafone)  
Company B - £261,000  
Company C - £253,000  
Company D - £278,000  
Company E - £318,000

8.6 The current tech fund, consisting of £4053 will be carried over and there is a potential tech fund addition of £45,000. If the tech fund is not offered then service areas will incur the costs of handsets and other equipment. This will be communicated to services once confirmed or otherwise.

8.7 The number of phones are distributed between the different clients as follows:-

| Client       | No of handsets | No of data handsets |
|--------------|----------------|---------------------|
| LBB          | 1713           | 98                  |
| Barnet Homes | 99             | 1                   |
| Schools      | 40             | 2                   |

## 8.8 Savings

### Line Rental

The table below shows the current line rental costs against proposed line rental costs with associated monthly and annual savings.

| Client       | Current Monthly Cost £ | Proposed Monthly Cost £ | Current Annual Cost £ | Proposed Annual Cost £ | Monthly savings £ | Annual Savings £ |
|--------------|------------------------|-------------------------|-----------------------|------------------------|-------------------|------------------|
| LBB          | £16,510                | £11,366                 | £198,120              | £136,392               | £5,144            | £61,728          |
| Barnet Homes | £2,081                 | £1,275                  | £24,972               | £15,300                | £806              | £9,672           |
| Schools      | £180                   | £158                    | £2,160                | £1,896                 | £22               | £264             |

The costs above for LBB are incurred by the services that are utilising the phones. Barnet Homes and the schools are invoiced for their respective costs of this contract.

### Calls

There will be further savings associated to the reduction in cost of minutes utilised outside of the contract, which are outlined below:

| Type                         | Current Cost | Proposed Cost | Saving |
|------------------------------|--------------|---------------|--------|
| Calls to UK landline         | 2.7ppm       | 2ppm          | 0.7ppm |
| Calls to non-vodafone mobile | 9.4ppm       | 7.1ppm        | 2.3ppm |
| Calls to 3 network           | 14.4ppm      | 10.8ppm       | 3.6ppm |
| SMS message                  | 3.5p         | 2.6p          | 1.1p   |

The call costs will be monitored to ensure that invoices are accurate and savings are achieved.

**9. LIST OF BACKGROUND PAPERS**

9.1 None

**10. DECISION OF THE CABINET MEMBER(S)**

**I Authorise and Accept the following:**

10.1 Direct award of the council's mobile phone contract to Vodafone with the council entering into a 'call-off' contract with Vodafone for two and a half years based on the Government Procurement Service Mobile Solutions II framework agreement RM526/L1.

**Signed**



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**Councillor Daniel Thomas**

**Date**

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**30 April 2012**