

AGENDA ITEM: 5

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Meeting Cabinet Resources Committee

Date 30 March 2006

Subject Corporate Mobile Phone/Network Contract

Report of Cabinet Member for Resources

Summary This report seeks approval to extend the corporate mobile phone / network contract for a second time due to delays with the retendering of the London Boroughs' consortium contract.

Officer Contributors Steve Brooks, Interim Head of Information Systems

Status (public or exempt) Public

Wards affected None

Enclosures None

For decision by Cabinet Resources Committee

Function of Executive

Reason for urgency / exemption from call-in (if appropriate) N/A

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1 RECOMMENDATIONS

- 1.1 That, as an exception to Contract Procedure rules relating to the extension of contracts and subject to the satisfactory completion of all documentation, the council extends its contract with T-Mobile for mobile phone / network services under the Southwark London Boroughs consortium contract for a second time. The extension to run from 1 April 2006 and to be for no longer than 1 year.**
- 1.2 That, the Director of Resources be instructed to implement the contract extension.**
- 1.3 That, the estimated savings to occur in 2006/7 be incorporated into the standard revenue monitoring and reporting arrangements.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 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.
- 2.2 November 2005 – Director of Resources approves the extension of the corporate mobile contract over the period 1 November 2005 to 31 March 2006.

3 CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The council has a corporate priority of delivering ‘a better council for a better Barnet’ through investment in modern systems. Mobile communications is an important part of this.

4 RISK MANAGEMENT ISSUES

- 4.1 The contract is with the Council’s existing provider of mobile phone / network services. The risks that could come from contract transition and use of unfamiliar services are therefore avoided.

5 FINANCIAL, STAFFING, ICT AND PROPERTY IMPLICATIONS

- 5.1 Some reductions in pricing for the further contract extension have been agreed between Southwark Council, as consortium lead, and T-Mobile, in recognition of the extended business realised by the extension. Those reductions cover line rental costs and some of the variable call and text charges. The true savings effect of the change to variable charges will only be known once the new rates are in operation and bills have been received. But, it is known that the change in line rental charges will give a monthly saving across the council of over £2,000.

6 LEGAL ISSUES

6.1 None.

7 CONSTITUTIONAL POWERS

7.1 Constitution - Part 3 Responsibility for Functions - Section 3.6 Functions delegated to the Cabinet Resources Committee – to agree exceptions to standing orders, all decisions relating to approved lists and agreed national registers, authorise post tender negotiations and accept tenders which are not the lowest.

8 BACKGROUND INFORMATION

8.1 On 26 March 2004, the Council contracted with T-Mobile for mobile phone and network services for the period ending 31 October 2005. The contract was one procured under a consortium framework purchasing arrangement led by Southwark Council on behalf of the London Contracts and Supplies Group (LCSG). Nineteen public sector companies (mainly London Boroughs) are currently signed up under the framework contract and this covers services for over 16.000 mobile phones. The total annual spend under the agreement is estimated at £2 million.

8.2 Work to develop a new specification and retender for the services has been in progress since the early part of 2005. There have been various delays with progress on this work, including issues of available resources and priorities on Southwark's part. The delays meant that the tender process would not complete before expiry of the existing contract. So, with the agreement of consortium members, Southwark sought internal approval to extend the existing framework contract and the contract was extended up until 31 March 2006.

8.3 The council was not obliged to subscribe to the extension. But, the scope and size of the existing contract attracts the keenest pricing and the council would not expect to achieve the same value for money if it opted out of doing so and chose an alternative procurement route. For this reason, the Director of Resources approved the extension of the T-Mobile contract over the period 1 November 2005 to 31 March 2006.

8.4 Since entering this first extension, there has been a rethink on approach and other factors have come into play that have meant that a replacement contract is not yet in place:

- Firstly, it has been agreed that better pricing is likely to be realised by running the procurement as an electronic auction. Electronic auctions can work very successfully for contracts such as this where the product is very much a commodity product. Some work has been done on redeveloping the procurement as an electronic auction.

- More relevantly, the delays to date mean that the procurement is running alongside an equivalent procurement (itself a retender) being run by the Office of Government Commerce (OGC), covering the public sector countrywide. The OGC procurement would have a negative effect on a Southwark consortium procurement run at this stage, with suppliers not wishing to go to the expense of going through both procurement processes.

8.5 Southwark have gained consortium and internal approval to putting a further hold on procurement activity until such time as the outcomes of the OGC procurement can be tested in May. A decision could then be made on whether to move across to the new OGC contract or continue with a separate procurement. The necessity of this as against just choosing to adopt the OGC contract could be questioned. But, past comparative assessment of the OGC and consortium contracts has shown the consortium contract to be more beneficial. Southwark have had the framework contract extended again to account for this further delay.

8.6 In light of this further delay and for the same reason as it set out in 8.3 above, it is recommended, as an exception to Contract Procedure rules relating to the extension of contracts, that the contract with T-Mobile for mobile phone and network services is extended for a second time. The expectation at this stage is that the extension would be up until 30 September 2006. But, given experience to date, approval is sought for an extension of up to 1 year to provide for some flexibility should there be any more delay.

9 LIST OF BACKGROUND PAPERS

9.1 None.

Legal: DP
CFO: MG