

	<b>Decision of Cabinet Member for Finance, Resources and Reform</b>
	<b>Report from the Corporate Director, Finance and Resources</b>
<b>Authority to Vary and Extend Contract for Telephony</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Philippa Brewin Procurement and Contracts Manager <a href="mailto:philippa.brewin@sharedtechnology.services">philippa.brewin@sharedtechnology.services</a>

## 1.0 Purpose of the Report

- 1.1 This report requests individual Cabinet Member approval to vary and extend a contract in respect of Telephony with Voicenet Solutions Limited (trading as 8x8 UK Limited) in accordance with paragraph 13 of Part 3 of the Constitution. The report summarises the reasons for the request to vary and extend.

## 2.0 Recommendation(s)

That the Cabinet Member for Finance, Resources and Reform, having consulted with the Leader:

- 2.1 Approves the variation of the contract for Telephony with Voicenet Solutions (trading as 8x8 UK Limited) to include provision to extend as set out in paragraphs 3.4 to 3.6.
- 2.2 Approves the extension of the contract detailed in 2.1 above for a period of 23 months from 1 June 2023.

## 3.0 Detail

- 3.1 The Council entered into a contract for Telephony with Voicenet Solutions (trading as 8x8 UK Limited) on 1 November 2017 (the "Contract").

- 3.2 The original contract term was 60 months from the Service Commencement Date, which was 1 May 2018. The original term therefore was due to expire on 30 April 2023.
- 3.3 To facilitate further discussions with Voicenet Solutions (trading as 8x8 UK Limited) (the “Contractor”) concerning the possible extension of the contract, on 25 April 2023 the contract was extended by one month, to 31 May 2023.
- 3.4 Officers consider that the contract should be varied and have entered into discussions with (the Contractor to vary the Contract as follows: Vary the contract to provide for an extension of 23 months, from 1 June 2023 to 30 April 2025.
- 3.5 The variation referred to in recommendation 2.1 is required in order to be able to extend the contract to 30 April 2025. The reasons for the extension are set out in paragraphs 3.8 to 3.12 below.
- 3.6 The contract is a call-off contract from a Crown Commercial Service framework, and contains a variation procedure and a Variation Form as a Schedule. The Contractor is in agreement with the proposed variation.
- 3.7 In addition to the proposed variation, Officers also recommend an extension to the term of the Contract.
- 3.8 The Telephony contract provides inbound, outbound, and internal telephone services.
- 3.9 In autumn 2022 a review of the 8x8 contracts was carried out, including the Telephony contract. The purpose of the review was to determine the best value future procurement approach, both in terms of service requirements and procurement route.
- 3.10 The contract serves all three Shared Technology Service London boroughs, namely Brent, Lewisham and Southwark, as well as the Local Government Association. The conclusion of the review was that, whilst all three councils are broadly aligned in their wish to move to a Digital First strategy in terms of customer contact, the detail and roadmap for that approach are not currently clearly determined, and it is not possible to specify requirements for a new automated call distribution contract at present. This contract is also with 8x8 UK Limited, and uses the 8x8 telephony platform, the contract for which is the subject of this report. As a result of the review it is proposed to extend the automated call distribution contract, and this report proposes an extension of the telephony contract, so that both services can be aligned when reprocured in two years’ time, in order to achieve the best value for money. The review also identified that by taking advantage of the Microsoft Teams telephony platform already implemented for Southwark, it would be possible to negotiatiate a considerable reduction in the 8x8 telephony service costs.

Negotiations have been conducted with 8x8 Limited, leading to a 40% reduction in licence unit costs.

- 3.11 It is therefore proposed to extend the contact to 30 April 2025, in order to generate service cost savings, and by which time the future requirements of the automated call distribution service will be much clearer.
- 3.12 To implement a new system would be uneconomical at this time, and would cause significant inconvenience at a time when there is an opportunity to generate substantial savings through continued use of the current system. It is likely that there would be a substantial duplication of costs, as the 8x8 telephony platform would need to be retained for use by the 8x8 automated call distribution service.
- 3.13 Under section 3(b) of the table at paragraph 9.5 of Part 3 of the Constitution, Corporate Directors may only vary and extend contracts and agreements provided that:
- (a) the extension would not be in breach of Procurement Legislation.
  - (b) the extension does not substantially alter the terms and conditions of the contract.
  - (c) there is sufficient existing budgetary provision.
  - (d) if the extension goes beyond the period of extension provided for in the contract (if any) or is otherwise not in accordance with the extension provisions in the contract:
    - (i) in the case of any contract, agreement, deed or other transaction with a life of not more than one year (including any possible extension provided for in the contract) the extension shall not exceed a period of six months; or
    - (ii) in the case of any contract, agreement, deed or other transaction with a life of more than one year (including any possible extension provided for in the contract) the extension shall not exceed a period of one year.
  - (e) provided that in the case of any variation (other than an extension):
    - (i) the total value of the variation is less than £1m; and
    - (ii) if the total value of the variation (and any previous variations agreed under this provision) is more than £50k it is not more than 50% of the original contract value (calculated over the life of the contract including any extensions or possible extensions and adjusted in accordance with any price review mechanism provided for in the contract).

- (f) the relevant cabinet member shall be consulted prior to a decision within (d) (i) or (ii) and (e) (i) and (ii) above and may request that the decision instead be referred to them.

3.14 For the reasons detailed in paragraphs 3.5 to 3.12 the Corporate Director does not have delegated powers to agree the variation and extension but pursuant to paragraph 13 of Part 3 of the Constitution, the Cabinet Member for Finance, Resources and Reform having consulted with the Leader has delegated powers to:

3.14.1 Agreement of contract extension, variation or termination where the decision is excluded from officer delegated powers because:

- (a) the extension goes beyond the period of extension provided for in the contract (if any) or is otherwise not in accordance with the extension provisions in the contract; and
- (b) the contract, agreement, deed or other transaction has a life of not more than one year (including any possible extension provided for in the contract) and the extension exceeds a period of six months; or
- (c) the contract, agreement, deed or other transaction has a life of more than one year (including any possible extension provided for in the contract) and the extension exceeds a period of one year; or
- (d) in the case of any variation (other than an extension):
  - (i) the total value of the variation is £1 million or more; and
  - (ii) the total value of the variation is more than £50k and is more than 50% of the original contract value (calculated over the life of the contract including any extensions or possible extensions and adjusted in accordance with any price review mechanism provided for in the contract)

3.14.2 Agree of other contract extensions, variations or terminations where the Cabinet Member requests that a decision be referred to them pursuant to Part 3 paragraph 9.5.

3.15 Subject to consultation with the Leader, the Cabinet Member for Finance, Resources and Reform has delegated powers to agree the proposed variation and extension.

## **4.0 Financial Implications**

4.1 The original value of the Contract was £3,145,911. It has been varied by a total of £232,822 to date, including the recent one month extension. The value

of the proposed variation and extension is £1,151,194.

- 4.2 The cost of this variation and extension of the Contract will be funded from the Shared Technology Services boroughs' budgets.
- 4.3 The costs of the extension are shared among the three boroughs and the Local Government Association (LGA) as follows:

Brent	£327,551
Lewisham	£238,688
Southwark	£550,156
LGA	£34,799
Total	£1,151,194

## 5.0 Legal Implications

- 5.1 Officers recommend the variation and extension of the Contract for a period of 23 months from 1 June 2023 as set out in Recommendation 2.1 and 2.2.
- 5.2 The value of the original contract is such that it is subject to full application of the Public Contract Regulation 2015 (PCR 2015).
- 5.3 A contract may only be modified (to include an extension) without a new procurement procedure where this is done in accordance with Regulation 72 of the PCR 2015. Regulation 72 sets out various circumstances in which it is possible to vary and extend a contract. For the reasons set out in paragraphs 3.10 to 3.12 in particular, it is considered that variation and extension of the Contract is permitted in accordance with Regulation 72(1)(b) of the PCR 2015.
- 5.4 As set out in paragraph 3.10, pursuant to paragraph 13 of Part 3 of the Constitution, the Cabinet Member for Finance, Resources and Reform, subject to consultation with the Leader, has delegated powers to agree the proposed extension and variation.

## 6.0 Equality Implications

- 6.1 Pursuant to s149 Equality Act 2010 (the "Public Sector Equality Duty"), the Council must, in the exercise of its functions, have due regard to the need to:
- (a) eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it,

- 6.2 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.3 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 6.4 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.
- 6.5 The proposals in this report have been subject to screening and officers believe that there are no adverse equality implications.

## **7.0 Consultation with Ward Members and Stakeholders**

- 7.1 The Shared Technology Services partners and service stakeholders have been consulted in relation to the proposals in this report.

## **8.0 Human Resources/Property Implications (if appropriate)**

- 8.1 This service is currently provided by an external contractor and there are no implications for Council staff arising from varying and extending the contract.

## **9.0 Public Services (Social Value) Act 2012**

- 9.1 The Council is under a duty pursuant to the Public Services (Social Value) Act 2012 (“the Social Value Act”) to consider how services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the Council might act with a view to securing that improvement; and whether the Council should undertake consultation. Whilst this report concerns an extension to the Contract, Officers have nonetheless had regard to considerations contained in the Social Value Act in relation to the extension.

### **Report sign off:**

***Ravinder Jassar***

Deputy Director of Finance, on behalf of Corporate Director, Finance and Resources