



Cabinet
11 September 2017

**Report from the
Strategic Director of Resources**

For Action

Wards Affected:
[ALL]

Award of Telephony Contracts

Appendix 1 is Not for Publication as it contains the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (including the authority holding that information)".

1.0 Summary

1.1 This report requests authority to award 4 contracts for Telephony Services as required by Contract Standing Order No 88. This report summarises the process undertaken in procuring the contracts and recommends to whom the contracts should be awarded.

2.0 Recommendations

2.1 That Members award the contract for Lot 1: Telephony to Voicenet Solutions T/A 8x8 Solutions for a term of 5 years;

2.2 That Members award the contract for Lot 2: Automated Call Distribution to Voicenet Solutions T/A 8x8 Solutions for a term of 5 years;

2.3 That Members award the contract for Lot 3: Mobile Telephony to Vodafone Limited for a term of 2 + 1 years, and;

2.4 That Members award the contract for Lot 4: Automated Switchboard to Netcall Telecom Limited for a term of 5 years.

3.0 Detail

Background

- 3.1 This report concerns provision of telephony and associated services to the London Boroughs of Brent, Lewisham and Southwark, and the Local Government Association. The report requests approval to award contracts in respect of supplying telephony, automated call distribution, mobile telephony and an automated switchboard to the four organisations. The services are divided into four contracts, one for each element of the service requirement.
- 3.2 Brent procured its current telephony service in 2012, in readiness for the move to the Civic Centre. This contract expires at the end of April 2018, and it is proposed that the services to be delivered under the new contracts will replace this. The current Automated Switchboard arrangements also expire at the end of April 2018. Brent's current contract with Freedom Communications for Automated Call Distribution expires at the end of October 2018, after which it is proposed that the service will be provided under the new contract.
- 3.3 The service period for all four contracts is proposed to commence on 1st May 2018, with each borough and the LGA receiving services at the end of its current contracts. The contract periods will be five years, with the exception of Mobile Telephony, which will be for two years with a possible one year extension. This contract does not include the Southwark requirements, as these are already committed to O2.
- 3.4 The new services will require transition from the participating organisations' current arrangements, which are:

	Brent and LGA	Lewisham	Southwark
Telephony	Vodafone	Unify	Mitel
Automated Call Distribution	Freedom Communications	Unify	Sabio
Mobile Telephony	incl in Vodafone above	Vodafone	O2
Automated Switchboard	Netcall	Netcall	Netcall

The service specifications take into account the transition arrangements and the end dates of the relevant contracts. The service specifications also identify the requirement for Southwark as optional pending formalisation of arrangements for Southwark to join the Shared IT service in November 2017.

- 3.5 All together across the current Shared Service and the LGA in the region of 5,500 end users are supported across approximately 100 sites. This will increase from 1st November 2017 when the Shared Service takes over the support of the London Borough of Southwark. This will result in the support of a further 4,500 end users across an additional 50+ sites.

Requirements

- 3.6 The councils' and LGA's requirement is split into four separate service contracts as follows:
1. Telephony
 2. Automated Call Distribution
 3. Mobile Telephony
 4. Automated Switchboard
- 3.7 Cabinet approval to award these contracts is being sought as the value of each of 1, 2 and 3 above for Brent is above the High Value contract threshold of £500,000, with the total value of Brent's element for all 4 contracts being £2.53m. For contract 3, Mobile Telephony, the total potential value including the extension is considered for the purposes of this threshold.

Outline of Tender Process

- 3.8 Tenders for the contracts were invited from the Crown Commercial Service (CCS) Framework RM1045 Network Services (the "Framework Agreement"). Lot 4 (Inbound Telephony Services), Lot 5 (IP Telephony Services) Lot 6 (Mobile Voice and Data Services) and Lot 10 (Integrated Communications) were used as described below. The tender opportunity was divided into the 4 services and tenders invited as follows:

Telephony (from framework Lots 5 and 10)
Automated Call Distribution (from framework Lots 5 and 10)
Mobile Telephony (from framework Lot 6)
Automated Switchboard (from framework Lot 4).

- 3.9 Tenders were invited on 21st June 2017, using the CCS eSourcing system.
- 3.10 In accordance with the requirements of the Framework Agreement, the Invitation to Tender stated that the selection of Suppliers to be awarded each contract would be made on the basis of the most economically advantageous combination, and that in evaluating tenders, the Council would have regard to the following:
- Functionality (40%)
 - Service Delivery (60%)

These quality criteria were then weighted against tender price in the ratio 40:60 quality:price.

- 3.11 These percentages applied to the tenders for Telephony, Automated Call Distribution and Automated Switchboard.

3.12 For the Mobile Telephony tender, different percentages were used, to reflect the less complex nature of the service. The weightings in this case were:

- Functionality (10%)
- Service Delivery (90%)

These quality criteria were then weighted against tender price in the ratio 30:70 quality:price.

Evaluation Process

3.13 The tender evaluation was carried out by a panel of officers from Brent Lewisham and Southwark.

3.14 All tenders had to be submitted electronically no later than noon on 28th July 2017. 4 tenders were submitted for telephony, 5 for Automated Call Distribution, 1 for Mobile Telephony and 1 for the Automated Switchboard. Each member of the evaluation panel read the tenders scoring sheets to note down their preliminary scores and any comments on how well each of the award criteria was addressed. Officers were satisfied that for all Lots, including those attracting only one bidder, that contractors were capable of providing the relevant services and that bids were competitive.

3.15 The suppliers were invited to attend presentation and clarification meetings on 2nd, 3rd and 4th August, where they presented their solutions and the panel asked, and received answers to, some clarification questions.

3.16 Subsequent clarifications were requested following the meetings, and upon receipt of this, the panel were able to finalise the scoring. The detail of the scoring is in Appendix 2.

3.17 The names of the tenderers are contained in Appendix 1. The scores received by the tenderers for each lot are included in Appendix 2. It will be noted that Tenderer G was the highest scoring tenderer for the Telephony and Automated Call Distribution tenders, Tenderer F was the highest scoring for Mobile Telephony and Tenderer E was the highest scoring tenderer for the Automated Switchboard. Officers therefore recommend the award of contracts for Telephony and Automated Call Distribution to Voicenet Solutions T/A 8x8 Solutions, a contract for Mobile Telephony to Vodafone Limited and a contract for the Automated Switchboard to Netcall Telecom Limited.

3.18 It is anticipated that the contracts will commence in October 2017, with service delivery commencing in May 2018. As the proposed contract represents a call-off under a framework agreement, a mandatory standstill period is not required.

4.0 Financial Implications

- 4.1 The Council's Contract Standing Orders state that contracts for supplies, services or works exceeding £500k shall be referred to the Cabinet for approval of the award of the contract.
- 4.2 The value to Brent of two of these contracts over the total contract period is above this threshold.
- 4.3 The costs of each of the contracts are shared in accordance with the proportional use by each borough. The methodology for apportionment varies according to the nature of the service. Lewisham are presenting a separate report to their Mayor & Cabinet to seek approval to award the contract.
- 4.4 The total value of the contracts across the shared service is as follows:

Contract	Cost running costs over the contract term	One off implementation costs	Total cost
Telephony	£3,015,610	£580,301	£3,595,911
Automated Call Distribution	£2,230,590	£158,416	£2,389,006
Mobile Telephony	£491,976	0	£491,976
Automated Switchboard	£394,750	0	£394,750
Total	£6,132,926	£738,717	£6,871,643

- 4.5 The cost of the Brent element of the contracts is as follows:

	Total running costs over the contract term	One off Implementation costs	Total cost	Ongoing cost per annum
Telephony	£904,683	£174,090	£1,078,773	£180,937
Automated Call Distribution	£955,967	£67,893	£1,023,860	£191,193
Mobile Telephony	£268,351	0	£268,351	£134,175
Automated Switchboard	£157,900	0	£157,900	£31,580
Total	£2,268,901	£241,983	£2,528,884	£537,885,

- 4.6 The current expenditure by Brent on these services is as follows:

£445k telephony managed service
 £180k mobile data
 £65k voice calls and sms

£83k ACD licences
£28k automated switchboard
£801k per annum total

- 4.7 Excluding one off implementation costs, this procurement represents a saving to Brent of £263k (or 33%) against the existing budget for these services. These savings will contribute to the Council's procurement savings target in 2018/19, after allowing for brief overlaps between existing and new contracts. The one off implementation costs will be funded by Digital Services' Capital Budget.

5.0 Legal Implications

- 5.1 The value of all four proposed call off Contracts is higher than the EU threshold for Supplies and the award of these contracts is therefore governed by the Public Procurement Regulations 2015 (the "Procurement Regulations").
- 5.2 The award of contracts for Telephony, Automated Call Distribution and Mobile Telephony are subject to the Council's own Standing Orders in respect of High Value Contracts and Financial Regulations and Cabinet approval to award these contracts is required. The contract for Automated Switchboard is subject to the Council's own Standing Orders in respect of Medium Value Contracts and whilst Cabinet approval is not technically required for the award of this contract, Cabinet approval is nonetheless also sought for the award of this contract.3.7
- 5.3 The Procurement Regulations allow the use of framework agreements and prescribe rules and controls for their procurement. Contracts may then be called off under such framework agreements without the need for them to be separately advertised and procured through a full EU process.
- 5.4 The Council's Contract Standing Orders state that no formal tendering procedures apply where contracts are called off under a framework agreement established by another contracting authority, where call off under the framework agreement is approved by the relevant Chief Officer and provided that the Chief Legal Officer has advised that participation in the framework is legally permissible. Legal Services have reviewed the Framework and is able to confirm that participation in the Framework is legally permissible.
- 5.5 Brent Council will be entering into the 4 contracts on behalf of itself and the other boroughs and the LGA. Agreements are in place for Brent Council to seek reimbursement from Lewisham and the LGA in respect of their element of the contracts. Brent Council is finalising agreement with Southwark to join the Shared IT Service in November 2017. As detailed in paragraph 3.4, the service specifications for the contracts therefore identify the requirement for Southwark as optional pending the formalisation of joining arrangements.

6.0 Equality Implications

- 6.1 The proposals in this report have been subject to screening and officers believe that there are no equality implications.

7.0 Staffing/Accommodation Implications

- 7.1 The services procured under the contracts will be used by existing staff. Technical training for the relevant staff will be delivered under the contracts. Go live support and end user training will be provided for the new telephony service, with supplementary support from the ICT Shared Service.

8.0 Background Papers

8.1 Appendices

Appendix 2

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