

Key Decision Report of the Corporate Director of Resources

Commissioning and Procurement Board	Date: Thursday 27 th June 2019	Ward(s): All
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SUBJECT: Procurement Strategy and Contract Award for Telephony Maintenance and Support for the period 2019-2022**1. Synopsis**

- 1.1 This report seeks pre-tender approval for the procurement strategy in respect of Telephony Software Maintenance and Support for the period 2019-2022, in accordance with Rule 2.7 of the Council's Procurement Rules.
- 1.2 The procurement will seek to acquire manufacturers support and maintenance for the Avaya SIP telephony Infrastructure for a period of three years commencing in 2019 (exact date is subject to the completion of an upgrade project)
- 1.3 The report seeks approval for a direct subsequent contract award to catalogue call-off from the Crown Commercial Service 'Network Services' framework agreement – RM1045. This will be with the incumbent supplier.

2. Recommendations

- 2.1 To approve the procurement strategy and to award a contract to Adept Technology Group Plc, the incumbent supplier for Telephony Maintenance and Support for the period 2019-2022 in the sum of £712,137.00 as outlined in this report

3. Date the decision is to be taken:Monday 8th July 2019

4. Background

4.1 Nature of the service

The telephony solution is an essential tool to ensure the smooth running of council services, in particular the Housing Repairs and Contact Islington contact centres.

This report is for the procurement of a support and maintenance contract for our newly implemented SIP (Session Initiation Protocol) telephony software licencing and hardware. SIP telephony enables multimedia messages to multiple parties - allowing people to communicate over the internet using their computers and mobile devices.

SIP Telephony will be implemented within Islington by the end of the current financial year to replace the existing Voice Over Internet Protocol (VOIP) which is end of life. A support and maintenance contract will be required upon Live implementation of the new telephone infrastructure.

The software and hardware manufacturer is Avaya. Avaya is a tier one manufacturer who does not sell directly to customers. The route to market is via an Avaya channel partner.

The business objectives of the support and maintenance contract are to provide second-line and third-line support, provision of SIP telephony circuits, support for contact centre software and call recording software licences for Contact Islington and Housing modules and support and maintenance of the telephone back-end equipment.

The council currently has an existing support contract in place includes an on-site engineer for VOIP system. This contract is due to expire 31 March 2020. It is proposed that this contract is decommissioned and replaced with a new contract to reflect the change to a SIP platform and support needs. There is a zero cost provision within the current contract to permit this and the council will receive a pro-rata refund.

4.2 Estimated Value

Funding will come from existing revenue ICT.

A three-year term is proposed with payment for all three years paid in advance to secure the competitive and fixed pricing. The pre-payment secured an annualised discount of £49,984.00. This offers significant savings against existing telephony support costs. These saving were articulated together with savings on call costs in an overall business case for telephony upgrade.

The software licences will have a base cost set by Avaya, with the addition of the channel partner's uplift. The market is competitive and a benchmarking exercise was carried out using existing support and maintenance costs and the potential costs moving to another solution. Using cost comparison, significant savings will be obtained for telephony support.

The three year Avaya portion of the contract is also transferable at no cost, to any other Avaya maintenance provider should the need arise.

	3 Year Contract Summary
Existing telephony support Cost	£824,924.76

Proposed telephony support Cost	£620,922.00
Savings	£204,002.76

For a number of years, we have not had any manufacturing support as our telephony solution was out of their support cycle. The costs included within this report are for manufacturing cover for all licence and backend hardware elements and this would normally increase costs significantly.

SIP Rental

SIP circuits replace old technology ISDN copper connections. These SIP circuits provide the connectivity to the public telephony system. At present the ISDN rental and call costs are in excess of £200K per annum. With SIP, all calls to UK numbers and mobiles (excluding premium numbers) are included in the rental costs.

The SIP circuits rental is £30,405 per year, charged monthly in arrears.

4.3 Timetable

The council currently has an existing support contract in place includes an on-site engineer. This contract is due to expire 31 March 2020.

Replacement contracts must be in place by the end of March 2020 at the latest in order to ensure consistency of service. The current contract was put in place, with an exit clause. It was necessary to put a full contract in place, as funding to update the existing telephony system had not been secured and a solution recommendation identified.

The associated costs with the service offering are detailed as follows and have been discussed within Digital Services and with the Assistant Director, Financial Operations and Customer Service.

Item	Total Cost
1 x G450 MP160	
2 x G450 Power Supplies	
Software Assurance/ Upgrade Advantage	
2 x System Manager Licences	
2 x Session Manager Licences	
5,311 x Avaya Aura R8 Licences (Core & Basic IPT)	
283 x Elite Agent Licences	
266 x R15 Bulk ACR Recording Licences (FOC with current support contract)	
1,366 x AES Basic TSAPI licences (3 x AES for Cloud 9 Call Recording, Unify & EMC)	
250 x CMS R18 Licences	
38 x CMS R18 Supervisor Licences	
170 X EMC Licence	
140 x WFM PKG Licences	
140 x WFM Time Off Licences	
First year On-site Engineer	
3 Years SIP Rental and Support and Maintenance	
Total Cost	£712,137.00

4.4 **Options appraisal**

The recommended procurement route is via the Crown Commercial Service 'Network Services' framework agreement (RM1045) which provides customers with access to networks and telecommunications services.

The framework agreement allows for the direct award of a call-off contract based on purchase from the 'Network Services' catalogue. This will allow the council to select the most appropriate service at the best value.

4.5 **Key Considerations**

A London Living Wage Consideration Report will be produced.

It is expected that the London Living Wage will apply to this contract. It is not however, expected that this will be an issue as the level of pay commensurate with the skill level of the supplier staff member is likely to be greater than the London Living Wage value.

The availability of appropriate communication tools ensures officers can efficiently meet the goals of the Council, deliver services to citizens and provide flexibility as needs evolve in the borough.

There are no TUPE, pensions or other staffing implications identified. This has been confirmed by legal, as the proposed supplier is also the incumbent, therefore TUPE does not apply.

The telephony service is a vital route for customers to be able to contact the council, including more vulnerable customers.

4.6 **Evaluation**

The evaluation process will be carried out by the project team in accordance with the terms of the framework agreement. and a contract will be directly awarded via a catalogue call-off from the Crown Commercial Service 'Network Services' framework agreement. The project team consists of council officers from Digital Services.

4.7 **Business Risks**

Risk of transition to another supplier and loss of knowledge from existing onsite staff. The risk of this is low as the incumbent supplier is represented on the framework and catalogue we propose to use.

Risk of transition to another supplier leading to significant service disruption for citizens, customers and staff. Low risk as the contract will involve a continuation of service from the incumbent supplier. There is a small residual risk as the support basis changes after the first year. The current on-site engineer is active full-time on site, primarily changing the systems configuration and replacing, repairing old phones. As the new solution removes most of our phones, and the configuration is largely managed via LDAP (Active Directory), it is believed by the supplier and the council that this on-site function will not be required beyond year one. Adept Technology Group Plc have indicated that they intend to retain the staff member and that he would be available to assist us (at a project cost) in the future should the need arise.

The procurement will be carried out in accordance with the terms of the Crown Commercial Service 'Network Services' framework agreement which is a compliant route for the value of this contract.

The Employment Relations Act 1999 (Blacklist) Regulations 2010 explicitly prohibit the compilation, use, sale or supply of blacklists containing details of trade union members and their activities. Following a motion to full Council on 26 March 2013, all tenderers will be required to sign the Council's anti-blacklisting declaration. Where an organisation is unable to declare that they have never blacklisted, they will be required to evidence that they have 'self-cleansed'. The Council will not award a contract to organisations found guilty of blacklisting unless they have demonstrated 'self-cleansing' and taken adequate measures to remedy past actions and prevent re-occurrences. The adequacy of these measures will initially be assessed by officers and the outcome of that assessment will be reviewed by the Council's Procurement Board

4.8 The following relevant information is required to be specifically approved in accordance with rule 2.8 of the Procurement Rules:

Relevant information	Information/section in report
1 Nature of the service	SIP rental & telephony software and hardware support and maintenance See paragraph 4.1
2 Estimated value	The estimated value per year from year two is £172,974.00 for support The year estimated year one value is £274,974 for support. The three year value for SIP is £91,215. (total value for a 36-month term £712,137). See paragraph 4.2
3 Timetable	July 2019 – Direct award process commences contract. Contract start date 01/10/19 See paragraph 4.3
4 Options appraisal for tender procedure including consideration of collaboration opportunities	Recommendation to procure and award via Crown Commercial Service 'Network Services' framework agreement See paragraph 4.4
5 Consideration of: Social benefit clauses; London Living Wage; Best value; TUPE, pensions and other staffing implications	London Living Wage is likely to apply. TUPE does not apply See paragraph 4.5
6 Award criteria	Recommendation for direct award to supplier via catalogue call-off from Crown Commercial Services 'Network Services' framework agreement.

	See paragraph 4.6
7 Any business risks associated with entering the contract	Minimal business risks as the recommended course of action is likely to ensure continuation of service. See paragraph 4.7
8 Any other relevant financial, legal or other considerations.	Not Applicable

5. Implications

5.1 Financial implications:

The budget for this contract is part of the overall IT base budget. Re-procurement of the contract is expected to yield savings of £204k over three years to be achieved equally (at £102k each) in years 2 and 3.

No additional resources are required and the cost will therefore be contained within the existing budget. No further costs are expected and should they arise they will need to be met from the IT budget.

5.2 Legal Implications:

The council has power to maintain and support its telephony systems which enable its staff to carry out the council's statutory functions (section 111 of the Local Government Act 1972 together with the relevant statutory functions). Accordingly, the council may enter into a contract with the successful service provider to maintain and support the telephony systems (section 1 of the Local Government (Contracts) Act 1997)

The contract is a public services contract. The threshold for application of the Public Contracts Regulations 2015 (the Regulations) is currently £181,302 for services contracts. Contracts above this threshold must be procured with advertisement in the Official Journal of the European Union and with full compliance of the Regulations. The Council's Procurement Rules also require contracts over the value of £164,176.00 to be subject to competitive tender.

The contract has been procured by way of direct call off from the Crown Commercial Service 'Network Services' framework agreement(RM1045) which provides customers with access to networks and telecommunications services Network Services framework agreement. The Crown Commercial Service framework was procured in compliance with the Public Contracts Regulations 2015 and OJEU advertisement. The framework agreement is available to all local authorities and has been accessed by the Council for the supply of the telephony maintenance and support services and a contract may be awarded to Adept Technology Group plc provided the decision maker is satisfied that the price represents for value.

The value of the procurement over 3 years is £712,137 revenue. The Corporate Director's delegated level for contracts funded from revenue is £2m (Procurement Rules para 18.1.1) and therefore the decision to award the decision to award the contract may be taken under his delegated authority.

5.3 Environmental Implications

Use of the council's existing data infrastructure for the purpose of telephony, as opposed to the installation of further traditional copper telephony cabling underground, enables the environmental impact to be lessened.

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