

Islington Digital Services
7 Newington Barrow Way
N7 7EP

Report of: Corporate Director of Resources

Date: 21 March 2023

Ward(s): All

Appendix 2 to this report is not for publication

Subject: Procurement Strategy and Contract award for third-party hosted telephony

1. Synopsis

- 1.1. This report seeks approval for the procurement strategy and contract award to migrate the on-premises telephony platform into a cloud solution to ensure that a continued resilient telephony service can be provided.
- 1.2. The council's existing on-premises telephony platform needs to be moved out of its current location to support outlined plans of the FutureWork programme that mitigate against the overall energy consumption in the building where the on-premises servers are currently located.

2. Recommendations

- 2.1. To agree the procurement strategy for the migration of the on-premises telephony platform into the cloud solution as outlined in this report and award a contract to AdEPT Technology Group via a direct call-off pursuant to the Yorkshire Purchasing Organisation (YPO) Network Connectivity and Telecommunications Solutions Framework Reference 976 – Lot 6 Communications Services for the duration of 24 months with an option to extend for an additional 12 months.

3. Date the decision is to be taken

- 3.1. 30 March 2023

4. Background

4.1. Nature of the service

- 4.1.1. Islington Digital Services (IDS) currently provide datacentre resilience for the council's on-premises telephony including call centre and internet services from a secondary hosted datacentre.
- 4.1.2. The datacentres currently in use are hosted in a traditional on-premises setup, with high energy consumption and require additional support systems such as air-conditioning to properly function. As part of the Digital Services Enterprise Plan October 2022 update, it was highlighted these datacentres required significant ongoing investment by the council to refresh and keep current.
- 4.1.3. Additionally, the IDS Technology Roadmap outlined the strategy to prioritise exiting the primary datacentre and in response IDS submitted a business case in 2021/22 proposing that the council moves to a cloud-based infrastructure over a three-year period.
- 4.1.4. The intent was to retain one datacentre for telephony and network resilience and extend existing contracts to maximise benefit by extending the lifecycle of existing hardware and network assets for cost avoidance.
- 4.1.5. The FutureWork programme has subsequently identified that the datacentre for telephony and resilience should adopt a new resilience strategy from a third party hosted service to reduce the council's energy bills. This has resulted in IDS developing a revised approach for the datacentre exit programme; one of the significant benefits is reduction in our datacentre energy consumption and a significant contribution to the Council's aim to become carbon neutral by 2030.
- 4.1.6. Discovery work has been carried out on the existing telephony platform to look at the capability of the contact centre solution and this has confirmed that the current contact centre product cannot provide the solution that Islington requires to deliver a high-quality resident experience. The back-office telephony solution (user telephone extensions, softphones etc) was found to be adequate for the council's purposes.
- 4.1.7. A proposal was endorsed at the Resident Experience Board held on 2 February 2023 to procure an omnichannel contact centre solution that uses hosted, cloud-based contact centre software to handle interactions with customers from multiple channels in a way that allows customers to seamlessly switch back and forth across channels.

- 4.1.8. Furthermore, the proposal is to migrate the existing telephony platform into the cloud and that the existing contact centre will remain on this platform for six months to allow time to select, procure and migrate to the new solution.
- 4.1.9. Back-office telephony will continue to be provided via the existing telephony solution for three-years, but it will be hosted from within the cloud.
- 4.1.10. To enable the delivery of FutureWork savings the migration to the cloud must be complete by the end of August 2023.

4.2. Estimated value

- 4.2.1. The estimated third-party costs for implementing and hosting a cloud-based telephony solution for 4500 users over a three-year period is set out below.

	Year 1	Year 2	Year 3	Total
Implementation Costs (one off)	£63K			
New infrastructure support costs	£127K	£127K	£127K	
Telephony support costs	£160K	£160K	£160K	
Total supplier costs	£350K	£287K	£287K	£924K

- 4.2.2. The contract term for this procurement strategy will be 24 months with an option for a further 12 months extension with a total estimated contract value of £924,000.
- 4.2.3. There are significant FutureWork savings which this work enables however, the direct savings brought about by decommissioning on-premises IT infrastructure is not possible to calculate. This is because the on-premises telephony servers are hosted on shared IT infrastructure which supports other non-telephony services which need to remain in place until they too are migrated into the cloud.

4.3. Timetable

- 4.3.1. The following timescales have been approved by the Resident Experience board which is made up of senior representatives from every council directorate including Access Islington, Housing and Islington Digital Services.

Task	Date
Issue and evaluate Direct Award via YPO Network Connectivity and Telecommunication Solutions – 976 Framework Lot 6	February 2023
Key decision date	23 March 2023
Contract award	April 2023

System Build	May 2023
System Testing	June 2023
System Live	July 2023

4.4. **Options appraisal**

4.4.1. A range of procurement options have been considered including, insourcing, framework purchasing, shared service arrangements, full market procurement and collaboration.

4.4.2. **Option 1 Insourcing**

This option proposes keeping the telephony solution on-premises by building an entirely new datacentre capability at another council office to provide resilience for telephony, contact centre and internet connectivity. The on-premises datacentre would have to remain in place to support retained infrastructure. This would result in not being able to contribute towards the 2030 carbon neutral objectives for IDS. Furthermore, IDS would not make the full benefits of moving to cloud-based technologies which is a major part of the IDS strategy to reduce on-premises dependencies.

4.4.3. **Option 2 – Framework Procurement**

The recommended route to market is to enter a call-off contract via a direct award pursuant to YPO framework agreement Network Connectivity and Telecommunication Solutions – 976 Framework Lot 6. This option provides a compliant and a quicker route to market than option 3. Other frameworks have been considered but not taken forward for recommendation.

4.4.4. **Option 3 – Full market procurement**

Procuring a cloud-hosting supplier for our existing telephony platform via a full market procurement will not support the timescales outlined in this report. The process, if followed could take up to 12 months which would leave the council with an unsupported telephony platform.

4.4.5. **Option 4 - Collaboration with other authorities**

Collaboration with other authorities has been considered. However, as the proposed solution is to migrate existing legacy services into the cloud there are no benefits to be gained in sharing a solution with another partner.

4.5. **Key Considerations**

4.5.1. Considerations around social value, London Living Wage and TUPE have been considered as part of this strategy.

4.5.2. Delivering a contribution to the council's social value objectives is a key element of this procurement strategy and contract award. The supplier will be asked to demonstrate their contribution over the duration of the contract to economic, environmental, and social benefits.

4.5.3. The YPO Network Connectivity and Telecommunication Solutions – 976 Lot 6 framework agreement provides sufficient flexibility to ensure that any call-off contract will address the following social value commitments:

- What social value benefits will the supplier deliver within London Borough of Islington e.g., contribution of expert volunteering hours and or expert business advice.
- What social value benefits will the supplier contribute to London Borough of Islington e.g., contribution to the Council's net zero ambition, use of renewable energy: support to local small and microbusinesses within as part of their supply chain
- How will their Digital Platform support social value within London Borough of Islington e.g., participation in the Council's 100 Hours of the World of Work Programme.
- How will the supplier contribute towards digital inclusion within the London Borough of Islington for our residents and businesses e.g., offering digital development and skills opportunities, better connectivity, and greater accessibility to meet service user needs including those dependent on assistive technology to access digital services.
- What social value donations can be delivered by the supplier for this contract e.g., equipment or resources donated to VCSEs (Voluntary, Community and Social Enterprise) and or donations or in-kind contributions to local community projects.

4.5.4. A commitment by the successful provider to pay at least the London or National Living Wage will be a requirement of the final contract agreement.

4.5.5. There are no TUPE, pensions or staffing implications associated with this procurement.

4.6. **Evaluation**

4.6.1. A set of scoring and the evaluation criteria below were developed to ensure the selected supplier could meet all the requirements.

- Cost – 40%
- Implementation – 20%
- Support – 20%
- Social Value – 20%

- 4.6.2. The procurement exercise was commenced by utilising the Yorkshire Purchasing Organisation (YPO) for Network Connectivity and Telecommunications Solutions Framework Reference 976 – Lot 6 Communications Services.
- 4.6.3. In accordance with the framework agreement guidance the direct award process was permissible for use as the council could demonstrate that the supplier recommended for direct award offers the most economically advantageous solution which was based on price and quality. A direct award was best suited to this procurement because of:
- Continuity to existing services
 - Urgent/one off requirement
 - Retaining the existing services that provide best value
- 4.6.4. The first step of the direct award process was to establish our requirements that covered a clear understanding of the specific services required for the call-off agreement.
- 4.6.5. As part of the evaluation the service requirements (20) in total were scored that where related to individual award criterion those sub requirements were then incorporated into the award criteria matrix.
- 4.6.6. The Suppliers proposal was evaluated by three panel members individually and then moderated to achieve the final score. The final scores of the evaluation based on price, implementation, support, and social value were as follows and carried the following weighting:
- Cost – 38.95%
 - Implementation – 16%
 - Support – 20%
 - Social Value – 16%

Total Score **90.95%**

4.7. **Added Social Value**

- 4.7.1. The service offered by AdePT Technology Group meets all the functional and non-functional requirements, AdEPT are a Living Wage employer who pay 100% of their staff at least the Real Living Wage.
- 4.7.2. To support skills and employment opportunities within the London Borough of Islington, AdEPT will commit to apprenticeships within the Islington community, providing training and employment for young people. AdEPT will commit Six

Career development days within the Islington area and will work with the Council to agree the content and timing of these and who would best benefit.

- 4.7.3. AdEPT have already committed to sponsor the recently re-instated Civic and Ben Kinsella Awards Scheme, and as part of their direct award proposal will offer the services of an established Chair of Governors to come and help and peer review a struggling governing body within the Islington area. AdEPT have committed to 20 hours, which can be structured as 10 standard body meetings, 2 hours every term.
- 4.7.4. AdEPT will commit to reducing energy consumption in relation to the delivery of this contract. AdEPT will Submit and publish their Carbon Reduction Plan and openly pledge to halve emissions by 2030 and achieve net zero by 2050, annually reporting on progress
- 4.7.5. AdEPT will aim to reduce the amount of waste associated with the delivery of this contract including paper, packaging, computer supplies and redundant equipment. Wherever possible AdEPT will ensure that waste materials are disposed of in an environmentally safe manner and in accordance with regulations and will encourage the re-use of discontinued/broken equipment by handing these to an accredited recycling company.
- 4.7.6. AdEPT will focus on tree planting in the Islington area through sponsorship of new trees. Using corporate sponsorship to help pay for a semi-mature 'instant-impact' trees to be planted, watered, and maintained. They will aim to work with several organisations such as Trees for Streets/Green Blue Urban to have business-sponsored trees planted into parts of the borough.
- 4.7.7. AdEPT are committed to tackling inequality in the workforce and promoting a positive attitude to diversity and respecting the human rights of their staff, customers, and partners. They operate an equal opportunities policy for all present and potential future employees and offer employees clear and fair terms of employment and provide resources for their continual development. They also maintain a transparent and fair employee remuneration policy and communicate as clearly and openly as possible

4.8. **Business risks**

4.8.1. The business risks and mitigating actions are listed in the table below.

Risk Description	Mitigation
Loss of service due to transition	<ul style="list-style-type: none"> • Ensure cutover is carried out in a phased approach and is carefully planned to minimise the impact.

The cutover from the on-premises system to the cloud system may result in some loss of service.	<ul style="list-style-type: none"> • Ensure thorough system testing is carried out prior to cutover
<p>Service capacity to support transition</p> <p>Due to the ambitious project timescales, service representatives may be divided over conflicting priorities.</p>	<ul style="list-style-type: none"> • Clear responsibilities and timescales set out from project onset to allow selection of appropriate staff. • Range of service representatives selected to join project to allow cover when required
<p>Hosted telephony migration not fully aligning with Futurework programme</p> <p>If timelines for Futureworks and hosted telephony do not align this could lead to delays in Futurework programme or loss of telephony resilience.</p>	<ul style="list-style-type: none"> • Dependencies and project timelines to be clearly communicated at the outset. • Phased approach to the delivery will ensure the resilient element is delivered first therefore allowing Futurework to proceed with energy saving work.
<p>Change management / operational readiness</p> <p>A lack of change control could result in technical issues and incidents. If operational roles and responsibilities are not clear once the system has been migrated this could lead to operational issues.</p>	<ul style="list-style-type: none"> • Roles and responsibilities both during the project and for the new operational model on completion of the project will be defined at the outset. • IDS change management governance will be strictly adhered to.

4.9. 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 complete an 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.

4.10.

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	In order to realise Futurework savings there is a requirement to accelerate the data-centre exit

	<p>and migrate the on-premises telephony platform into the cloud. See paragraph 4.1</p>
2. Estimated value	<p>The agreement is proposed to run for a period of two years with an optional extension of one year. See paragraph 4.2</p>
3. Timetable	<ul style="list-style-type: none"> • Issue Direct Award via YPO framework • Key Decision • Award • System Build • Test • Live <p>See paragraph 4.3</p>
4. Options appraisal for tender procedure including consideration of collaboration opportunities	<p>The recommended route to market is to enter a call-off contract via a direct award pursuant to YPO framework agreement Network Connectivity and Telecommunication Solutions – 976 Framework Lot 6. See paragraph 4.4</p>
<p>5. Consideration of:</p> <ul style="list-style-type: none"> • Social benefit clauses; • London Living Wage; • Best value; • TUPE, pensions and other staffing implications 	<p>Considerations around social value, London Living Wage and TUPE have been considered as part of this strategy. See paragraph 4.5</p> <p>Social value commitments from the chosen supplier are set out in 4.7</p>
6. Award criteria	<p>The award criteria was based on</p> <ul style="list-style-type: none"> • Cost – 40% • Implementation – 20% • Support – 20% • Social Value – 20% <p>A score of 90.95% has been calculated through evaluation of the direct award proposal. See paragraph 4.6</p>
7. Any business risks associated with entering the contract	<p>The business risks and mitigating actions are detailed within the report</p>

	See paragraph 4.8
8. Any other relevant financial, legal or other considerations.	See paragraph 5

5. Implications

5.1. Financial Implications

- 5.1.1. The report states that Year 1 (2023/24) of the procurement can be funded from reserves to allow for a period of stabilisation and the considered decommissioning of existing facilities. The ongoing net cost will need to be factored into the Council's budget from 2024/25 onwards.
- 5.1.2. Telephony support costs are the existing software assurance costs to provide 4500 user extensions. Before the migration takes place, an exercise will be carried out to identify un-used extensions which will then be removed from the system and will reduce this cost.

5.2. Legal Implications

- 5.2.1. This report seeks pre-tender approval for the procurement and contract award to AdEPT Technology Group for a duration of 24 months with an option to extend for 12 months.
- 5.2.2. The council has power to enter into the proposed contracts under section 1 of the Local Government (Contracts) Act 1997.
- 5.2.3. The Local Government Act 1999, requires the council to make arrangements to achieve Best Value in the exercise of its functions when considering a service provision, which includes services detailed in the body of the report.
- 5.2.4. The estimated total value of the 24-month contract with 12-month extension is £924,000. Service contracts over the financial threshold of £231, 477 (including VAT) need to comply with the Public Contracts Regulations 2015 (PCR). Compliance with the PCR is met under regulation 33 by utilising an existing framework which is accessible to the council. It is stated in the body of the report that the Yorkshire Purchasing Organisation (YPO) Framework was used.

Compliance with the PCR is also met by the council selecting a supplier from a framework established under regulation 33 of the PCR provided the services required are within the scope of the framework and the framework has not expired. In selecting a supplier, the council must comply with the award processes set out in regulation 33 PCR whereby awards can be made by direct award, mini competition or both, the terms of the framework will set out which procedure is applicable. It is stated in the body of the report that under the YPO framework guidance direct award was permissible. Following the completion of the evaluation exercise, the contract was awarded to AdEPT Technology Group.

- 5.2.5. The procurement must also comply with the councils Procurement Rules. The use of a framework to procure goods, services and supplies is permitted under Rule 1.7.
- 5.2.6. Under Procurement Rule 18, Corporate Directors have the power to procure and award the contracts using revenue spend of up to £2,000,000.
- 5.2.7. The decision maker can approve the recommendations provided they are satisfied with the contents of the report and the recommendations represents best value for the council.

5.3. **Environmental Implications and contribution to achieving a net zero carbon Islington by 2030**

- 5.3.1. Successful migration of the on-premises telephony platform into the cloud is a major contributor towards delivering LBI's 2030 carbon neutral ambitions as this will remove any dependence on-premises IT infrastructure together with the associated savings in terms of power consumption, space, and third-party maintenance support.

5.4. **Equalities Impact Assessment**

- 5.4.1. The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.

5.4.2. An Equalities Impact Assessment was completed on 15 February 2023. The main findings are that the equality impacts stemming from this proposal have been considered, with mitigations being identified. It should be noted that due to the proposal being both high scope and high cost, it may become necessary to conduct an EQIA at a later date if any other impacts come to light during the implementation stage of this proposal. The full Equalities Impact Assessment is appended.

6. Conclusion and reasons for the decision

6.1. The recommendation is to approve the procurement strategy and contract award to AdEPT Technology Group via direct call-off pursuant to Yorkshire Purchasing Organisation (YPO) for Network Connectivity and Telecommunications Solutions Framework Reference 976 – Lot 6 Communications Services.

7. Record of the decision

7.1. I have today decided to take the decision set out in section 2 of this report for the reasons set out above.

Authorised by:

Corporate Director of Resources

Date: 31 March 2023

Appendices:

Appendix 1 - Equalities Impact Assessment

Appendix 2 – Summary of award costs (exempt from publication)

Background papers:

- None

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