

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	15 March 2012
DIRECTOR	Stewart Carruth
TITLE OF REPORT	Corporate Mobile Telephony Contract
REPORT NUMBER:	CG/12/042

1. PURPOSE OF REPORT

This report seeks the approval of the Committee to allow for an extension to the call-off contract under the existing framework agreement for mobile telecom devices with Vodafone.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- (i) Approve an extension to the call-off contract under the existing framework agreement for mobile telecom devices with Vodafone for a period of 28 months in order to secure savings of up to £150,000 pa.

3. FINANCIAL IMPLICATIONS

The current Council annual spend on Mobile Phones, Voice and Data devices, ranges from approximately £320,000 to £360,000. This annual spend consists of both line rental charges and voice/data tariffs. The costs are pro-rated from service revenue budgets and managed by the Council's ICT service through a central telecoms budget. By extending the contract with Vodafone, annual spend for financial year 2012/2013 could be reduced to deliver a saving of up to £150,000 through the migration of lines onto a new tariff. Under the new Vodafone "freedom tariff", for example, savings would be based upon all Council mobile calls, within the UK, being provided free of charge.

Spend variables include potential growth in the overall number of lines within the Council's mobile estate over the next two years and potential upgrades from Voice to Data devices. However, with current tight budgetary settlements the number of lines within the estate is unlikely to expand by any more than the 3% to 5% incurred within recent years.

4. OTHER IMPLICATIONS

Any new lines initiated beyond the first four to five months of the proposed new contract period would incur new commitments that would remain part outstanding at the end of the 28 month period. This would have to be carefully managed so any outstanding liabilities would be limited at the point of re-tender.

Should the Vodafone "freedom tariff" be adopted then supporting arrangements would need to be put in place to bar any potential premium rate and International calls. Pricing for the Council's existing lines estate would be fixed during the proposed 28 month contract period.

Contract re-sign options from Vodafone are available on the existing national mobiles framework. No new terms and conditions are required.

5. BACKGROUND/MAIN ISSUES

The Council's current Mobile Phones estate, both Voice and Data devices, are currently provided by Vodafone on the Office of Government Commerce (OGC) "Buying Solutions" Mobiles framework. The current mobiles framework contract is due to end on 1 July 2012 and be replaced by a newly tendered government framework agreement. Each public sector authority buying from the mobiles framework has the option to invite further competition from the suppliers that have been successful in winning a place on the framework. Direct award to one of the framework suppliers is also a compliant option where there is a valid supporting business case.

The Council's mobiles estate currently totals 3065 lines including Blackberry and ruggedized devices for craft operatives. Current lines are taken on a minimum two year industry standard commitment with major variations in both the start and end dates. Current lines are not "co-terminus" ie the contractual commitments end on different dates. At April 2012 one third of the Council's lines will still have variable commitment periods to run with Vodafone. The existing Council termination commitments to Vodafone currently total £187,000. This total comprises approximately 70% for outstanding line rental commitments and 30% for outstanding equipment credits.

Should the Council opt to run a further competition between the mobiles framework suppliers, within the first half of financial year 2012/2013, then total termination costs, similar to the above figure, would remain outstanding in the event of a full lines migration to a new mobiles supplier.

An alternative, more advantageous option, which the Council has the option of is to renew the full existing Council lines estate with Vodafone on a "co-terminus" contract arrangement, with all lines ending on a

single date in 28 months time. A future competitive process could then be scheduled to be undertaken and completed prior to the “co-terminus” end date. The minimum “co-terminus” contract available to the Council would be for a new 28 month period which would commence 1 April 2012 and complete mid 2014.

It is highly unlikely that any alternative supplier, on the national framework, would be able to offer a proposal that could compete with delivering an annual savings figure of up to £150,000 pa whilst also incurring outstanding charges of £187,000, when the overall annual costs are between £ 320,000 and £ 360,000.

This level of saving will not be available from Vodafone on any subsequent framework agreement within the next 28 months.

6. IMPACT

The following outcome derived from the SOA is relevant:

National Outcome 15: Our public services are high quality, continually improving, efficient and responsive to local people’s needs.

Public – no anticipated interest from the public.

7. BACKGROUND PAPERS

N/A

8. REPORT AUTHOR DETAILS

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