

## ABERDEEN CITY COUNCIL

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| COMMITTEE       | Finance, Policy & Resources      |
| DATE            | 20 February 2014                 |
| DIRECTOR        | Angela Scott                     |
| TITLE OF REPORT | Fixed Lines and Mobile Telephony |
| REPORT NUMBER:  | CG/14/023                        |

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### 1. PURPOSE OF REPORT

This report seeks the approval of the Committee to procure fixed lines and mobile telephony services through a Government framework agreement.

### 2. RECOMMENDATION(S)

It is recommended that the Committee:

Approve the use of an appropriate framework agreement to procure fixed line and mobile telephony services and the entering into of a contract (or contracts) for a 2 year period (with the option to extend for two further periods of one year each, meaning that the maximum possible duration is 4 years), the particular framework agreement to be selected by the Director of Corporate Governance following consultation with the Council's ICT, Procurement and Legal teams.

Approve the total estimated expenditure of £4,500,000 in respect of the entering into of the said proposed contract or contracts.

Grant exemption from any of the Council's "Standing Orders relating to Contracts and Procurement" form which exemption is required in order to allow the said proposed contract or contracts to be entered into, including SO 11 (Corrupt or Illegal Practices), 13 (Insurances) and 26(3) (Freedom of Information) which require that specific clauses relating to those matters be included in Council contracts.

### 3. FINANCIAL IMPLICATIONS

The Council's spend on fixed line rental and call charges and mobile telephony device purchase, rental and call charges for the past 3 years are highlighted in the following table. The costs are pro-rated from

service revenue budgets and managed by the Council's ICT service through a central telecoms budget.

| Year  | O2 Onebill Spend | BT Onebill Spend | Mobile Telephony Call/Rental and one-off costs for devices |
|---|------------------|------------------|--|
| 2010/11   | None             | £733,269         | £457,807   |
| 2011/12   | £356,568         | £209,682         | £363,965   |
| 2012/13   | £356,702         | £305,275         | £457,229   |
| 2013/14<br>(projected spend based on actuals to P9) | £360,000         | £274,000         | £386,400   |

While there has been a gradual decrease in the use of fixed lines for telephony services, as smaller offices are amalgamated or closed, there has been an increasing use of mobile devices to provide effective services to employees to meet their service needs. It is anticipated that this rise in the use of mobile devices will continue for the foreseeable future through maximizing potential for employees to work at locations other than a fixed office.

Transition of services from one supplier to another may incur a termination fee. Potential termination fees for mobile telephony services have been reserved.

#### 4. OTHER IMPLICATIONS

The Council contracted with O2 through a Procurement Scotland Framework Agreement for fixed line circuits in 2011. This contract expires on 31 March 2014.

The Council continues to have individual fixed lines with BT and other providers related to specific technical services.

The Council contracted with Vodafone through an OGC Framework Agreement for mobile telephony and the current contract extension expires on 30 June 2014.

Over the past few years, the telephony marketplace has changed significantly and most of the major providers carry both fixed line and mobile telephony. It is believed that there are further savings to be found if a tender was issued covering both services.

Any procurement should be carried out through a Framework Agreement which includes incumbent contract providers, as well as alternative suppliers.

It is likely that any relevant framework agreement or call-off contract will not contain clauses which comply exactly with the requirements of Standing Orders 11 (Corrupt or illegal Practices), 13 (Insurances) and 26(3) (Freedom of Information). Exemption from those Standing Orders (and any others from which exemption may prove necessary) is therefore sought. The absence of the clauses required by those Standing Orders is not considered to be a significant risk in this instance.

## 5. BACKGROUND/MAIN ISSUES

The Council's current fixed line estate is made up of 1002 lines through O2, and 524 lines through other providers. Fixed lines are generally voice or alarm services but around 10% of lines are also used to carry data services, such as broadband.

The current fixed line service contract was procured through a Scottish Procurement Framework in 2009/10 and awarded to O2 with a start date of 1<sup>st</sup> April 2011 for 2 years. The contract was extended under the terms of the contract for a further year until 31 March 2014. While the majority of Council advertised telephone numbers are provisioned through this contract, e.g. 522000, during contract transition, a number of fixed lines were found not to be able to be transitioned to the new contract due to the specific services running on these lines – for example Redcare Alarm lines which require a BT fixed line. Any such lines remained with their initial service provider and are renewed on an annual basis dependent on service requirements.

The Council's current mobile estate is made up of approx. 3600 mobile devices, including standard mobile phones which only carry voice and text messaging services and Blackberry, Smartphones and increasingly tablet devices which incorporate data carrying services for access to email, internet and Council web services through a virtual private network.

The Council's current call-off contract for mobile devices is with Vodafone. The OGC Framework call-off contract was extended in 2012 for a 28 month period until 30 June 2014. Under the terms of the call-off contract a device is taken out for a 2 year period from the date of its delivery to Aberdeen City Council. At the end of the two year period, the Council can choose to retain the device out of contract and continue to pay rental and call/data charges to Vodafone for the duration of the overall contract. Any devices added to the call-off contract since 1<sup>st</sup> August 2012 will have a termination fee equivalent to the rental charge for the number of months remaining on its individual 2 year rental contract beyond June 2014; i.e. a mobile phone added on 1 August 2012 will have a termination fee equivalent to one month rental while a mobile phone added on 1 February 2014 will have a termination fee equivalent to 19 months rental. The total estimated termination fee in respect of the current mobile estate is £41K. In order to reduce potential termination fees, the ICT Service have

attempted to re-use mobile connections (numbers) when a member of staff returns a mobile device. This has had mixed success as the customer experience of using a number that someone else has previously had can bring with it unwanted calls, and also has a high administration overhead. In preparation for any potential termination fee, the Council has reserved £10 for every mobile device purchased since June 2014. The current value of this reserve fund is £8,200.

While in the past it has operationally been more effective to have separate contracts for fixed lines and mobile telephony services, due to the significant increase in the number of data carrying mobile devices in the past 2 years it is believed that there is merit in exploring the marketplace to determine whether it is feasible to procure both fixed line and mobile telephony services from a single supplier. There are currently three one-bills from O2, BT and Vodafone each with a different format. There are currently the equivalent of 3 fte members of staff across the Council (ICT, Finance and Directorate Support teams) required to administer the fixed line/mobile device ordering process, process the three one-bill invoices and administer the call charges back to the relevant service area e.g. for Elected Members budgets. A single supplier would mean that this administration would be more efficient and allow the individuals involved in this process to spend more time on their other duties.

There are a number of different Frameworks, including the PSN Framework which would potentially allow the Council to tender in 2 lots for fixed line and mobile services and either award one contract covering both lots or separate contracts for each lot depending on what offers best value to the Council.

## 6. IMPACT

Aberdeen City Council's Five Year Business Plan 2013/14- 2017/18  
Delivering our strategic priorities  
We will make best use of the financial resources available to us,  
ensuring best value for the public purse

Corporate Governance Business Plan 2013/14- 2017/18  
Citywide network improvements:  
We will improve performance and resilience of the ICT network  
across the city to ensure that it aligns with the business requirements  
and expectations.

Public – no anticipated interest from the general public.

## 7. MANAGEMENT OF RISK

In making use of any framework, the Council would require to comply with its terms in order to reduce the risk of legal challenge. Legal Services will be consulted in this regard.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

Sandra Massey, IT Manager [smassey@aberdeencity.gov.uk](mailto:smassey@aberdeencity.gov.uk)