

Approval to early terminate our current call-off contract for Mobile Voice and Data Services and enter a replacement direct award call-off contract via the CCS Framework RM6261.

Date: 27/09/2024

Report of: User Experience Manager

Report to: Assistant Chief Executive (People, Digital and Change)

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

Brief summary

The purpose of this report is to seek approval to facilitate an early termination of our current contract with Virgin Media Business Limited (VMB) dated 13th June 2022 – 12th June 2025 for Mobile Voice and Data Services appointed under Crown Commercial Services (CCS) Framework RM3808 (Network Services 2, Lot 6), and subsequently enter a new direct award call-off contract with VMB via the alternative CCS Framework RM6261 (Mobile Voice and Data Services Lot 1).

The reason for the decision is to facilitate a significant saving and obtain better value for the Council through the CCS Framework RM6261. This approach is being proposed in full consultation and support of the supplier and Crown Commercial Services (CCS) the Framework provider.

Benchmarking of the tariffs on the new Framework has identified VMB as the most competitive offer for our requirements.

Early exit of this contract and moving to the new contract would generate a saving of approximately £14,825.10 (Monthly), £177,901.20 (annually), and £533,703.60 over a three-year term for the Council.

The new contract with VMB would commence on the 9th October 2024 for a contractual term of 36 months, plus two optional extensions of 12 months, ensuring that the termination of the current contract was simultaneously effected, to avoid any duplication of charges for the Council.

Recommendations

The Assistant Chief Executive (People, Digital and Change) is recommended to:

- a) Approve the early termination of our current call-off contract with Virgin Media Business Limited (VMB) by mutual agreement under Crown Commercial Services (CCS) Framework RM3808 (Network Services – Lot 2). Current annual costs are approximately £318,338.40.
- b) Approve the award of a call-off contract to VMB under the CCS Framework RM6261 Lot 1 (Mobile Voice and Data Services) for a term of 36 months, plus two optional extensions of 12 months, for provision of Mobile Voice and Data Services, devices, technical, professional and managed services together with related/ancillary items. The contract will commence on the 9th October 2024.
- c) Note that the award of the call-off contract has been processed as a direct award under the framework conducted in line with the relevant framework terms.
- d) Note that the proposed value of the agreement is approximately £140,437.20 (annual), £702,186 (Whole term including extensions).
- e) The decision to award this contract is being taken on the grounds of obtaining best value or the Council.
- f) Note that the direct saving this year from termination of the existing contract is approximately £14,825.10 (monthly) and £177,901.20 (Annual), with a total comparative saving of £533,703.60 over the initial 3-year term of the agreement.

	Monthly	Annual	3 Year Term	Inc Extensions (To 5 years)
Current	£26,528.20	£318,338.40	£955,015.20	N/A
New Contract	£11,703.10	£140,437.20	£421,311.60	£702,186
Saving	£14,825.10	£177,901.20	£533,703.60	N/A

What is this report about?

- 1 The Council's current contract (ITS300417 / 48623) with VMB for the provision of mobile voice and data services ends on 12th June 2025. The current call-off contract with VMB was procured via the CCS Framework RM3808 (Network Services 2. Lot 6).
- 2 As part of an internal price benchmarking exercise, we identified that the Council would benefit from significantly reduced pricing if we contracted for the same services under CCS Framework RM6261 Lot 1 (Mobile Voice and Data Services). The analysis revealed that we could access around 32% savings on our voice tariff and 45% savings on our data bundle.
- 3 Following the price analysis, we completed a benchmark of VMB with the suppliers across the two frameworks to establish if they were the best value on RM6261. VMB ranked first place for pricing out of the 4 suppliers on the Lot, 20% cheaper than supplier ranked fourth and 9.6% cheaper than the second ranked pricing.
- 4 The Council's current contract covers use of approx. 15,000 connections split between 7,500 on All-inclusive voice and 7,500 on Pay as you use (PAYU) call costs, Aggregated data bundle based on current 10.5Tb of shared data, 1,000 security licenses for lending library iPads. Spend against the current mobile voice and data services contract, is in the region of £318,338.40.
- 5 As well as taking advantage of the new tariff under RM6261, we have also worked with VMB to determine what the optimal connection estate mix should be and what the best value data bundle size should be. We reviewed our current estate and made changes to facilitate further savings.
- 6 It is anticipated that by facilitating a move from the current contract to the new one will generate significant direct cost savings of £14,825.10 (monthly) and £177,901.20 (Annual), with a total comparative saving of £533,703.60 over the initial 3-year term of the agreement.

- 7 This approach has been done in full consultation with VMB and we are in mutual agreement to terminate the current contract early and recognise that Appendix 1 should be designated exempt from publications in accordance with Access to Information Procedure Rule 10.4(3). The termination of the existing contract will be addressed as a line item in the new Call-Off.
- 8 Consultation has taken place with CCS, and they are in support of the approach and have confirmed that this is possible by mutual agreement, other local authorities are also taking advantage of the better pricing using the same approach.
- 9 The contract to be awarded will be for a period of 36 months, with two optional 12-month extensions. It is anticipated that the award of a new contract will have a total value in the region of £702,186 (If all available extensions are utilised).
- 10 Following a benchmark of prices on Framework RM6261 the decision maker should be satisfied that we are getting best value for the Council by entering this new call-off.

What impact will this proposal have?

- 11 Approval to award this contract will allow LCC to access our Mobile Voice and Data Services at a more competitive price, making significant savings to the Council.
- 12 Facilitation of this contract move will allow business continuity of critical services for teams to deliver services to the public.

How does this proposal impact the three pillars of the Best City Ambition?

Health and Wellbeing Inclusive Growth Zero Carbon

- 13 The solution facilitates digital working, removing the need for paper-based systems
- 14 The contract awarded because of this procurement exercise will contribute to the city's and council's ambitions by strengthening digital and data infrastructure.

What consultation and engagement has taken place?

Wards affected:

Have ward members been consulted? Yes No

- 15 No wards will be affected by this proposal.

What are the resource implications?

- 16 This is a continuation of an existing service, meaning there is no impact on resource.

What are the key risks and how are they being managed?

- 17 Any risks which are highlighted during the term of the contract will be managed and mitigated through regular account management/supplier review meetings.

What are the legal implications?

- 18 There are two main considerations for Legal here: The first is affecting early termination of the existing contract with VMB and the second is entering into a new direct award call-off contract

with VMB for mobile voice and data services, without a loss of service at any time for the Council.

- 19 It is the recommendation of Legal, that a mutual termination clause is agreed with VMB in writing, prior to entering the new direct award call-off contract with VMB.
- 20 The information in Appendix 1 of this report has been identified as exempt/confidential under the Access to Information Rules 10.4(3). The public interest in maintaining the exemption in relation to the confidential appendices outweighs the public interest in disclosing the information and financial details which, if disclosed would adversely affect the business of the Council and the business affairs of a number of individual companies.
- 21 Approval to carry out the new procurement exercise at the value indicated in this report is to be determined as a Key Decision and as such, is open for call-in.
- 22 The procurement process, award and proposed contract have been undertaken in line with the Council's Contract Procedure Rules (CPR) and Public Contract Regulations (PCR) 2015 to ensure fairness, transparency, and the achievement of value for money.
- 23 Consultation of CPR 3.1.5 has been given, as it is already stated within this report, that the purpose of the contract award is to achieve substantial yearly savings for the Council within the mobile voice and data services contract.
- 24 With reference to CPR 3.1.6, it is acknowledged that the YORhub suite of frameworks did not provide an appropriate solution for this particular works contract. The proposed framework provider, CCS, is a pre-approved third-party framework for the purposes of CPR 12.3.2 and as such, CPR 12.1 and CPR 12.2 can be disregarded at this time.
- 25 Under the CCS RM6261 Framework a direct award to a registered supplier is permitted.
- 26 The decision to make a direct award via the CCS RM6261 Framework to VMB for Mobile Voice and Data Services is a High Value Procurement (over 100k) in terms of the CPRs, however, there are no grounds for keeping the contents of this report confidential under the Access to Information Rules.
- 27 In accordance with CPR 14.1 there is no requirement to advertise this procurement, given it is a direct award via a compliant framework. However, it should be noted that once the contract is completed, the procedure to register all the contract details on the Council's E-tendering system must be followed pursuant again to CPR 14.1.
- 28 The above comments should be noted. In making their final decision, the Assistant Chief Executive (People, Digital and Change) should be satisfied that the course of action chosen represents best value for the Council.

Options, timescales and measuring success

What other options were considered?

- 29 Option 1 – Doing nothing would mean that our current agreement would continue, and we would not be obtaining best value for the Council.
- 30 Option 2 – Exit current contract and enter a new contract (via a Framework Call-Off) with better pricing (Recommended).

31 Option 3 – Undertake a new procurement exercise at the end of the term. The tariffs on Framework RM6261 have been benchmarked against the other suppliers on the same lot for our current services, VMB were the best value on Framework, therefore a procurement exercise was not deemed necessary.

How will success be measured?

32 Regular account /supplier review meetings, against SLAs within the contract and through the contract management module on Yortender.

What is the timetable and who will be responsible for implementation?

33 Continuation of the provision of existing services will commence immediately after contract award.

Appendices

- Appendix 1 – Contractual provisions for early termination.
- EDCI

Background papers

- None