

Report for: Cabinet

Title: Extension and Variation under CSO 10.02.1 b), of Mobile Network Services & Equipment Contract for EE Ltd

Report authorised by: Paul Dooley - Chief Information Officer, Transformation & Resources

Lead Officer: Paul Dooley, Chief Information Officer
Matthew Middup, Procurement & Software Management Officer

Ward(s) affected: N/A

Report for Key/

Non Key Decision: Key decision

1 Describe the issue under consideration

1.1 This report seeks Cabinet approval under CSO 10.02.1 b), for the extension to the Mobile Network Services & Equipment contract awarded to EE Ltd. The Mobile Network Services & Equipment contract was procured by Shared Digital in 2018 and novated to London Borough of Haringey in 2019. We are seeking approval to award the final year of the contract, from 01/04/2021 to 31/03/2022.

2 Cabinet Member Introduction

2.1 This decision needs to be taken so that the mobile phone contract for the Council is maintained in this the final expected year of the contract's duration. A new contract is being procured and will be in place from next April.

2.2 This is before Cabinet because it is a contract novated back to us from the Shared Service arrangements with LB Camden and LB Islington. The approval of the final year extension of the contract is now back under our governance.

3 Recommendations

3.1 Cabinet are requested to approve the award of the final years extension, pursuant to Contract Standing Order 10.02.1(b), of the Mobile Network Services & Equipment contract, from 01/04/2021 to 31/03/2022, to EE Ltd. The estimated value of the final year is approx. £280,00.00, this will mean that the estimated total spend, over the four year life of the contract, will be approx. £814,000.00.

4 Reasons for decision

4.1 The reason this extension is before Cabinet is to maintain the mobile contract for the Council into its final year, whilst a full tender process is being carried out.

4.2 We are seeking Key Decision approval from Cabinet to award the final year's term, as aggregated contract spend is over £500,000.00.

5 Alternative options considered

There are 2 alternative options available:

5.1 **Retender** – not an option as we have no time to carry out the procurement. It would also take up to 6 months to replace the 4000 sim cards if a new provider were successful.

5.2 **No Action** – do not award a contract extension and allow the existing contract to end. This option has a high level of risk, the implications of not having a contract are:

- No longer covered by procurement framework terms and conditions
- Special tariff rates and discounts will revert to increased standard rates
- Possible disruption to mobile network services

6 Background information

6.1 The Mobile Network Services & Equipment contract was procured through Crown Commercial Services framework RM1045, Lot 6, so is a compliant contract with terms of 2 years, with options to extend for a further two years (2+1+1). We are seeking Key Decision approval to award the final years term, as aggregated contract spend is over £500,000.00.

6.2 It is anticipated that the final year's spend will be approx. £280,000.00. This will mean that the estimated aggregated total contract spend will be approx. £814,000.00.

6.3 The contract was originally procured by Shared Digital in 2018, on behalf of the London Boroughs of Camden, Islington and Haringey, then novated to each council in 2019. The approved total contract value, awarded by Shared Digital and then Haringey when novated, is approx. £820,000.00 over the 4 year term. Camden have already approved their contract extension and Islington are in the process of awarding the final year's term to EE Ltd.

6.4 The contract provides pre-agreed tariff and discount rates from EE Ltd for the Council's Mobile Services. The contract spans the mobile services commissioned by the London Borough of Haringey and Homes for Haringey, and since March 2020 has supported COVID-related initiatives, such as Test Centres, connecting vulnerable residents and providing services for temporary accommodation for the homeless. The contract covers over 4000 active SIM connections.

6.5 Re-tendering is not recommended as there is insufficient time to complete a compliant procurement, with the option to extend the Mobile Network Services & Equipment contract, for a further year, being the proposed option. Retendering in 2020/21, during year 3, was not a viable option due to the complications COVID restrictions imposed. The replacement of up to 4000 SIM cards during lockdown would have been extremely challenging and come with a high level of risk to critical services. It would require the coordination of multiple parties and demand

a high capacity of council resources to administer 4000 SIM changes remotely, with little or no margin for error.

- 6.6 If the extension to the Mobile Network Services & Equipment contract is awarded, it allows 8 months to complete a compliant procurement for a new contract, which will commence without delay. It will also provide time for effective planning and resourcing of up to 4000 SIM swaps which we anticipate taking up to 6 months to implement.
- 6.7 Annual mobile costs for the whole contract term are indicated below. It includes the predicted spend for 2021/22.

Mobile Network Services & Equipment contract - Annual Spend		
Year	Total Spend	
FY 2018/19	£	87,132.98
FY 2019/20	£	154,295.73
FY 2020/21	£	292,522.39
FY 2021/22	£	280,000.00
Total	£	813,951.10

6.8 Funding for the contract is split into 3 areas.

- London Borough of Haringey – Digital Services budget – approx. 66% of annual contract value
- Homes for Haringey (HfH) – Multiple HfH budgets – approx. 23% of annual contract value
- COVID-related initiatives – Multiple budgets – approx. 11% of annual contract value for 2020-2021, reducing to approx. 7% in 2021-2022 with the ease of COVID restrictions

Existing funding has been identified within each of the 3 areas to cover the predicted spend for 2021/22.

- 6.9 There is an increase in costs year on year, which is due to a rise in demand for mobile services and continued growth in new connections, which spiked as a direct result of COVID. Charges for mobile data make up the largest share of the Council's expenditure on mobile services and have contributed significantly to the increased annual spend. The mobile data tariff, agreed within the contract, is tiered in terabyte (TB) increments, with costs increasing or decreasing each month depending on data consumption. When the contract was initially let, Haringey used around 1TB of mobile data per month. Consumption has risen over the contract term, and we are now using around 4TB per month. Please see the exempt report detailing the contract's tariff rates for mobile data and breakdown of costs for 2020/21-year 3.
- 6.10 There have been numerous factors contributing to the increase in mobile data usage and consequent costs. Adoption of agile working has increased over the contract term, with staff using mobile data to access emails, work-related applications and occasional tethering. In the contract's 3rd year, it supported COVID initiatives which led to an upturn in data usage, but the most substantial rise is due to staff remote working as a direct result of COVID restrictions. A

higher proportion of staff are tethering more frequently and using their mobiles when working from home. We do, however, feel there are some mitigation actions we can implement around these costs. Efforts will be focused on identifying and applying cost-saving initiatives; communications to all staff around accepted mobile usage, accessible guides to help staff reduce usage, identifying high users, supplying staff with softphones (Jabber) rather than mobiles and cancellation of unused mobiles. Although there are numerous reasons for the cost increase, it is estimated that if all cost reduction initiatives are implemented, we hope to realise cost reductions of over £20,000.00 by 31/03/2022.

- 6.11 There are no identified negative equality implications. This is a renewal of an existing contract.

7 Contribution to strategic outcomes

- 7.1 The Mobile Services used within the council are vital in the fulfilment of the borough plan and align to each of the priorities. They play a vital part in the successful delivery of critical services and outcomes for our residents. They have been a key enabler for home working and have been essential in supporting vulnerable residents during COVID.

8 Statutory Officers comments

Finance

- 8.1 The cost of this final one-year contract extension is expected to be in the region of £280,000, assuming lower mobile costs supporting Covid-specific initiatives compared to last year and more general cost saving initiatives targeting the year-on-year increases in staff usage seen over the course of this contract.
- 8.2 Funding for the contract will come from the Digital Services revenue budget, from Homes for Haringey who fund their own usage, and where appropriate from Covid-specific grants e.g. Test and Trace.

Strategic Procurement

- 8.3 SP note the retrospective request for authorisation in this report. CSO 10.02.1b) provides that Cabinet may authorise an extension to a contract where the value is £500,000 or more and is compliant with Public Contract Regulations. The extension of this contract is compliant with Reg.72-(1)(a) as the extension was provided for in the original award and contract.
- 8.4 Strategic Procurement support the award of the extension to continue provision of this service and allow appropriate time to undertake the procurement of a new contract.

Legal

- 8.5 The Head of Legal and Governance (Monitoring Officer) has been consulted in the preparation of the report.
- 8.6 The extension of the contract referred to in the report complies with Regulation 72 of the Public Contracts Regulations 2015.

- 8.7 Pursuant to Contract Standing Order 10.02.1(b) Cabinet has authority to approve the recommendations in the report.
- 8.8 The Head of Legal and Governance (Monitoring Officer) sees no legal reasons preventing Cabinet from approving the recommendations in the report

Equality comments

- 8.9 The council has a Public Sector Equality Duty under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
 - Advance equality of opportunity between people who share protected characteristics and people who do not
 - Foster good relations between people who share those characteristics and people who do not
- 8.10 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 8.11 The proposed decision is to approve the final one-year contract extension with EE Ltd for the Councils Mobile Network Services. This will affect a large proportion of Haringey residents, with those who are particularly reliant on the council for essential services particularly impacted, amongst whom there are a disproportionate number of people with protected characteristics.
- 8.12 The objective of the proposed decision is to ensure continuity of the existing mobile services that link into the successful delivery of the borough plan. This proposal will enable the council to continue to deliver essential services for all residents. Without this continuity, it is likely that those with protected characteristics or on low incomes would be particularly negatively impacted by the subsequent disruption to council operations.
- 8.13 As an organisation carrying out a public function on behalf of a public body, EE Ltd will be obliged to have due regard for the need to achieve the three aims of the Public Sector Equality Duty as stated above. Appropriate contract management arrangements will be established to ensure that the delivery of the service does not result in any preventable or disproportionate inequality.

9. Use of Appendices / background documents

Part B – Exempt - Extension and Variation under CSO 10.02.1 b), of Mobile Network Services & Equipment Contract for EE Ltd

10. Local Government (Access to Information) Act 1985

Part B report is NOT FOR PUBLICATION by virtue of paragraphs 3 and 5. of Part 1 of Schedule 12A of the Local Government Act 1972. This appendix is not for publication as it contains information classified as exempt under Schedule 12A of the Local Government Act 1972 in that it contains information relating to the

financial or business affairs of any particular person (including the authority holding that information) and Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.