

ITEM

ITEM

EXECUTIVE – 6 DECEMBER 2007

## MOBILE PHONE CONTRACT RENEWAL

### Report of Head of ICT

**Financial Implications:** Using previous years' mobile phone usage figures, the contract is forecast to cost in the region of £16,000 per annum, which is within the budget approved.

The contract term is for three years, and is therefore very likely to breach the value at which an *exception to Standing Orders* needs to be agreed.

### Purpose

The Council's mobile phone contract is now due for renewal. Mobiles phones have become a necessity for efficiency, effectiveness and safety, and therefore this report assumes that the council will need to enter a new contract to provide mobile telephony.

### Recommendations

**That the EXECUTIVE RESOLVES that the Council enters into a further contract with Orange Business Services through the pre-tendered Government OGC.BuyingSolutions Catalyst framework, for the 'CAT4' three year contract, making an exception to Standing Orders.**

### Background/The Issues

#### Contract total

1. Estimations based on usage figures from previous years show that the contract sum for a renewed contract will be in the order of £48,000.
2. This value of contract would normally require a formal tender to be completed. Having consulted with the Council's Procurement Manager and the Internal Audit Manager, it was recommended that the Council continues to use the Government's OGC.BuyingSolutions Catalyst catalogue (formerly G-Cat and S-Cat), which is pre-tendered and has been used for other procurements.

#### Supplier evaluation

3. For the last four years, Orange has been the supplier of handsets and the mobile service, through the Catalyst catalogue. The current Catalyst mobile suppliers are Vodafone, O2, Orange and T-mobile. Handsets have changed significantly since the original tender and those that are in the documentation are similarly priced and often rebadged versions of the same base phones. Therefore, the main differences between the offerings are coverage and price.

## Coverage

4. The mobile signal strength is key to the successful use of mobile phones. Mobile services have initially been used for voice and SMS (text) services, however, increasingly data services are now required for photos, remote email and soon remote working. The newer '3G' service allow the data services to work around five times faster.
5. In the South Hams area, Orange provides significantly better coverage than the other mobile phone operators. Switching away from Orange will therefore reduce the quality of mobile phone coverage, reduce the newer remote working solutions and add cost and time resolving coverage issues.

## Contract pricing

6. Orange have offered a preferential three year contract (CAT4) offer to South Hams DC. This contract type is not available after December 31<sup>st</sup> 2007. This does tie South Hams into a longer contract, but compared to the normal Vodafone and Orange contracts, there are significant reductions of £3000 and £6000 per annum respectively.

## Partnership considerations

7. The Partnership's joint Procurement Manager and counterparts at Teignbridge and West Devon have been consulted on this contract. Neither Teignbridge nor West Devon are in a position to change their contracts at the moment, with both using Vodafone. If shared services wish to use Mobile working in future, Orange and Vodafone can work alongside each other. The benefit of free Orange mobile to Orange mobiles calls will not be available where Orange to Vodafone calls are made. Using Orange in West Devon and Teignbridge areas may actually benefit the partnership as Orange generally has better overall coverage than Vodafone in these areas.

## Risk Assessment

Risk	Mitigation
Coverage issues and migration costs might be significant.	Remain with Orange
A three year contract will require handsets to last an additional year before replacement	If the handset is broken or is lost this will be covered under the three year Care element of the contract
A three year contract will make it difficult to align the other two partnership contracts	The annual fixed rental costs of this contract are around £7000 per annum for the three year term which isn't significant if it was necessary to change in future.  Orange have indicated a willingness to be flexible if other partners wish to change to Orange at a later date. It is probably a good assumption that the other mobile providers will take a similar stance.

## **Conclusion**

8. On a costs and coverage basis, only Vodafone provides any real alternative to Orange. Moving to a three year contract will provide significant reductions of around £6000 per annum compared to the current contract, and £3000 per annum compared to Vodafone. This will enable the Council to manage this budget pressure. Partnership procurement has been considered, but has not provided any compelling reasons to change South Hams' approach. The contract is a three year term rather than the normal two years term, but the risks are relatively manageable compared to the significant cost benefits that have been forecast.
9. The recommendation is therefore to select the Orange 'CAT4' three year contract.

Robin Barlow  
ICT Support Manager

Pauleen Blampied  
Head of ICT

Executive  
6 December 2007

**Background Documents:** None