

EAST HERTS COUNCIL

EXECUTIVE – 5 JULY 2011

REPORT BY EXECUTIVE MEMBER OF FINANCE

PROCUREMENT WAIVER – COUNCIL WIDE AREA NETWORK

WARD(S) AFFECTED: All

Purpose/Summary of Report

- To request a waiver as provide for in the Council's Procurement Regulations to progress the purchase of a wide area network (WAN).

RECOMMENDATION FOR DECISION:

(A)	That in accordance with Procurement Regulations 12.1 and 12.2.d, the Executive waive the requirement to appoint after competitive tender in order to enable the Council to implement a WAN at lower cost and which will deliver cost savings for the tax payer following investigation of the market.
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1.0 Background

- 1.1 A report to CMT on 8 February endorsed the use of a suitable OGC framework for the procurement of a replacement phone system and associated WAN. The business case supporting this was based on pricing information from soft market testing. The procurement was progressed in line with procurement regulations section 10.1.
- 1.2 The Council selected a supplier for its telephone system through the OGC framework which will be installed at the beginning of August.
- 1.3 The costs returned within the OGC procurement for the provision of the WAN were twice the expected level, eliminating an identified annual cost saving of £26,000 in telephone and data line charges.

2.0 Report

2.1 The Council seeks to implement a WAN to:

- save money by moving to internet based protocols for its telephone lines and call charges, combining data and telephone needs in one network.
- implement a network that will meet the needs of the Council for the future.
- deliver flexibility for the future supportive of shared services and supplying the telecommunication lines and connectivity that a dynamically changing Council and its partners require.
- preserve existing number ranges to avoid any impact on customers from the consolidation of staff to Hertford.
- significantly enhance business continuity and disaster recovery capability. A WAN will allow the Council's telephone numbers to be presented anywhere where there is functioning internet connectivity.

2.2 Following the high quotations received through the OGC process, a further formal quotation was sought from the supplier initially approached to provide the business case costings. This was returned at the same low cost as previously quoted, amounting to a £29,034 saving over the cheapest OGC quotation. All quotes are shown in **Essential Reference Paper B**.

2.3 Procurement regulations 12.1 allow for the Executive to consider a waiver to regulations for procurements over £50,000. The three year aggregated value of the WAN proposed is £112,860 including capital set up cost.

2.4 Procurement regulations 12.2 allow the endorsement of such a waiver subject to a written report demonstrating:

‘.....

d) where it is in the Council's overall interest’

2.5 Based on the need for:

- a timely solution to minimise impact on customers and staff from the consolidation of Council staff on one site
- an on-going revenue saving
- urgently needed flexibility in the deployment of telephony for home and remote workers

it is requested that the Executive endorse the use of the identified supplier as the OGC process has failed to deliver value for the tax payer in this case.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

CMT Paper 10 August 2010 – Engagement of Independent Telecoms Engineer

CMT Paper 8 February 2011 – Telephone Lines and Charges

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ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/ Objectives:	Fit for purpose, services fit for you <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i>
Consultation:	<p>The IT service has been fully consulted and engaged within the procurement project and has confirmed the proposed supplier's submission meets our technical requirements.</p> <p>The key services handling customer calls (Environmental Services, Planning and Revenues and Benefits) have been consulted regarding their business needs and the specification. A specification workshop for managers is being run to further validate the specification.</p> <p>The Council's Procurement Officer and Audit Manager have been fully engaged in the procurement process and have endorsed the procurement approach taken.</p>
Legal:	There are no legal implications beyond those involving procurement.
Financial:	<p>All revenue costs of the new WAN will be met from existing budgets and will result in an annual cost saving of £26,000.</p> <p>The installation cost of £14,586 has already been approved within the telecoms systems capital provision, endorsed by full Council in the medium term financial planning process.</p> <p>The contract will be in place for 3 years, after which the Council will need to seek renewed quotes for provision of WAN services.</p>
Human Resource:	There are no Human resource implications.
Risk Management:	The installation of the WAN will be dependent upon the time taken to establish these links for the Council. There is a risk that the timescales are tight given the planned re-location date of staff to Wallfields.

	<p>Failure to adopt a strategic network solution for telephone calls and our telephone system will result in continued impacts on service delivery, failure to realise cost savings and will leave the Council unprepared for the telecoms demands in the future.</p> <p>Failure to endorse the waiver will result in a failure to realise the identified annual cost saving of £26,000 and require an additional expenditure over the three year contract of £20,034.</p>
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