

To: POLICY AND RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE		Subject: Extension of contract for the provision of Telecom Networks, Voice Calls and Lines and Infrastructure & Connectivity
From: HEAD OF E-GOVERNMENT & SERVICE DEVELOPMENT		
Date: 08 August, 2012	Ref: IMcK/GR	

1. Purpose of the Report

- 1.1 The purpose of this report is to seek committee approval to extend the contract with Virgin Media Business for the provision of Telecom Networks, Voice Calls and Lines and Infrastructure & Connectivity for a period of one year.

2. Background

- 2.1 The award of the contract for the provision of these services was approved by Committee on 21st June 2010 for an initial period of three years, terminating on 30 June 2013. The total contract value over the three year initial period was estimated at £4.3 million.
- 2.2 There is provision in the contract to extend the contract period by a maximum of two additional years, on a year by year basis at the sole discretion of the Council.

3. Discussion

- 3.1 Virgin Media continue to be a major force in the telecommunications industry with a sizeable footprint across the North Lanarkshire area. Over the first two years of the contract they have delivered a good level of performance and have implemented a number of service improvements. As an example, they have implemented dedicated Account Managers - facilities that had been removed by the previous provider.
- 3.2 In terms of network availability, Virgin Media report an uptime for the Data Network of 99.98% with a service incident fixed time within SLA of 94%.
- 3.3 Virgin Media also improved the network provision to our schools at no additional capital cost to the Council. This will result in over 100 educational establishments having improved network speeds which meet our corporate standard and replacing outdated 'end of life' services which would have to have been replaced by 2014.
- 3.4 Although the initial three years of the contract has some time to run, early discussions have taken place with Virgin Media in terms of reviewing and improving their existing service offering, taking into account the changes to the North Lanarkshire estate since contract award in 2010 and the drive towards improved integration between Government bodies, i.e. Public Sector Network, PSN . - in Scotland this is badged as the Scottish Wide Area Network (SWAN)
- 3.5 For Voice Calls & Lines, Virgin Media propose to implement a change to call and feature tariffs, reflecting recent market changes.
- 3.6 It is expected that if implemented by 1st October 2012 this will result in an approximate saving to the authority of £58,100 over 21 months i.e. the remaining 9 months of the

initial contract and the one year proposed extension. This will be deducted from service budgets and has been agreed with services through the Customer Service Development Working Group.

- 3.7 In terms of Infrastructure & Connectivity, Virgin Media will continue to work with the Council in the ongoing development of our data network, ensuring that we can plan for the future requirements for the SWAN, whilst delivering a fit for purpose high capacity network across the Councils estate.
- 3.8 The delivery of the proposals received from Virgin Media in terms of service improvement and the resultant financial savings are predicated on the Council taking an early decision in terms of offering the first year of the permitted extensions to the contract to Virgin Media. The estimated value of the one year contract extension is £1.4 million.
- 3.9 The contract remains cost effective and along with the proposed service improvements and resultant financial savings identified, a one year extension to the contract is considered to represent Best Value for the Council

4. Recommendations

4.1 It is recommended that committee:

- approves the extension of the current contract with Virgin Media Business for one additional year; and
- notes the saving of £58,100 which will be delivered as follows: £24,900 in financial year 2012-13 and £33,200 in 2013-14, as outlined in para 3.6.



Head of E-Government & Service Development

For further information please contact Irene McKelvey, on tel. ext. 2532

NORTH LANARKSHIRE COUNCIL – PROCUREMENT REPORTING

		PART A PROPOSED ARRANGEMENTS		PART B ACTUAL ARRANGEMENTS													
1	Procurement Title	Telecom Networks, voice calls and lines and infrastructure and connectivity – extension to existing contract.															
2	Description	Telephony and data services, used across all Council Services, with estate of 5000 telephone extension and 400 networked sites.															
3	Contract Category	<table border="1"> <tr> <td>Supply</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Services</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Works</td> <td><input type="checkbox"/></td> </tr> </table>		Supply	<input type="checkbox"/>	Services	<input checked="" type="checkbox"/>	Works	<input type="checkbox"/>								
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Works	<input type="checkbox"/>																
4	Contract Type	<p>Term <input type="checkbox"/></p> <p>Framework Agreement <input checked="" type="checkbox"/></p> <p>Framework Contract <input type="checkbox"/></p> <p>One-off (Please note there will be ongoing software maintenance charges) <input type="checkbox"/></p> <p>Other <input type="checkbox"/></p>															
5	Contract Extension Duration	<table border="1"> <tr> <td>12</td> <td>Months</td> </tr> </table>		12	Months	<table border="1"> <tr> <td></td> <td>Months</td> </tr> </table>			Months								
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8	Contract Extension	<p>Is a provision being included to extend the contract?</p> <table border="1"> <tr> <td>Yes</td> <td><input type="checkbox"/></td> <td>No</td> <td><input type="checkbox"/></td> </tr> </table> <p>If 'Yes', what is the maximum period of extension being sought?</p> <table border="1"> <tr> <td></td> <td>Months</td> </tr> </table> <p>Not applicable – original contract provided for contract extension of up to two years on a year by year basis.</p>		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>		Months	<p>Had a provision been included to extend the contract?</p> <table border="1"> <tr> <td>Yes</td> <td><input type="checkbox"/></td> <td>No</td> <td><input type="checkbox"/></td> </tr> </table> <p>If 'Yes', what is the maximum period of extension included?</p> <table border="1"> <tr> <td></td> <td>Months</td> </tr> </table>		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>		Months
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9	Total Value	£1.4 million p.a						
10	What Procurement Route will be used?	EU Non-EU None – extension to existing contract	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>					
11	If EU Procurement Route to be used, which procedure will apply?	Open Restricted Other – not applicable, extension to existing contract If 'Other' please provide details below: OGC framework	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>					
12	If Non-EU Procurement Route to be used, which procedure will apply?	Open Restricted Approved List Other If 'Other' please provide details below:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>					
13	What Evaluation Criteria will be used?	Lowest Price Most Economically Advantageous Not applicable extension to existing contract.	<input type="checkbox"/> <input type="checkbox"/>					
14	Procurement Checklist	Procurement checklist provided to Procurement Manager? <table border="1" data-bbox="812 1598 1153 1644"> <tr> <td data-bbox="812 1598 917 1644">Yes</td> <td data-bbox="917 1598 974 1644">✓</td> <td data-bbox="974 1598 1096 1644">No</td> <td data-bbox="1096 1598 1153 1644"></td> </tr> </table>			Yes	✓	No	
Yes	✓	No						
15	Details of Council Officer responsible for this procurement process	<table border="1" data-bbox="990 1666 1485 1803"> <tr> <td data-bbox="990 1666 982 1735">Name</td> <td data-bbox="982 1666 1485 1735">Irene McKelvey</td> </tr> <tr> <td data-bbox="990 1735 982 1803">Telephone</td> <td data-bbox="982 1735 1485 1803">01698 302532</td> </tr> </table>			Name	Irene McKelvey	Telephone	01698 302532
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