

To: POLICY AND RESOURCES (FINANCE & CUSTOMER SERVICES) SUB-COMMITTEE		Subject: Provision of Telecom Networks, Voice Calls and Lines and Infrastructure & Connectivity
From: HEAD OF E-GOVERNMENT & SERVICE DEVELOPMENT		
Date: 27 February, 2015	Ref: IMcK/BT	

1. Purpose of the Report

- 1.1 The purpose of this report is to notify committee of the award of the contract for the supply of Fixed Lines & Minutes to Virgin Media Business. The contract is for a period of three years with an option to extend for one further year.

2. Background

- 2.1 The existing contract for the provision of these services is due to terminate on 30th June 2015, following a successful five year contract with Virgin Media Business.
- 2.2 During this time the organisation has seen a considerable change in the use and consumption of telephony services, with individual telephone lines reduced by nearly 20% and the uptake on corporate telephony extensions increased by some 40%.
- 2.3 The increase in corporate telephony has resulted in a significant increase in the number of On-Net calls, i.e. free calls across the Council network. This has reduced the overall cost of the new contract.
- 2.4 A Mini Competition was issued on the 13th January 2015 via the Scottish Procurement Framework Agreement for Fixed Telephony Services Reference SP-13-025.
- 2.5 The duration of the contract will be three (3) years from 1st July 2015 to 30th June 2018 with an option to extend for a period of one (1) year until 30 June 2019.

3. ITT Evaluation

- 3.1 Of the 8 service providers within the framework, 3 responded:
- Exchange Communications;
 - Gamma; and
 - Virgin Media Business.
- 3.2 All 3 Tenderers were considered compliant and progressed to the evaluation stage in accordance with the Tender Evaluation Plan. Evaluation was on the basis of the 'Most Economically Advantageous Tender' and the award criteria were: Price 60% and Quality 40%.
- 3.3 During evaluation it became evident that "Exchange Communications" failed to achieve the mandatory minimum scoring required in a number of the quality questions and they were subsequently excluded.
- 3.4 The table below contains the details of the weighted price and quality scoring.

Tenderer Name	Weighted Price Score	Weighted Qualitative Score	Total Tender Score	Final Rank
Virgin Media Business	60	40	100	1
Gamma	58.4	37.4	95.8	2
Exchange Communications	N/A	N/A	N/A	-

3.5 The table below contains the detailed price after evaluation.

Tenderer Name	Price After Evaluation	Price Score	Weighted Price Score
Virgin Media	£1,398,595.72	100	60
Gamma	£1,436,416.38	97.3	58.4
Exchange Communications	N/A	N/A	N/A

3.6 Due to the complexity of capturing and evaluating against all call criteria, a subset of approximately 80% of possible criteria have been used in the comparison of prices. That, and fluctuating usage rates, means that the actual contract value is likely to be approximately £160,000 greater over the life of the contract than the £1.398m outlined above i.e. an approximate cost over 4 years of £1.558m.

3.7 Actual spend over the 4 years of the current contract is £1.680m and therefore a saving of approximately £122,000 can be anticipated from this contract.

4. Recommendations

4.1 The Sub-committee is asked to note that in accordance with the delegations given to the Executive Director of Corporate Services, and following consultation with the Convener of Policy and Resources (Finance & Customer Services), this contract has been awarded to Virgin Media Business for the initial three years.



Head of E-Government & Service Development

Members seeking further information on the contents of this report are asked to contact Irene McKelvey, on tel. 01698 302532