

Nottingham City Council Delegated Decision



Nottingham
City Council

Reference Number:

2036

Author:

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Department:

Resources

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Subject:

Seven month extension for two contracts

Total Value:

£216,359 (Type: Revenue)

Decision Being Taken:

It is recommended that the Portfolio Holder agrees:

in accordance with Financial Regulations 3.29, to dispense with the contract procedure rules 5.1.2 relating to tenders and to extend by seven months (1) the Rental of Wide Area Network (WAN) Circuits contract and (2) the VOIP (Voice Over the Internet Protocol) contract.

the seven month extension costs for both contracts will be approx. £216,359 this will be met from the IT Revenue budget and the IT Efficiency Fund.

Reasons for the Decision(s)

Within a nine month period (April 2014 to January 2015) five major contracts - Voice telephony, Rental of Circuits, Mobile telephony, VOIP maintenance and LAN (Local Area Network) maintenance - are due to end. The effect of this is that there is not the available IT Network specialist to assist in all of the procurement exercises and therefore it will be necessary to extend, for seven months, the rental of circuits Point to Point (P2P) and the VOIP maintenance contracts.

The initial five year contract period for the rental of P2P WAN circuits and the VOIP maintenance contracts ends on the 31st of August 2014 and the 27th of January 2015 respectively.

Faults with the VoIP equipment need to be quickly resolved. If this contract was not in place the Council would have to carry stocks of costly spares with the significant risk that some issues may not be resolved because of a lack of specialist knowledge. Also, the maintenance contract provides software updates to the VoIP Call Manager and if these were not made the software would eventually become unsupported, resulting in the need to purchase new software licences in order to maintain voice services.

The IT recommended course of action is that, the rental of P2P circuits (which is used to transmit data and voice traffic between Council sites) and the VoIP maintenance contracts should be extended by seven months. This contract extension would ensure that there are the available IT resources to assist Resources Corporate Procurement with the tender exercises. The total cost for extending both of these contracts for seven months will be approximately £216,359 (Rental of Circuits = £170,859 and VOIP Maintenance £45,500).

Other Options Considered:

To not extend the contracts: not suitable as ninety per cent of the Council's voice traffic is carried over the VOIP system. It is therefore essential to have a maintenance contract in place in order that any faults are quickly resolved. There are no other options as it will realistically take at least 6 months to undertake a tender exercise and the Council cannot be without maintenance cover in the interim.

Background Papers:

Published Works:

1. Wide Area Network (WAN) to link Council Offices Ref 701.
2. Corporate VOIP Telephony system - Executive Board, 22nd Dec 2009.

Affected Wards:

Citywide

Colleague / Councillor Interests:

Dispensation from Financial Regulations: Yes

Consultations: Those not consulted are not directly affected by the decision.

Crime and Disorder Implications: Not applicable

Equality: EIA not required. Reasons: Not applicable

Decision Type: Portfolio Holder

Subject to Call In: Yes

Call In Expiry date: 26/06/2015

Advice Sought: Legal, Finance, Procurement, IT

Legal Advice: Given the total estimated value of the proposal, dispensation from CPR 5.1.2 is needed in accordance with financial regulation 3.29 to allow for a short extension pending the completion of the tender exercise.

Finance Advice:

The value of the decision (£216,359) is based on the sum of the estimated cost of extending a contract for maintenance of Voice Over the Internet Protocol (VOIP) for seven months (£45,500) and the estimated cost of extending a contract for the rental of Wide Area Network (WAN) circuits for seven months (£170,859).

The full cost of extending the VOIP maintenance contract will be met from uncommitted balances available within the IT Efficiency Fund during 2014/15 and 2015/16. On the same basis, the IT Efficiency Fund will meet part of the cost of extending the WAN rental (£91,583). The remaining element of the WAN rental extension (£79,276) will be met from existing provisions for hardware within the IT revenue budget.

Exemption from Contract Procedure Rule 5.1.2 is being sought in accordance with Financial Regulation 3.29 for operational reasons that are explained in the report. Although these contracts will not be subject to tendering processes, the proposed extensions should afford time to progress relevant procurement exercises in pursuit of value for money in the medium to longer term.

Advice provided by C I Sharpe (Finance Analyst) on 16/04/2015.

Procurement Advice:

The proposal is for a dispensation from CPR 5.1.2 in accordance with the financial regulations to extend two key contracts for seven months to allow a competitive procurement process to take place in order to replace these contracts. Whilst there are risks in extending these contracts, it is necessary for the extension to take place in order to re-procure these requirements via a tender process. Corporate procurement will support IT to ensure the procurements provide value for money and take place within this time period to reduce any risk of further extensions. Advice provided by Rosalie Parkin (Category Manager) on 04/12/2014.

IT Advice:

The IT Service supports this proposal. The extension of current contracts will provide ongoing support for technical services key to delivery of services to citizens. The extension of the contracts will also allow colleagues to take a planned and holistic approach to re-tendering for a range of interconnected services.
Advice provided by Paul J. Burrows (Strategy Manager) on 26/09/2014. Advice provided by Noel McMenamin (Constitutional Services Officer) on 03/02/2015. Advice provided by Jez Bailey (Service Support Manager) on 05/02/2015.

Signatures

Graham Chapman (PH for Resources and Neighbourhood Regeneration)
SIGNED and Dated: 28/05/2015
Glen O'Connell (Acting Corporate Director of Resources)
SIGNED and Dated: 27/05/2015
Geoff Walker (Acting Head of Strategic Finance) - Dispensation from Financial Regulations
SIGNED and Dated: 19/06/2015
Chief Financial Officer's Comments: