

Nottingham City Council Delegated Decision



Nottingham
City Council

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| Reference Number: | 2631 |
| Author: | Winston Smillie |
| Department: | Resources |
| Contact: | Winston Smillie (Job Title: Supplies and Contracts Manager, Email: winston.smillie@nottinghamcity.gov.uk, Phone: 01158763162) |
| Subject: | Extension (1 year) of Local Area Network (LAN) Maintenance Contract |
| Total Value: | £86,301 (Type: Revenue) |
| Decision Being Taken: | To exercise the option of extending the Capita Business Services LAN maintenance contract by an additional year from 31 October 2016, at a cost of £86,301, which will be met from the existing IT Revenue budget provision. |
| Reasons for the Decision(s) | <p>The LAN equipment provides the infrastructure for the delivery of voice and data traffic to the Council. A maintenance contract is vital to ensure that the IT service can provide a reliable, high availability network service to colleagues and citizens.</p> <p>Currently there is a three year contract with Capita Business Services, ending on 31 October 2016 (with the option to extend for a further 12 months), which was awarded as a result of a competitive tender, to provide maintenance for the Council's Cisco LAN equipment. The prices in the contract have been fixed for the term of three years, and the additional 12 month extension. The effect of this fixed price contract is that the rates offered are very competitive and it would be beneficial for the Council to exercise the one year contract extension.</p> <p>All of the LAN equipment is manufactured by the American company Cisco and, therefore, the costs of the maintenance contract is largely based on the dollar sterling exchange rate. Due to Brexit the pound has weakened against the dollar by approx 18% which means a new maintenance contract would increase the yearly cost by at least 18% or £15,885 pa.</p> |

Other Options Considered:

1. Do nothing and let the maintenance contract lapse without renewal. This means that the Council would not have a maintenance contract in place for critical network equipment. This option is discounted because it would mean having to have a store of replacement spares in place, which would be very expensive, and the ability to be able to fix any network issues that may occur or risk having more downtime/unavailability whilst replacement parts are sourced.

2. Go out to tender for twelve months. The strategy of IT is to consolidate contracts to achieve savings through the application of large scale economies. There are three LAN Maintenance contracts and the aim is to consolidate them all when they terminate in November 2017, this means that to achieve this objective this contract could only be extended to October 2017 and as twelve months is the minimum term for a maintenance contract, the price given would be higher than that currently being enjoyed. Further, as the maintenance contract is for Cisco (an American company) equipment, the dollar sterling exchange will have a significant effect on the overall cost of it. Due to these reasons this option has been discounted.

Background Papers: None

Published Works: Delegated Decision 0873 - Local Area Network (LAN) Maintenance contract

Affected Wards: Citywide

Colleague / Councillor Interests: None

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

Crime and Disorder Implications: Not applicable

Equality: EIA not required. Reasons: This is a maintenance of IT equipment contract and as such there are no equality issues.

Social Value Considerations: Not applicable

Major Implications for IT: Yes

Decision Type: Portfolio Holder

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| Subject to Call In: | Yes |
| Call In Expiry date: | 26/10/2016 |
| Advice Sought: | Legal, Finance, Procurement, IT |
| Legal Advice: | The proposals set out in the decision raise no significant legal issues and in the circumstances outlined are supported. Advice provided by Malcolm Townroe (Legal Services Manager) on 17/10/2016. |
| Finance Advice: | The contract in place is due to end on 31 October 2016 and has run for 3 years. There is an option to extend the current contract for one year at the current contract price and this decision seeks approval to take up this option. The cost of the extension is at previously agreed prices which is lower than the cost would be if we went out to market and therefore it provides value for money to take up this option. There is budget provision available and it puts no additional pressure on the IT budget. Advice provided by Susan Tytherleigh (Senior Finance Manager) on 11/10/2016. |
| Procurement Advice: | The decision author has already contacted procurement about this requirement and we support the option to extend the existing contract, as this would be compliant with the Council's financial regulations and contract procedure rules. Advice provided by Rosalie Parkin (Category Manager) on 05/10/2016. |
| IT Advice: | The IT Service supports this proposal. The current contract has been successfully served by the supplier and extending the contract for a further year enables this service to be continued at a known cost. Advice provided by Paul J. Burrows (IT Change, Projects & Strategy Manager) on 06/10/2016. |
| Signatures | Graham Chapman (PH for Resources and Neighbourhood Regeneration) |
| | SIGNED and Dated: 19/10/2016 |
| | Glen O'Connell (Corporate Director for Resilience) |
| | SIGNED and Dated: 19/10/2016 |