

# Finance & Resources Committee

10am Thursday 10<sup>th</sup> November 2022

## Telefonica UK Ltd (O2) – Voice Services (Mobile & Fixed Lines) Contract Award

Executive/routine  
Wards  
Council Commitments

### 1. Recommendations

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- 1.1 In line with the Council's Contract Standing Orders (CSOs), it is a requirement that approval is sought from the Finance and Resources Committee to:
- Direct Award an extension to Telefonica UK Ltd (O2), under RM 3808 Crown Commercial Services Framework Network Services 2 (NS2) combining Lots 3 for Fixed and 6 for Mobile.
- 1.2 Approval is sought to award the contract for a period of 24 months with an option to extend for a further 12 months to 36 months, which is the maximum available term for any service offer including mobiles under RM 3808 Crown Commercial Services Framework NS2 combining Lots 3 for fixed and 6 for mobile. This will cover the following:
- Network Services
    - Sim only mobile provision, commitment 5700 sims, current usage 9758.
    - Fixed Line comprising PSTN, ISDN2 and ISDN30, with no commitment on volume or spend, current usage 1632, at an estimated value of £1.14m per annum, excluding annual credit of £220k.

**Richard Carr**

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# Report

## 2. Executive Summary

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- 2.1 To ensure that Council can provide support for staff and continue service delivery we need to maintain Mobile and Fixed line functionality.

## 3. Background

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- 3.1 Telefonica UK Ltd (O2) were awarded a 36 month contract in 2017 for Mobile Telecommunications with a committed volume of 5,700 Sims. Fixed Line Services including landlines, SIP and ISDN were awarded with no commitment on volume or spend.
- 3.2 A 24-month extension to this was agreed in 2020 with spend to £2.297m on Mobile and Fixed Line services, excluding £445k rebates.
- 3.3 Fixed lines transitioned where possible to CGI as part of the ICT Contract LAN and Voice provision, however there are still instances where Fixed lines cannot change due to network location. Spend on Fixed Line Services has decreased over the period of the contract by circa 50%.
- 3.4 Sim volumes have increased to a quantity of 9,758, (as of 21<sup>st</sup> October 2022), including an additional 1k Sims procured to support Covid requirements. This volume has increased over the last few years, to ensure Council Services were maintained. Services are actively reviewing this in the light of new, alternative technologies offered such as softphones.
- 3.5 Hardware purchases are an option under the Framework, but these are not included in the forecast spend values. These are procured directly by business areas on an as and when required basis, mobile hardware – primarily handsets, are not managed, nor budgeted, centrally.
- 3.6 Charges proposed by Telefonica UK Ltd (O2), have been market tested and deliver a value for money framework when measured against other similar services.
- 3.7 Spend in the 24-month period would be up to £1.8m on Mobile services excluding the £440k rebates and up to £480k on Fixed Lines. Values are based on the current average monthly spend of £75k on sims, including all data and calls, and £17k on Fixed Lines.

## **4. Main Report**

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- 4.1 Our mobile landscape continues to change as new technologies and our Digital and Smart City Strategy continues to evolve and supports the Council in the delivery of its services. The Covid pandemic has also changed the way we work as a Council along with the tools and technologies we use.
- 4.2 If we were to change the current provider of these services the Council would have to invest in new hardware and resource the change of almost 10,000 SIMs in phones, tablets and fixed infrastructure across the Council. This would be an unbudgeted expense and a logistical challenge with the flexible working model. Similar size Local Authorities have reported cost of change at circa £300k, pre Covid.
- 4.3 We must continue to provide mobile functionality and support staff and service delivery.
- 4.4 The committed sim volumes in the contract are less than current usage providing the flexibility to reduce usage as required and support initiatives such as Use Your Own Device (UYOD).
- 4.5 Delivered as part of this contract are several Analogue PSTN lines. These lines will be decommissioned by wholesaler BT Openreach by 2025 and we will migrate away from these over the period of the contract extension.

## **5. Next Steps**

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- 5.1 If approved Award letter issued to Telefonica UK Ltd (O2) advising of our acceptance of a 24-month award under RM3808, with an option of a further 12 months extension.

## **6. Financial impact**

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- 6.1 The Council will receive a financial credit of a £220k per annum credit from Telefonica UK Ltd (O2) to be offset against the costs of the contract and there is budget provision for these costs.

## **7. Stakeholder/Community Impact**

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- 7.1 Staff mobile working is critical and extending the Telefonica UK Ltd (O2) award ensures continuity of services and communication.
- 7.2 This also provides the Council with continuity to review the impact of the withdrawal by BT Openreach of Analogue PSTN lines scheduled for 2025 and enable Services to implement appropriate alternatives for these services.

## **8. Background reading/external references**

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None.

## **9. Appendices**

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