

DMPC Decision – PCD 1290

Title: Request for additional 12 month contract period for Voice and Data Services further to PCD 1136

Executive Summary:

This decision seeks approval for a further 12 month contract extension, in addition to the 12 months already approved in PCD 1136, to continue support until the current Vodafone Mobile Voice and Data Services contract is replaced.

The previous approval for a contract renewal was done in advance of negotiation with the supplier. Having completed the negotiation it would be most economical to change the parameters of the renewal to gain best value and reduce incumbent advantage in the market assessment to be undertaken.

This decision does not request additional funding or budget growth.

Recommendation:

The Deputy Mayor for Policing and Crime is recommended to:

1. Approve the award of a 24 month extension to the existing Vodafone Mobile Voice and Data Service contract to the value of £5,800,000 as an update to the previous approval (PCD 1136) for a 12 month extension. This is not a request for additional funding or budget growth. Revenue costs over the 2 years will be funded from the MOPAC Approved Digital Policing (DP) Core Infrastructure Budget.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Date

28/09/2022

Spine Under .

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. Following approval of a 12 month extension to the mobile voice and data contract in PCD 1136 commercial negotiations were undertaken with the incumbent for a 12 month extension. One of the key objectives of these negotiations was to secure agreement to include progressively smaller data packages allowing for a ramp down during any transition to a new supplier. The existing contract's minimum data package is 100,000GB which has a monthly cost of £150,000. The incumbent would only agree smaller data packages in exchange for a 24 month contract.
- 1.2. The 24 month proposal sees the holding of the existing tariff rates in the existing contract along with the provision of an £8.8k monthly airtime credit. Additionally from month 13 of the agreement a more granular range of data packages (50k GB and 25k GB) will be agreed to allow a reduction in the dual running costs if transition to a new supplier is required.

2. Issues for consideration

- 2.1. Adopting this approach will save a minimum of £400k on exit costs compared to the originally approved 12 month contract. Whilst securing this requires delays competing a new contract and any potential transition, it helps to reduce the incumbent advantage and so unlocks the potential value of the competition by better enabling new suppliers to compete on a cost basis with the incumbent.
- 2.2. This approach provides an 11 month transition period as opposed to the 7 months available under a 12 month award. The revised approach also builds in a 3 month buffer should there be any issues with the transition of 120,000 SIM cards to a new supplier, further de-risking transition.
- 2.3. It was not possible to agree a 12 month offer that would be economical. Instead the new offer provided, which includes stepped down data package costs, is now over a 24 month timeframe including a minimum spend in year 2 of £1.9m which requires additional approval to that given in PCD 1136.
- 2.4. Approval for the long term Mobile Voice and Data contract is planned to be requested in Autumn 2022 following completion of competitive procurement.

3. Financial Comments

- 3.1. There is no funding implication in this request. The contract will be for a 2 year period, with an estimated maximum value of up to £5.8m for the full contract term based on the current service costs of £3.9m per year and the projected transition time period in the second year of the contract.

- 3.2. It is anticipated that the existing £3.9m budget per year will be sufficient for the dual running of any new supplier in year 2 alongside the exiting Vodafone contract.

4. Legal Comments

- 4.1. The Mayor's Office for Policing and Crime ("MOPAC") is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts for goods and/or services valued at £213,477 (including VAT) or above shall be procured in accordance with the Regulations. This report confirms the value of the proposed contract exceeds this threshold.
- 4.2. The MPS must ensure continuity of this service from Vodafone. MPS have looked into awarding a new contract compliantly under the CCS Network Services Framework agreement via a direct award process (as permitted under the CCS framework). Vodafone have confirmed they are not willing to provide the preferential terms being offered to the MPS as a standard service offering under the Network Services Framework. Therefore, use of the CCS framework is not a viable route to market. MPS may apply Regulation 72 permits MOPAC to modify an existing contract in limited circumstances. Specifically, regulation 72(1)(b) provides MOPAC may modify a contract where:
- It is not possible to change contractor due to technical or economic reasons; and
 - to change contractor would cause MOPAC to suffer significant inconvenience or substantial costs duplication.
- 4.3. The contract has been extended previously, however regulation 72(2) allows for successive modifications to be made in accordance with Regulation 72(1)(b), provided each modification is for a value which is no more than 50% of the value of the original contract and the MPS are not deliberately avoiding conducting a competitive procurement. As MPS have already begun to engage CCS in regard to a new procurement and the value of the extension is less than 50% of the value of the original contract (which was £14.96m), then this extension is compliant and in accordance with regulation 72(1)(b) of the Public Contracts Regulations 2015. The risk of a successful legal challenge is low.
- 4.4. If the contract is extended under regulation 72(2)(b) MPS should publish a modification notice.
- 4.5. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime ("DMPC") has delegated authority to approve all unforeseen variations and extensions to contracts with an original value of £500,000 or above, when the variation or extension is greater than 10% of the original value and/or is for a period of more than 12 months.

5. Commercial Issues

- 5.1. Agreement to a 24 month extension will better support the planned re-procurement of the voice and data services by reducing costs of dual running and increasing available transition time to a new supplier so mitigating risks.
- 5.2. The transition to any new supplier will commence in February 2023 which is the first month when spend on the Vodafone contract will start to drop and a small amount of spend on any new supplier will come online. This switch in spend profiles will continue through 23/24 so that total spend on Vodafone reaches the £1.9 million required. The remaining £1.9m budget for voice and data will be spent with the new supplier and will be sufficient assuming costs are below existing contract costs which the competition will aim to ensure. An update in Autumn 2022 will advise if this has been achieved or if further contract headroom is required.

6. GDPR and Data Privacy

- 6.1. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.
- 6.2. Under Article 35 of the General Data Protection Regulation (GDPR) and Sections 57 and 64 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.
- 6.3. The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the project meets its compliance requirements.
- 6.4. The project does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

7. Equality Comments

- 7.1. As this is a continuation of an existing contract no equality issues are raised.

8. Background/supporting papers

- 8.1. Approval was provided for a 1 year extension to this contract in PCD 1136 in February 2022.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – NO

ORIGINATING OFFICER DECLARATION	<i>Tick to confirm statement (✓)</i>
Financial Advice: The Strategic Finance and Resource Management Team has been consulted on this proposal.	✓
Legal Advice: The MPS legal team has been consulted on the proposal.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓
Commercial Issues The proposal is in keeping with the GLA Group Responsible Procurement Policy.	✓
GDPR/Data Privacy - GDPR compliance issues are covered in the body of the report. - A DPIA is not required.	✓
Drafting Officer Craig James has drafted this report in accordance with MOPAC procedures.	✓
Director/Head of Service: The Interim Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

Date 26/09/2022

Request for additional 12 month contract period for Voice and Data Services further to PCD 1136

MOPAC Investment Advisory & Monitoring meeting

Report by B Harrison on behalf of the Chief of Corporate Services

Part 1 – This section of the report will be published by MOPAC. It is classified as OFFICIAL – PUBLIC

EXECUTIVE SUMMARY

This paper seeks MOPAC approval for a further 12 month contract extension, to the 12 months already approved in PCD 1136, to replace the current Vodafone Mobile Voice and Data Services contract.

Previous approval given for a contract renewal was done in advance of negotiation with the supplier. Having completed the negotiation it would be most economical to change the parameters of the renewal to gain best value and reduce incumbent advantage in the market assessment to be undertaken.

This paper does **not** request additional funding or budget growth.

Recommendations

The Deputy Mayor for Policing and Crime, via the Investment Advisory and Monitoring meeting (IAM), is asked to:

Approve the award of a 24 month extension to the existing Vodafone Mobile Voice and Data Service contract to the value of £5.8m as an update to the previous approval (PCD 1136-14th Feb 22) for a 12 month extension.

Note this is not a request for additional funding or budget growth. Revenue costs of over the 2 years to will be funded from the MOPAC Approved Digital Policing (DP) Core Infrastructure Budget

Time sensitivity

A decision is required from the Deputy Mayor as soon as possible to ensure that the MPS is able to sign the 24 month extension with Vodafone to maximise commercial value from the re-procurement exercise and limit risk in transition to a new supplier.

Without approval there is risk of

- **Excess dual running in the event of a new supplier being successful in the re-competition of Voice and Data Services. To enable the SIM card transition it is**

necessary to run a new Voice and Data contract alongside the existing Vodafone one to enable SIM swap.

- Artificially limiting competition and so opportunity for a new supplier to successfully compete for these services due to cost of transition caused by high dual running costs.
- Introducing additional risk in transition due to the compressed timelines to undertake the swap of 120k SIM from incumbent to new supplier.

Non-confidential facts and advice to the Deputy Mayor for Policing and Crime

Introduction and background

1. Following approval of PCD 1136, commercial negotiations were undertaken with the incumbent for a 12 month extension. One of the key objectives of these negotiations was to secure agreement to include progressively smaller data packages allowing for a ramp down during any transition to a new supplier. The existing contract's minimum data package is 100,000GB which has a monthly cost of £150,000. The incumbent would only agree smaller data packages in exchange for a 24 month contract.
2. The 24 month proposal agreed sees the holding of the existing tariff rates in the existing contract along with the provision of an £8.8k monthly airtime credit. Additionally from month 13 of the agreement a more granular range of data packages (50k GB and 25k GB) will be agreed to allow a reduction in the dual running costs if transition to a new supplier is required.

Issues for consideration

3. Adopting this approach will save a minimum of £400k on exit costs compared to the originally approved 12 month contract. Whilst securing this requires delays competing a new contract and any potential transition, it helps to reduce the incumbent advantage and so unlocks the potential value of the competition by better enabling new suppliers to compete on a cost basis with the incumbent.
4. This approach provides an 11 month transition period as opposed to the 7 months available under a 12 month award. The revised approach also builds in a 3 month buffer should there be any issues with the transition of 120,000 SIM cards to a new supplier, further de-risking transition.
5. It was not possible to agree a 12 month offer that would be economical. Instead the new offer provided, which includes a stepped down in data package costs, is now over a 24 month timeframe including a minimum spend in year 2 of £1.9m which requires additional approvals to that given in PCD1136.
6. A BJP for the long term Mobile Voice and Data contract is planned to be submitted to PIB/IAM Board in Autumn 2022 following completion of competitive procurement

Contributes to the MOPAC Police & Crime Plan 2022-251

7. Ensuring the continuity and reliability of mobile voice and data services enabling MPS to

Keep London Safe.

MPS is a Category One responder under Civil Contingencies Act 2004. The Act places a responsibility on all Category One Responders to ensure that in the event of an emergency, they are able to continue to deliver, so far as is reasonably practicable, their critical functions. The Mobile Voice and Data Service complements MPS fixed wired communications and helps MPS meet its obligations under this act.

Financial, Commercial and Procurement Comments

8. Agreement to a 24 month extension will better support the planned re-procurement of the voice and data services by reducing costs of dual running and increasing available transition time to a new supplier so mitigating risks.
9. There is no funding implication in this request. The contract will be for a 2 year period, with an estimated maximum value of up to £5.8m for the full contract term based on the current service costs of £3.9m a year and the projected transition time period in the second year of the contract.
10. It is anticipated that the existing £3.9m budget per year will be sufficient for the dual running of any new supplier in year 2 alongside the exiting of the Vodafone contract.
11. The transition to any new supplier will commence in Feb 23 which is the first month when spend on the Vodafone contract will start to drop and a small amount of spend on any new supplier will come online. This switch in spend profiles will continue through 23/24 so that total spend on Vodafone reaches the £1.9 million required. The remaining £1.9m budget for voice and data will be spent with the new supplier and will be sufficient assuming costs are below existing contract costs which they should be via competition. The PIB/IAM update in Autumn 22 will advise if this has not been achieved and further contract headroom is required.

Legal Comments

12. **The Mayor's Office for Policing and Crime ("MOPAC") is a contracting authority as defined in the Public Contracts Regulations 2015 ("the Regulations"). All awards of public contracts for goods and/or services valued at £213,477 (including VAT) or above shall be procured in accordance with the Regulations. This report confirms the value of the proposed contract exceeds this threshold.**
13. **The MPS must ensure continuity of this service from Vodafone. MPS have looked into awarding a new contract compliantly under the CCS Network Services Framework agreement via a direct award process (as permitted under the CCS framework). Vodafone have confirmed they are not willing to provide the preferential terms being offered to the MPS as a standard service offering under the Network Services Framework. Therefore, use of the CCS framework is not a viable route to market. MPS may apply Regulation 72 permits MOPAC to modify an existing contract in limited circumstances. Specifically, regulation 72(1)(b) provides MOPAC may modify a contract where:**
 - **It is not possible to change contractor due to technical or economic reasons; and**

- to change contractor would cause MOPAC to suffer significant inconvenience or substantial costs duplication

14. The contract has been extended previously, however regulation 72(2) allows for successive modifications to be made in accordance with Regulation 72(1)(b), provided each modification is for a value which is no more than 50% of the value of the original contract and the MPS are not deliberately avoiding conducting a competitive procurement. As MPS have already begun to engage CCS in regard to a new procurement and the value of the extension is less than 50% of the value of the original contract (which was £14.96m), then this extension is compliant and in accordance with regulation 72(1)(b) of the Public Contracts Regulations 2015. The risk of a successful legal challenge is low.
15. If the contract is extended under regulation 72(2)(b) MPS should publish a modification notice. Paragraph 4.13 of the MOPAC Scheme of Delegation and Consent provides the Deputy Mayor for Policing and Crime (“DMPC”) has delegated authority to approve all unforeseen variations and extensions to contracts with an original value of £500,000 or above, when the variation or extension is greater than 10% of the original value and/or is for a period of more than 12 months.

Equality Comments

16. There are no equality concerns with this project.
17. There are no implications for the London Anchor Institutions’ Charter

Privacy Comments

18. The MPS is subject to the requirements and conditions placed on it as a 'State' body to comply with the European Convention of Human Rights and the Data Protection Act (DPA) 2018. Both legislative requirements place an obligation on the MPS to process personal data fairly and lawfully in order to safeguard the rights and freedoms of individuals.
19. Under Article 35 of the General Data Protection Regulation (GDPR) and Sections 57 and 64 of the DPA 2018, Data Protection Impact Assessments (DPIA) become mandatory for organisations with technologies and processes that are likely to result in a high risk to the rights of the data subjects.
20. The Information Assurance and Information Rights units within MPS will be consulted at all stages to ensure the project meets its compliance requirements.
21. The project does not use personally identifiable data of members of the public, so there are no GDPR issues to be considered.

Real Estate Implications

22. There are no real estate implications.

Environmental Implications

23. The Waste Hierarchy will be considered including reuse where suitable. Obsolete electrical equipment will be disposed of securely and in accordance with The Waste Electric and Electronic Equipment (WEEE) Regulations 2013.

Background/supporting papers

Further to approval in PCD 1136 (14th Feb 22)

Part 2 – This section refers to the details of the Part 2 business case which is NOT SUITABLE for MOPAC Publication.

1. Not Used.

No additional funding is required.

This route, via Part 1 only, has been recommended following consultation with MOPAC.