

REPORT TO: POLICY AND RESOURCES COMMITTEE
REPORT ON: TENDERS FOR MOBILE COMMUNICATIONS SERVICES
REPORT BY: DEPUTE CHIEF EXECUTIVE (SUPPORT SERVICES)
REPORT NO: 562-2005

1.0 PURPOSE OF REPORT

1.1 To advise members of the outcome of a tendering exercise for the City Council's Mobile Communications Services.

2.0 RECOMMENDATIONS

2.1 It is recommended that T-Mobile be awarded the contract to provide the City Council with Mobile Telecommunications Services for a two year period commencing on 19th September, 2005, at an estimated cost for that two year period of £315,364.

3.0 FINANCIAL IMPLICATIONS

3.1 The costs involved will be met from individual Departmental Revenue budgets on a pro-rata basis related to the number of mobile phones used by each Department, and the call usage for each mobile phone.

3.2 Savings to the Council across the two year period of the contract are estimated at £249,751.36 - a 44% saving on current costs. The effect of these savings will be reflected in future years' Revenue Budgets.

4.0 LOCAL AGENDA 21 IMPLICATIONS

4.1 None

5.0 EQUAL OPPORTUNITIES IMPLICATIONS

5.1 A key objective of the Council's telecoms networks is to maximise accessibility to Council Departments and services.

6.0 BACKGROUND

6.1 The number of mobile telephones in use across the Council has been increasing steadily in recent years. Two years ago when the contract was last reviewed 1,500 were in use, today that number stands at 2,009.

6.2 This increase is due to a range of factors, not least of these being more use of mobile/flexible working practices and the use of mobile phones in improving the safety of lone workers.

6.3 It is therefore essential that every effort be made to monitor costs and maximise savings wherever possible, while at the same time, ensuring that the Council gets full benefit from the advancing technology of the mobile communications industry.

6.4 Independent specialist ICT Consultants, Improcom, have been assisting the Council with the development of its fixed telecoms network. Since the technology now allows a considerable degree of integration of the fixed and mobile networks, and in view of their detailed knowledge of the Council's fixed telephony, they were engaged to assist with the selection of a preferred supplier of mobile communications with whom the Council could enter into a contract.

6.5 Because of the pace of change in this technology, it is considered that the optimum period for any contract should be two years. Although the Council would have the option to extend that period at the end of two years if it was considered at that time to be in the best interests of the Council to do so.

APPENDIX

- 6.6 Three companies tendered for this Contract:- O2, Orange and T-Mobile. All three tenders were evaluated in detail by Improcom.
- 6.7 All three Companies also made presentations to the Project Team.
- 6.8 The full Improcom Evaluation Report has been placed in the Members Lounge for members' perusal, and copies have also been given to Group Secretaries.
- 6.9 The tenders have been evaluated both from the point of view of costs and value for money, and also the ability to provide data services in future to facilitate the development of flexible and mobile working practices. Also examined was the scope for integration of the Council's fixed and mobile technology.
- 6.10 The conclusion reached by Improcom, and supported by the Council's own Project Team after the individual presentations, is that the Council's preferred supplier for mobile communications should be T-Mobile.
- 6.11 The Appendix to this report shows cost comparisons of the tenders received.

7.0 CONSULTATIONS

- 7.1 The Chief Executive, Depute Chief Executive (Finance) and Director of Information Technology have been consulted on this report.

8.0 BACKGROUND PAPERS

- 8.1 None

Patricia McIlquham
Depute Chief Executive (Support Services)

Ref: DM/SF
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Dundee City Council - Mobile Communications Services P5042: Stage III Evaluation - Comparison of Costs (Summary)

Number of Handsets	2,009				
	O2	Orange - no handset	Orange - with Handset	T-Mobile	T-Mobile (current contract)
Annual Fixed Costs (Monthly Charge)	£ 72,324.00	£ 48,216.00	£ 84,378.00	£ 60,270.00	£ 168,756.00
Annual Variable Costs (Call Charges)	£ 100,369.62	£ 86,020.32	£ 86,020.32	£ 97,412.19	£ 113,801.87
Sub-Total	£ 172,693.62	£ 134,236.32	£ 170,398.32	£ 157,682.19	£ 282,557.87
ARPU (Average Revenue Per User) per month	£ 7.16	£ 5.57	£ 7.07	£ 6.54	£ 11.72
Cost for handset replacement	£ 80,360.00	£ 80,360.00	£ -	£ -	n/a
Total over two-year contract term	£ 425,747.24	£ 348,832.64	£ 340,796.64	£ 315,364.38	£ 565,115.74
Total estimated savings over current contract	£ 139,368.50 25%	£ 216,283.10 38%	£ 224,319.10 40%	£ 249,751.36 44%	n/a n/a

Notes:

The variable costs are estimated and based on previous usage

It is anticipated that within the next six months, 75% of handsets will need to be replaced

The Orange (with Handset) and T-Mobile proposals allow a hardware credit that is sufficient to replace the handset

The O2 proposal provides a hardware credit, but this will need to be supplemented to purchase the basic handset

The price of a basic handset has been incorporated into the Orange (no handset) costs to reflect the cost of replacement