

<b>SHADOW EXECUTIVE</b>
<b>16 December 2008</b>

<b>SUBJECT</b>	<b>Award of tender for Cisco equipment and software</b> <i>(This report seeks authority to award a tender for the provision of Cisco equipment and software in support of the creation of the new ICT infrastructure for Central Bedfordshire Council)</i>
<b>REPORT OF</b>	<b>Director of Corporate Resources</b> <i>Contact Officer: Robert Wood (Tel: 01462 611609)</i>

**IMPLICATIONS**

<b>SUSTAINABILITY</b>	No
<b>FINANCIAL</b>	Will be drawn down from the approved transition budget, but exceeds the delegated financial approval limit of the Interim Chief Executive and is therefore issued in compliance with the CBC procurement rules.
<b>LEGAL</b>	No
<b>PERSONNEL/EQUAL OPPORTUNITIES</b>	No
<b>COMMUNITY DEV/SAFETY</b>	No
<b>TRADES UNION</b>	No
<b>HUMAN RIGHTS</b>	No
<b>KEY ISSUE</b>	Yes
<b>BUDGET/POLICY FRAMEWORK</b>	No

<b>OTHER DOCUMENTS RELEVANT TO REPORT</b>
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Appendix A – Tender evaluation spreadsheet
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<b>RECOMMENDATION(S):</b>
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1. That the Shadow Executive consider this report and the tender evaluation scoring, which is attached as Appendix A.
2. That the Shadow Executive approves the award of the tender to procure Central Bedfordshire Council's Cisco hardware and software requirements to Supplier 1 at a cost not exceeding £825,000.

*Reason for Recommendation: The procurement of new Cisco hardware and software necessary to implement the ICT infrastructure for Central Bedfordshire Council (CBC) and is in line with the approved ICT Programme PID which states: 'Whilst ensuring that stability in operations remains throughout and risk is suitably contained, the concept behind ICT for CB will be to create a new fit for purpose infrastructure'*

## **Background**

1. This is one of a series of tenders (Further Competitions) that have been run using the Office of Government Commerce (OGC) Catalist Invitation to Quote (ITQ) system. The process is web based and managed by the OGC. Any supplier queries are answered via the OGC website. This ensures that the Council gets best value for money from tender responders who all have to abide by the same OGC framework agreement. As the ITQ is strictly managed and controlled by the OGC it also makes the whole process transparent and compliant with both EU procurement regulations and best practice.
2. This report deals with the procurement of essential Cisco hardware and software required for the creation of Central Bedfordshire's ICT Infrastructure undertaken as specified above. The procurement of this hardware and software is fully in line with the Central Bedfordshire ICT transition strategy and essential in order to establish network capability for the new authority. As such, this procurement is as anticipated, falls within the anticipated budget provision and is placed before the Shadow Executive in order to comply with CBC procurement rules.
3. Seventeen suppliers were invited to quote via the OGC Catalist ITQ system. Five suppliers responded to the tender. The suppliers responses were evaluated in two parts:

The first part, which accounts for 70% of the total score, is whole life cost. In this particular instance this cost is for the cost of the goods and associated 3 years maintenance cost. Although this latter item raises the total up front price of the procurement it does allow us to leverage economies of scale with suppliers to ultimately significantly reduce the ongoing maintenance cost. Each solution that is within 50% of the lowest price is awarded a basic price score of 30%, plus a further relative price score of 40% based on it's price. This is a fixed calculation that ensures a base empirical score is attributed prior to the final scoring of the fitness for purpose.

The second part involves two senior ICT officers carrying out the fitness for purpose part of the scoring independently. These scores are averaged and added to the whole life cost scores for each solution.

From the matrix, the supplier with the overall highest point score is the one to whom the contract is normally awarded unless an overriding reason exists as to why this should not be the case. In this instance, Supplier 1 has the highest score and it is proposed that the contract be awarded to them. Appendix A, attached, lists all of the scoring by supplier.

It should be noted that suppliers 3,4 and 5 were considered non-compliant for the reasons below. However they were not excluded from evaluation, but marked accordingly in the officer evaluation part of the scoring. The reasons for non-compliance were:

- Supplier 3 – “Shared” support offered, but the prime OGC contractor was not a Gold partner as our specification required for this type of support.
- Supplier 4 – A major support cost in the IPCC element was not quoted or, therefore price is artificially low.
- Supplier 5 – Only a quotation was supplied in response to our tender with none of the further detail requested.

4. Members are asked to note that unusually, if approved, the order placed may not exactly match the quotation received for the reasons following. Instead the Executive is asked to approve the supplier indicated and a maximum order cost of £825,000.
5. Cisco is an American company and all its sales pricing is dollar based. Given recent currency fluctuations, none of the potential suppliers were willing to offer fixed pricing for the usual 30 days, with most only offering a 7 day validity. The proposed supplier (Supplier 1) was one of the few to state the exchange rate upon which their pricing was based, thus allowing officers to clearly calculate any pricing movements applicable at the time of order due to this factor.
6. Secondly, due to the tight project timescales involved, it was necessary to base the tender upon a draft list of requirements, as opposed to confirmed final requirements (particularly surrounding the Contact Centre). It is expected that these may vary slightly from tender to final order. However as the majority of requirements are firm and that the changes due to this particular factor are not expected to be significant, Officers believe that the validity of the tender exercise remains complete as all pricing was specifically asked for at a detailed level to allow for this potential issue. Indeed these requirements may lead to a reduction, rather than increase in cost. The OGC process supports such amendments.

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<b>Background Papers:</b>	Approved ICT Programme PID CBC ICT transition overview for OPB
<b>Location of Papers:</b>	N/a
<b>File Reference:</b>	N/a