

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

MEETING: 21 SEPTEMBER 2009

SUBJECT: PROCUREMENT OF COMMUNICATION CIRCUITS

REPORT OF THE CHIEF FIRE OFFICER, FINANCE OFFICER AND CLERK TO THE AUTHORITY

1 INTRODUCTION

1.1 This report informs Members of the additional costs incurred in respect of the installation of upgraded communications circuits that were originally tendered for in February 2009.

2 BACKGROUND

2.1 Members will recall that at the Authority meeting, held on the 23rd February 2009, a report was presented concerning the need for the installation of new high speed data circuits within the service.

2.2 The purpose of the new circuits was to overcome the increasing problem of congestion of the data network which was leading to significant delays and restricting the effective functioning of the service. The increase in the existing bandwidth would overcome this problem and enable a wider range of services to run across the network, at greater speed, provide increased resilience to the overall network and allow a reduction in the number of IT servers required.

2.3 Following consideration of the report and the tender prices received for the work from the tenderers, approval was given to award the contract to KCOM Group PLC for the installation and rental of the replacement high speed data circuits in the sum of £642,376, for a period of four years (Minute No.106/2009 refers). There were only two tenderers for this work with the second tenderer quoting a figure of £786,000.

2.4 Further to this and prior to contract signature, KCOM Group PLC informed the service that it had misquoted in its tender to the sum of £59,225 and could not undertake the work at the original price. After consideration, the Chief Fire Officer re-tendered the work and the same two companies submitted quotations with KCOM Group PLC submitting a new tender cost of £701,601 and the second company also submitting a revised cost of £801,278. Subsequently, the KCOM Group PLC was approved by the Chief Fire Officer using delegated authority in view of the fact that the cost increase was under ten percent of the original quotation and a contract for the work was entered into, which included within it a provision for the contractor to pass on any additional installation costs arising from additional work being identified following full surveys of the sites being undertaken.

2.5 In July, KCOM Group PLC started work on the necessary connections. However, as the work commenced and full site surveys were undertaken KCOM Group PLC informed the service that additional works had been identified at some sites in order to properly install the new circuits and the contractor advised that there would be

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costs incurred as a result and that these additional costs would be passed on in accordance with the contract. The contractor further informed the service that failure to approve the new costs within thirty days would result in the primary network provider (BT) cancelling the KCOM Group's planned access to the necessary infrastructure which would result in a delay of several months.

- 2.6 The revised total for installation and rental over the four year period would now amount to a total of £744,384 a further increase of £42,783. Whilst this revised total remained lower by a sum of £56,894 than that of the next lowest tender of £801,278 it took the overall cost above ten per cent of the original price. In such circumstances a decision to proceed with the remaining work would normally require Authority approval.
- 2.7 However, with the next Authority meeting not scheduled until 21st September the Chief Fire Officer, having considered the matter with the ICT department was of the opinion that the resulting delay that would occur in this urgent work was such that it was not practicable to comply with Standing Orders as a swift decision was required. Consequently, following consultation with the Chairman and Vice-Chairman of the Authority in accordance with Standing Order E1 (b) (ii), the Chief Fire Officer gave his approval to the continuation of the work at the revised price and to report this to the Authority at the next meeting.

3 FINANCIAL IMPLICATIONS

- 3.1 The agreed contract sum of £744,384 is split on the basis of £87,628 capital and £656,756 revenue (four equal annual payments of £164,189). Provision has already been made in the 2009/2010 Capital Programme for ICT schemes, and some reprioritisation of this has been undertaken in order to accommodate the capital element of the Communications Circuit contract.. The annual revenue cost for 2009/2010 is provided for in the Authority's Revenue Budget, and the ongoing costs are taken into account in the Authority's Medium Term Financial Strategy, which is also on today's agenda.

4 RISK MANAGEMENT IMPLICATIONS

- 4.1 A risk assessment has been undertaken to ensure that the risk to the Authority has been minimised as far as practicable. The assessment has considered an appropriate balance between risk and control; the realisation of efficiencies; the most appropriate use of limited resources; and a comprehensive evaluation of the benefits. The risk to the Authority has been assessed as medium, utilising the standard risk matrix based on control measures being in place

5 HEALTH AND SAFETY IMPLICATIONS

- 5.1 There are no Health and Safety implications in respect of this report.

6 EQUALITY AND FAIRNESS IMPLICATIONS

- 6.1 There are no equality and fairness implications in respect of this report.

7 RECOMMENDATION

- 7.1 The Authority is requested to approve:
Creating the Safest Community

- i) To note the content of the report

BACKGROUND PAPERS

The undermentioned Background Papers refer to the subject matter of the above report: