

AGENDA ITEM No. 12(a)

NORTH LANARKSHIRE COUNCIL

BRIEFING REPORT

To: POLICY & RESOURCES (FINANCE) SUB COMMITTEE	Subject: PROCURING CHANGE TELEPHONY SERVICES
From: DIRECTOR OF FINANCE	
Date: 26 July 2005	Ref: BC/CC

1. Contract Variation Savings

1.1. As part of the ongoing exercise reviewing the Council's spend for cash savings and efficiencies, the opportunity to reduce our current level of call charges within the BT contract was identified. In addition there exists an opportunity to rationalise the means of receipt and processing of the 9,000 bills received annually from BT.

1.2. The Council currently spends approximately £0.9m with BT (2004/05 annual spend) across departments as detailed below.

	Spend	Rental	Net	Savings	
				2005/06	Annual
Chief Executive	£1,000	200	800	100	100
Community Services	£262,000	73,400	188,600	25,900	39,200
Education	£298,000	155,900	142,100	19,500	29,500
Finance	£83,000	1,700	81,300	11,200	16,900
Administration	£15,000	9,500	5,500	800	1,200
Housing & Property	£87,000	27,500	59,500	8,200	12,400
Planning & Environment	£7,000	3,800	3,200	400	600
Social Work	£182,000	37,000	145,000	19,900	30,100
	£935,000	£309,000	£626,000	£86,000	£130,000

The improved pricing from BT will result in cheaper call charges providing savings within the current year (2005/06) of £86,000, and annualised savings of £130,000, as shown by departments in the table above.

1.3. As approved by the Policy & Resources (Finance) Committee of 7 September 2004, these savings will be the subject of a virement from departmental budgets to provide funding for the operation of the procurement project.

2. One Bill

- 2.1. Presently the Council is billed on a quarterly basis by the telephony service providers on traditional paper bills. BT and Telewest have introduced a facility, '*One Bill*', which allows such billing information to be provided electronically and reduce the administrative processes involved in the receipt, verification, processing and payment. An additional benefit of this type of information is the ability to distribute and access meaningful and relevant management information timeously.
- 2.2. A project team to examine and rationalise our processes for bill management involving appropriate officers across the Council will be undertaken to realise the time-releasing improvement of the *One Bill* project.

3. Telephony Tender

- 3.1. The market place for telephony services is continuing to develop and there are a variety of new and significant sectors emerging. The Council needs to maintain its awareness of such opportunities and seeks to benefit from the introduction of emergent technologies whilst operating a robust and resilient telephony estate. The current service provision is shared between the following Tier One suppliers:

- 3.1.1. BT
- 3.1.2. Telewest
- 3.1.3. Cable and Wireless
- 3.1.4. O2
- 3.1.5. T-Mobile

The current telephony services portfolio within NLC includes the following major services.

- 2150 exchange and centrex lines (all departments)
- 800 digital lines (all departments)
- 145 leased lines (all departments excluding Education)
- 160 leased lines (Education)
- 2050 mobile handsets
- 50 Blackberry handsets
- 100 ADSL/ISDN lines

- 3.2. A number of our significant contracts for telephony are due for review within 2006, these are:-

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|--------|---|---------------|
| 3.2.1. | BT Customer Commitment (MBS06) | June 2006 |
| 3.2.2. | BT Exchange line credit scheme (ELCS) | March 2006 |
| 3.2.3. | BT Access credit scheme (ACS) | November 2006 |
| 3.2.4. | Telewest T700 tariff. | June 2006 |
| 3.2.5. | Telewest unified bill (leased services) | April 2006 |
| 3.2.6. | O2 Mobile telephony contract | July 2006 |
| 3.2.7. | Education support contract | April 2006 |

All the above services are on rolling annual contracts, with the exception of the Education support tender and the O2 mobile telephony contract. As a consequence it is an opportune time to consider the role and direction of the Council's telephony estate across all sectors, these include:-

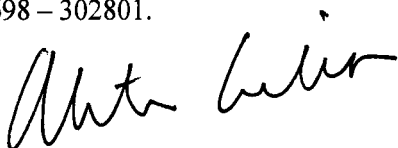
- Corporate Voice services utilising Direct Exchange Lines (DEL)
- Corporate Voice services utilising Centrex services
- Corporate Voice services utilising Digital services (DASS)
- Corporate Data services utilising leased lines (Private circuits)
- Corporate Data services utilising ADSL lines (Broadband)
- Education Data services utilising leased lines (BT Learning Stream)
- Education Data services utilising leased lines (Telewest private circuits)
- Education Data services utilising ADSL/ISDN lines
- Mobile telephony services (Handsets)
- Mobile telephony services (Blackberry)
- Mobile telephony services (GPRS/3G)
- Non geographic services (0845, 0800)
- Alarm Lines (BT red-care)

4 Recommendaton

The Committee is asked to:-

- 4.1 Note the savings obtained in the contract variation with BT.
- 4.2 Approve the virement of budgets in respect of the savings identified in paragraph 1.2.
- 4.3 Approve the adoption of *One Bill* and review of business processes.
- 4.4 Authorise the Director of Finance to enter into a competitive tendering exercise for all Data and Voice services detailed in the report.
- 4.5 Note that departments should not enter into any new contracts or authorise any extensions to existing contracts for Data or Voice services until the conclusion of the competitive tendering exercise.
- 4.6 Note that future reports to Committee will detail progress and outcomes.

Members wishing further information please contact Mr Brian Cook, Head of Revenue Services,
Tel:- 01698 – 302801.



Director of Finance