

REPORT TO: POLICY AND RESOURCES COMMITTEE – 8 NOVEMBER 2010
REPORT ON: TELEPHONY INFRASTRUCTURE UPGRADE
REPORT BY: HEAD OF INFORMATION TECHNOLOGY
REPORT NO: 650-2010

1 PURPOSE OF REPORT

1.1 The report details the tenders received for a major upgrade to the Council's telephony infrastructure and outlines the requirement for this investment and upgrade. The report also outlines revenue savings which will be obtained as a result of this project.

2 RECOMMENDATION

2.1 It is recommended that:

- i. the Council accepts the OGC Buying Solutions tender of £390,100 from Freedom Communications (UK) Ltd, for the upgrade detailed in this report. The tender is the lowest cost tender when the five-year full cost is calculated
- ii. the Head of Information Technology develops a project plan and migration plan to manage the above project.

3 FINANCIAL IMPLICATIONS

3.1 The proposals included in this report will require capital expenditure of £390,100 funded from prudential borrowing, to be included in the Capital Plan at its next review.

3.2 Telephony revenue costs will be reduced by £77,362 p.a. from 2012/13 onwards and this will fund the prudential borrowing costs of the capital expenditure identified in paragraph 3.1 above.

3.3 Future accommodation cost saving opportunities can be exploited by deploying this telephony technology.

4 BACKGROUND

4.1 The Council's ways of working and providing services to our citizens are fundamentally changing. The Council's Changing for the Future improvement programme (report number 441-2010, 23 August 2010) outlines the need to introduce mobile, flexible and home working to improve service provision and achieve property and staff efficiencies and savings.

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- 4.2 Dundee House will be the first major office location where hot-desking and desk to staff ratios of 8:10 will be applied. However, it is anticipated that, as further rationalisation of Council property assets is undertaken, these work patterns and desk to staff ratios will be deployed across many office locations in the Council.
- 4.3 To facilitate seamless and effective telephone communications in this manner, significant elements of the telephony network need to be upgraded.
- 4.4 As part of the Changing for the Future improvement programme, the Depute Chief Executive (Support Services) and the Head of Information Technology were instructed to develop the telephony infrastructure to:
- facilitate flexible working
 - improve resilience of the telephony network
 - reduce ongoing telephony revenue costs
- 4.5 The Council's telephony network has been in place since 2003 (report number 32-2003, 13 January 2003). Telephony technology has improved radically since that time, and many organisations are taking the opportunity to migrate separate telephony services to their data network. This is known as convergence or IP (internet protocol) telephony. Advantages of this network convergence are economy and added functionality. The Council approved a migration of some of the Council's telephony network to a converged platform in 2008 (report number 627-2008, 8 December 2008). This 3-year deployment is almost completed.
- 4.6 The 627-2008 report resulted in 1300 extensions being migrated to IP telephony. IP telephony has also been deployed when significant accommodation changes have been undertaken over the last five years. This includes PPP school locations, Housing area offices and Downfield House. The strategy has been to migrate to IP telephony where there are revenue savings opportunities due to network convergence. In excess of 2175 IP handsets are now deployed across the Council.
- 4.7 If this report is approved it will result in the Council's core telephony platform and central servers being upgraded to provide greater resilience. It will also create greater opportunity to exploit the savings and efficiency benefits of mobile, flexible and home working. It will also facilitate opportunities to accrue the accommodation cost benefits of hot-desking. As a result of this procurement, the entire Dundee House facility will benefit from hot-desking capability. The list of equipment supplied is detailed in Appendix 1.
- 4.8 The report will also facilitate a reduction of £100,541 per year of revenue costs for the current telephony contract. This will be achieved by deploying IP telephony at nine Council buildings. The savings will be made by consolidation of network lines and elimination of maintenance costs. These sites are also detailed in Appendix 1.

5 TENDER DETAILS

- 5.1 This tender was carried out under the OCG Buying solutions tender framework agreement. The Council has previously approved this method of procurement (report number 900-2002, 16 December 2002). As tenders of this nature require specialist evaluation, PTS Consulting Ltd. were asked to assist in the tender development and evaluation process. Advantages of using this framework are reduced tender costs

due to pre-screening and evaluation of companies by the OGC buying solutions team.

5.2 All eleven companies on the OGC framework were asked to submit responses. Five responses were received. Of the five companies, two were eliminated at the short-listing stage. The two companies were eliminated at this stage, as they were the highest on price. The core technology offered by these two companies was also offered at a lower price by other companies who were in the short-list. The companies who were eliminated at this stage are:

- British Telecommunications PLC
- Virgin Media Business Ltd

5.3 Three companies were retained for the short-listed stage and were asked to present their solutions in detail. These companies were:

- Freedom Communications (UK) Limited
- Azzurri Communications Limited
- Siemens PLC

5.4 After a full evaluation and detailed verification of the proposed solutions it was determined that all three short-listed solutions met the Council's essential requirements. On this basis, the solution which is the lowest cost offering (five years annual maintenance costs added) is the Freedom Communications (UK) Limited offering. The cost of this offering is:

- Full capital cost - £390,100
- Annual maintenance - £23,179

5.5 Freedom Communications (UK) Ltd will be the prime contractor for this tender. Intrinsic Technology Ltd. will be the main sub-contractor and the technology platform will be based on Avaya manufactured technology. As well as being the lowest cost offering, the Freedom Communications solution has the following added advantages:

- The solution is based on the current contact centre technology in use within the Council, and there will be no cost of change
- The solution is based on Avaya central telephony technology. Again this is currently in use within the Council and existing internal telephony expertise is based on this technology.

6 PROPOSAL

6.1 The proposal is to proceed with the tender recommendation outlined in 5.4 above, from Freedom Communications (UK) Limited.

6.2 A project plan will be drawn up to facilitate the installation of the telephony core infrastructure and IP handsets.

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- 6.3 The project will take account of the latest planned office accommodation moves. Migration priorities will be determined in consultation with relevant Chief Officers.
- 6.4 The migration project will require some changes to existing telephone extension numbering. Where possible, changes to extension will be minimised when these extensions are publicly advertised numbers.

7.0 POLICY IMPLICATIONS

- 7.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Assessment. No major issues were identified, however:
- i) For the operation and maintenance of a wide range of I.T. equipment and support systems, consideration will be given in support of all service developments in line with the **Purchasing and Procurement** principles of the Sustainability Policy.
 - ii) The impact of this policy will have the combined effect of reducing energy costs, life cycle costs and ensure sustainable recycling of equipment at end of useful life.

8.0 CONSULTATIONS

- 8.1 The Chief Executive, Depute Chief Executive (Support Services) and Director of Finance have been consulted.

9.0 BACKGROUND PAPERS

- 9.1 None.

List of Items supplied in tender**APPENDIX 1**

ITEM	Qty
Resilient telephony server infrastructure (located in two data-centres)	2
IP Handsets (Dundee House)	820
IP Handsets (Barrack Street)	20
IP Handsets (Braeview)	50
IP Handsets (East Port House)	65
IP Handsets (EHTS Claverhouse)	90
IP handsets (Harris)	50
IP Handsets (Marchbanks)	65
IP Handsets (Menziesshill HS)	45
IP Handsets (Mitchell Street)	65
IP Handsets (Morgan Academy)	50
Project Management	
Design	
Implementation and Migration	
Training	
Software licences	