	Agenda Item	**21**
THE HIGHLAND COUNCIL **Resources Committee – 27 May 2015** **Unified Communications Project** **Report by the Depute Chief Executive/Director of Corporate Development**	Report No	**RES/ 48/15**

Summary

This report is an update for Members on the Unified Communications (UC) Project which outlines the current progress with the project and the estimated ongoing benefits, costs and savings that could be realised from the deployment of the UC solution.

1.   Background

1.1   Unified Communications (UC) is the integration of a number of functions including telephony, instant messaging (chat), office attendance information, video conferencing, data sharing, call control and email. The UC solution the Council has selected will use a combination of Microsoft Lync and Avaya telephony systems.

1.2   Unified Communications will bring a number of benefits to the Council, including:
   * Affordable replacement of ageing and failing telephone systems;
   * Support for mobile and flexible working by bringing together telephony, video conferencing and instant messaging.
   * Ability for the functionality to move with the user – accessible via laptop, desktop or in future via smart phone or tablet;
   * Ability to reduce expensive phone lines;
   * Ability to reduce call charges;
   * Ability to reduce the need for travel and the cost of travel

1.3   At the Finance, Housing and Resources Committee on 28 August 2013, the Committee agreed the UC Strategy and to proceed with the development of the Argyll and Bute Council (ABC) shared services model as their preferred option for the delivery of Microsoft Lync. The Avaya telephony systems have to date been provided by Fujitsu/BT.

1.4   Approval was then granted by the Finance, Housing and Resources Committee in February 2014 to enter into a Shared Services Agreement with ABC and to start implementation of the project.

2.   Project Progress – Microsoft Lync

2.1   Lync will be the main telephony system across the corporate estate as well as being the overall messaging and presence system. The approach taken by this Project has been to start with a pilot Lync deployment with the main aim being to prove the technology would work for a large group of users within the Council's environment, and to inform the support model required for a wider rollout. Following a successful pilot, the intention is then to complete a design for a full rollout and then to deploy across the Council area, having learnt lessons from the pilot rollout.

2.2   The Service Centre, Osprey House, has been treated as a unique site due to the specific requirements unique to a call centre environment. Therefore, a dedicated Avaya solution has been deployed. This will be integrated with Lync, and will enable automated operator services and telephone payments. The Avaya system has now been successfully deployed and the full functionality will be available by the end of May 2015.

2.3   The project team has been working with ABC and Fujitsu Services to enable the pilot of Microsoft Lync to groups of users in Dingwall and HQ. As reported to Members in February 2014, the project would supply a telephony solution for the Dingwall Office Rationalisation (DOR). Due to tight timescales surrounding the DOR, the decision was made to rollout an alternative Avaya solution as an interim. Microsoft Lync has now been deployed to approximately 350 pilot users and the interim telephony solution for Dingwall will soon be removed and redeployed to the Curriculum estate.

2.4   There has been some very good feedback from users and Lync has been shown to deliver a number of benefits already. These include:
- Facilitating Mobile Working
- Conference Facilities – reducing requirement to travel
- Intuitive Solution and easy to use

2.5   A comprehensive post pilot review has been undertaken and this has shown the value of running a pilot which has allowed the Council to fully understand and test the technology under the shared services operating model with ABC. The review has involved input from Argyll & Bute, Fujitsu, Highland Council Pilot users and some Members and has highlighted a number of issues. These can be summarised as minor technical issues (e.g. call quality problems), change management issues (user preparation and training) or general rollout issues.

2.6   The project is now concentrating on closing down resolution of the issues identified by the pilot, and designing and planning for the wider rollout.

2.7   Resolution of technical issues has been challenging and has taken a lot longer than expected, and the pilot is running approximately 8 months late. The project team has developed a close working relationship with Argyll and Bute Council but it has been challenging working with Fujitsu who have not always prioritised the correct resources to commit to project timescales. There have been competing pressures for Fujitsu, such as the work to achieve PSN accreditation, but robust management is in place with Fujitsu's management team to ensure that further delays do not occur as the project progresses.

2.6   For the wider rollout, the emphasis will be on a design that gives greater resiliency and reliability, more flexibility and options for users, greater integration with the Council's systems and improved support arrangements.

2.7   The indicative plan is for the project to be ready for the wider rollout in Quarter 2 of 2015/16 and for the full rollout to take 12 – 18 months. As part of the move from pilot to full roll out, the sponsorship of the project will change from the Head of Digital

Transformation to the Corporate Improvement Programme Manager, with the project/service management remaining within the ICT Services/Digital Transformation business area

3. Project Progress – Avaya

3.1 The chosen option for schools telephony is a more conventional, but modern and highly functional, solution from Avaya. This will integrate with the Lync system.

3.2 The Avaya rollout has been managed in parallel to the Lync rollout and so far has involved Fujitsu and BT. As Fujitsu's telephony service has now transferred to The Council, future rollout will be managed by the in-house team, bringing reduced costs to the project.

3.3 To date there have been 38 schools with Avaya deployed, and a plan is being prepared for a rolling deployment across schools. Priority will be given to schools with older and failing systems, those undergoing substantial building works and where immediate cost savings can be made.

4. Project Progress – Video Conferencing

4.1 Due to various different legacy video conferencing protocols already in place it has been very challenging to manage reliable connections with our partner organisations. The Council has now procured a corporate video bridging service which will allow connectivity between all our existing and future hardware and the systems in other organisations. This service is in the process of being introduced and the expectation is that it will be fully live at the beginning of June 2015.

4.2 A separate procurement exercise will commence in summer 2015 to replace some of the ageing video conferencing equipment across the Council's estate. This will include the HQ Chamber to integrate with the new voting and microphone system already in place. The new video conferencing estate will also include small and highly portable units that can be easily moved between rooms to give more flexibility.

5 Costs and Budget

5.1 The report to the February 2014 meeting of the FHR committee showed the expected profiling of project capital costs. We also reported that the overall capital budget for UC (including the rollout of Video Conferencing) was **£1,396,146**. Additional maximum funding of up to **£311,000** was available from ICT Investment Funds to cover enabling works to give an overall total budget of **£1,707,146**.

5.2 The revised profiling for the project capital expenditure is show in the table below;

	13/14	14/15	15/16	16/17	TOTAL
UC Implementation	£166,000	£310,000	£1,054,000	£191,000	£1,722,000
Enabling Works	£50,000	£26,000	£17,000	£8,000	£101,000

TOTAL	£217,000	£337,000	£1,071,000	£199,000	£1,823,000

5.3

This table does show that the expected one-off capital expenditure for the overall project is likely to be £308k more than originally forecast with a revised overall cost of £1,823k. This is due partly to increased pilot costs, including much higher Fujitsu project management and technical support costs than expected, and the need to revise the solution following the pilot review. As a reference, the cancelled Fujitsu telephony refresh project would have cost £2,385k, so the in house solution still offers the Council an overall benefit of £562k.

5.4

This forecast cost increase is however being managed within existing ICT budgets; in particular a reduced need for building enabling works and an underspend in the budget for the ongoing fixed telephony service due to successful procurement by the Council.

5.5 Key to the business case for this project is the reduced revenue costs that will result from a refresh of the Council's telephony systems. The £1,823k capital expenditure will bring a number of functional and business benefits but can also be seen as a clear investment in the business for the long term that will result in revenue budget savings.

5.6 An efficiencies target of £300k p.a. was set by the Council against the telephony budget. We can now confirm that this target has been met for 2015/16 as a result of the initial investment in UC and reductions in telephony maintenance and line rental costs. Further savings are likely to be achieved as the project progresses. Telephony systems generally have a lifespan of over 5 years and often considerably longer. Therefore the investment will result in substantial long term revenue benefits.

6   Migration of Telephone Lines

6.1 Migration of telephone lines from Fujitsu to a new interim contract with BT has completed and the benefits are already being seen. The Council now has full visibility and control of lines and calls and as a result we have been able to make immediate savings through ceasing unnecessary lines and challenging call usage. We are now also on a more competitive calls tariff in line with Government framework pricing. A new procurement exercise will start this summer to put in place a new contract to take effect from January 2016. It is hoped that further savings may be achieved via this procurement.

7.   Implications

7.1 Resource Implications: Existing dedicated resource within the ICT Programme Management Office (Project Manager and Project Officer) is being utilised to manage this project with support from the Senior Project Manager. A temporary project manager has also been in place to provide additional cover with funding from overall staffing underspend. The Council has also had to fund a project manager in the Argyll and Bute as an additional necessary resource which is reflected in the costs reported above.

7.2 Legal Implications: There is a Memorandum of Understanding (MoU) for the period of the UC pilot and work is underway to start the definition of an ongoing shared service

arrangement in tandem with rectifying the technical issues, and on the successful closure of the pilot. Legal advice and resource has been sought internally to support this work.

7.3   Equality Implications: There are no equality implications arising from this report.

7.4   Climate Change/Carbon Clever Implications: This project has minimal direct carbon clever implications, although the replacement of old telephony equipment is likely to result in modest power reductions. Unified Communications is however a key building block in the modernisation of the Council's work-styles and is a dependency for the full introduction of mobile and flexible working.

7.5   Gaelic Implications: There are no Gaelic implications arising from this report.

7.6   Rural Implications: The rollout of UC will enable a more flexible and mobile workforce, thus allowing employees to operate more effectively away from the main Council offices. This is dependent however on connectivity via WiFi or the mobile network and that connectivity is out of scope for this project.

7.7   Risk Implications: Replacement of old telephony systems will reduce risk of failure and provide opportunities for more resilient arrangements to be put in place.

RECOMMENDATIONS

Members are asked to:

- Note the completion of the pilot phase of the Unified Communications project;
- Note the benefits which will be delivered for the Council as part of the Unified Communication project;
- Note the position with regard to timescales, costs and future rollout plans;
- Note that the forecast project costs have increased but that they are being managed within the overall ICT budget;
- Note the benefits and ongoing revenue savings of £300k to be achieved through this project.

Signature: Michelle Morris
Designation: Depute Chief Executive
Authors: Jon Shepherd, Vicki Nairn, Alison Gilbert
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