

THE HIGHLAND COUNCIL
Housing, Finance and Resources Committee
26 February 2014

Unified Communications
Report by the Depute Chief Executive

Agenda Item	22
Report No	FHR/44/14

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 costs and savings that could be realised from the deployment of the UC solution. The report seeks final approval to proceed with the project.

1. Background

- 1.1 Unified Communications is the integration of real-time communication services such as instant messaging (chat), presence information, telephony (including IP telephony), video conferencing, data sharing, call control and speech recognition with non-real-time communication services such as unified messaging (voicemail, email, SMS and fax). The UC solution the Council has selected is Microsoft Lync and this can be deployed across different devices such as laptops/desktop computers, smartphones and tablets.
- 1.2 The Unified Communications Project has replaced two previous projects – the Transformation Programme Telephony Project (originally led by Fujitsu) and the Video Conferencing Project. Project Management of the Unified Communications Project is being provided through Highland Council ICT Services.
- 1.3 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 dependency on expensive ISDN phone lines;
 - Ability to reduce call charges.
- 1.4 The full functionality of Lync will be available to all corporate users of Council PCs as the licences have already been supplied as part of the Microsoft Enterprise Agreement. The licensing covering curriculum PCs will also cover the majority of the functionality. Therefore, although some sites, such as smaller schools, will continue to have conventional phone systems for operational and business continuity purposes the benefits will be seen across the whole Council.

In practice this will mean that Members and a large proportion of the Council's employees will have the ability to use instant messaging, make voice calls from their PC and connect in to video conferences via a simple webcam wherever there is a connection to the Council network.

1.5 The Project team has been working with Argyll and Bute Council and Fujitsu Services to enable the pilot to support the Dingwall Office Rationalisation project and other aspects of the UC solution as outlined below.

2. Project Progress - Argyll and Bute Council Pilot

2.1 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.

2.2 The Project team has been working with ABC and Fujitsu Services to enable a pilot of the Microsoft Lync solution to support the Dingwall Office Rationalisation project.

2.3 Technical workshops have taken place with all parties throughout October to December 2013 to work through the Pilot design. Through continuing discussion, agreement has been reached on the fundamental principles of the overall technical design and that is soon to be finalised to include all the Fujitsu input required to allow integration with our existing Microsoft systems.

2.4 The current position is that, although the implementation timescales are tight, it is expected that the Lync solution will be in place to support the Dingwall Office Rationalisation project. An alternative conventional telephony solution has been scoped out as a backup option if there is a change in this expectation.

2.5 An important part of the pilot will be the setting up of a demonstration environment that can be used to show the functionality of the system across a range of devices. Demonstrations will be arranged for Members and staff. The nature of Lync will mean that this will be portable and demonstrations will be possible across the main Council offices in order to explain the benefits.

2.6 Final approval for the implementation of the project is still to be given although planning for the pilot to support the Dingwall Office Rationalisation is underway. The project board now recommend that this approval is given. This would mean that the Council would enter into a shared services agreement with Argyll and Bute Council to provide a Lync UC solution. Full rollout would commence summer 2014 assuming the pilot is successful. Members are asked to agree this recommendation.

2.7 As well as providing a replacement for much of the Council's telephony infrastructure, the UC project will also update the fixed video conferencing units located across the Highlands. These units will be integrated with Lync allowing communication between them and webcams mounted on PCs. Work has started on this aspect of the project due to the need to replace failing equipment in the HQ committee rooms.

3 Costs and Budget

3.1 Indicative costs for three options for the implementation of this project were reported to Members at the August 2013 meeting of this Committee. The preferred option was the shared service arrangement and the reported costs were:

Capital	£1,159,960
Annual Recurring	£159,609
5-year	£1,958,005

It was highlighted that there would be a need for some building works (such as cabling) to enable the solution but no figures were given in that regard. Note that these recurring costs only cover the actual support of the Lync system – not other equipment maintenance, line rentals or call charges.

- 3.2 The table below shows the current expected profiling of project capital costs although the expenditure in the current financial year is at risk due to changes in the rollout plans for video conferencing. As reported to members at the August 2013 meeting of the FHR Committee, the overall capital budget for UC is **£1,396,146**. Additional maximum funding of up to **£311,000** is available from ICT Investment Funds to cover enabling works to give an overall total budget of £1,707,146. Therefore the budget is still sufficient to meet the expected costs of this project. Should the project costs be lower than the budget, the funds will be returned to the ICT Investment Funds for future ICT investments.

	13/14	14/15	15/16	16/17	TOTAL
UC Implementation	£301,433	£409,847	£395,676	£105,633	£1,212,590
Enabling Works	£10,000	£92,000	£150,000	£50,000	£302,000
TOTAL	£311,433	£501,847	£545,676	£155,633	£1,514,590

This does show a potential increase in the UC implementation of £52k reflecting some changes in pricing for video conferencing and other equipment. However these figures are still based on estimates at present.

Fujitsu costs to enable the pilot rollout, such as firewall and local network changes, have not been fully identified although there is some certainty that these will be less than £15k. This is less than originally expected.

- 3.3 The table below shows the forecast ongoing revenue costs covering the current position, transition into UC and the future state following implementation.

	13/14	14/15	15/16	16/17	17/18
Current Charges Forecast	£1,060,824	£1,060,824	£1,060,824	£1,060,824	£1,060,824
UC Charges Forecast	£1,060,824	£834,462	£764,437	£613,837	£613,837
DIFFERENCE	£0	£226,362*	£296,387	£446,987	£446,987

*In 14/15 it is anticipated that any savings in running costs will be used to offset current budget pressures caused by the delayed replacement of older telephony systems.

Therefore the forecast is for the ongoing telephony charges to reduce following the introduction of UC. In the early stages of the project this reduction in charges will offset pressures in the central budget that covers line rentals. Line rentals account for over half the current annual charges and that is the area where the Council can expect the biggest reductions as it rationalises lines.

- 3.4 If the Fujitsu telephony project had been successfully implemented, the Council could have seen a potential overall reduction in charges in the region of £1.2million over the period 2010-2015. Therefore the implementation of the Unified Communications shared service will significantly reduce the current pressures on telephony along with the wider benefits coming from the functionality of the system.

4 Migration of Telephone Lines

- 4.1 Following commercial negotiations with Fujitsu Services in August 2013, it was agreed that the Council would take over direct responsibility for the contracts for call charges, line rentals and telephone exchange maintenance from Fujitsu. This would result in a reduction in the charges paid to Fujitsu and would allow the Council to proceed with the procurement of a new lines and calls contract. This change would also allow the Council to see more detail of the usage and actual costs for each phone line.

5. Resource Implications

- 5.1 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.
- 5.2 Currently the rollout of UC is forecast to be achievable within the allocated capital budget as outlined above in section 4.4. The forecasts in section 5.2 above show that a reduction of revenue charges in the region of £446k per annum against current charges is possible once the solution is fully rolled out. This would mean that the return on capital investment may be achieved in years 5 or 6 after start of implementation. Communications systems generally have a lifespan of 10 years or more and some of the Council's current systems have been in place for over 25 years.

6. Legal Implications

- 6.1 The Council has engaged with ABC to formalise a Memorandum of Understanding (MoU) for the period of the UC pilot and to start the definition of an ongoing shared service arrangement should UC pilot be successful. This MoU is now ready to be signed by both parties. Legal advice and resource has been sought internally to support this work.

7. Equality Implications

- 7.1 There are no equality implications arising from the matters in this report.

8. Climate Change/Carbon Clever Implications

- 8.1 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.

RECOMMENDATIONS

Members are asked to:

- Agree to enter into the shared services agreement with Argyll and Bute Council and start implementation of the project;
- Note the benefits and savings to be achieved through this project.

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Date: 7th February 2014