

North Lanarkshire Council Report

Finance & Resources Committee

Does this report require to be approved? ☒ Yes ☐ No

Ref: NLC-CPT-22-018

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Contract Award for Unified Communications Solution

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Executive Summary

This report discusses the background to and requirements for change of our unified communications strategy and solutions. It recognises that business practices have changed following the significant increase in home-based working, the approved move to hub-based service delivery and the impact and prevalence of Microsoft Teams in business operation.

The use of other forms of customer interaction such as web chat, social media chat, self-service and on-line payments have become commonplace in the customer contact function, with increasing focus being placed upon AI chatbots and virtual voice assistants. It is clear that a sizeable percentage of the population now expect and accept these forms of interaction and the council will therefore look to maximise use of these technologies to aid its service delivery.

Requirements are currently met via several different contractual agreements, which are due to expire in the coming financial year.

Following a review of the marketplace and routes to market, Committee is asked to approve the award of a contract for Unified Communications Solution (the 'Agreement') to Virgin Media Business Ltd.

The Agreement is for an initial period of 60 months anticipated to commence on 5th March 2024, and the value of the Agreement is £4,323,000 Pounds Sterling (£4,323,000) exclusive of VAT.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) approves the award of the Agreement to Virgin Media Business Ltd at the value of Four Million, Three Hundred and Twenty-Three Thousand Pounds Sterling (£4,323,000) exclusive of VAT.

The Plan for North Lanarkshire

Priority	All priorities
Ambition Statement	All ambition statements
Programme of Work	Digital North Lanarkshire

1. Background

- 1.1 Pre-Covid, the organisation operated under the principle that every fixed desk user - and hence almost every office-based worker - required their own physical desk telephone handset and dedicated Direct Dial Inwards (DDI) number, resulting in thousands of publicly available contact points. Through the implementation of MS Teams and the change to agile working, many traditionally corporate back-office staff now routinely utilise MS Teams for internal voice/video calling, collaboration, and instant messaging. Where the requirement for external telephony remains, it is predominately delivered via a softphone on the PC rather than a physical handset. Handsets remain in use in schools and/or communal areas, however the current telephony landscape of having unused physical handsets on all office-based desks is no longer sustainable or fit for purpose.
 - 1.2 Through the original DigitalNL Programme, the Policy and Strategy Committee approved (June 2020) several changes to its customer services delivery methods, including deployment of a Customer Services Hub approach and the introduction of a single unified number for all council services.
 - 1.3 The use of telephone payments, commonly known as “card holder not present” or “MOTO” (Mail Order / Telephone Order), has spread across the council as service areas have developed isolated service orientated solutions. This has resulted in an increased risk profile, particularly around compliance with the regulators of the Payment Card Industry, Data Security Standard (PCI-DSS), which has been a focus area for previous Audit & Scrutiny Panels.
 - 1.4 Modern solutions within the marketplace integrate secure payments services into their platforms, providing a complete end-to-end solution that can integrate with back-end payment systems, allowing customers to key in their card details using touchtone or voice technology without divulging sensitive information to council staff. This provides improved security for customers and reduces council risk as it ‘descopes’ areas of the council from PCI-DSS compliance perspectives.
 - 1.5 The change in business practices in recent years saw the Council re-assessing its longer-term telephony options against current and future requirements - the need for MS Teams integrated softphones, secure PCI-DSS telephone payments and the ability to host a single number for all Council interactions. In doing so, it is clear that current working practices no longer fit with historical technologies and a modern solution delivering against identified demands and requirements is required.
 - 1.6 A new solution will bring additional long-term benefits in areas such as cloud hosted, increased resilience, ability to introduce new features such as chatbots, AI and automation, whilst bringing in other communication channels through social media interaction. All requirements will be further underpinned against a strategic view of technology required for each job role to fulfil its communication with customers, colleagues, and suppliers.
 - 1.7 The requirements within the proposed Agreement are currently met via a number of contracts with suppliers, such as Virgin Media and Netcall Ltd, who provide the overall technology stack, such as the main telephony lines and numbers, telephony control hardware, physical handset and dedicated contact centre functionality. These arrangements are due to expire over the coming financial year, with the Agreement detailed within this report due to supersede it.
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2. Report

- 2.1 A group of technical and procurement representatives was formed to develop and agree the procurement strategy for the Agreement to enable the council to achieve maximum benefit for the requirements. During the evaluation phase, a total of 4 scenarios were considered using a mix of existing technology, i.e. do nothing, and 3 market leading products. The recommended product was selected based on both cost and the outcome of a 'statement of requirement' response to ensure all Council needs are met for present and future use.
- 2.2 The initial estimated value of the Agreement dictated that the procurement procedure be undertaken in accordance with the Procurement (Scotland) Regulations 2016.
- 2.3 The procurement procedure was undertaken as a "Direct Award" from the Crown Commercial Services framework agreement for Network Services 3 – Lot 4 Digital Communications Services.
- 2.4 Following the justification detailed and appraised within the associated contract strategy document, the Direct Award procedure was considered to demonstrate Best Value as the services are within scope of the Framework through a standard service offer which allows the council to continue to leverage the vast knowledge and experience of the Cisco products. In addition to this, there is an impending licence cost increase of circa £100k per year due to existing licences expiring. Utilising this available procurement route enables us to 'cost avoid' these additional charges on our existing estate. Furthermore, by direct awarding to Virgin Media Business Ltd, we can take advantage of existing software tools and reports for a faster migration from current to new systems, which will save on time, resources and cost.
- 2.5 The tender received from Virgin Media Business Ltd underwent appropriate appraisal to ensure it was complete / compliant with the council's requirements and demonstrated best value.
- 2.6 Further details of the procurement procedure is provided in Appendix 1. The SME status and location of the tenderer is located within Appendix 2.

Financial / Budget Consideration

- 2.7 The pre-tender wholelife estimate budget for the Agreement was £4,323,000. Following completion of the procurement procedure, the value of the Agreement to be awarded is Four Million, Three Hundred and Twenty-Three Thousand Pounds Sterling (£4,323,000) exclusive of VAT.
- 2.8 The costs associated with delivery of the Agreement will be contained within the Revenue and Capital budget for Business and Digital and Revenue charges relating to licenses to be met by all other services areas budgets.

Price Stability

- 2.9 Pricing is fixed for the duration of contact and has been developed to include several different user profiles tailored to user requirements. These profiles have a tiered cost per year however these are fixed per annum for the duration of the contract. This tiered pricing does provide scope to save circa. £96k over the duration of the contract.

Community Benefits

- 2.10.1 The council is committed to maximising the delivery of community benefits. The procurement included a community benefit requirement, this approach is designed to deliver local community benefits where possible.
- 2.10.2 At time of writing this report, and as part of the ongoing contract discussion with Virgin, a meeting is scheduled to take place in late February 2024 between senior stakeholders of the council's Value, Outcome and Realisation Board and Virgin's Social Value Team to discuss the council's ambitions and priorities. Virgin Media Business Ltd will thereafter consider further and propose Community Benefits as part of the signed call off contract.

Fair Work First

- 2.11 Within the Framework buyers guide, Virgin Media Business Ltd advised they are a Real Living Wage employer and deliver a range of benefits including:
- Building Skills for the future - We want to help equip the next generation with the skills they need to succeed in their chosen careers and support those in employment to continuously develop and maximise their job satisfaction.
 - We offer work experience placements, promote local vacancies at job fairs and recruitment events, and work closely with our supply chain to subcontract locally. Our Employee Ambassador Network also visits local schools and colleges to talk about career pathways.
 - Virgin believe in a fair, diverse and inclusive world. We're an equal opportunities employer and aim to attract and recruit employees from a diverse range of backgrounds for full and part-time employment. We're clear that employees should feel confident to be their whole selves at work.

Contract Management

- 2.12 Officers from Business and Digital will be responsible for managing the Agreement which will be undertaken in accordance with the contract and supplier management conditions applied within the Agreement.

3. Measures of success

The Agreement will deliver the following outcomes;

- 3.1 Best Value is demonstrated by combining technological features and cost. The features of the recommended Cisco Webex option has been benchmarked against the requirements laid out as part of the statement of requirements to provide a system that will provide a secure, future proof telephony platform for both standard users and CSH staff. The cost evaluation has taken existing platform costs and compared them against market leading products which has also led to the Cisco product being the best value option.
- 3.2 Defined communication model that accommodates staff roles and operating practices.
- 3.3 An integrated communications strategy that governs the use of telephone numbers and controls license use.
- 3.4 Reduction of legacy IT infrastructure in the Council estate

- Reduction in multiple communication products
 - Vast reduction of desk phones
 - Reduction of servers in the IT estate
 - Reduction of advertised and publicly available numbers
 - Reduced PCI scope
- 3.5 PCI-Compliance in relation to telephone payments, ensuring customers are given a safe, secure, and seamless method of transaction, that minimises risk to the council.
- 3.6 Reduced support overhead by adoption of cloud solutions.
- 3.7 Improved performance and reporting capabilities in line with a communications strategy.
- 3.8 Introduction of AI powered voice and digital assistants to modernise the delivery, provide aspects of self-serve 24/7 operations and reduced reliance upon dedicated staff to answer and direct calls.
- 3.9 Responsibility matrix (RACI) used effectively to appropriately report individual tasks and milestones to the One Service and Digital North Lanarkshire Programme of Work Boards.
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4. Supporting documents

Appendix 1 Summary of Procurement Process
Appendix 2 SME Status and Location of All Tenderers



Katrina Hassell
Chief Officer (Business and Digital)

5. Impacts (<http://connect/report-template-guidance>)

5.1	Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact? If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2	Financial impact Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact? The financial implications of the contract award are detailed within the report. Financial Solutions are satisfied that projected costs (including year one transition costs) can be met from within existing capital and revenue budgets.
5.3	HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
5.4	Legal impact Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
5.5	Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Approving the proposed contract award enables the Council to deliver an end-to-end payment solution, thereby improving the security of cardholder data. Paragraph 1.4 above provides further details. If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

5.6	<p>Technology / Digital impact</p> <p>Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Several technical implications, service redesign/business change process and digital channel requirements are detailed throughout the report, with all currently contained within the delivery plans of the One Service and Digital North Lanarkshire Programme of Work Boards. Each SRO is aware of the solutions being recommended, with both committing to maintaining a responsibility (RACI) matrix to ensure that roles, responsibilities and reporting of individual tasks, milestone, and/or decisions is clear and effective.</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
5.7	<p>Environmental / Carbon impact</p> <p>Does the report / project / practice contain information that has an impact on any environmental or carbon matters?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <ul style="list-style-type: none"> • Fixed telephony power (handsets) • Data Centre power • Reduction in physical handset refresh
5.8	<p>Communications impact</p> <p>Does the report contain any information that has an impact on the council's communications activities?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>The One Service Programme of Work will ensure appropriate governance of all publicly available numbers, actively supporting the single number strategy at the heart of the proposed contract.</p>
5.9	<p>Risk impact</p> <p>Is there a risk impact?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p> <p>Project risks will be recorded in project risk register, operational practice for the Customer Service Hub will be reviewed by the service and updated within the service risk register. Existing Corporate risk for Data Governance will be updated to reflect any relevant mitigation or new risk aspects.</p>

5.10 Armed Forces Covenant Duty

Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?

Yes ☐ No ☒

If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.

5.11 Children's rights and wellbeing impact

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☐

Appendix 1 – Summary of Procurement Process

CPT Contract Reference Allocated:	NLC-
Procurement Procedure Utilised:	Direct Award From Framework Agreement
Governing Legislation / Regulations:	Procurement (Scotland) Regulations 2016
Date Contract Strategy Approved:	19 January 2024
Framework Owner:	Crown Commercial Services
Framework Title:	Network Services 3
Framework Reference Number:	RM6116
Lot Reference / Title:	Lot 4(b) Digital Communications Services (including Unified Communications Services)
Companies Appointed to Framework / Lot:	70
Date ITT Published:	
Tender Platform Utilised:	PCS-Tender (PCST)
Tender Return Deadline:	
Number of Tenders Received:	1
Tenders from SME's:	0
Tenders from NLC Based Tenderers:	0
Tenders from Supported Businesses:	0
Number of Recommended Tenderers:	1
Assessment Team:	Business and Digital
Anticipated Start Date of the Agreement:	04 March 2024
Total Agreement Period (Months):	60
Awarded Value of the Agreement:	£4,273,000

Appendix 2 – SME Status and location of all Tenderers

Name of Tenderer	Size of Tendering Organisation (Micro, Small, Medium or Large)	Location (Local Authority / Council Area)
Virgin Media Business Ltd	Large	