



Rochford District Council

To the Meeting of: FINANCE AND GENERAL PURPOSES

On: 1 FEBRUARY 2000

Report of: HEAD OF ADMINISTRATIVE AND MEMBER SERVICES

Title: TELECOMMUNICATION COSTS

Author: Mr A Smith

Report approved by

---

## **Purpose of Report**

This report informs the Committee of action being taken to reduce the Council's telecommunication costs and invites Members to appoint consultants to assist in identifying further savings.

## **Background**

At the Member Budget Monitoring Group held on 22 December 1999 it was requested that a report be prepared for this Committee on how the Council's telecommunication costs might be reduced. Members requested that the budget for 2000/01 be reduced by £14,000. The present annual cost for landlines and mobile telephones is £40,000 of which £21,000 is attributable to landline call charges.

## **The current situation**

The Council currently rents 20 lines from BT. These are voice and data lines and include the communication links between the South Street offices and the Council's depot and the Civic Suite at Rayleigh. The lines are used for incoming voice calls, fax and other data traffic e.g. alarm systems, dial in facilities for software suppliers, etc. The Council also has 30 Telewest lines for outgoing voice calls. The Council has 25 mobile telephones that are for use by those involved in the emergency planning function and other officers who work away from the Council's offices. In most cases, these phones are allocated for use from a pool held in each Division. The budgetary provision for 2000/01 provides for a small number of additional handsets to be acquired for use by staff where a proven health and safety requirement can be demonstrated.

## **Telephone Calls**

Each quarter the Council receives around 75,000 telephone calls. Around 35,000 outgoing calls are made. These numbers vary slightly from quarter to quarter depending on seasonal factors and the Council's business activities. The total number of incoming calls has remained relatively constant over the last 3 years. In the case of outgoing calls over the same 3 year period however, there has been an increase in call volume of 10% (see below). Telephone usage is monitored on a regular basis through call logging equipment and action taken to reduce the number and cost of outgoing calls wherever possible.

The Member Budget Monitoring Group asked that details of the cost of outgoing calls to mobile telephones be provided to this Committee. At present, the cost is around £600 per quarter or 12% of the total telephone call charges bill. Further analysis of the numbers dialled would be required to identify how many of these were calls to Council staff provided with mobile telephones.

## **The potential for savings**

The present arrangements for telephone lines and call charges were last reviewed in 1997 when the Council acquired its present telephone system. Consultants were employed at that time to advise the Council on the best options available. Given the significant cost reductions available when compared to the BT price tariff, a decision was taken to make use of Telewest for outgoing calls.

The telecommunications market place is, however, fast changing and it is quite possible that there are now alternatives available to the Council that might offer the potential for some savings. The Head of Administrative and Member Services is discussing the possibility of obtaining further savings with the current service providers. The Council could also employ external consultants to provide specialist advice on the Council's future telecommunication arrangements and the opportunities to make savings. Such consultants usually work on a payment by results basis and the Council would need to be prepared to share up to 50% of any savings achieved from proposals that are accepted. The percentage of savings is usually paid for a fixed period of time, typically up to 5 years. No other fees are payable.

Members should be aware that even with the benefit of specialist advice, it might not be possible for the current review to achieve the desired savings of £14,000. Indeed, to achieve sums of any significance would most likely require the removal of the dedicated lines to the Depot and to the Civic Suite (currently costing around £7,000 per annum). This could affect service delivery. Further, there is an increasing preference/acceptance amongst those dealing with the Council for business to be transacted by telephone, email and fax rather than by letter (which is in any event often a more expensive method of communication). Increasingly, more information required by the Council is obtained from the internet. These trends already explain the increase in outgoing calls over the last three years and usage of the telephone is expected to continue to grow in the future. Unfortunately, increased use of the telephone is unlikely to be matched by a corresponding fall in the use of postage given the Government's requirement that we should increase consultation with local residents and provide them with greater information about Council services.

Members will need to consider any proposals for future savings in terms of the effect on the Council's operational performance.

### **Crime and Disorder Implications**

The Council's intruder alarm system makes use of telephone lines.

### **Environmental Implications**

Use of the telephone (and particularly fax and email) reduces the number of letters that might be sent and the amount of paper used by the Council.

### **Financial Implications**

The use of consultants to review the Council's telecommunication costs will most likely require the Council to agree to pass up to 50% of any savings achieved to the Company. The estimates for 2000/01 have been prepared on the assumption that savings of £14,000 will be achieved in the Council's costs. The budget may need to be revised once the report of the consultants is available.

### **Legal Implications**

None

### **Parish Implications**

None

### **Proposed that this Committee RESOLVES**

1. To note the action already being taken by the Head of Administrative and Member Services to reduce telephone costs.
2. To invite consultants to undertake a review of the Council's telecommunication costs on a no fee basis but with the consultants being paid up to 50% of any savings achieved from proposals which the Council is minded to accept.
3. To consider the matter further once the report of the consultants is available.  
(HAMS)

### **Background Papers**

None