

		Executive 3 September 2008	Agenda Item No.
Title		Customer Relationship Management and Telephony systems funding	
For further information about this report please contact		Andrew Jones	
Service Area		Revenues and Customer Services	
Wards of the District directly affected		All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006		No	
Date and meeting when issue was last considered and relevant minute number		N/A	
Background Papers		Executive 25 th , March 2008 Item 6	

Contrary to the policy framework:	Yes/No
Contrary to the budgetary framework:	Yes/No
Key Decision?	Yes/No
Included within the Forward Plan? (If yes include reference number)	Yes/No

Officer/Councillor Approval		
With regard to officer approval all reports <u>must</u> be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director		
Chief Executive	15/08/08	Chris Elliott
CMT	15/08/08	Chris Elliott Mary Hawkins
Section 151 Officer	15/08/08	Mary Hawkins
Legal	15/08/08	Simon Best
Finance	12/08/08	Mike Snow
Portfolio Holder(s)	13/08/08	Cllr Les Caborn
Consultation Undertaken		
Please insert details of any consultation undertaken with regard to this report.		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 The report requests retrospective approval of the Chief Executive's decision to use his emergency powers to commit up to £27,900 from the council's Contingency Budget to finance essential upgrades to the communication network used by the Warwickshire Direct Partnership (WDP). Without the Chief Executive's decision WDP could not have entered into an early contract with *Northgate Information Systems* and so missed out on a £10,000 discount and caused significant operational difficulties in February/March of 2009.
- 1.2 The decision was also approved by the Portfolio Holder, Cllr Les Caborn.

2. RECOMMENDATION

- 2.1 Members agree to the commitment of up to £27,900 (see breakdown in Section 7) from the council's Contingency Budget for essential capital upgrades to the communication network used by WDP.

3. REASONS FOR THE RECOMMENDATION

- 3.1 On 25th, March 2008, the Executive agreed that Warwick District Council should enter into a contract on behalf of WDP (the Partnership) with *Northgate* in respect of the Customer Relationship Management (CRM) and Telephony systems. The new contract will provide a saving of over £5,000 in the first year (2009/10) and increases limited to approximately 1% in each of the following four years of the contract.
- 3.2 For the new contract to come into force, the Partnership is required to replace or upgrade certain items (Server components and the communication network) and make provision for the potential of a further upgrade next financial year (McFarlane telephony) . If the finance had not been in place to cover these costs the new contract could not have been entered into.
- 3.3 These costs were not included in the report which went to the March Executive. At section 7 of this report is a comprehensive explanation from the WDP Programme Office Manager of why officers were not aware of these costs at that time.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 There was not an alternative option available to the council other than not entering into a new contract with *Northgate*. However, this would have meant that the council would have no CRM and Telephony systems for delivering the One Stop Shop and Customer Service Centre services.

5. BUDGETARY FRAMEWORK

5.1 Revenue

- 5.11 There is no effect on the council's revenue budget for 2008/2009 as a consequence of this report. From 2009/10, the council makes an ongoing saving of £5,000 with future year increases limited to approximately 1%.

5.2 Capital

- 5.21 By agreeing to the recommendation in this report Members would reduce the Contingency Budget by up to £27,900. Following the approvals at the last Executive, the balance on the Contingency Budget stood at £149,300.

6. **POLICY FRAMEWORK**

- 6.1 The council has an objective of increasing the ease of access to services for customers. WDP has delivered a joined-up CRM and telephony network across all the councils in Warwickshire putting in place the infrastructure to integrate services and remove customer confusion about which council to contact.

7.1 **BACKGROUND**

- 7.11 Over the course of the last 18 months the Programme Office of WDP has been preparing for a new contract to deliver the Partnership's Customer Relationship Management and Telephony systems. The Programme Office was established to deal with ongoing contract management and product development on behalf of all the Warwickshire councils.
- 7.12 In March 2008, the Executive agreed that Warwick District Council would act as the contracting authority and that WDP partners would enter into a Memorandum of Agreement committing themselves to their respective shares of the cost.
- 7.13 The March Executive was advised that there would be no additional capital costs associated with the new contract; however, this has proven not to be the case.
- 7.14 There are four areas where costs over and above those budgeted for have arisen:
- Upgrade to WDP's communication network - £6,833.89;
 - Upgrade to WDP's servers - £914.22;
 - Upgrade to the telephony hardware - £19,176.00;
 - New development server and software - £985.34.

So that members are clear as to why these costs have been incurred, at 7.2 the Programme Officer Manager, Tony Isaacs, has detailed an explanation for each cost.

- 7.14 Members should note that the *Upgrade to the telephony hardware* is not a contractual obligation but is a course of action that looks inevitable (as advised by Tony Isaacs at 7.23).

7.2 Breakdown of additional costs

- 7.21 Upgrade to WDP's communication network:

In February 2008 the Partnership began to experience problems with the network. Performance on the network was extremely slow and Rugby BC and North Warwickshire BC call centres in particular, were unable to provide an adequate level of service.

This problem was resolved in March and was identified as being a capacity issue linked to a network design fault, i.e. the data was not being directed to

partner's servers in the way it had been designed. The design fault has been rectified.

A solution to the capacity issue has been identified which will be implemented with the start of the new *Northgate* contract in December 2008. Different options were considered. The one chosen unanimously by partners provides WDP with a sensible degree of expansion capacity and allows for easier upgrading in the future. *Northgate's* charges are competitive. A quote provided by *Steria* (the current contractor) was a similar price but it provided a much reduced capacity - less than half the capacity that we are getting with the *Northgate* solution.

| 7.22 Upgrade to WDP's servers:

Official detailed discussions with *Northgate* about the handover of servers from *Steria* to *Northgate* began in March 2008. It became very clear very quickly that there were a number of component upgrades that *Northgate* would require to bring the existing equipment up to their own hardware standards before moving it into their data centre. These included 4 upgrade network cards and an additional card allowing remote access. These are all requirements for what's known as "lights out" server management and include the provision of duplicate power supplies.

7.23 Upgrade to the telephony hardware:

There is no specific requirement in the new or current contract for partners to undergo a technology refresh for the telephony hardware. However, it should be pointed out that it is probably in all partners' interests to upgrade the telephony hardware. The servers will be well over four years old when we come to start the new contract and that is very old for hardware.

To make a decision on this, a review will take place in June next year to determine what partners wish to do.

Should a partner not want to upgrade they would have to enter into a separate support and maintenance contract with Macfarlane with the proviso that Macfarlane would use "reasonable endeavours" to rectify problems.

If partners are to enter into the new contract with *Northgate* they must be sure that there is adequate funding in place to replace the hardware if this is deemed necessary. It is therefore essential that partners make provision for the cost should it be needed.

7.24 New development server and software

The current server needs replacing and this issue was identified during a detailed examination of the hardware requirements for the new contract. Unfortunately it was not identified and raised as an issue in March as the cost was small but it is now included here for completeness.