

**WEST DUNBARTONSHIRE COUNCIL**

**Report by Chief Officer – Supply, Distribution and Property**

**Tendering Committee: 23 February 2022**

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**Subject: Contract Authorisation Report – Session Initiation Protocol (SIP)  
Trunking**

**1. Purpose**

**1.1** The purpose of this report is to seek the approval of the Tendering Committee to authorise the Chief Officer - Regulatory and Regeneration to conclude the award of the contract for SIP Trunking.

**2. Recommendations**

**2.1** It is recommended that the Tendering Committee:

- a) Authorise the Chief Officer - Regulatory and Regeneration to conclude on behalf of West Dunbartonshire Council (the Council), the award of the contract for SIP Trunking to Capita Business Services Ltd; and
- b) Note that the contract shall be for a period of 36 months with an option to extend for an additional two x twelve months (maximum period of 60 months). The value of the contract over 36 months is £195,051 and over sixty months is £278,573 ex VAT. The estimated commencement date of the contract is 15 March 2022.

**3. Background**

**3.1** Most telephony services have traditionally been delivered over the Public Switched Telephone Network (PSTN) which has been in place for decades and uses copper cabling to deliver telephony services. With the increase in use of broadband technologies, the PSTN is now reaching the end of its natural life. Telephony companies such as BT and Virgin Media are withdrawing PSTN by 2025.

**3.2** This transition from PSTN to digital services impacts both residential and business users including local authorities affecting areas such as existing analogue phone users, lift and alarm lines, facsimile, and security and fire alarms. This contract is to address the telephony services with separate projects being undertaken by other service areas to address the other analogue services to be upgraded.

**3.3** The Council has a requirement to migrate to SIP Trunking from the legacy Integrated Services Digital Network (ISDN), which is affected by the transition. The legacy ISDN lines are used to carry the existing analogue telephony traffic from the Council's network to the PSNT and require to be replaced with SIP which uses the new digital network from providers. ISDN technology is no longer able to be ordered from 2021 and will be unable to be used from 2025 in accordance with the PSTN switch off.

**3.4** The budget for SIP Trunking was approved at the Corporate Services Committee on 19 May 2021. This procurement exercise has been conducted in accordance with the Council's Standing Orders and Financial Regulations and the Public Procurement Regulations. A Contract Strategy document was approved on 8 December 2021.

#### **4. Main Issues**

**4.1** The Corporate Procurement Unit carried out a benchmarking exercise and a comparison was undertaken between three procurement routes: the Scottish Government's Scottish Wide Area Network Value Added Service (SWAN VAS) framework agreement (FA), Crown Commercial Services Framework Network Services 2 and the Scottish Government's Telephony Services Dynamic Purchasing System (DPS). A Market Research questionnaire was also undertaken at the earlier stages of the project and indicated no concerns with the procurement routes being explored.

**4.2** It was recommended to undertake a mini competition using the Scottish Government Telephony Services DPS to ensure best value for the Council. The DPS has more flexibility on the Award Criteria allowing the Council to adjust the weightings within the technical envelope to better suit the Council's requirements. However it was identified only after the mini competition was published that the current network provider Capita Business Services Ltd, doesn't contractually allow for third party organisations to provide SIP services on their network. Therefore the mini competition was cancelled as the Council have no choice but to use Scottish Wide Area Network (SWAN) VAS FA.

**4.3** It is recommended that the contract is awarded to Capita Business Services Ltd, of Ellismuir Way, Tannochside Park, Uddingston G71 5PW. The contract shall be for a maximum period of 60 months at a value of £278,573 ex VAT. The value of the contract is below the value approved by the Corporate Services Committee which represents a saving of up to £561,195 over 60 months. These savings are based on pre-COVID-19 spend figures and will be affected should additional services be required as the project develops, potential impacts are identified at section 4.4 below with revised potential savings figures being reflected in the financial and procurement implications at section 6.2.

- 4.4** It should be noted that the potential revenue savings are based on telephony usage which can fluctuate depending on demand during the year. The figures are based on pre COVID-19 usage and prior to any new ways of working methods. It should be further noted that the projected capital outlay is based on current systems usage and may increase if user numbers and associated licences increase. For example:
- the number of remote workers requiring telephony services increase;
  - additional Centrex users require to be migrated following any return to on premise working; or
  - the performance of the existing network circuits used to carry the SIP traffic is adversely affected and impacts on other service delivery functions.
- 4.5** Capita Business Services Ltd has committed to paying all staff as a minimum, the real Living Wage (£9.50 per hour). Capita Business Services Ltd have confirmed that they have a range of programmes that they tailor to suit the Council as a collaborative approach and welcome the opportunity to discuss delivering Social Benefits as part of this contract. They have advised some examples of the benefits, apprenticeships, work experience placements, enhancing / improving local community projects and the specific deliverables to the Council. These will be discussed at the implementation meeting.

## **5. People Implications**

- 5.1** There are no people implications.

## **6. Financial and Procurement Implications**

- 6.1** Financial costs in respect of this contract will be met from the existing Council revenue budgets and the Capital element from the Spend to Save Fund.
- 6.2** The capital budget element approved at the Corporate Services Committee on 19 May 2021 for SIP trunking was approximately £120,000. The tender response has indicated that based on current requirements the capital outlay would be £69,768, however, as per the items in section 4.4, this may increase to approximately £90,000. This may also impact on the potential revenue savings with a resulting revised saving of approximately £480,000 over 60 month period. This is still significantly above the projected savings of £76,000 per year as agreed at the corporate services committee in May. This saving is resulting from less expensive running costs than what we incur over PSTN and ISDN technology.
- 6.3** This procurement exercise was conducted in accordance with the agreed Contract Strategy produced by the Corporate Procurement Unit in close consultation with ICT officers and the provisions of Contract Standing Orders, the Financial Regulations and relevant Public Procurement Regulations.

## **7. Risk Analysis**

- 7.1** Capita Business Services Ltd has no known links to serious and organised crime which would have significant political and reputational ramifications for the Council.

**7.2** Should Capita Business Services Ltd fail to retain the SWAN contract in 2023 the Council have the ability to continue with the SIP contract should the new provider allow third party access, or cancel and move to a new provider with no cancellation charges. Any Capital Business Services Ltd investment in equipment should be able to transfer to any other provider of the new SWAN network.

**7.3** Were a new provider of the new SWAN network require migration to their SIP solution, there may be a future cost risk to this migration.

**8. Equalities Impact Assessment (EIA)**

**8.1** An equalities screening was undertaken for this report. There is no equalities impact.

**9. Strategic Assessment**

**9.1** The SIP Trunking project will contribute to the delivery of the Council's strategic priorities by providing efficient and effective frontline services and that improve the everyday lives of residents.

**Name:** Angela Wilson

**Designation:** Chief Officer – Supply, Distribution and Property

**Date:**

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**Appendices:** None

**Background Papers:** The Contract Strategy  
EIA Screening

**Wards Affected:** All Wards