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Mr T J Flesher
Private Secretary
10 Downing Street
London
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Your reference

Our reference

Date

7 January 1983

Dear Flesher,

REVIEW OF TELECOMMUNICATIONS MANAGEMENT

1. Clive Priestley has suggested that I should send to you the attached copy of an article from the December issue of CCTA news on the review of telecommunications management in the Civil Service. The article was written by Keith Milner, an SEO assignment officer from this division. It highlights the main features of the studies in which he was involved.

2. I have sidelined the points of most interest.

Yours sincerely

J M RANKINE

REVIEW OF TELECOMMUNICATIONS MANAGEMENT

Article submitted by the Management and Personnel Office

Background

In July 1980, after discussions with CCTA, the (then) Functions and Programmes Division 2 of the Civil Service Department launched a Civil Service wide review of telecommunications. Emphasis was placed on economy in use, with special reference to telephone services because these represented approximately 90% of total telecommunications expenditure.

2. The review was part of a wider programme of reviews of functions common to departments. Each review consisted of a series of departmental studies in which specialist assignment officers from what is now Management and Efficiency Division 2 of the Management and Personnel Office (MPO) participated. The aims were to effect improvements in the departments directly concerned and to produce general lessons for dissemination to the Service as a whole.

3. Telecommunications were selected because costs had been rising rapidly (50% in under two years) due mainly to substantial British Telecom (BT) tariff increases and in part to an increased volume of telephone traffic. Expenditure in 1980-81 was £155m. This rose to £183m in 1981-82, and was expected to be in the order of £230m in 1982-83.

4. Eight departments agreed to participate in the first round of studies - CSD, PSA, Home Office, C&E, Scottish Office, DHSS, DIT and DES. Later, work was carried out in MOD, DTp, ODA and MAFF. Two or three buildings or sites were selected in each department as being broadly representative of the organisation and structure of the department. Their telecommunications were then subjected to close scrutiny. A total of 20 detailed studies were undertaken.

Detailed studies

5. The main features of the studies were:

- an inventory was taken of all BT rented equipment and lines and was compared with an analysis of rental charges provided by BT. Overall these comparisons revealed an average overcharge by BT of 4 per cent. One department found net overcharges of £13,300 a year which included an overcharge of £12,000 a year at one site. Another department had earlier found an overcharge of £26,000 on one building;
- the need for extensions and plan arrangements was checked by interviewing the staff concerned. As a result, the average reduction achieved in the number of extensions was 15 per cent. One department achieved a 27 per cent reduction at one site and a 24 per cent reduction at two others, saving £44,500 a year in equipment rental;
- staff were interviewed about their knowledge of the Government Telecommunications Network (GTN), departmental private circuits, BT tariffs, peak and standard rates etc. Information from

exchange logging exercises carried out by CCTA was used in support of these enquiries. In general, there was a widespread lack of knowledge of costs and of ways of using the telephone efficiently. Failure to use existing GTN lines at one London building alone cost £43,000 a year. Another large building spent £3,000 a year on calls to the Speaking Clock. (CCTA have now put route restrictions on BT recorded services and inter-CBX calls over the public network); and

- recommendations were made for improved control systems for Office Services staff eg, equipment inventories, annual reconciliation with BT and other bill checking procedures.

Significant savings

6. Savings in the areas examined represented about 10% of total expenditure. The study teams considered that similar levels of saving could be achieved throughout the departments examined and indeed across the Civil Service as a whole. The general lessons on good management practice drawn from the studies were issued to departments in June 1982 in the form of Telecommunications Management Guidelines - a single sheet format containing the essential elements for cost-effective telecommunications services.

7. In summary, these essential elements are:

- clear allocations of responsibility for the provision and control of telecommunications services;
- the provisions of equipment **strictly** in accordance with need;
- positive disciplines on users so that telecommunications services are used economically; and
- effective control systems to monitor provision and usage and to check BT bills.

8. The Guidelines were given wide circulation. They were aimed ultimately at managers who were directly responsible for the provision of telecommunications services. In the text of the Guidelines, managers were asked:

- to satisfy themselves that their arrangements either conformed to the guidelines, taken as a whole, or that differences could be justified;
- to consider, in consultation with their staff as appropriate, how cost-effectiveness could be improved and clearer performance indicators established;
- to review, if necessary, existing arrangements using specialist support, for example from departmental management services units.

Future action

9. The Management and Personnel Office will follow-up progress with departments early in 1983, and will revise the guidelines in the light of departments' comments and experience in applying them.



MANAGEMENT AND PERSONNEL OFFICE

Guidelines for management practice

TELECOMMUNICATIONS MANAGEMENT GUIDELINES

These guidelines are addressed ultimately to managers directly responsible for the provision of telecommunications services — for example, office services managers, accommodation officers, managers of regional or local offices as appropriate. This responsibility is taken to include the promotion of suitable disciplines by users of the service and checking the accuracy of invoices for call, rental, equipment and staffing charges.

Key guidelines (in italics) are 2, 5 and 6 and departments should consider adopting these as minimum standards of performance.

SUMMARY

Cost-effective telecommunications services require clear allocations of **RESPONSIBILITY**; the provision of **EQUIPMENT** strictly in accordance with need alone; its **USAGE** sensitively with regard to cost; and a **CONTROL** system to monitor these elements and to question billing by British Telecom.

Points for action are listed overleaf.

1 **RESPONSIBILITY** for the provision and control of telecommunications services that are cost-effective, and for monitoring the management of telecommunications accordingly, should be clearly allocated.

2 **EQUIPMENT**: *items of telecommunications equipment are generally rented individually. Each item must be justified strictly by the continuing volume of traffic (with due provision for essential emergency coverage).*

— **TELEPHONES** are not to be seen as office furniture allocated as of right. Officers, irrespective of grade, must expect to have to share telephone instruments if sharing offices (for example, 3–4 staff per instrument, if necessary via a Plan 1A) or to share 'party' extension lines (via a Plan 2). Plan 107s should be restricted to officers having personal secretaries; absent answering should be provided for by quoting alternative numbers rather than by linked extensions.

— **DATA TRANSMISSION** networks should use GTN circuits wherever possible, in consultation with the Central Computer and Telecommunications Agency (CCTA), Technical Services CT(TS) Branch H, Riverwalk House, 157–161 Millbank, London SW1P 4RT; telephone GTN 211 8965.

— **EXCHANGES**: rental charges for external extensions are based on the physical length of line from the Private Branch Exchange (PBX). (External extensions are those located outside the building containing the PBX.) New telephone exchanges should therefore be sited with regard to line lengths and future rental costs. Allowance in their capacity for future traffic growth should not be automatic. The duplication of PBX extensions by internal house exchange systems, or of GTN routes by other private circuits, is justified only where quite specific and essential benefits are recognisable.

— **EXCHANGE LOGGING** should be carried out, in conjunction with the CCTA, to monitor the justification of Government Telecommunications Network (GTN) lines, private circuits, exchange lines and equipment, and the distribution of calls between peak and standard rates.

3 **CHANGES OF ROOM**: instruments and extension numbers should not be moved with occupants. Where, exceptionally, a particular extension number is widely available to the public without ready means of notifying a change, the instrument should be moved using the British Telecom 'change of extension number service', which is considerably cheaper than the alternative 'removal of instrument service'.

4 **STAFFING**: guidance on staffing government switchboards is provided by the CCTA (address as in Guideline 2, telephone GTN 211 8651). The choice of British Telecom or government-employed telephonists should be based on a comparison of costs calculated with reference to MPO (Management and Personnel Office) General Notice Gen 82/27 (issued on behalf of HM Treasury).

5 **USAGE**: *positive disciplines on users are necessary.*

— **COST-CONSCIOUSNESS**: *staff should be broadly familiar with the telephone charges system, with the availability of GTN and other private circuits, and of facsimile, telex and tele-conference facilities. Senior management should demonstrate an interest in whether staff have the necessary familiarity with these charges and facilities;*

— **STATIONERY**: *all departmental stationery, directories etc should be designed to encourage use of private circuits before resort to public networks;*

— **BARRING**: *access to all British Telecom recorded services should be barred at exchanges wherever feasible and cost-effective. Barring should also extend for designated extensions to all access to the public network or to access during peak charging rate times, continued access being strictly on the basis of official need (with provision for emergencies);*

ACTION

Managers responsible for providing telecommunications services are asked:

- to satisfy themselves that their arrangements either conform with the guidelines, taken as a whole, or that differences are fully justified;
- to consider, in consultation with their staff as appropriate, how cost-effectiveness could be improved and clearer performance indicators established,
- if necessary to review existing arrangements using specialist support, for example from departmental management services units.

The Management and Personnel Office will follow up progress with departments in six months, and revise the guidelines in the light of departments' comments and experience in applying them.

- *EMBARGOS on calls from all extensions via the public network at peak rate times, should be considered in relation to the organisation and urgency of the work (peak rate charges are 28–50 per cent more than the standard rate depending on the type of call);*
- *PRIVATE CALLS: departmental instructions on private calls should accord with CSD General Circular GC/154 and be familiar to all staff;*
- *EXTENSION LOGGING: a series of pilot studies has demonstrated that the use of extension logging to monitor traffic levels for individual extensions, and to inform extension users about the volume and pattern of their calls, induces reductions of 25–30% in call charges. Guidance on extension logging is to be provided by CCTA (address and telephone as in Guideline 2).*

6 CONTROL: *officers responsible for telecommunications services should have suitable control information based on equipment inventories and logging as appropriate. This should be used to keep provision in line with need and to check the British Telecom list and billing. They should also have an appreciation of the complex British Telecom charging practices (for example, by attending an appropriate Telecoms Appreciation Course).*

7 COSTING: *the outturn cost of government telephones is likely to exceed £200 million in 1981–82, about 40% of which is attributable to equipment rental charges, and another 40% to dialled call charges. Managers should consider what kind of cost information would assist the control of telecommunications services, having regard to moves in many departments towards the introduction of local budgets. The broad need is to plan and monitor the cost of telecommunications in relation to total costs, as a means of controlling volume in response to price increases and changes in overall workload, and also in relation to identifiable users or outputs (programmes or projects), and to budget allocations. Indicators such as rental costs as a proportion of total telecommunications costs, the proportion of costs at peak rate charges, or dialled call costs per user command/project/programme, will be relevant. Costs of a shared PBX should normally be apportioned according to the number of extensions held.*

MANAGEMENT GUIDELINES are compiled by the Management and Personnel Office from the experience gained in participating in detailed studies of the areas concerned by individual departments. Guidelines are designed to provide a common basis for considering management practices with the object of improving performance. The guidelines themselves will be developed in the light of further experience. Guidelines are framed within existing Service-wide agreements with trade unions but are not themselves agreed centrally; departments should liaise with trade unions domestically in the usual way about specific local changes.

The TELECOMMUNICATIONS MANAGEMENT GUIDELINES have been prepared following detailed studies with the Departments of Environment (PSA), Health and Social Security, Industry and Trade, in the Civil Service Department, HM Customs and Excise, Home Office and Scottish Office, and in Research and Development establishments in several departments. Cost savings of 10–15% have been identified in the course of these studies. Work by the Ministry of Defence on defence telecommunications has also contributed. The Guidelines have been agreed with the Central Computer and Telecommunications Agency and a copy has been sent to Exchequer and Audit Department.

More detailed information is contained in SUPPLEMENTARY NOTES ON TELECOMMUNICATIONS MANAGEMENT available from the MPO on request by departmental management audit units (including management services, staff inspection, internal audit etc).

MPO responsible officer, TELECOMMUNICATIONS MANAGEMENT GUIDELINES: Mr J M Rankine (telephone GTN 273 4208; non GTN telephones prefix 01), Management and Personnel Office, Whitehall, London SW1A 2AZ.



FILE

RWJ

Civil Service

10 DOWNING STREET

From the Private Secretary

MR RANKINE
MANAGEMENT AND PERSONNEL OFFICE

REVIEW OF TELECOMMUNICATIONS MANAGEMENT

Thank you for sending me a copy of the article on the Review of Telecommunications Management. Its findings come as no great surprise and I would be interested to hear of the outcome of the review of progress which MPO will be carrying out early in 1983. The review has, of course, limited application to No.10 given our switchboard arrangements.

(Timothy Flesher)

11 January, 1983

RWJ