

Funding telephony costs

Guidance for commissioners and funders of voluntary and community organisations





Contents

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Introduction

This guidance is one of several outputs of a project which is dedicated to raising the profile of telephony (voice communication products and services) within the work of the ICT Hub.

It is aimed at any organisation that commissions or funds voluntary and community organisations (VCOs) for projects which focus on, or necessitate, telephony.

The guidance aims:

- To outline the specific benefits of telephony to VCOs
- To identify the challenges that VCOs face in paying for telephony
- To identify the costs associated with telephony
- To suggest how funders can help VCOs with their telephony.

The guidance has been written by the Telephone Helplines Association (THA). Established in 1996, the THA is a membership organisation of over 500 providers of telephone information and advice in the UK and Ireland. Around two thirds of its members are small to medium-sized VCOs and these frequently require support with telephony issues. The THA provides specialist training and consultancy to telephone helplines with the ultimate aim of improving the quality of the services and the confidence that the public has in using them. The THA is represented on the ICT Hub Advisory Group and has been an NCVO-approved consultant since 2006.

Specific benefits of telephony for VCOs

Telephone systems, be they fixed, mobile or internet-based, are so ubiquitous that they have almost become invisible and it is easy to take them for granted. Consider, however, what it would be like in your own organisation if you were unable to conduct teleconferences, get urgent messages to key colleagues or clients, or call someone directly without going through a switchboard. Under-funded telephony would frustrate you and your colleagues and compromise your relationship with stakeholders.

Here are some examples of the less obvious benefits that telephony can provide:

- Telephone systems can allow staff or volunteers to work from home, which may suit their lifestyle, enhance their motivation and could be suitable for people with disabilities, as well as cutting down on travel time and costs, and reducing an organisation's carbon footprint.
- Telephony can be used as a cheaper alternative to a face-to-face enquiry service. Setting up a dedicated telephone line as a first point of contact with the VCO can allow enquiries to be screened. People with straightforward enquiries, or with a higher capacity for helping themselves, can be provided with information or advice straight away without the need for a more time-consuming 'appointment'. People with more complex enquiries, or with a lower capacity for helping themselves, can be prioritised for face-to-face work, making the most cost-effective use of staff resources. This model of deflecting demand was a factor behind the introduction of NHS Direct.
- Non-geographic numbers (such as those starting 0845) can allow incoming calls to be routed across different sites in accordance with criteria including time of day and origin of call. They can also support business and service continuity, allowing calls to be diverted to a secondary site in the event of a critical incident affecting the primary site.
- Telephony systems or 'platforms' can be shared by several related organisations, which means incoming calls can be transferred more easily and cheaply between the organisations. Sharing of products and services can also mean that activity or 'call minute' levels are higher, so suppliers may charge lower unit rates if activity is organised under a single contract. Finally, the process of VCOs sharing telephony systems can be a lever to productive inter-agency collaboration in other areas.
- Use of three-way conferencing can make interpreting services accessible to those who are unable to speak English.

- Outsourced call handling services can be useful during periods of anticipated high call demand for a particular campaign or initiative.
- Call recording equipment, when used in accordance with relevant legislation, can verify that calls are being made or taken in line with agreed policy, can check that that equipment is being used for valid business purposes and can provide a record of transactions where security is important.

- A textphone service can extend access to an organisation for people with speech or hearing impairments. It also sends out a message that the organisation is serious about its responsibilities under the Disability Discrimination Act.

A comprehensive guide to telephony products, services and facilities of benefit to VCOs is included in the ICT Hub 'Good Telephony Guide' which is available from the ICT Hub website and from the Telephone Helplines Association (call 0845 120 3767).

Challenges that VCOs face in paying for telephony

In a survey of 231 VCOs conducted by the THA in 2006, the majority of respondents (77%) had no formal review of telephony and only dealt with issues as they arose. So it is not surprising that only 24% of respondents had a telephony budget line, either on its own or part of an IT or ICT budget. The majority (73%) had no allocation other than standard line rental and call costs.

The most commonly-cited hurdles to moving forward with telephony were set-up costs (63% of respondents) and ongoing running costs (58%).

Dedicated ICT staff are not the norm for VCOs (only 14% of respondents had them), with most VCOs getting advice either from suppliers (48%) or volunteers, staff or trustees who have some ICT knowledge by chance (45%).

The costs of telephony

As technologies converge, telephony funding will increasingly be absorbed within the cost of setting up and maintaining IT networks and broadband connections. For many VCOs, however, the list of expenses for telephony is long. We have demonstrated this by the examples in the table on the following page.

Actual figures will depend on the scale of the system and the level of usage.

VCOs working to a full cost recovery model will need to include these costs in their budget allocations.

Typical telephony expenses

| Item | Set-up costs | Recurrent ongoing costs |
|--------------------------------------|--|---|
| Traditional switchboard and handsets | <p>Time – for choosing and working with a supplier</p> <p>Cost of legal disposal and/or recycling of old equipment</p> <p>If purchased outright, equipment including accessories</p> <p>Installation and cabling of switchboard and any necessary infrastructure such as ISDN lines, power sockets and supply and racking, ventilation and uninterruptible power supply</p> <p>Cost of any disruption caused during installation (eg diverting calls to a secondary site)</p> <p>Set-up fee for DDI number range</p> <p>Training</p> | <p><i>Fixed costs:</i></p> <p>Equipment lease/rental</p> <p>DDI number range</p> <p>Hold music licences</p> <p>Insurance</p> <p>Maintenance (this is not normally included after the first year, so should be seen as an 'additional' cost)</p> <p><i>Variable costs:</i></p> <p>Power consumption</p> <p>Training for new staff</p> <p>Replacement ear pads and microphones for any headsets</p> <p>Time – working with supplier</p> |
| Mobile phones for the organisation | <p>Time – for choosing and working with a supplier</p> <p>Accessories (eg Bluetooth, hands-free kit, extra chargers)</p> <p>Reprinting of business cards with new numbers (if appropriate)</p> <p>Training</p> <p>Policy development (eg on personal use)</p> | <p><i>Fixed costs:</i></p> <p>Monthly package fees</p> <p>Insurance</p> <p><i>Variable costs:</i></p> <p>Costs for calls, text and data outside monthly allowance</p> <p>Training for new staff</p> <p>Time – working with supplier</p> |

How funders can help VCOs with their telephony

In 2006, the THA asked VCOs to comment about the willingness of funders to pay for telephony.

There was little variation in responses between organisations of different incomes. The majority of respondents (63%) said that this depends on the project, although slightly more described funders as happy to accept capital and running costs (18%) than as reluctant to do so (16%).

The lack of a strategic approach to telephony amongst VCOs means that individual VCO staff may end up buying a particular product or service for a specific project, but failing to see the 'bigger picture'. It can be more difficult to adopt a whole-organisation approach to telephony if funding streams for certain projects will only countenance costs directly related to a project. One VCO commented in the 2006 survey that, "*When applying for individual project funding, funders do not want to pay for a new system that benefits all the projects in the organisation.*"

We are not suggesting that funders subsidise expenditure that has no impact at all on the services they are commissioning, but we are suggesting that they are sensitive to the indirect expenses which VCOs may reasonably apportion in their applications and tenders. Funders should allow for this in their tender specifications and scope-of-works documents. This is part of a trade-off in added value. If you, as a funder, can derive benefit from your relationship with a VCO that helps some of your other work, then there is a case for making an appropriate

contribution to products or services which allow that VCO to do some of its other work more effectively or efficiently.

You may also want to look at 'win-win' investments in telephony to improve accessibility to and continuity of those services that you are paying for the VCO to provide.

Finally, you should consider opportunities for sharing of telephone platforms and services. For example, if you fund several services that work closely with each other, they may benefit from sharing their operations. Are there opportunities to bring together their enquiry handling functions? Would the combined volume of their activity (e.g. the number of calls they make or take) lead to lower unit costs if organised under a single contract? Could they be freed up to deal with more relevant incoming calls if there was a single 'gateway' number filtering out the less relevant calls? It is useful to look for opportunities for generating savings for the taxpayer where the service provided to the citizen is also more accessible or more effective.