



SUBJECT TO CONTRACT

# Liverpool Direct Limited

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## Updated Partnership Refresh Proposal

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27<sup>th</sup> May 2011

# 1. Introduction

BT has been invited to submit a refreshed 'Partnership Proposal' to Liverpool City Council to help to re-energise its Partnership with BT and Liverpool Direct Limited to ensure its continued and future success running through to at least 2017. This document updates the Liverpool Direct Limited Partnership Refresh Proposal submitted by BT on 2 July 2010 and sets out the position of BT, its proposals, ideas and suggestions for going forward in partnership. The real in year savings and values are a guaranteed [REDACTED] (a value of [REDACTED] 2011 – 2017) plus guaranteed investments of £3.0 million pa and enhanced service levels. In addition there are; write offs, other potential savings and consequential savings. The financial highlights include:

**Table 1.1: High Level Financial Savings**

Proposal	2011 / 2017 £million
Establishment of an Apprenticeship Fund	6.0
Support of social housing, development or care	12.0
Further Price Reduction	9.0
Estimated Third Party Revenue Share	1.0
Potential Investments	17.5 <sup>(1)</sup>
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Value of 'Write offs'	56.026
Community Initiatives	0.10
Continuation of the BT Sponsorship of the Echo and BT Convention Centre	1.0
<b>Total</b>	[REDACTED]

(1) 2011 / 2017

These figures do not include any consequential savings generated within the City Council (eg [REDACTED] pa reduced energy costs on the basis of the

proposed Thin Client investment or reduced sickness estimated at [REDACTED]  
 [REDACTED] Liverpool Direct Limited is now supporting Liverpool City Council on its Accommodation Programme [REDACTED] and Change Management Team Programme [REDACTED]. However they represent a value of over £17 million today and [REDACTED].

Liverpool Direct Limited was viewed as innovative, groundbreaking and a new model of partnership when established in 2001. Today it still is. It is viewed as the benchmark for all other Public Private Partnerships in the United Kingdom (UK). Recent visits include; City of Edinburgh, Home Office, Knowsley Metropolitan Borough Council, Sandwell Metropolitan Council, Government of Botswana and Qualifi International Visit, Salford Council, Adult Health and Social Care Commissioning, Merseyside Coalition for Inclusive Living, Land and Property Service, London and Quadrant, Derbyshire County Council, Swedish Delegation, Ministry of Justice, Office of the Public Guardian, Kent County Council, Home Office, Icelandic Delegation, City of Tokyo and the Northern Ireland Executive. Levels of service performance within Liverpool Direct Limited has and continues to set new standards across local government. Examples include:

- **First ever 24 x 7 x 365 local** government contact centre in December 2001. It is still one of only two even today in England. It is still the only City Council or Metropolitan Authority to do so. Its call answering performance is top quartile compared to both the private and public sectors. (Source: Global Benchmarking Report 2009)
- The **only 'Benefit Plus'** Service in the UK, combining housing benefits, council tax benefits, education awards, free school meals, fairer charging, blue badges and benefit maximisation services. It has been ranked as 'excellent' for five straight years. The only Council service to be recognised as such.

- The ***most comprehensive and integrated network of One Stop Shops*** in the Country serving over 350,000 visitors each year with all services shaped around the needs of the customer not the organisation.
- In 2009 Liverpool Direct Limited was recognised as the ***'Best Company in the UK' employing more than 250 people in the private sector***. This was awarded by the British Quality Foundation using the European Foundation for Quality Management for accreditation.

The list of achievements, awards and accomplishments is comprehensive and indeed impressive. These have included:

- **International Quality Standards of: ISO9001** Quality Management System, **ISO14001** Environmental Management System, **ISO2001** IT Service Management, **ISO27001** Information Security, **BS25999** Business Continuity, Committed to Equality (**Gold**), the **four** strands of Investors in People Standards, Customer First, CCA(4) and the Alarm Receiving Centre (BS5979).
- Creation of over **300** new jobs and safeguarding around a further **350** jobs since 2001.

■ Established the ***only true and sustainable shared services*** business with customers including; [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

- ***Sponsoring*** the Liverpool Arena and Convention Centre (£1 million) and Capital of Culture (£0.5 million). As part of Liverpool Direct Limited's Corporate and Social responsibility agenda we aim to keep it at the forefront of all business processes. Over the past three years our

charitable support has seen in excess of £60,000 raised for both local and national charities.

£50,000 of the money raised by Liverpool Direct Limited staff has been donated to eight local charities, Macmillan Nurses, NPSCC, Claire House, Marie Curie, Zoe's Place and Alzheimer's Society. Our charitable work has included various fundraising events organised and supported by staff.

In addition to supporting local chosen charities, staff also organise fundraising days annually to raise money for three National Charities; Children in Need, Jeans for Genes and Comic Relief. In total over £12,000 has been raised since 2007 and donated equally to each cause.

As part of our corporate social responsibility commitment a number of Personal Computers have been donated to resident associations across the community. This has helped the work they provide in communicating and uniting residents and young people within the community. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Liverpool Direct Limited has achieved Silver standard for Payroll Giving for employees donating to charities via this method. This will continue to be promoted for the benefit of local charities.

Liverpool Direct Limited worked in partnership with the Duke of Edinburgh's Award North West to fund seven schools from Building Schools for the Future Programme (BSF) to participate in the award programme. Liverpool Direct Limited has donated £30,000 each year for three years. The funding has enabled schools to put members of staff through training and enrolled pupils onto the award scheme. The first two

years alone has seen 350 young people sign up to the DofE scheme. In addition to supporting local schools, Liverpool Direct Limited has also funded five members of staff to carry out and complete the DofE Gold Award. We will continue to support community initiatives such as this between 2012 – 2017.

We have sponsored the BT Convention Centre and Liverpool Arena from 2007 – 2012 and propose to continue this through the life of the Partnership.

Whilst without question it has been an **excellent performance** by Liverpool Direct Limited since 2001 it is important that any partnership is constantly refreshed. Indeed in 2006 the 'Contract' was extended from 2012 by five years to 2017. This included a price reduction of no less than £18 million, sponsorship of £1.5 million, additional investment and enhanced service levels valued at [REDACTED] pa for contracted levels and [REDACTED] pa for non-contractual. One Stop Shops transferred in at a contract saving of [REDACTED] to the City Council and Careline at a saving of no less than [REDACTED]. However it is important to continue to develop, stretch and improve.

## 2. Partnership Refresh

It is perhaps time to once again refresh the Partnership in its broadest form. This document sets out a number of proposals to help build and sustain the partnership through to at least 2017. The highlights of this proposal are:

- An **increase in the shareholding** of Liverpool Direct Limited by Liverpool City Council from the current **19.9%** to **40%** at a nominal £1 cost to the City Council. Assuming this is acceptable to the Council we will work together to agree the appropriate legal mechanisms to achieve this.

■ A complete **overhaul of the existing Board structure**. It is proposed that a senior BT Director will become its new Chairman outside of the Local Government Sector of BT. We are proposing [REDACTED]

- **Increase** in the number of Directors of the Board of Liverpool Direct Limited from **five to nine**. The number of City Council Directors will **increase** from **one to three** directors. We hope the City Council will consider nominating its Leader and Chief Executive. The nine Directors will also include at least two non executive Directors. One appointed by each Partner from its allocation of directorships. BT will be replacing its current Directors Eddie McGowan and Chris Sayers with [REDACTED] and [REDACTED] and will be nominating [REDACTED] and [REDACTED] as additional Directors and [REDACTED] as BT's non executive Director. The parties will agree the necessary mechanics to get onto the Board these new Directors.



- A refreshed Secondment Agreement which clearly sets out and reinforces each Partner's roles and responsibilities as initially agreed in 2000 and again in 2006 as set out in our 2010 Proposal and subject to further discussion between the parties.

- [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]:

#### Liverpool Direct Limited Board Commitments

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

#### Liverpool Direct Limited's Commitments

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]



[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

[illegible]

- In line with our approach to the role of Company Secretary, it is proposed that [REDACTED] take on this role going forward.
- Liverpool City Council and BT will commit to reviewing and comparing the 'Officer Code of Conduct' of the Council with that of similar the BT policies and procedures to highlight any gaps that may exist between the Officer Code of Conduct and BT's policies (including those relating to Anti-Corruption and Bribery, Gifts and Hospitality and the Bribery Act 2010). If Liverpool City Council is unable to amend the Officer Code of Conduct to align the Liverpool City Council Officer Code of Conduct and BT Policies identified in the gap analysis, Liverpool Direct Limited will adopt a new code of conduct that fulfils this requirement (the New LDL Code of Conduct). The board of directors and senior management team of Liverpool Direct Limited will adopt the New LDL Code of Conduct for themselves and the Company. Liverpool City Council, BT and Liverpool Direct Limited will procure the roll out of the New LDL Code of Conduct to all Liverpool Direct Limited secondees as soon as reasonably practicable, subject to the necessary consultation.
- With personnel performing multiple functions in a commercial environment the parties agree to put in place a process for clear guidelines to avoid any perceived conflicts of interest. This new process will incorporate the Conflict (and Potential Conflicts) of Interests Record Liverpool Direct Limited which it already has in place.
- In order to provide further transparency (in line with the Bribery Act 2010) of any additional remuneration (eg. bonus payments, performance related pay to all Liverpool Direct Limited personnel), it is proposed to establish a performance pay committee (PayCo) and the associated processes and procedures so that all parties are aware of the payments being made, to whom and when. The principle of the PayCo will be agreed. This will be subject to the detail of such PayCo Terms of Reference set out in

Appendix 1. Its remit would also cover consideration of the various proposed incentive arrangements for all staff seconded to Liverpool Direct Limited, such as eligibility, targets, quantum etc. Again this would be subject to the PayCo Terms of Reference set out in Appendix 1.

- Low value recognition to secondees would be dealt with by way of a separate Reward and Recognition Scheme. This will be subject to the detail of the Reward and Recognition Scheme set out in Appendix 2.
- The parties will commit to a refresh of the audit rights in the Joint Venture Agreement and the Service Provision Agreement, such that either party, upon giving reasonable notice to the Company Secretary and Chief Executive, has the right to audit LDL. The audit will include access to all LDL information, records and electronic data.

Any changes will be incorporated in the relevant sections of the Joint Venture Agreement, Service Provision Agreement and Memorandum and Articles of Association for Liverpool Direct Limited and these documents will be agreed in the final phase of these refresh discussions. These changes to the Liverpool Direct Limited documents are intended to; strengthen governance, reduce any potential for conflict, develop a greater sense of ownership and remove any remaining barriers to growth and the further success of the Partnership.

### **High Level Financials**

In addition to these structural and governance improvements it is proposed to offer further and significant financial value to the City Council through:

- Establishment of a £1 million pa budget allocation (2011-2017) within Liverpool Direct Limited to fund up to 65 apprenticeships each year. This budget could also provide for the setting up of a Chair with [REDACTED]

██████ to consider employment barriers within Liverpool and the promotion of an enterprise culture. This will be known as the Apprenticeship Fund.

- Put in place a fund of £12 million (2011 / 2017) for the provision of any form of social care, community development or the development of social housing within the City of Liverpool. To be known as the "Social and Economic Development Fund".

BT and the Council shall agree on the establishment of a robust and appropriate mechanism to make and document all funding decisions transparently and in accordance with criteria to be agreed between BT and the Council. All these funds, as private monies, will be available to be 'match funded', by the City Council. The availability of these funds for the above purposes will be dependent on agreeing appropriate protections and mechanisms to ensure compliance with all applicable laws and statutes.

BT proposes that the following mechanisms be agreed in principle and then drafted into the Liverpool Direct Limited documentation in the next phase of these refresh negotiations:

1. Liverpool City Council will propose the Social and Economic Development Fund projects that it intends to use in each year. BT will either agree to the proposal(s) or reject the proposal(s). If BT rejects the proposal(s) then the proportion of the proposal(s) that applies to the Social and Economic Fund for the rejected proposal(s) will be applied as a discount to the price paid per annum for the services.
2. If BT accepts the Liverpool City Council proposal(s) for Social and Economic Development Fund, then Liverpool City Council will produce Cost Certificates and/or documentary evidence of the expenditure on

the Social and Economic Development Fund and BT will have the right at the end of each quarter to evaluate whether the Social and Economic Development Fund has been applied appropriately as set out in each proposal. If BT does not agree that the Social and Economic Development Fund has been applied appropriately, then BT may withhold future elements of the Social and Economic Development Fund and these will be applied as a discount to the price paid per annum for the services.

3. Liverpool City Council will propose how they intend to apply the Apprenticeship Fund for the year. BT will either agree to the proposal(s) or reject the proposal(s). If BT rejects the proposal(s) then the proportion of the proposal(s) that applies to the Apprenticeship Fund for the rejected proposal(s) will be applied as a discount to the price paid per annum for the services.

4. If BT accepts the Liverpool City Council proposal(s) for the Apprenticeship Fund then Liverpool City Council will provide appropriate documentation (e.g. cost certificate) of the expenditure on the Apprenticeship Fund and BT will have the right at the end of each quarter to evaluate whether the Apprenticeship Fund has been applied appropriately as set out in each proposal. If BT does not agree that the Apprenticeship Fund has been applied appropriately, then BT may withhold future elements of the Apprenticeship Fund and these will be applied as a discount to the price paid per annum for the services.

5. Any amount per annum of the Apprenticeship Fund or Social and Economic Fund that the parties cannot agree to apply to Liverpool City Council proposals for the Apprenticeship Fund and Social Development Fund will be applied as a discount to the price paid per annum for the services.



The phasing of these savings and reduction is proposed as:

**Table 1.2: Refresh Discount Table**

Year	Apprenticeship Spend (£million)	Support to LCC (£million)	Price Reduction (£million)	Total (£million)
2011 / 2012	1.0			1.0
2012 / 2013	1.0	3.0	2.0	6.0
2013 / 2014	1.0	3.0	1.5	5.5
2014 / 2015	1.0	3.0	1.5	5.5
2015 / 2016	1.0	2.0	1.5	4.5
2016 / 2017	1.0	2.0	1.5	4.5
<b>Total</b>	<b>6.0</b>	<b>12.0</b>	<b>9.0</b>	<b>27.0</b>

- Alternatively, the Apprenticeship Fund and Social and Economic Development Fund can be applied as a straight discount from the price paid per annum for the services.
- A **guaranteed share** of all third party work secured based on [REDACTED] of all turnover or [REDACTED] if taken as benefit in kind and / or investment in to the business (eg. change work). This is backdated to the [REDACTED]. This currently equates to between [REDACTED] and [REDACTED]. This proposal means no commercial risk to the City Council.
- A Liverpool City Council Change Team will be led by Liverpool Direct Limited at no cost to Liverpool City Council working solely on identifying and delivering savings for the City Council. Their work programme will be jointly agreed and measured. Targets of ongoing savings will be no less than [REDACTED]. In addition they will have a further target of [REDACTED]



■ of one-off savings that will be identified. This work has started a programme of ■ of savings has been agreed for 2011 / 2012.

- A business development team will continue to be maintained at a cost of around ■ million pa to generate sales leads and negotiate new contracts for Liverpool Direct Limited. This will lead to new jobs and help to safeguard existing jobs.

As part of the 2006 Contract Extension it was agreed to transfer Careline at a cost of ■ pa. It subsequently transferred in at only ■ pa. This will save the City Council ■ over the life of the Contract and it was combined with higher service performance levels. Since 2008 this Service has run at a loss of over £1.4 million (as per the City Council Cost Certificate). The same savings value as One Stop Shops which transferred in 2007 of ■ (2007 – 2017).

Liverpool Direct Limited will commit to identifying further savings to the City Council particularly in the areas of; ICT (eg. Children's, Adults), call handling debt collection, all forms of back office processes and call handling.

This mix of new governance working, shareholding and financial saving will be further enhanced through; **additional investments, enhanced service performance, extra revenue collection, write offs, consequential savings** and **efficiencies**. These will include:

### **Investments**

Immediate investments will be made into the following areas of business activity during the period 2011 / 2013 and which will help to financially support the City Council. Liverpool Direct Limited would be happy to discuss any other priorities the City Council may have going forward and assist in reducing its future borrowing demands:

**Table 1.3: Potential Investments 2011 / 2013**

Activity	Value (£ million )
Thin Client Roll Out	■
■	■
Business Development Team	■
Replacement Service Desk Application	■
Replacement of Adult Services ICT System	■
■	■
■	■
Web Improvement Plan	■
■	■
Other Investment	■
Total	■

This potential investment of £8.2 million will prevent the City Council from having to find the costs of this level of investment. We also understand the City Council has budget provision for a number of these items (eg web Improvement Plan and Adult Services ICT System. These items are budgeted for within the City Council (as we understand it) and therefore would be immediate (and 'in year') savings for the City Council.

### ***Enhanced Service Performance***

Enhanced service levels have been identified with a value of no less than ■ per year and giving a contract value of ■ (2011 – 2017) to the City Council in the form of improved performance and service excellence. The key highlights include:

**Table 1.4: Proposed Contracted Enhanced Service Performance**

Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
<b>Web Services</b>	■	■	■	■
■				
■				
■	■	■	■	■
■				
■				
■				
<b>Sub Total</b>			■	■

Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
<b>Contact Centre</b>	■	■	■	■
■	■	■	■	■
■	■	■	■	■
<b>Sub Total</b>			■	■

Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
<b>Careline</b>				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
<b>One Stop Shops</b>				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Sub Total</b>			[REDACTED]	[REDACTED]

Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
<b>Revenues</b>				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Sub Total</b>				

Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
ICT [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]



Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Sub Total</b>			[REDACTED]	[REDACTED]

Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
<b>HRP</b>				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Sub Total</b>			[REDACTED]	[REDACTED]
<b>Grand Total</b>			[REDACTED]	[REDACTED]

Table 1.5: Proposed Non Contracted Enhanced Service Levels

Service Level Definitions	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
<b>Revenues</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]				
[REDACTED]				
[REDACTED]				
[REDACTED]				
[REDACTED]				
[REDACTED]			[REDACTED]	[REDACTED]

Service Level Reference	SLA	Proposed Target 2011 / 2012	2011 / 2012 Value (£ million)	2011 / 2012 Value (£ million)
<b>ICT</b>				
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]			[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]



These performance enhancements will not only help to reinforce a positive reputation of the City Council, deliver excellent customer service, generate additional revenue benefit (subsidy, clawback, debt collection) to the City Council but also help to reduce the level of risk (eg. Careline) and reduce the cost of failure to the Council.

The value to Liverpool City Council will be in the region of [REDACTED] and over [REDACTED] for the period 2011 to 2017.

A set of proposals has been developed to help generate additional revenue to the City Council. The values equate to over [REDACTED] and over [REDACTED] between 2011 / 2017. The key highlights include:

**Table 1.6: High Level Review of Potential Revenue**

Activity	Revenue 2011 / 2012 (£ million)	Revenue 2011 / 2017 (£ million)
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

(1) Annual figure set by Government and cannot be relied upon.

### **Potential 'Write Offs'**

In addition Liverpool Direct Limited (and BT) would look to write off the following values as part of this proposal which it believes it has strong contractual claims to, some since 2001 (subject to the Council doing likewise on any potential claims they may consider they have). It is proposed the City Council and BT agree to settle all outstanding claims as part of this process:

**Table 1.7: Potential 'Write-Offs'**

Item	Value £ million pa	Value 2001-2017
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
<b>Total</b>	<b>4.702</b>	<b>56.026</b>

These 'write off values' of around £56.026 million (2001 / 2017) will help to remove potential conflict.

### **Consequential Savings**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

It is the strongly held belief of BT and Liverpool Direct Limited that real and significant savings can still be delivered to Liverpool City Council working in real partnership. The last twelve months trust has been rebuilt between Liverpool City Council and Liverpool Direct Limited through the hard work of both sets of staff, managers and politicians. These could include:

**Table 1:8: Examples of Potential Consequential Savings**

Description	Potential savings 2010 -2017 (£m pa)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Description	Potential savings 2010 -2017 (£m pa)
<b>Total</b>	

In plain terms if we work more closely and collaboratively the Partnership can simply do more to support the City Council. There are many opportunities, examples include; print services, revenue collection, debt collection, sickness management, reduced accommodation, increased productivity (ie. home working) and standardisation of processes and services.

### ***Non Financial Benefits***

There are other areas of activity where BT and Liverpool Direct Limited believes its presence in the Merseyside area will support further economic development within Liverpool:

- BT has a national programme of Apprenticeships which could be considered. Indeed within the Merseyside area BT currently employs over 1700 people and over 8,500 across the North West.
- Within Merseyside, BT spends over £360 million annually. BT is both a major employer and driver within the local economy.

■ In 2010 BT has agreed to hold its Annual Shareholders meeting in Liverpool. The Arena and BT Convention Centre Liverpool has a turnover of £12.5 million pa and since opening, has hosted more than 700 events, welcomed over 1.5 million visitors and made an economic contribution to the City of over £400 million, hosting many high profile events including the MTV Europe Music Awards, BBC Sports Personality of the Year and the World Firefighter Games. ■

■

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### **Broadband Rollout in Liverpool**

On a national basis BT has invested in an advanced national 21<sup>st</sup> Century infrastructure which will bring the benefits of high speed fibre based services to cities and between cities throughout the UK. This national network is an important consideration as businesses in Liverpool want to reach out to businesses and customers beyond the city.

BT has just announced a £1 billion investment in developing broadband to a total of £2.5 billion which will bring potentially its fibre deployment to 66% of UK homes and businesses by 2015.

Liverpool is already benefitting from the rollout of digital services. At the top end of the requirement Ethernet Services at 100mb (serving larger private and public organisations) the price has reduced considerably over the past few years and are on a downward trajectory. This has enabled the deployment of services to schools in the BSF Wave 2 project over Ethernet Services from a central platform which is a less expensive solution and allows schools to have a 50% local choice in the selection of ICT equipment against a national average of less than 25%.

Broadband service (ADSL) is already good throughout Liverpool with the majority of homes and businesses experiencing speeds between 4 Mbs and 8 Mbs.

BT has also announced that the next development of its broadband expansion, superfast Broadband, which will provide speeds of up to 100 mbs. Essentially this will focus on the provision of fibre to the nearest distribution cabinet which will be the main service and provide speeds up to 40 mbs. There will also be the provision of fibre to the premises (FTTP) which will be more focused on city centres and areas with high densities of small business users who are more likely to use these services.

BT and Liverpool Direct Limited are keen to work with the City to develop propositions in the following areas:

- SMEs (high use digital creative businesses).
- Health (advanced monitoring, virtual doctors visits remote monitoring etc).
- Education (remote lessons, distance based learning).
- Homeworking (worklife balance, reduced cost to business, better environmental impact).
- To build and demonstrate the benefits of deployment of these broadband services. A programme to stimulate the adoption of 'connected' business applications to support business in Liverpool of all types and sizes to use the technology and gain benefits will drive the rollout of services from BT.

## Summary

In March 2010 Liverpool Direct Limited presented a 'Value for Money' Report to the City Council [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] A further 'Value for Money' report, updating these figures, will be presented to Liverpool City Council in June 2011. In return for this offer BT would look to the City Council to agree to:

- Refreshing the Partnership Board and the associated modifications to the governance arrangements of Liverpool Direct Limited.

- Establishment and implementation of an agreed Partnership Framework Agreement, leading to refreshed and positive working relationships with the senior management of Liverpool City Council and what is now a significant client function.
- Commitment to the existing Contract until 31 March 2017.

It is on this basis that BT offers this proposition to Liverpool City Council. BT has not attempted to provide a document as the basis for negotiation but firmly believes it contains an excellent proposition although of course we would be happy to discuss any detail and give any clarification required. BT believes that such an agreement will help further build this successful Partnership and help to continue to generate real value to the City Council, and create real and sustainable jobs.



