

## CABINET

20 October 2015

### FUTURE OF RESOURCE MANAGEMENT SYSTEM

#### Report of the Director for Resources

Strategic Aim:	All		
Key Decision: Yes	Forward Plan Reference: FP/210915/01		
If not on Forward Plan:	Chief Executive Approved	N/A	
	Scrutiny Chair Approved	N/A	
Reason for Urgency:	N/A		
Exempt Information	No		
Cabinet Member(s) Responsible:	Mr T C King, Deputy Leader and Portfolio Holder for Places (Development and Economy) and Resources		
Contact Officer(s):	Debbie Mogg, Director for Resources	01572 758358	dmogg@rutland.gov.uk
	Saverio Della Rocca, Assistant Director - Finance	01572 758159	sdellarocca@rutland.gov.uk
Ward Councillors	N/A		

#### DECISION RECOMMENDATIONS

##### That Cabinet:

1. **Delegates to the Director of Resources in consultation with the Portfolio Holder for Resources the authority to pursue options for the future provision of the Resource Management System in line with the objectives set out in para 3.1.**
2. **Approves the consideration of options involving collaborative working with other Council's recognising that formal agreement of those options will require Cabinet approval.**
3. **Approves that the existing under spends (£100k) in the IT budget are made available to fund the upgrade of Agresso.**

#### 1 PURPOSE OF THE REPORT

- 1.1 To inform Cabinet of the status of the Resource Management System ('Agresso'), appraise Cabinet of the options available to the Council and agree a way forward.

## **2 BACKGROUND**

### **2.1 Overview**

2.1.1 The Council has a Resource Management System called Agresso. Agresso (version 5.5.3) was implemented in 2008. It is one of the Council's key IT systems and is the platform for the processing and recording of all financial transactions. (payments, payroll, debt raising and recovery, cash receipting etc). An effective resource management system is imperative if the Council is to maintain effective financial control and meet all statutory obligations e.g. producing the statement of accounts and external reporting requirements to Her Majesty's Revenue and Customs (HMRC) and the Pension Fund.

2.1.2 Agresso costs the Council c£134k<sup>1</sup> to run per annum. The Council's arrangements for the provision of Agresso are as follows:

- The Council has a contract with Unit 4. The contract allows the Council to use Agresso under licence and provides for some technical support (fixes, updates and patches that keep the system up-to-date). The contract was signed in 2008 for an initial period of six years with two extension periods of a further two years. The Unit 4 Account Manager has informed the Council that it must give notice by 1 December 2015 but the Head of IT is looking to negotiate this deadline.
- The contract states that "at any time Agresso shall provide support for the current and the previous Release of the software. For Customers declining to adopt a new version, support will be provided for the supported release of the previous version. In the event that the customer requires any consultancy to assist with implementation of a release then this shall be paid for by the customer according to Agresso's prevailing rate". This means that the Council continues to have access to technical support as long as it uses a version of Agresso which is not out-of-date;
- The Council has historically had 2 members of staff who provide systems administration, technical and development support<sup>2</sup>.
- The Council hosts the system. This means it maintains a hardware (servers/network etc) infrastructure that allows Agresso to operate effectively.

### **2.2 The current position**

2.2.1 As from April 2016, version 5.5.3 of Agresso will no longer be supported by Unit 4. Many organisations have already upgraded Agresso to a version called Milestone 4. The withdrawal of support means that no further fixes, updates, patches will be provided by the supplier if there are 'bugs' or 'faults'. This also means no new functionality would be added. Helpdesk support would still be provided by Unit 4

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<sup>1</sup> The costs include licensing costs of £60k, Agresso technical support staff of £63k, £8k of service desk support and approximately £3k pa on hardware maintenance

<sup>2</sup> This includes setting up new users, data cleansing, customising the system for local policies e.g. the Council's sickness rules

but this will diminish over time as knowledge diminishes over old products. This does not mean that the Council cannot continue to operate this version but it does expose the Council to significant risks – in particular, if the system was to breakdown then the Council may not be able to fix it risking failing to meet statutory and other obligations.

2.2.2 Inevitably, the Council will need to migrate to a new version of Agresso or alternative system at some point but in the short term the Council could choose to continue the current version. This option therefore needs to be considered alongside the alternatives.

### 3 ALTERNATIVE OPTIONS

#### 3.1 Objectives to be achieved

3.1.1 There are various options available to the Council in terms of how it moves forward. In considering options, various objectives need to be met:

- a) System fit for the purpose – any system to be implemented must allow the Council to discharge its responsibilities efficiently and effectively;
- b) Resilience/high quality support - any system needs to be resilient (e.g. provide continuity and reliability of service during periods of staff sickness, annual leave) and minimise any downtime. In the event of problems or issues, the Council must have access to high quality support capable of resolving issues promptly, diagnosing the causes of any problem and applying any patches or fixes required;
- c) Maintenance and development – all systems must be appropriately maintained (e.g. routines run to ensure the integrity of data) and allow for development where appropriate e.g. should the Council need to make adaptations for policy reasons or to facilitate digital transformation;
- d) Timescales - the Council needs to have new arrangements in place quickly (preferably in time for the start of the financial year) and in a way that minimises business interruption; and
- e) Cost - the Council is aiming to reduce cost in the context of the Medium Term Financial Plan (MTFP) so any option should try, as far as possible, to meet this objective. It is recognised that there may be one-off costs associated with any upgrade.

3.1.2 This section analyses the “Continue/No change option” against a variation of the “Upgrade” option:

Options	Description
Option A – No change	<ul style="list-style-type: none"> <li>• remaining on the current version of Agresso with no technical support contract in place but with access to Unit 4 helpdesk (albeit with diminishing support over time)</li> <li>• upgrading hardware which is at the end of its useful life and</li> </ul>

Options	Description
	<p>does not provide sufficient storage capacity</p> <ul style="list-style-type: none"> <li>• purchasing the development of a year-end payroll patch (should one be available) and applying it internally</li> <li>• employing Agresso staff or sourcing support externally given current vacancies in the team</li> </ul>
<p>Option B – Upgrade, host internally, support internally</p>	<ul style="list-style-type: none"> <li>• upgrading to the latest version of Agresso with a support contract in place and access to a helpdesk</li> <li>• upgrading hardware to ensure it can support the new version</li> <li>• employing Agresso staff to provide systems administration, technical support and development capability</li> </ul>
<p>Option C – Upgrade, host externally, support internally</p>	<ul style="list-style-type: none"> <li>• upgrading to the latest version of Agresso with a support contract in place and access to a helpdesk</li> <li>• asking a third party to host the system (this is the approach taken with the new Liquid Logic system and means that the third party are responsible for supporting the system with hardware etc)</li> <li>• employing Agresso staff to provide systems administration, technical support and development capability</li> </ul>
<p>Option D – Upgrade, host externally, support externally</p>	<ul style="list-style-type: none"> <li>• upgrading to the latest version of Agresso with a support contract in place and access to a helpdesk</li> <li>• asking a third party to host the system (this is the approach taken with the new Liquid Logic system and means that the third party are responsible for supporting the system with hardware etc)</li> <li>• having access to external Agresso support should problems arise (there is no need for there to be a physical on-site presence)</li> </ul>

## 3.2 Options analysis

3.2.1 All Options have been analysed, using available information, against objectives set out in 3.1 in Appendices A to D. In terms of risk management (excluding cost), the most favourable option is D. This is because:

- a) The Council would be using a new fully supported version of Agresso;

- b) The Council would not be carrying the risk of internally hosting the system i.e. risk of hardware failure, server breakdown would be managed elsewhere;
- c) The Council would not be required to recruit Agresso staff which has proved very difficult in the past and would have access to external expertise if required; and
- d) The Council would be eligible to receive any system enhancement or developments.

3.2.2 Upgrading the system will carry with it a cost irrespective of when the upgrade is undertaken. This cost is believed to be in the region of £100k<sup>3</sup> although more analysis is required including a detailed action plan. This cost is mainly external support (a combination of resource from the supplier providing the new version and some additional internal resource to do the necessary work required to prepare and facilitate the upgrade including training). The marginal cost to the Council (based on costs already included within the IT forecast) would be c£50k<sup>4</sup>. This is because the IT forecast already includes some costs for technical support for fixing/developing the existing system which would be diverted to the upgrade if this was the agreed route. If the Council chose to continue as is then the marginal cost would be £30k. This is the cost for purchasing the year end patch and upgrading hardware.

3.2.3 If the Council was able to enter into an arrangement with a third party (in line with Option D) at the same or lower annual cost (notwithstanding the investment required for the upgrade as set out in 3.2.2 which will be required whenever it is done), then it is officers view that this would be the preferred option. Officers are therefore looking into this option acknowledging that indicative costs (as shown in the Appendices) suggest that this could not be achieved using private sector providers. However, initial discussions with other local authorities suggest a lower cost option may be accessible. This is covered in section 3.3.

3.2.4 If option D cannot be achieved then the most economic option would be to retain the service in-house which is the highest risk option.

### **3.3 Sourcing a new arrangement**

3.3.1 The Council has looked into the different ways that option D could be achieved and used available market information and other intelligence to explore what it is possible and to get a view of indicative costs.

#### *3.3.2 Use a framework*

3.3.3 The Council can use framework agreements in line with para 8.2 of the Contract Procedure Rules. The Council could use a public body framework (i.e. central government/other local authority framework) such as the G Cloud framework to call off services. There are providers on this framework who provide a hosted

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<sup>3</sup> The Council has received two quotes from suppliers. The cost of the upgrade will vary according to whether the system is externally hosted. The cost of £100k assumes external hosting. An internally hosted system would cost an additional £25k as hardware would need to be upgraded.

<sup>4</sup> In Appendix B the Agresso costs to the end of March are £199k of which £83k is not included in the current IT forecast. Of this £83k, only £48k relates to the upgrade.

Agresso solution. Providers do not generally provide ongoing support arrangements but this can be sourced separately.

- 3.3.4 On these frameworks, suppliers provide a 'price' menu so that buyers can cost services on offer. Some initial work suggested costs in the range of £145,000 for the hosting element plus £63,000 for support. The annual cost of this option is believed to be in range of £210k. This compares to the existing budget of £136k.
- 3.3.5 *Formal procurement*
- 3.3.6 The Council could undertake a full procurement process in line with the requirements of the Public Contracts Regulations 2015. This process is costly and can take up to 6 months to complete.
- 3.3.7 Estimating the cost of any external procurement is not straight forward but given that most interested parties are the same as those on frameworks such as the G Cloud there is no reason to suggest a tender process would generate a lower cost from providers who are on the G Cloud framework.
- 3.3.8 *Using an existing contract*
- 3.3.9 Lincolnshire County Council (LCC) has a contract with Serco to provide back office support. This Council is a named authority in the contract with Serco. Whilst this does not oblige the Council to purchase services under this contract, it can do so. The LCC-Serco contract was let under OJEU. The Council would need to obtain an exemption under its CPR's (under para 3.1c) to pursue this route. The Council would also need to establish that the services required are within the scope of services set out in LCC's OJEU and the value of Rutland's contract (combined with other spend on LCC's contract) does not exceed the range stated in the OJEU.
- 3.3.10 LCC use Agresso through Serco with Serco providing support. Agresso has been in place at LCC since 1 April 2015. The Council has made initial contact but is yet to have any detailed discussions with Serco about whether they may be interested in providing this service so the cost of pursuing this option is not known.
- 3.3.11 *Collaboration/work with another public sector body*
- 3.3.12 The Council is aware of other Councils who use or are intending to use Agresso. There are a number of different ways that the Council could work with others through delegation or another form of cooperation. The legal/governance implications of these arrangements are set out in Section 7. Two such options include the Local Government Shared Service (LGSS) and Hoople.
- 3.3.13 LGSS is a public sector provider of business support services. It was created in October 2010 as a Joint Committee between its founding authorities, Cambridgeshire and Northamptonshire County Councils. LGSS is implementing Agresso for both Councils from 1 April 2017. Initial discussions with LGSS indicate that the service required by this Council is on offer. The suggested approach from LGSS is that they upgrade our system to Milestone 4 ready for January 2016 which they would host. Following that upgrade, the Council would then move to Milestone 5<sup>5</sup> in late 2016 as part of the wider implementation of Agresso for

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<sup>5</sup> Moving from Milestone 4 to 5 is a minor upgrade requiring minimal resources..

Cambridgeshire and Northamptonshire. The Council has received a formal proposal to this effect which is being reviewed.

- 3.3.14 Equally, Hoople (a Teckal<sup>6</sup> company set up by Herefordshire County Council and Wye Valley Trust) use Agresso already and provide the support required by this Council to a range of bodies. Hoople have provided the Council with a formal quotation based on the completion of a “requirements” document. The initial quote indicates they can provide the service the Council requires within the Council’s budget and by 1 April 2016. The quote is being reviewed and discussions are scheduled with Hoople to discuss some of the detail.

### **3.4 Summary**

- 3.4.1 Based on information available, the options analysis and discussions with potential partners/providers it is officers view that:

- the Council should look to upgrade Agresso. This will need to be done at some point even if the short term decision is to continue “as is”;
- the ideal option from a risk management perspective (and in particular recognising the specialist skills required) is to have the system externally hosted and supported;
- there appears to be potential to work with other public sector bodies to secure the service required within the existing budget; and
- resources will be needed to undertake the upgrade implementation whenever it takes place.

## **4 NEXT STEPS**

- 4.1 The Council still has work to do to consider and pursue the options, including

- firming up details of costs and the resource implications for the Council including determining the approach to data migration (i.e. will all data be carried over to the new system or held on the old system). It should be noted therefore that costs are no more than indicative at this stage;
- undertaking any necessary ‘due diligence’ to satisfy itself that other ‘providers’ have the capability, expertise and capacity to deliver;
- working through the legal/governance implications of options.

- 4.2 If the Council decides to upgrade then officers may need to take some decisions quickly in light of the overall aim of getting any new system in place by 1 April 2016. In this context, officers are asking for delegated authority to take such decisions in the context of the objectives set out in 3.1.

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<sup>6</sup> A contracting authority/contracting authorities can establish “Teckal” company to provide the services back to itself/themselves and this will not count as a public service contract (thereby avoiding any procurement) as long as the local authority or authorities exercise over the the company]concerned a control which is similar to that which it exercises over its own departments and, at the same time, that company carries out the essential part of its activities with the controlling local authority or authorities.

## **5 CONSULTATION**

5.1 No formal external consultation is necessary. Internal consultation has been undertaken with Senior Management Team and the Adult Social Care System Project Board. The feedback from this consultation is that it is important that:

- the resource (staffing) implications of any new system/upgrade are considered alongside existing projects;
- the system works effectively and interacts with secondary/subsidiary systems;
- everyone (officers and Members) can use the system effectively; and
- the opportunity is taken to address existing problems/weaknesses including any manual workarounds that staff have put in. However unlike for example the liquid logic implementation which is more transformational as end to end processes are being revisited, any Agresso upgrade is more of a system replacement with some minor adaptations.

5.2 A detailed project plan would need to be developed to ensure that any implementation could be done to address the above issues with minimal impact on workloads and service delivery.

## **6 FINANCIAL IMPLICATIONS**

6.1 The Council currently spends £136k on Agresso. In line with the MTFP direction, the Council is looking to make savings in the future or at least minimise any pressures on the budget.

6.2 The Council is looking to deliver any new arrangement within the current budget. Research indicates some options cannot deliver this requirement. The Council wants to pursue other options to assess whether this can be achieved. In terms of the systems upgrade, then there are one-off costs in the range of £100k but this amount will be confirmed in due course. It may be possible to fund the upgrade from existing under spends in the IT budget. As a functional budget must be used for its intended purpose and the upgrade cost was not included in the budget, the Director for Resources is requesting permission to use these under spends for this project.

6.3 Alternatively, the Council did receive an electricity refund of c£80k which it holds in Invest to Save Reserve which could be used to contribute towards the cost.

## **7 LEGAL AND GOVERNANCE CONSIDERATIONS**

7.1 The legal and governance implications are different depending on the preferred option of the council. If the Council wishes to procure a new system whether this be through a framework or through undertaking its own tendering exercise then the Contract Procedure Rules (CPRs) must be complied with. The CPRs allow for some exemptions subject to authorisation in relation to collaborative working which could be applied for example if the Council worked with Lincolnshire County Council.

7.2 Some forms of collaboration fall outside of Public Contract Regulations 2015. For



example:

- Section 101 of the Local Government Act 1972 allows delegation of a function to another local authority or joint committee. In principle this would be classed as an administrative arrangement and fall outside the definition of contract which is more of a commercial nature and subsequently the procurement rules would not apply. If this option is explored further, then a further external legal view may be prudent to ensure there are no other implications in delegating the function. Should the council therefore delegate a function then this would need to be approved by council/cabinet.
- The Council could also consider a joint co-operation arrangement (derived from the Hamburg case) between two authorities which is also exempt from the Public Contracts Regulations 2015. The following conditions need to be satisfied for this to apply
  - i) The contract establishes joint co-operation in the performance of public services with a view to achieving mutual objectives; and
  - ii) The implementation of the co-operation is governed only by the public interest; and
  - iii) The participating authorities perform “on the open market” less than 20% of the activities relating to the co-operation.
- Section 113 of the Local Government Act 1972 provides that the Council may enter into an agreement with another local authority for the placing resources at the disposal of the latter for the purposes of their functions.

7.3 At this stage, the Council believes that should it wish to work with another local authority, it will be able to establish some form of collaboration which would fall outside of the public sector procurement regulations.

## **8 EQUALITY IMPACT ASSESSMENT**

8.1 An Equality Impact Assessment (EqIA) has not been completed at this stage. A screening exercise will be undertaken as options are pursued.

## **9 COMMUNITY SAFETY IMPLICATIONS**

9.1 There are no community safety implications

## **10 HEALTH AND WELLBEING IMPLICATIONS**

10.1 There are no health and wellbeing implications

## **11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

11.1 The Council is required to upgrade its Resource Management System at some point. The lowest risk option is to do this externally with a provider or local authority partner. Officers wish to prioritise working with another local authority as they believe this will provide a viable alternative. Cabinet is being asked to agree this way forward and allow IT under spends to be used to fund the project.

## **12 BACKGROUND PAPERS**

12.1 There are no additional background papers

## **13 APPENDICES**

Appendix A: Option A – No change

Appendix B: Option B – Upgrade, host internally, support internally

Appendix C: Option C – Upgrade, host externally, support internally

Appendix D: Option D – Upgrade, host externally, support externally

A Large Print or Braille Version of this Report is available upon request –  
Contact 01572 722577. (18pt)

## Appendix A. Option A – No change

### 1. Risk Analysis

Likelihood scored 1-3 (3 High likelihood), Impact score 1-3 (3 High Impact)

Risk/criteria	Risk	Total	Comments
System is not fit for purpose	Impact: High  Likelihood: Medium	6	The system works effectively at present. Key transactions are processed with few issues and statement of accounts produced on time. There is still development work required but this could be avoided by upgrading. Subject to the Council being able to purchase a year end patch for payroll processes there is no reason that the system cannot continue to work effectively.
Lack of resilience or inability to obtain high quality support	Impact: High  Likelihood: High	9	The inherent risk of running an old version of the system is high. This would be exacerbated with the version of Agresso being unsupported (hence patches and fixes not available) and reliance placed on internal or external support provision. Hardware upgrade mitigates the risk to some extent.  Internal support specialists are expensive and difficult to recruit. Reliance on external contract support can also be expensive particularly if it is required to support an older version of Agresso.
Inability to maintain and develop	Impact: Medium  Likelihood: High	6	There would be no business case for making systems improvement on an old version of Agresso. Whilst the system works, some improvements are required for efficiency and effectiveness in areas such as HR, Purchase to Pay. The inability to develop may also hamper implementation of any channel shift potential.
Achievable by 1.4.2016	Impact: High  Likelihood: Low	3	Subject to the Council being able to purchase a year end patch that can be effectively applied then this should be achievable. Unit 4 have indicated that they can develop a patch but this needs to be confirmed.
		<b>24</b>	

## 2. Cost Analysis

The cost analysis is provisional and is based on estimates, some quotes and available information.

### *One-off/Upgrade Costs – costs to end March 2016*

Type	Cost £	Amount in P5 forecast	Extra cost
Licence	£30k	£30k	£0k
Year-end patch (2)	£5k	£0k	£5k
Staffing (3)	£86k	£86k	£0k
Hardware upgrade (1)	£25k	£0	£25k
	£146k	£116k	£30k

### *Annualised Costs – after March 2016*

Type	Cost £	Amount in Budget	Extra cost
Licence	£60k	£60k	£0k
Hardware maintenance	£3k	£3k	£0k
Staffing (3)	£63k	£63k	£0k
IT support desk	£8k	£8k	£0k
	£134k	£134k	£0k

#### **(1) Hardware**

Servers have an expired asset life and are now over 7 years old. 11 Servers are in need of replacement as not regularly maintained or updated and additional storage is required. £25-£30k

#### **(2) Year-end Patch**

The Council would need to commission UNIT4 to develop a patch at a cost of £5-£10k.

#### **(3) Staffing**

The Council would need to invest in support provision (externally or internally) for development, administration and IT Service Desk Support. Pre March 2016 this would be sourced via interims and would include some time for preparing to upgrade at some point. After March 2016, the Council would seek to make a permanent appointment or try and source external support within the available budget. This is high risk.

## Appendix B. Option B – Upgrade, host internally, support internally

### 1. Risk Analysis

Likelihood scored 1-3 (3 High likelihood), Impact score 1-3 (3 High Impact)

Criteria	Risk	Total	Comments
System is not fit for purpose	Impact: High  Likelihood: Low	3	Subject to successful implementation including testing, any new version should be fit for purpose
Lack of Resilience or Inability to obtain high quality support	Impact: High  Likelihood: Medium	6	The inherent risk or running a new supported version is low. Hardware would need to be upgraded and this can be done.  Internal support specialists with the full breadth of knowledge and expertise are expensive and difficult to recruit and during holidays/sickness there may be problems.
Inability to maintain and develop	Impact: Low  Likelihood: Medium	2	With a new version implemented, there would be limited development required as the opportunity could be taken during implementation to address existing issues and inefficiencies. The Council would also be able to access further system releases.
Achievable by 1.4.2016	Impact: High  Likelihood: Medium	6	The system can be purchased and implementation can be achieved by 1 April 2016 but additional resources would be required for implementation.
		<b>17</b>	

### 2. Cost Analysis

The cost analysis is provisional and is based on estimates, some quotes and available information.

*One-off/Upgrade Costs – costs to end March 2016*

Type	Cost £	Amount in P5 forecast	Extra cost
Licence	£30k	£30k	£0k
External support (2)	£48k	£0k	£48k

Type	Cost £	Amount in P5 forecast	Extra cost
Staffing (3)	£86k	£86k	£0k
Hardware upgrade (1)	£25k	£0	£25k
	£189k	£116k	£73k

*Annualised Costs – after March 2016*

Type	Cost £	Amount in Budget	Extra cost
Licence	£60k	£60k	£0k
Hardware maintenance	£3k	£3k	£0k
Staffing (3)	£63k	£63k	£0k
IT support desk	£8k	£8k	£0k
	£134k	£134k	£0k

**(1) Hardware**

Servers have an expired asset life and are now over 7 years old. 11 Servers are in need of replacement as not regularly maintained or updated and additional storage is required. £25-£30k

**(2) External Support**

Based on a quote from an external supplier of the one-off resource cost they would put into the upgrade implementation.

**(3) Staffing**

The Council would need to invest in support provision (externally or internally) for development, administration and IT Service Desk Support. Pre March 2016, minimal resource would be put in place to maintain the existing system. The majority would be focused on implementation.

After March 2016, the Council would seek to make a permanent appointment or try and source external support within the available budget. This is high risk but with a new system in place and minimal development work required may be more achievable than is presently the case.

## Appendix C. Option C – Upgrade, host externally, support internally

### 1. Risk Analysis

Likelihood scored 1-3 (3 High likelihood), Impact score 1-3 (3 High Impact)

Criteria	Risk	Total	Comments
System is not fit for purpose	Impact: High  Likelihood: Low	3	Subject to successful implementation including testing, any new version should be fit for purpose
Lack of Resilience or Inability to obtain high quality support	Impact: Low  Likelihood: High	3	The inherent risk of running a new supported version hosted externally is low.  Internal support specialists with the full breadth of knowledge and expertise are expensive and difficult to recruit and during holidays/sickness there may be problems.
Inability to maintain and develop	Impact: Low  Likelihood: Medium	2	With a new version implemented, there would be limited development required as the opportunity could be taken during implementation to address existing issues and inefficiencies. The Council would also be able to access further system releases.
Achievable by 1.4.2016	Impact: High  Likelihood: Medium	6	The system can be purchased and implementation can be achieved by 1 April 2016 but additional resources would be required for implementation.
		<b>14</b>	

### 2. Cost Analysis

The cost analysis is provisional and is based on estimates, some quotes and available information.

*One-off/Upgrade Costs – costs to end March 2016*

Type	Cost £	Amount in P5 forecast	Extra cost
Licence	£30k	£30k	£0k
External support (2)	£48k	£0k	£48k
Staffing (3)	£86k	£86k	£0k

Type	Cost £	Amount in P5 forecast	Extra cost
Hardware upgrade (1)	£0k	£0	£0k
	£164k	£116k	£48k

*Annualised Costs – after March 2016*

Type	Cost £	Amount in Budget	Extra cost
Hosting/Licence/hardware (4)	£145k	£63k	£82k
Staffing (3)	£63k	£63k	£0k
IT support desk	£8k	£8k	£0k
	£216k	£134k	£82k

**(1) Hardware**

Servers have an expired asset life and are now over 7 years old but they would not be replaced as system would be hosted from 1 April 2016.

**(2) External Support**

Based on a quote from an external supplier of the one-off resource cost they would put into the upgrade implementation.

**(3) Staffing**

The Council would need to invest in support provision (externally or internally) for development, administration and IT Service Desk Support. Pre March 2016, minimal resource would be put in place to maintain the existing system. The majority would be focused on implementation.

After March 2016, the Council would seek to make a permanent appointment or try and source external support within the available budget. This is high risk but with a new system in place and minimal development work required may be more achievable than is presently the case.

**(4) Hosting**

The Hosting cost is based on quotes obtained via the G Cloud framework. The Council is seeking alternative quotes from other local authorities and the initial feedback is that the costs could be significantly less.



## Appendix D. Option D – Upgrade, host externally, support externally

### 1. Risk Analysis

Likelihood scored 1-3 (3 High likelihood), Impact score 1-3 (3 High Impact)

Criteria	Risk	Total	Comments
System is not fit for purpose	Impact: High  Likelihood: Low	3	Subject to successful implementation including testing, any new version should be fit for purpose
Lack of Resilience or Inability to obtain high quality support	Impact: Low  Likelihood: High	3	The inherent risk or running a new supported version hosted externally with full support is low.
Inability to maintain and develop	Impact: Low  Likelihood: Low	1	With a new version implemented, there would be limited development required as the opportunity could be taken during implementation to address existing issues and inefficiencies. The Council would also be able to access further system releases.
Achievable by 1.4.2016	Impact: High  Likelihood: Medium	6	The system can be purchased and implementation can be achieved by 1 April 2016 but additional resources would be required for implementation.
		<b>13</b>	

### 2. Cost Analysis

The cost analysis is provisional and is based on estimates, some quotes and available information.

*One-off/Upgrade Costs – costs to end March 2016*

Type	Cost £	Amount in P5 forecast	Extra cost
Licence	£30k	£30k	£0k
External support (2)	£48k	£0k	£48k
Staffing (3)	£86k	£86k	£0k
Hardware upgrade (1)	£0k	£0	£0k
	£164k	£116k	£48k

*Annualised Costs – after March 2016*

<b>Type</b>	<b>Cost £</b>	<b>Amount in Budget</b>	<b>Extra cost</b>
Hosting/Licence/hardware (4)	£145k	£63k	£82k
Staffing (3)	£63k	£63k	£0k
IT support desk	£0k	£8k	£(8)k
	£208k	£134k	£74k

**(1) Hardware**

Servers have an expired asset life and are now over 7 years old but they would not be replaced as system would be hosted from 1 April 2016.

**(2) External Support**

Based on a quote from an external supplier of the one-off resource cost they would put into the upgrade implementation.

**(3) Staffing**

The Council would look for the external provider to provide technical, administrative and development support. The initial feedback is that the costs could be significantly less.

**(4) Hosting**

The Hosting cost is based on quotes obtained via the G Cloud framework. The Council is seeking alternative quotes from other local authorities and the initial feedback is that the costs could be significantly less.