

## SOUTH HOLLAND DISTRICT COUNCIL FINANCIAL COMMENTS &amp; APPRAISAL

THIS DOCUMENT PROVIDES THE FINANCIAL IMPLICATIONS IN RESPECT OF THE ATTACHED REPORT
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**FROM: Edward Brindle – CPBS Finance**  
**REPORT: Public Protection Software Systems Replacement**  
**REPORT DATE: 31<sup>st</sup> July 2018**

	Year 1	Year 2	Year 3	Year 4
	2018-19	2019-20	2020-21	2021-22
<b>Revenue</b>				
<b>Costs</b>				
Estimated Software Costs		35,000	35,000	35,000
Less Current Budget – CIVICA APP/Flare		(30,000)	(30,000)	(30,000)
Less Current Budget – LALPAC		(8,000)	(8,000)	(8,000)
<b>Revenue</b>				
Breckland Contribution (60:40)		(21,000)	(21,000)	(21,000)
Less Current Breckland CIVICA APP/Flare contribution		15,000	15,000	15,000
<b>Total Revenue Saving -</b>		<b>(9,000)</b>	<b>(9,000)</b>	<b>(9,000)</b>

<b>Capital</b>				
<b>Income</b>				
Breckland Capital Contribution (50:50)	(54,500)	(17,000)		
<b>Costs</b>				
Software Purchase	75,000			
1 FTE temporary contract (Project Delivery) – for 12 months split 50% 18-19 and 19-20.	15,000	15,000		
Hardware Purchase - Tablets	5,000	5,000		
Implementation costs/contingency	14,000	14,000		
<b>Total SHDC Capital contribution to be funded by Reserves</b>	<b>54,500</b>	<b>17,000</b>		

**Considered By:**

**Date:**

This appraisal is valid for 1 month from issue date. If there are changes to the original report it may invalidate this document & must be reviewed by Finance.
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**Financial Services Comments**

Based on the estimated costs within the Business Case there will be a £9k annual revenue efficiency saving for SHDC from 2019-20. There is, however, a risk of not achieving this target in the first year as a result of system license overlaps. Achieving the £9k saving in 2019/20 will be dependent on the implementation date of the new system and when notice is given to the current suppliers.

The estimated capital contribution from SHDC is £71,500. Based on the annual savings identified above this represents a 7.9 year pay back period.

There may be a requirement for additional charges from CPBS for system implementation. A contingency has therefore been built in to the capital costs to cover any identified additional costs during the project implementation. If this is not required the capital contribution required by both councils would be reduced and the pay back period would improve.

The South Holland Capital Investment will require funding from reserves. It is recommended that this is funded from the Transformation Reserve.

**Financial Risks**

The Business Case is based on several assumptions around purchase costs, annual license fees and implementation dates which could result in a change in the timings and value of when costs are incurred.

A more detailed costing exercise will need to be undertaken when the contract is awarded after the procurement process.

The figures contained within this Proforma B are based on the assumption that the Capital costs are split 50:50 and Revenue costs will be split on a 60:40 basis (Breckland:South Holland).

The Business Case does not include additional charges for Infrastructure as this is dependent upon the delivery model approved (Cloud or Server based). If the software is not cloud based a new server may be required to host the new system.

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