

NFNPA 562/18

NEW FOREST NATIONAL PARK AUTHORITY

AUTHORITY MEETING – 11 OCTOBER 2018

FUNDING OF ICT SYSTEM REPLACEMENTS

Report by: Nigel Stone, Chief Finance Officer

Summary:

A number of the Authority's key ICT systems are due for renewal or replacement within the next 12 months. This paper firstly gives Members details of those systems and, secondly, requests delegated authority to the Chief Executive, in consultation with the Chief Finance Officer, for limited use of the Major Projects ('Invest to Save') Reserve to fund them if/as required to achieve better overall value for money within these processes.

1. Background - Planning Database

- 1.1 The Authority's current planning database, IDOX Acolaid, is coming to its end-of-life and now needs replacing. This process could take place individually or, more likely, alongside New Forest District Council (NFDC) who currently use the same system which is important due to our close working relationships and service level agreements.
- 1.2 We currently pay around £31,000 per annum for the support & maintenance of the Acolaid system and then further amounts on top for any new updates/training/functionalities we require, on average this has added a further £11,000 per annum over the last five years.
- 1.3 Initial discussions/costings with suppliers have indicated that should we be willing to pay a significant proportion of the new system costs upfront then they would offer more attractive overall deals including reduced ongoing annual costs. In such situations the ongoing annual cost savings could then be used to repay the initial upfront cost e.g. if £50,000 was provided upfront with an agreement to save us £10,000 per annum in support & maintenance costs, then over the first five years we would (essentially) have recouped the initial payment.

2. Background - Finance & HR System(s)

- 2.1 The Authority's current financial and HR system, Agresso Business World, is also coming to end-of-life and needs replacing. Again, this process could be done by the Authority alone but, more likely, be in conjunction with NFDC who provide some of our finance and HR support through existing service level agreements.
- 2.2 We currently pay around £7,000 per annum to NFDC for the support & maintenance of the Agresso system; this equates to around 15% of the total NFDC system costs.
- 2.3 NFDC have already made a decision to split the finance and HR functions into separate systems as they concluded that both are specialisms that require their own dedicated software rather than one being secondary to the other i.e. having a predominantly financial system that 'also does HR' or vice-versa. The development cost of the new HR system is

likely to be minimal as many off-the-shelf products are available and are widely considered to be very good.

- 2.4 The new financial system will need significant setup/development, although on-going costs would likely remain similarly low to now. A new system would offer significantly better functionality and efficiencies across the organisation; these include improved external system access (when working away from office), more automated processes e.g. bank and accounts payable reconciliations and new 'dashboards' for budget holders to see their financial information how they wish to see it.

3. Proposed use of Major Projects Reserve

- 3.1 Between planning database and financial system we are likely to require upfront investments of around £100-120,000 in total to secure the best value deals over the lifetime of the products. To allow a small flexibility in the negotiations, delegation is requested for an amount up to £150,000 in total between the systems. Any use of the reserve would be for the Chief Executive, in consultation with the Chief Finance Officer, to decide, and arrangements would be put in place to repay the funds to the reserve within five financial years.
- 3.2 Up-front payments will only be agreed should they provide better value for money than paying annually throughout a contract. Should any savings or unused funds from the existing ICT replacement & renewals pot become available this year, these will be utilised first and any remaining balance taken from the Major Projects Reserve.
- 3.3 The opportunity cost with regard to interest (of investing that £150,000 at current market returns over the five years) would be around £2,250 – this is not considered significant.

Recommendation:

That authority be delegated to the Chief Executive, acting in consultation with the Chief Finance Officer, to utilise up to a maximum of £150,000 of the Major Projects Reserve to fund such of the proposed ICT system replacements detailed in report NFNPA 562/18 as considered appropriate, with any such expenditure to be repaid to the Reserve within five financial years.

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Papers:
NFNPA 562/18 Funding of ICT System Replacements

Equality Impact Assessment: There are no equality or diversity implications arising directly from this report.