

BRECKLAND COUNCIL PROFORMA B
(CAPITAL AND REVENUE BUDGETS)

FROM: Mark Finch (Head of Finance)

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS
IN RESPECT OF THE ATTACHED REPORT

REPORT: Councillor ICT Options
REPORT DATE: Joint Audit & Scrutiny Panel 2nd March 2011

| | Option 1 Laptop £ | Option 2 I Pad £ | Option 3 Chip PC £ | Option 4 Netbook £ | Option 5 Duo £ | Option 6 Allowance £ |
|-----------------------------------|-------------------------|------------------------|--------------------------|--------------------------|----------------------|----------------------------|
| <i>Capital Costs</i> | | | | | | |
| Hardware & Software licences | | | | | | |
| Year 1 | 29,700 | 59,770 | 3,240 | 19,980 | 23,814 | - |
| Replacement costs | 29,256 | 33,657 | 6,288 | 10,166 | 25,151 | - |
| Total Capital | 58,956 | 93,427 | 9,528 | 30,146 | 48,965 | - |
| <i>Annual Revenue Costs</i> | | | | | | |
| Annual allowance | - | - | - | - | - | 21,600 |
| Annual service charge | - | 4,024 | - | - | - | - |
| Annual licence costs | - | 6,172 | - | - | - | - |
| Member Support Officer | 29,815 | 29,815 | - | 29,815 | 29,815 | - |
| Printing | 9,874 | 9,874 | 9,874 | 9,874 | 9,874 | - |
| Postage | 5,471 | 5,471 | 5,471 | 5,471 | 5,471 | - |
| Toner | 1,765 | 1,765 | 1,765 | 1,765 | 1,765 | - |
| | 46,925 | 57,121 | 17,110 | 46,925 | 46,925 | 21,600 |
| Potential revenue saving/increase | 0 | 10,196 | (29,815) | 0 | 0 | (25,325) |

Financial Services Comments

This proforma separates the capital costs from the ongoing revenue costs. The ICT refresh budget has £50,000 allocated for the purposes of refreshing the Members' ICT equipment. Options 3 to 5 all fall within this capital budget, with options 1 and 2 exceeding it. There is a high experience of equipment needing to be replaced each year, with these costs being included in 'replacement costs' above. Option 6 does not have any capital resourcing requirements.

The costs of the dedicated Member Support Officer, printing, postage and toner replacements are included within the Council's budget moving forward. It is anticipated that these elements will still be required for options 1, 2, 4 & 5, making these options cost neutral in revenue terms. Additional annual service and licensing costs will be required for option 2, which would require an increase in revenue budget. Option 3 assumes that support for the equipment will be carried out remotely from the office by ICT support staff. If the Member Support Officer is redeployed on other duties this saving would be negated. Redundancy costs would apply if this post is not redeployed. The same principle applies for option 6 where an allowance replaces all council supplied ICT equipment and printing.

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| 25/02/2011 | Page 1 of 2 | D:\moderngov\data\published\Intranet\C00000132\M00002617\AI00012640\$fxigleng.doc |

Option 3 presents the lowest capital and revenue cost solution, while retaining central printing. However the panel should determine whether this offers a workable solution. The report does not address the costs of providing broadband to members, although this issue could also be considered if the decision favours the additional allowance option. There is potential for reducing printing and postage costs further by introducing document readers (eg the kindle option would cost around £5,000 to equip all Members) although further work would be required to determine how these would be supported.

Financial Risk

The report highlights the financial risks and potential for any or all of the options creating a taxable benefit. This could be mitigated by discussion with HM Revenues and Customs to seek a dispensation, although there is no certainty that they will agree to this, or that conditions would need to be applied.

There is a high cost for replacing equipment on an annual basis. Further work is required to analyse why this cost is so high in order to avoid this type of expenditure on a continuing basis.

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| 25/02/2011 | Page 2 of 2 | D:\moderngov\data\published\Intranet\C00000132\M00002617\AI00012640\\$.fxigleng.doc |