

Budget and Performance

IT COST ANALYSIS

4th April 2006

Report of Head of Information Services

PURPOSE OF REPORT				
To report IT related costs to Members as requested				
Key Decision		Non-Key Decision	X	Referral from Cabinet Member
This report is public				

OFFICER RECOMMENDATIONS

1. That Budget and Performance Panel note the costs reported so far and that a further report will be presented when all the information is available.

2. INTRODUCTION

In November 2005, the Panel asked officers if it was possible to prepare an analysis on IT related costs within the authority. In December 2005, the scope of the information requested was agreed at a meeting attended by the Corporate Director (Central Services), the Head of Information Services, Cllr Whitelegg and Cllr Budden. The agreed note is attached as **Appendix A**.

3. Initial Assessment

In particular, the analysis was to include all council revenue and capital expenditure on IT related systems and applications, both hardware and software. The collection of this information has proved problematic as all IT spend is not held centrally in one budget. Whilst it has been relatively straightforward to identify costs for which Information Services has budget responsibility, and other service budgets that are clearly marked as IT expenditure, there are still areas of spend that need further work. In particular, this involves analysing capital project and reserve and provisions expenditure. This additional work is underway.

The information that has been collected so far is set out in **Appendix B** and this can be categorised into roughly two areas - software and infrastructure costs.

Software costs – these costs are associated with maintenance of a specific application which is used to produce payroll, process benefits etc. In return for the maintenance

payment the software supplier provides updates to meet legislation changes etc. There is usually a contract which underpins the agreement and typically lasts between 5 to 10 years.

Infrastructure cost – these costs are associated with the network and server infrastructure which underpins the software applications. They cover items such as maintenance of the specialist hardware, provision of the internet connection etc.

4. FUTURE WORK

As reported additional work is progressing on identifying all the relevant revenue and capital costs in service budgets which have not yet been identified. This information will be the subject of a future report to the Budget and Performance Panel when all the information is available.