## Social Care Core System – Financing Note

### 1. Introduction

The Outline Business Case for the above project identified estimated costs of £2.3M.  These were broadly broken down as follows over the lifetime of the project:

| Outline Business Case | | | | |
|---|---|---|---|---|
| | **2004/5** | **2005/6** | **2006/7** | **Total** |
| Core Logic          project | 250 | 250 | | 500 |
|                     Licences | 100 | 200 | 50 | 350 |
| Projects Management | 50 | 150 | 50 | 250 |
| BPR | 50 | 50 | | 100 |
| Management Costs     Admin | 10 | 10 | 10 | 30 |
| Staff Costs          Back Fill | 50 | 300 | 75 | 425 |
|                      Training | 100 | 100 | 25 | 225 |
| Training | 50 | 50 | 50 | 150 |
| Data Cleansing | 25 | 100 | | 125 |
| Hardware | 80 | | | 80 |
| **Total** | **765** | **1210** | **260** | **2235** |

This provides an expenditure profile similar to that shown in Appendix A.

This had already led to a shortfall of funds available for the predicted expenditure of approximately £250K in this financial year and £1.325M over the lifetime of the project.  The funds available of £975K exist in the Capital Project plan and are equally spread of this year and next year.

In addition to this the breakdown and expenditure profile are subject to question.

This paper provides a revised expenditure profile, explains the rationale behind each figure and attempts to clearly identify the sources of funding and when that funding is required.

## 2.  Revised Budget

The revised budget for the complete project lifetime is attached as Appendix B with a revised expenditure profile being attached as Appendix F.  Appendices C though E contain the annual (revised) budget for years 2004/5, 2005/6 and 2006/7 respectively.

The revised budget for 2004/5 (Appendix C) shows a funding requirement of £1.44M which is approaching £500K more than is available and the overall budget has increased (Appendix B) to approximately £3M from an original estimated £2.3M.

The following table highlights where the variances have come from, however it should be noted that the original figures were only very basic estimates and were always subject to adjustment.:

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| Reference | | | Original | Revised |
|---|---|---|---|---|
| 1 | Core Logic | project | 500 | 240 |
| 2 | | Licences | 350 | 542 |
| 3 | Projects Management | | 250 | 538 |
| 4 | BPR | | 100 | 180 |
| 5 | Management Costs | Admin | 30 | 54 |
| 6 | Staff Costs | Back Fill | 425 | 575 |
| 7 | | Training | 225 | 225 |
| 8 | Training | | 150 | 150 |
| 9 | Data Cleansing | | 125 | 125 |
| 10 | IT Support | (Back Fill) | | 300 |
| 11 | Hardware | | 80 | 80 |
| | **Total** | | **2235** | **3009** |

A more detailed view of the above table is shown in Appendix G

## 3.  The Figures Explained

Each of the items in the above table is cross referenced and explained in more detail below.

### Core Logic – Project

Calculated as 300 days @ £800 per day.  This covers some or all of the following aspects:

- o  Project Team Training
- o  Installation
- o  Business Process Consultancy

      o  Configuration
      o  Train the Trainer and End Users

All of the above needs to be clarified and the deliverables understood.  This also needs to be planned and co-ordinated with the other activities and team members. As a result of this some of this may prove to be unnecessary.

## Core Logic – Licences

This covers the basic software licences and maintenance costs that are required including the following:

- Frameworki – 200 concurrent users @ £1,000 each
- Frameworki Support – 40% of above cost per annum starting in year 1
- Oracle – 2 database and 4 application server licences (£18,284)
- Oracle Support – 40% of above cost (£7,314)
- Business Objects – 20 user licences at £1020 each
- Business Object Support – 15% to 30%, quoted as £3,800
- Business Object set-up – 3 universes at £10,000  each

Overall costs are as follows:

- Capital Cost = £268,686
- Revenue Cost = £91,114 per annum

This means the first year costs are currently estimated to be £359,800.

There are a number of issues to be resolved with the software suppliers. The main ones are identified below:

- Why is maintenance calculated as 40% when industry standard is in the region of 20%
- Do we need to purchase the Oracle licences from them or can we purchase them independently
- Do we need to purchase Oracle support via them when we have an excellent Oracle support team in-house and secondly again at 40%
- Business Objects support cost calculation is wrong
- Do we need to purchase all the licences up front or can the payments be phased.
- Can we negotiate a better cost per concurrent user

Most of the above queries will have to be resolved before the contract is signed.

## Project Management

This covers the basic cost of providing the overall project management of the project and covers the following elements:

- Project Champion – Malcolm Jeeves, full time for the duration of the project

- o Project Manager – external professional project manager with large scale project management experience, costed through to the end of financial year 2005/6
- o Business Project Manager – external project manager with previous CoreLogic project management and implementation experience, costed through to the end of financial year 2005/6
- o Project Support Officer – initially resourced internally by a part time person but costed as a full time equivalent

The HITS Project Office will provide additional project support as required, especially in the areas of budget management and progress reporting.

The rationale behind the project management set-up is explained separately.

## Business Process Re-engineering (BPR)

This is estimated to be required at two separate periods of the project.

Firstly, from September 2004 through to January 2005. During this initial phase it is expected that the major elements of mapping and assessing processes will be completed.  It is assumed that there are 240 days of effort required constituting a three person team.  This team will be supplemented by some key users and at least one HITS analyst.

Secondly, allowance has been made for a two-person team to be re-employed for three months from July 2005, providing 120 days of effort.  This team will perform any business process re-engineering that was either missed or deferred from phase 1.

The results from this work will be used as the basis for configuring the CoreLogic application.

## Management Costs

This element runs for the lifetime of the project and is calculated to cover administrative costs, e.g. room bookings, newsletters, communication, etc.  It has been estimated to cost £1,500 per month till March 2006 and then £1,000 per month from there on in.

## Staff Costs – Back Fill

This element covers the cost of back-filling staff who will be required to be released onto one of the user project teams.  It covers for full time secondment as well as short term secondment.  It is anticipated that the major element of this will be required up to March 2006 with some residual requirement through to arch 2007.

## Staff Costs – Training

This element covers the cost of the provision of Training and the cost of covering for staff while they are being trained and while they are being released either to practice or test the systems.

### Training

This element covers the cost of the provision of additional training resources.  It is anticipated that the sheer volume of training required and the need for staff that have been trained to be given practise time will exhaust the facilities and HITS Training Team.  This therefore covers the additional costs that will be incurred.

### Data Cleansing

This element covers the cost of data cleansing.  It is believed that a key element of the project will be cleansing the data before and migration takes place.  The existing systems do not have the mechanisms in place to prevent duplicates being entered or the mechanisms for ensuring completeness or accuracy is maintained.  This cost will therefore cover the cost of staffing a small team focused on tidying up the databases.

### IT Team

This covers the cost (back filling) of providing a dedicated group of three members of HITS staff to the project.  It also covers the cost of additional support provision from the web and technical teams.

During the lifetime of the project existing support arrangements have to be maintained and continuous cover (24x7) provided.
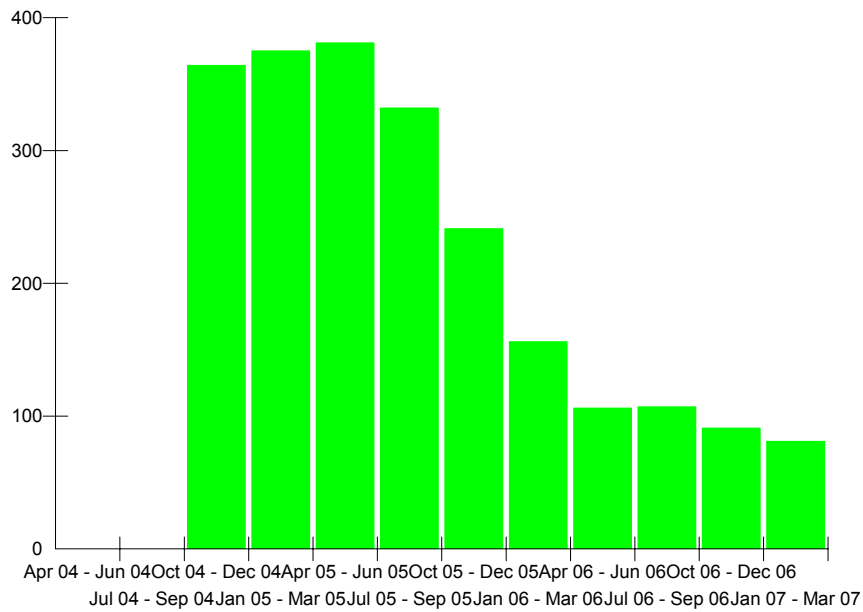
### Hardware

This covers the cost of any additional hardware that might be required.  For example, the cost of providing mobile equipment, extended CITRIX farm and licences, etc,.


## *4.* Funding Sources

The sources of funding for this expenditure are highlighted in the following table:


ICT Capital Projects
PF Revenue
Grants

# APPENDIX A – Original Expenditure Profile

## APPENDIX B – REVISED BUDGET

**Harrow Council**
Social Care Core System

**Expenditure Profile**

| | Oct 04 - - Dec 04 £ | Jan 05 - - Mar 05 £ | Apr 05 - - Jun 05 £ | Jul 05 - - Sep 05 £ | Oct 05 - - Dec 05 £ | Jan 06 - - Mar 06 £ | Apr 06 - - Jun 06 £ | Jul 06 - - Sep 06 £ | Oct 06 - - Dec 06 £ | Jan 07 - - Mar 07 £ | Total £ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUE BUDGET** | | | | | | | | | | | |
| CoreLogic Software | 359,800 | - | - | 91,114 | - | - | - | 91,114 | - | - | 542,028 |
| CoreLogic Consulting | 120,000 | 120,000 | - | - | - | - | - | - | - | - | 240,000 |
| Project Management | 70,500 | 70,500 | 70,500 | 70,500 | 70,500 | 70,500 | 22,500 | 22,500 | 22,500 | 22,500 | 513,000 |
| BPR | 90,000 | 30,000 | - | 60,000 | - | - | - | - | - | - | 180,000 |
| Management Costs | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 4,500 | 3,000 | 3,000 | 3,000 | 3,000 | 39,000 |
| Staff Costs - Back Fill | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 25,000 | 25,000 | 25,000 | 25,000 | 550,000 |
| Staff Costs - Training | 50,000 | 50,000 | 50,000 | 50,000 | 25,000 | - | - | - | - | - | 225,000 |
| Training | - | 50,000 | 50,000 | 50,000 | - | - | - | - | - | - | 150,000 |
| Data Cleansing | 25,000 | 50,000 | 50,000 | - | - | - | - | - | - | - | 125,000 |
| Hardware | 80,000 | - | - | - | - | - | - | - | - | - | 80,000 |
| IT Support | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 | 300,000 |
| | 904,800 | 480,000 | 330,000 | 431,114 | 205,000 | 180,000 | 80,500 | 171,614 | 80,500 | 80,500 | 2,944,028 |
| | | | | | | | | | | | |
| **INTEREST EXPENSE** | | | | | | | | | | | |
| Overdraft Interest | 9,711 | 27,743 | 39,446 | 48,485 | 59,035 | 66,106 | 71,595 | 75,432 | 81,268 | 85,728 | 564,549 |
| | 9,711 | 27,743 | 39,446 | 48,485 | 59,035 | 66,106 | 71,595 | 75,432 | 81,268 | 85,728 | 564,549 |
| | | | | | | | | | | | |
| **NET COSTS** | (913,781) | (506,993) | (368,684) | (478,935) | (263,553) | (245,794) | (151,883) | (246,832) | (161,586) | (166,066) | (3,504,107) |
| | | | | | | | | | | | |
| **CUMULATIVE** | (913,781) | (1,420,774) | (1,789,458) | (2,268,393) | (2,531,946) | (2,777,740) | (2,929,623) | (3,176,455) | (3,338,041) | (3,504,107) | (3,504,107) |

## Appendix C - **Year Ending March 2005**

**Harrow Council**
Social Care Core System

| | Apr 04 -<br>- Jun 04<br>£ | Jul 04 -<br>- Sep 04<br>£ | Oct 04 -<br>- Dec 04<br>£ | Jan 05 -<br>- Mar 05<br>£ | Total<br>£ |
|---|---|---|---|---|---|
| **REVENUE BUDGET** | | | | | |
| CoreLogic Software | - | - | 359,800 | - | 359,800 |
| CoreLogic Consulting | - | - | 120,000 | 120,000 | 240,000 |
| SCAT levy | - | 8,994 | - | - | 8,994 |
| Project Management | - | 20,500 | 70,500 | 70,500 | 161,500 |
| BPR | - | - | 90,000 | 30,000 | 120,000 |
| Management Costs | - | - | 4,500 | 4,500 | 9,000 |
| Staff Costs - Back Fill | - | 25,000 | 75,000 | 75,000 | 175,000 |
| Staff Costs - Training | - | - | 50,000 | 50,000 | 100,000 |
| Training | - | - | - | 50,000 | 50,000 |
| Data Cleansing | - | - | 25,000 | 50,000 | 75,000 |
| Hardware | - | - | 80,000 | - | 80,000 |
| IT Support | - | - | 30,000 | 30,000 | 60,000 |
| | - | 54,494 | 904,800 | 480,000 | 1,439,294 |
| | | | | | |
| **CUMULATIVE** | - | 55,470 | 956,559 | 1,436,559 | 1,436,559 |

## Appendix D - **Year Ending March 2006**

**Harrow Council**
Social Care Core System

| | Apr 05 - - Jun 05 £ | Jul 05 - - Sep 05 £ | Oct 05 - - Dec 05 £ | Jan 06 - - Mar 06 £ | Total £ |
|---|---|---|---|---|---|
| **REVENUE BUDGET** | | | | | |
| CoreLogic Software | - | 91,114 | - | - | 91,114 |
| Project Management | 70,500 | 70,500 | 70,500 | 70,500 | 282,000 |
| BPR | - | 60,000 | - | - | 60,000 |
| Management Costs | 4,500 | 4,500 | 4,500 | 4,500 | 18,000 |
| Staff Costs - Back Fill | 75,000 | 75,000 | 75,000 | 75,000 | 300,000 |
| Staff Costs - Training | 50,000 | 50,000 | 25,000 | - | 125,000 |
| Training | 50,000 | 50,000 | - | - | 100,000 |
| Data Cleansing | 50,000 | - | - | - | 50,000 |
| IT Support | 30,000 | 30,000 | 30,000 | 30,000 | 120,000 |
| | 330,000 | 431,114 | 205,000 | 180,000 | 1,146,114 |
| | | | | | |
| **CUMULATIVE** | 330,000 | 761,114 | 966,114 | 1,146,114 | 1,146,114 |

## Appendix E - **Year Ending March 2007**

**Harrow Council**
Social Care Core System

| | Apr 06 - - Jun 06 £ | Jul 06 - - Sep 06 £ | Oct 06 - - Dec 06 £ | Jan 07 - - Mar 07 £ | Total £ |
|---|---|---|---|---|---|
| **REVENUE BUDGET** | | | | | |
| CoreLogic Software | - | 91,114 | - | - | 91,114 |
| Project Management | 22,500 | 22,500 | 22,500 | 22,500 | 90,000 |
| Management Costs | 3,000 | 3,000 | 3,000 | 3,000 | 12,000 |
| Staff Costs - Back Fill | 25,000 | 25,000 | 25,000 | 25,000 | 100,000 |
| IT Support | 30,000 | 30,000 | 30,000 | 30,000 | 120,000 |
| | 80,500 | 171,614 | 80,500 | 80,500 | 413,114 |
| **CUMULATIVE** | 80,500 | 251,114 | 331,614 | 412,114 | 412,114 |

# APPENDIX F – Revised Expenditure Profile
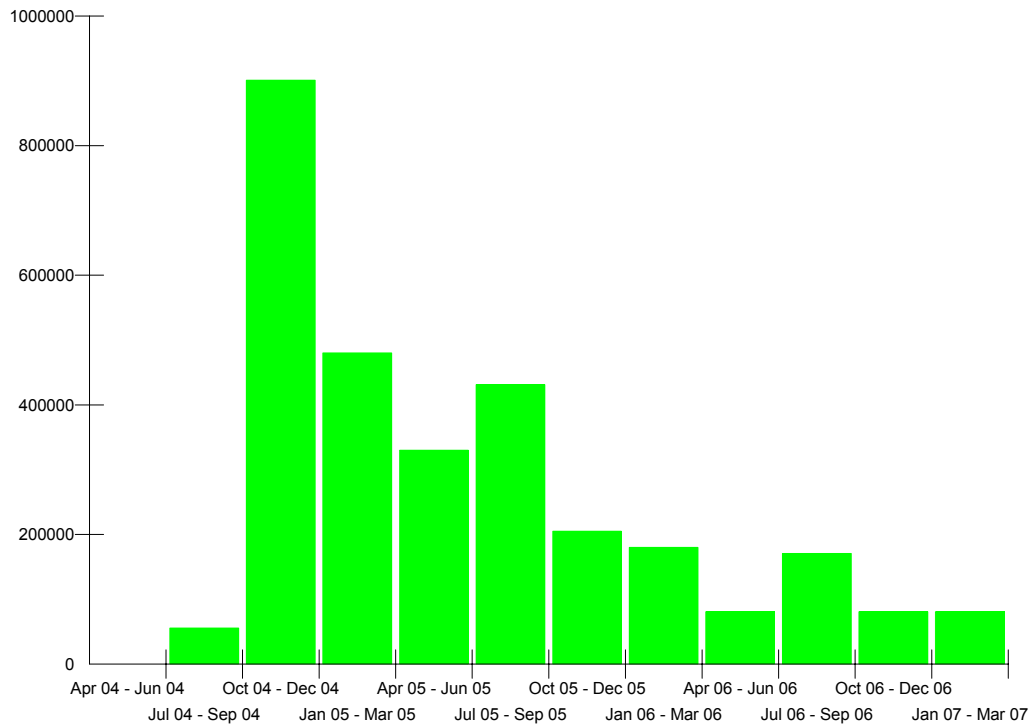
## Appendix G – Budget Comparison

| | | Original Budget | | | | Revised Budget | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2004/5 | 2005/6 | 2006/7 | Total | 2004/5 | 2005/6 | 2006/7 | Total |
| Core Logic | project | 250 | 250 | | 500 | 240 | | | 240 |
| | Licences | 100 | 200 | 50 | 350 | 360 | 91 | 91 | 542 |
| Projects Management | | 50 | 150 | 50 | 250 | 166 | 282 | 90 | 538 |
| BPR | | 50 | 50 | | 100 | 120 | 60 | | 180 |
| Management Costs | Admin | 10 | 10 | 10 | 30 | 18 | 18 | 18 | 54 |
| Staff Costs | Back Fill | 50 | 300 | 75 | 425 | 175 | 300 | 100 | 575 |
| | Training | 100 | 100 | 25 | 225 | 100 | 125 | | 225 |
| Training | | 50 | 50 | 50 | 150 | 50 | 100 | | 150 |
| Data Cleansing | | 25 | 100 | | 125 | 75 | 50 | | 125 |
| IT Support | (Back Fill) | | | | | 60 | 120 | 120 | 300 |
| Hardware | | 80 | | | 80 | 80 | | | 80 |
| **Total** | | **765** | **1210** | **260** | **2235** | **1444** | **1146** | **419** | **3009** |