Appendix 2

Summary report of draft business cases for S&R Committee

Activity Title:	Countywide Mileage Saving		
Reference No:	C/R.6.109		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	Social Score 0	Environment Score 0	Financial Score 2
Business lead / sponsor:	Stephen Howarth, Head of Finance		
Document prepared by:	Stephen Howarth		
Financial Summary:	500k savings from 2023-24		
Date:	1/8/22	**Version**	1

1. Driver / reason for the activity

Since the beginning of the pandemic, a reduction in travel has meant that the Council's mileage budgets are significantly underspent. In 2021/22, over £1m of an approximately £3m budget for mileage was not spent / required.

A lower budget for mileage of £2.8m was set across the Council for 2022/23, giving a £378k saving as part of that year's business planning.

However, in the first quarter of 2022/23, there was still a £182k underspend on mileage. After allowing for the saving taken, that is a rate of underspend consistent with 2021/22, suggesting that currently there is no overall increase in the mileage being done. To continue with the current lower levels of mileage would result in an underspend / potential saving of £728k in 2022/23.

Any savings estimates will need to reflect that a temporary supplement was put in place for the 2022/23 financial year for CCC staff that are required to do a particularly high amount of mileage in their work such as front-line staff within social care. This was to reflect the rising fuel costs they will be facing.

2. Proposed activity or intervention(s)

As with the saving put into the 2022/23 business plan, we will apply an overall saving into the business plan for mileage in 2023/24 reflecting the likelihood of continuing underspend.
It is proposed that this is set at £500k. That is approximately two thirds of the anticipated underspend in 2022/23, which allows some room for increased mileage and for the temporary supplement that is paid to high mileage workers.

Later in 2022/23, we will review which cost centres have underspends on mileage in order to allocate out this saving.

No new activity is required as this saving should just reflect the new normal level of activity.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities

EqIA not applicable – confirmed

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

There are no changes to policies, service provision, or staff with this business case. It acknowledges a reduction in spend and a budget adjustment to reflect this.

4. Financial Impact on Business Plan 2023-28

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving	Permanent		-500				
Income							
Investment							
Pressure							
Total			-500				

Activity Title:	Corporate Vacancy Factor		
Reference No:	C/R.6.110		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	Social Score 0	Environment Score 0	Financial Score 2
Business lead / sponsor:	Stephen Howarth, Head of Finance		
Document prepared by:	Stephen Howarth		
Financial Summary:	400k savings from 2023-24		
Date:	1/8/22	**Version**	1

1. Driver / reason for the activity

In 2021/22, staffing budgets in Corporate Services (Resources, Customer & Digital, Business Improvement & Development and Legal Services) underspent by over £500k. There has consistently been an underspend on corporate staffing budgets year on year – this reflects a level of inevitable slippage in staffing spend due to a variety of factors such as a time lag between resignations and appointments, the average FTE (full time employee) being slightly lower than budgeted or recruitment difficulties.

For nearly ten years, we have had a vacancy factor applied to budgets in People & Communities (P&C) to reflect this same phenomenon, and it is standard practice across many organisations to budget for slightly lower than your full establishment. Almost every year, staffing budgets in P&C have ended the year underspending by about the amount of the vacancy factor (recently it has been exceeded).

2. Proposed activity or intervention(s)

A vacancy factor to be applied to Corporate Services budgets equalling the percentage currently applied to budgets in P&C, which is 2.43%, and this will be held centrally rather than allocated to individual cost centres. On a quarterly basis, staffing underspends will be swept up to offset this saving.

Budgets that are funded by capital, grants or income will be excluded from the calculation. There is therefore a staffing budget of around £16.7m in scope. Applying a 2.43% vacancy factor would give a saving of approximately £400k.

We have considered whether this same logic could be applied to the Place & Sustainability services. Due to the high level of staffing funded by capital and income in those services, we do not anticipate the saving to be particularly large but a draft business case for the vacancy factor has been developed for Environment and Green Investment Committee with 112k saving for P&S.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities

EQIA not required.

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

There is no change in policy, to service provision or staff with this proposal. It is proposing a budget adjustment to better reflect actual spend.

4. Financial Impact on Business Plan 2023-28

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving	Permanent		-400				
Income							
Investment							
Pressure							
Total			-400				

Activity Title:	Biodiversity Net Gain Offsets Programme		
Reference No:	C.R.6.115		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	Social Score 3	Environment Score 3	Financial Score 2
Business lead / sponsor:	Tom Kelly		
Document prepared by:	Jack Kennedy		
Financial Summary:	Income		
Financials signed off by:	Helen Boutell		
Date:	01/11/2022	**Version**	4

1. Driver / reason for the activity

Policy

The Environment Act 2021 has received royal assent and includes a mandate for developments in England to deliver at least 10% Biodiversity Net Gain (BNG). Secondary legislation is expected to be published in late 2023 which will specify how BNG is to be implemented and regulated. However, many Local Planning Authorities (LPAs) are already requiring developers to evidence how they will deliver net gains for biodiversity prior to issuing planning consent. This has resulted in delays in development where developers are struggling to meet the BNG requirement.

Moreover, the South Cambridgeshire District Council's Doubling Nature Strategy aspires to achieve 20% BNG through development. Thus, it is expected that this 20% requirement will be adopted in planning policy in due course.

Background

To deliver an innovative Biodiversity Net Gain (BNG) scheme at Lower Valley Farm, Fulbourn, South Cambridgeshire. The developer demand for off-site biodiversity units is already present and is expected to increase with the continuing growth of development across South Cambridgeshire. This initiative provides a solution to developers by enabling biodiversity units to be purchased 'off-the-shelf' from a highly credible public body.

The farm of c.140 ha is strategically located to provide significant opportunity to create habitats that connect to the wider surroundings and buffer valuable sites. The farm sits adjacent to the Roman Road SSSI (Site of Special Scientific Interest), notified for its chalk grassland, and there are several other SSSIs within its surroundings including the Gog Magog Golf Course SSSI. The Cambridge Nature Network identifies the site as a steppingstone extension within the Gog Magog Hills demonstrating a key opportunity to contribute to this habitat corridor.

2. Proposed activity or intervention(s)

- Baseline.
  A biodiversity baseline survey was conducted across the entire farm in September 2021 which informed the DEFRA (Department for Environment, Food, and Rural Affairs) Biodiversity Metric to provide the baseline habitat units and potential for uplift through habitat enhancement and creation. The Baseline Report identified that the farm consists of cereal crops, some patches of woodland and boundary hedgerows, with significant potential for biodiversity uplift through the creation of botanically diverse grassland, expansion of woodland, enhancement and creation of species-rich hedgerows, and creation of scrub.

- Landscape Design.
  The objective of this scheme is to increase biodiversity within the farm and provide effective habitat connectivity across the landscape. Additionally, the scheme will provide wider social benefits through the provision of public footpaths, viewpoints, informative signage, and potential for educational trips. The large scale of this scheme allows the landscape to be strategically designed for the creation of a mosaic of high-quality biodiverse habitats in a practical, cost-effective way that facilitates long term management.

- Environmental Management Plan.
  The scheme objectives and how they will be achieved are presented within an Environmental Management Plan, which includes methods for managing each specific habitat type to reach the target condition in alignment with the Biodiversity Metric. This Plan has also considered valuable inputs from stakeholders who all support the scheme including Natural England, Cambridge Past, Present and Future, The Wildlife Trust for Beds, Cambs and Northants, and Friends of the Roman Road.

- Actions:
  - We propose to deliver habitat creation/enhancement in two distinct phases which will allow for a phased transition from arable farming to biodiverse habitat enhancement and creation.
  - The Biodiversity Units have been marketed through Bidwells since early this year.
  - As further demand for biodiversity units arises the northern block will undergo conversion to biodiverse habitats, with potential for areas to act as layback land for livestock.

Conclusion
The scheme aligns with the South Cambridgeshire Biodiversity Strategy objectives

and has the support of key stakeholders including Greater Cambridge Shared Planning (GCSP). It will become a showcase for the effective delivery of BNG, demonstrating how offsetting development through habitat creation on a landscape scale is most efficient, cost-effective and maximises environmental and social outcomes. As well as being strategically located there are scale economies both in terms of cost-effective management but also large-scale biodiversity returns which are recognised as being better for nature. Moreover, the provision of biodiversity units 'off-the-shelf' reduces the risks and delays to developers in seeking credible solutions to satisfy off-site BNG requirements.

The financial details below are for part only of the land available. More customers are anticipated, and the expectation is that the revenue will be considerably more. Currently in the pipeline are 128 BNG units and the farm will provide more than 500.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities

Has an Equality Impact Assessment been completed? Yes

Summary of key points to consider in terms of benefits, negative impacts, and any mitigations:

The scheme aligns with the South Cambridgeshire Biodiversity Strategy objectives and has the support of key stakeholders including Natural England and GCSP. It will become a showcase for the effective delivery of BNG, demonstrating how offsetting development through habitat creation on a landscape scale is most efficient, cost-effective and maximises environmental and social outcomes.

Importantly, the scheme will meet the off-site BNG requirements proposed in the BNG consultation. The outcome of the consultation will be monitored to ensure the scheme adheres to secondary legislation. We will maintain communication with GCSP and no significant changes to the existing BNG implementation model at Lower Valley Farm are expected to be required.

Therefore, it is expected that the provision of these units will encourage more natural habitats and improve the environment for all people, regardless of any protected characteristics; as well as have no detrimental impact on any socio-economic inequalities.

4. Financial Impact on Business Plan 2023-2028

Revenue Implications:

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving							
Income			-637	420	40		
Investment							
Pressure							
Total			-637	420	40		

Activity Title:	Rental income – Evolution Business Park		
Reference No:	C/R.7.111		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	Social Score 0	Environment Score 0	Financial Score 5
Business lead / sponsor:	Tom Kelly		
Financial Summary:	Recurrent income of £938k with £16.9m Capital Investment		
Date:	6 Oct 2022	**Version**	1.0

1. Driver / reason for the activity

In January 2020, the County Council acquired property in Impington, South Cambridgeshire, as a commercial investment. The principal decisions to acquire were made at the then Commercial & Investment Committee on 24 May 2019 and that Committee's Investment Working Group on 29 October 2019.

In January 2020, the Council purchased the whole site, with the exception of unit B.

2. Proposed activity or intervention(s)

The Council intends to purchase Unit B according with its contractual obligations under a 'put option' in the contract.

The purchase price for Unit B is determined according to a formula set out in the 'put option'.

Despite restrictions on Council's undertaking new investments for commercial gain implemented by the government, there is an exemption where there is a contractual obligation. We believe that the conditions in this case amount to a contractual obligation to purchase and so are compatible with the current regulatory regime around local authority investment.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities Assessments undertaken to inform the proposed activity

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

This Business Case is for the purchase of an existing unit with proposed tenant and no other changes to service delivery affecting residents or staff, no changed impact on any protected characteristics (positive or negative) or affecting any socio-economic inequalities.

4. Financial impact on business planning 2023-28

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving							
Income			-938				
Investment							
Pressure							
Total			**-938**				

Capital investment of £16.9m required

Activity Title:	Insurance re-procurement		
Reference No:	C/R.6.113		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	Social Score 0	Environment Score 0	Financial Score 2
Business lead / sponsor:	Mark Greenall, Head of Insurance		
Document prepared by:	Mark Greenall		
Financial Summary:	£405k saving		
Date:	01/11/2022	**Version**	1

1. Driver / reason for the activity

Following the recent insurance procurement exercise, the Council has benefitted from a reduction in self-insured retention on its liability and material damage insurance. As a result of this a review has been undertaken of the required amount to be budgeted for retained claims spend. Based on actuarial advice, the Council is expected to be able to reduce the amount of internal claims provisions and service cost by £405k for the 23/24 financial year

2. Proposed activity or intervention(s)

Reduction in internal provision for liability and material damage claims for 23/24 financial year as a one-off saving. From 24/25 the expected cost of retained claims will start to increase from 23/24 levels as a result of expected claims inflation, which will be budgeted for through the inflation process.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities Assessments undertaken to inform the proposed activity

EQIA not required.

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

This Business Case does not impact on the direct provision of services or the access of any services or facilities by any employees or residents. It is purely a financial budget adjustment following procurement of insurance protections.

4. Financial Impact on Business Plan 2023-2028

Revenue Implications:

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	**2022-23 £000**	**2023-24 £000**	**2024-25 £000**	**2025-26 £000**	**2026-27 £000**	**2027-28 £000**
Saving	0	0	-405	0	0	0	0
Income	0	0	0	0	0	0	0
Investment	0	0	0	0	0	0	0
Pressure	0	0	0	0	0	0	0
Total	**0**	**0**	**-405**	**0**	**0**	**0**	**0**

Activity Title:	External Auditor Fees		
Reference No:	C/R.4.036		
Triple Bottom Line Approach – score range from -5 to +5 with 0 being neutral	0	0	0
Business lead / sponsor:	Stephen Howarth, Head of Finance		
Document prepared by:	Stephen Howarth		
Financial Summary:	£127k pressure		
Financials signed off by:	Stephen Howarth		
Date:	24/10/22	**Version**	1

1. Driver / reason for the activity

The Council is part of national arrangements led by Public Sector Audit Appointments (PSAA)Ltd for procuring our external audit service – almost all eligible public sector bodies in the country are part of these arrangements. The PSAA procures audit services from firms and charges member councils a scale fee. Audit firms are entitled under current legislation to charge further costs to audited councils if additional work is required in the course of the audit.

The local government audit sector is currently facing a number of challenges - particularly an increased workload from more complex audit work, and recruitment and retention difficulties. In 2021, the Public Accounts Committee reported that the sector was 'close to breaking point' (Report available on the Public Accounts Committee website). This is reflected in the timeliness of external audits – in 2019/20 only 45% of local authorities published audited accounts on time. In 2020/21, this is even lower, as a national issue with infrastructure assets accounting has delayed the conclusion of external audits for most highways authorities and will further add to external auditor cost pressures.

The cost pressures faced by the audit firms cannot be ignored and we therefore expect an increase in the fees charged to councils when the next procurement round (2023-28) concludes. This expectation is increased by the departure from the audit market of several big firms, reducing the overall pool of suppliers (and thus the competition). PSAA have warned councils to expect a 150% increase in fees (Report available on the PSAA website).

2. Proposed activity or intervention(s)

We are estimating the cost of activity associated with the publication of accounts and external audit from 2023/24 to be:

Activity	Cost £
External audit fee	£181k
IAS19 Fee	£11k
Legal/accountancy advice	£10k
Budget required	**£197k**
Current budget	£75k
Increase needed	**£127k**

We do not yet know the fees that will be charged for the external audits from 2023-28; the PSAA procurement of audits and their costs will be consulted on in Autumn 2023.

We are assuming a significant increase in costs based on the above challenges that the local audit sector is facing and allowing for an ongoing cost for additional fees charged by our auditor to respond to objections. We are also assuming an ongoing cost for additional legal and/or specialist accounting advice as part of this process, reflecting costs that we are now facing each year.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

This Business Case does not impact on the direct provision of services or the access of any services or facilities by any employees or residents. It is purely a financial budget adjustment.

4. Financial Impact on Business Plan 2023-2028

Revenue Implications:

This table is completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving							
Income							
Investment							
Pressure	Permanent	127					
Total		**127**					

Activity Title:	IT & Digital Services Capital to Revenue funding		
Reference No:	C/R.5.009		
Triple Bottom Line Score:	Social Score 0	Environment Score 2	Financial Score -5
Business lead / sponsor:	Sam Smith, Assistant Director: Customer and Digital Services		
Financial Summary	Revenue impact 2023/24 £965k, 2024/25 £939k, 2025/26 £1,071		
Document prepared by:	Katherine Hlalat		
Date:	21/07/2022	**Version**	0.1

1. Driver / reason for the activity

Traditionally the IT Service has required the purchasing of physical assets which are hosted onsite (on-prem). Over the past three to five years the nature of IT services has changed, and more services are being delivered in the Cloud – where the supplier hosts the service, and the Council accesses it via a secure link on the internet.

Based on the historical nature of IT services, all IT projects have therefore been funded from Capital as there has been a physical asset which the Council maintains. As services move to the Cloud there is no longer a physical asset hosted on Council premises. Therefore, the funding model for IT projects also needs to be revised as the Council moves from capital funded projects with physical assets to revenue funded services that are 'consumed' by council staff, members & citizens. This will involve changing the funding model for IT to support the move to Cloud based systems and services with revenue budgets that include the implementation, management and maintenance of those services which relate to day to day running of the Council.

This business case also addresses other IT pressures.

2. Proposed activity or intervention(s)

This Business Case recommends the funding for IT projects and programmes is reprofiled over the next three financial years and funding is predominantly moved from Capital to Revenue permanently by the end of the 2025/26 financial year.

Projects identified in the 2023/24 programme of works are categorised into:

- Capital funded: those projects where there is a tangible or intangible asset

which is configured for the Council.
- Revenue funded: those projects, where there is no definable asset once the project is completed.

The programme of IT projects will continue to be tracked and reported on using the POWA project management and reporting systems.

It should be noted that there are some IT projects which will be funded from Capital due to the nature of the procurement. Each project will be costed and submitted to the Capital Programme Board for approval. The expenditure is not expected to exceed £500k per year and will be assessed according to the benefits anticipated, business criticality of the requirement, and the statutory requirement, such as PSN Compliance.

There will be a rolling programme of projects that support the implementation of Cloud based services to support the continuing use of critical business systems as well as enabling further use of technology. There will be initial periods of dual running of both the new services and existing until all services are shifted to Cloud based services; this is estimated to be completed by 2026. The exact profile of dual running will require further detailed work to complete and will form part of the individual project plans and reporting.

3. Equality, Diversity & Inclusion (EDI) and Socio-economic inequalities Assessments undertaken to inform the proposed activity

Summary of key points to consider in terms of benefits, negative impacts and any mitigations:

There is no impact on people. The proposal is to change the funding source for IT Projects and Programmes. Each project will have its own EqIA which assesses the impact of the delivery of the project on people.

4. Financial Impact on Business Plan 2023-2028

Revenue Implications:

This table has been completed in recurring format as per the Business Plan.

	One off or Permanent	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2027-28 £000
Saving							
Income							
Investment							
Pressure	Permanent		965	939	1071		
Total			965	939	1071		

Capital Implications:

Capital Funding:	22-23 £000	23-24 £000	24-25 £000	25-26 £000	26-27 £000	27-28 £000	28-29 £000	29-30 £000	30-31 £000
Prudential Borrowing		-726	-1,173	-1,076					
Grants									
Total		**-726**	**-1,173**	**-1,076**					

The current position for IT is a hybrid one, with some services in the Cloud and some physically onsite locally in Sand Martin House & Orton (On-Prem) and the IT budgets reflect this. There is a capital programme which supports the implementation and upgrades of systems (through project delivery) and a revenue budget which supports Cloud services and the ongoing costs for systems once they have been implemented as well as the staff to support them. Each system needs extensive work every three to five years to upgrade to the latest version and the underpinning infrastructure also requires period updates and replacement to remain secure and effective.

Experience shows that when taken on a case-by-case basis, the costs moving an individual system or application to the Cloud are higher than the cost of retaining that system OnPrem as the supplier will price in the costs of that cloud service and the Council still needs to retain the infrastructure to support the services that remain OnPrem. The analogy of a house can be used with each system representing the contents of a room. If a system is moved to the Cloud, then one room of the house is empty, but the rest of the house still exists and needs to be serviced and the bills paid. So essentially the Council ‘double-pays’ for some elements of IT until the whole process is complete.

We are proposing to increase the Telephony budget in 2023/24 due to contract overlap, and then reduce the budget in 2024/25. Also proposing to increase the Microsoft costs while we move from the current model of telephony to one driven by Microsoft solutions.

We were expecting to reduce the Mobile phone budget in 2023/24 by the additional value providing due to the increase in use during the pandemic. However, as usage is still high across the authority, we are now proposing to reduce the additional funds made available for Mobile usage over a two-year period from 2024/25.

For pressures / investments only, please provide further details regarding:

What is the service's forecast outturn for the current financial year?

Capital Budgets 2017/18 – 2021/22
The table below shows the capital spend on IT over the last five years. This has been broken down into two sections as there was a significant amount of budget allocated to the move of the Data Centre from Shire Hall and that was an a-typical project which won't be repeated. However, it should be noted that much of the work done for that move is the reason that the IT infrastructure is as optimised as it currently is and therefore why we are as well placed as we are to transition to cloud services and make best use of that investment.

Excluding the Data Centre move the average spend on IT over the last five years is 3.5 million and that figure can be used as an indicator of likely future spend.

Financial Year	Capital spend £m Data Centre Relocation	Capital spend £m Other (not DC related)
2017/18		3.27
2018/19		0.96
2019/20	0.03	8.05
2020/21	1.44	3.96
2021/22	1.50	1.59
Total	2.97	17.82

Note - This table includes the costs of project (Eastnet) which supported the move of the Councils Wide Area Network (WAN) from Virgin Media to the current supplier (MLL). This contract is a partnership one that runs until September 2025 so savings from this cannot be calculated yet, but it is anticipated that Strands 1 & 3 will result in a far lower set of technical requirements and significantly lower costs. Procurement for the replacement of that contract will need to start well in advance of the contract end date and if the transition to cloud does not happen then a more like for like approach will be needed which see another ‘peak’ of costs as that contract is replaced.

Proposed allocation of funding:
The table below shows the current revenue budget for IT & Digital Services. Note this includes uplifts to budget to cover specific pressures identified in 2021/22

	Current Revenue Budget 2023/24
Spend Type	£'000
Staffing	4,309
Hardware	1,784
Software	1,573
Microsoft	1,525
Telephony	291
Mobile Phones	145
Network	780
MFDs	216
Total Budget	**10,623**

What financial mitigations have been considered?

There are three potential approaches to future models of IT Budgets.

a) Continue as is with a hybrid revenue/capital model

b) 100% On Prem

A theoretical option would be to revert to a 100% OnPrem environment with minimal or no cloud services. From a practical point of view this has limited effectiveness as some services cannot be moved back (Microsoft 365) and others are moving towards cloud being the only offer from the supplier. The ‘soft’ benefits of cloud (automation, security, scalability and flexibility) would be lost, and the Council would retain a dependency on physical locations and assets which do not support the needs of a modern flexible Council.

This approach would retain a high capital programme as each system would need to be upgraded as described above and a revenue budget with high levels of staffing and physical assets. It is unlikely to amount to a significant reduction in the revenue budget and therefore has not been profiled.

c) 100% Cloud – recommended option The preferred option and the one that supports the service vision is to transition to an entirely revenue-based budget for IT services over a period of three years. During that three-year period, it would be necessary to invest in addition software to facilitate the transition to Cloud services whilst the existing OnPrem services are migrated to a suitable Cloud alternative. That additional investment would be revenue rather than capital so the effect would be an initial increase in the revenue budget allocated to the service. Once the transition was complete the revenue position would be reviewed and the elements of it that support the current OnPrem environment and way of working would be removed. This approach will allow the Council to achieve the ‘soft’ benefits of cloud (automation, security and flexibility) and be fully independent of physical locations - truly a modern flexible Council. The expectation is that there will be a very small capital allocation for anything that cannot be moved to the cloud (i.e., some infrastructure that supports Council buildings) or has physical life span of more than 10 years. Projects will still be required to manage IT change, and this will include staff time but the funding for these would be revenue rather than capital. The work to profile this will be an iterative process as several elements are subject to formal procurement processes and full costs are unknown. Where possible indicative costs have been included.
What other funding sources have been explored? On occasion, alternative funding streams are available, but they are generally focussed on a specific deliverable. Where available and appropriate, they will be utilised (for example, grant funding opportunities). However, this business case is specifically focussed on the proposed funding model change from Capital to Revenue.
Could you meet the costs from your own budget? There are elements of the current IT revenue budgets that we would expect to use to offset the increased revenue costs of services in the cloud, but further work is needed to analyse these fully. An example would be changes to Telephony. It is anticipated that the additional costs of the Contact Centre as a Service (CCaaS) for the Customer Contact Centre and the other changes to telephony for staff overall will increase but that this can be met from savings in the current Telephony contract. Although the current IT revenue budgets will not be sufficient to meet the increased costs of the transition to cloud it is clear that such a move will negate the need for the majority of the capital spend that has been necessary to support IT services in the past. This is cost avoidance rather than saving but it is reasonable to take past expenditure as an indication of future need (under option 1)