

Report to Executive Board – 30 November 2004

Replacement of application servers

Report of: <i>Chris Brooke Business Manager, Business Systems</i>	WARDS AFFECTED ALL
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Lead Member Responsible: <i>Councillor Bill Baker</i>	
Scrutiny Responsibility: <i>Finance Scrutiny Committee</i>	
Key Decision: <i>No</i>	

SUMMARY

This report is requesting Minor Project Approval for expenditure of £105,000 on replacing computer application servers. The project is funded by a Revenue bid, which was approved in December 2003.

This project contributes to the Council's Vision of continuing core Council services.

RECOMMENDATION

The Executive Board is asked:

1. To grant Minor Project Approval for the replacement throughout the Council of computer application servers, which run core systems, over the next 3 years.
2. To note that the costs of this were approved as a Revenue bid of £35,000 for 3 years commencing 2004/5, but the expenditure meets the definition of capital.
3. To give approval to viring £35,000 from Revenue to Capital in each of the next 3 years.
4. To give approval for the expenditure as set out in the report.

1. Background/proposal

- 1.1 It is usual practice to run separate computer applications on their own servers, purchased at the time the application is purchased. These servers have a 'useful' life of approximately 3-5 years, and a 3-year warranty is included in the cost of the server. The warranty can, in some instances, be extended for a further two years. The warranty provides a cover for labour and parts.
- 1.2 When the warranty expires (and can no longer be extended), the server must be replaced. Failure to do this can lead to removal of support for the application by the supplier, and/or costly repair bills when old equipment fails – coupled with disruption to the service using the application whilst new/replacement hardware is sourced.
- 1.3 A number of servers will come to the end of their warranty periods during 2004/05 and the following 2 years, and they must be replaced to continue running core systems. These include the server to run the Human Resources "Compel" software, and the "Pickwick" Electoral Registration system.
- 1.4 The new servers will be supplied by a current supplier under existing contract arrangements.

2 Costs and funding

- 2.1 The estimated cost of replacing all servers due to go out of warranty in the next 3 years is £105,000.
- 2.2 A Revenue bid of £35,000 for 3 years for this purpose was approved by Executive Committee in December 2003, but the expenditure meets the definition of capital. The project was therefore scored and approved by the Capital Monitoring Group, and now Minor Project Approval for the expenditure is required. Costs are set out in Appendix 1.
- 2.3 There are no staffing consequences or other revenue consequences apart from extending server warranties after 3 years. This can be met from existing Business Systems budgets.

THIS REPORT HAS BEEN SEEN AND APPROVED BY:

Cllr Bill Baker, Corporate Governance & Procurement Portfolio Holder

Brian Johnson, Legal and Democratic Services

Paul Sheppard, Finance and Asset Management

Mark Luntley, Director of Finance and Corporate Services

Background Papers: None

Appendix 1

FINANCIAL PROFILE - SERVER REPLACEMENT PROGRAMME

(A)

	2004/05	2005/06	2006/07	TOTAL
	£	£	£	£
(A) EXPENDITURE FOR WHICH APPROVAL IS SOUGHT	20,000	60,000	25,000	105,000
PROVISION IN CAPITAL PROGRAMME	35,000	35,000	35,000	105,000

(B)

	2004/05	2005/06	2006/07	TOTAL
ESTIMATED PER THIS REPORT	£	£	£	£
Replacement of servers	20,000	60,000	25,000	105,000
LAND / PROPERTY	0	0	0	0
TOTAL GROSS COSTS *	20,000	60,000	25,000	105,000
*Comparison with figure in block (A) above				

(C)

REVENUE COSTS	2004/05	2005/06	2006/07	FULL YEAR COSTS
	£	£	£	£
EMPLOYEES	0	0	0	0
RUNNING EXPENSES	0	0	0	0
CAPITAL FINANCING COST (at 8% based on MRP) Based on expenditure of £105,000	1,259	6,185	11,111	12,166
LESS INCOME SAVINGS ON EXISTING BUDGETS	0	0	0	0
NET ADDITIONAL COSTS TO COUNCIL	1,259	6,185	11,111	12,166

N.B. Additional revenue costs of extending warranties after 3 years will be met from existing budgets – see para. 2.3 of main report.