

Committee: Digital Services Committee	Dated: 19 th July 2023
Subject: Revenue Outturn 2022/23	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	n/a
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	n/a
What is the source of Funding?	n/a
Has this Funding Source been agreed with the Chamberlain's Department?	n/a
Report of: The Chamberlain & The Chief Operating Officer	For Information
Report authors: John James, Chamberlain's Department Samantha Kay, Chief Operating Officer's Department	

Summary

This report details the revenue outturn in 2022/23 for your committee. The total net expenditure, for the year, was £9.942m compared to the final budget of £9.836m an overspending of £106,000 or 1%. This is mainly due to not recovering as much employee costs from capital projects as anticipated due to project slippage.

Recommendation(s)

It is recommended that Members note:

- i. the revenue outturn for 2022/23; and
- ii. the agreed central risk budget carry-forwards into 2023/24, amounting to £149,000.

Main Report

Revenue Outturn for 2022/23

1. The revenue outturn is measured against the final 2022/23 budget for your committee of £9.836m. The original budget of £8.020m was agreed by Finance Committee in January 2022. The subsequent approved budget adjustments of £1.816m that comprise the final budget are set out at Appendix 1
2. The revenue outturn position for 2022/23 is a net expenditure of £9.942m. This is an overspending of £106,000 compared to the final budget of £9.836m. Members should note that during the year the basis of delivery of the service change from an externalised service to one delivered 'in house'. This has produced some significant variances against individual budget lines, as costs are now met in the first instance by the service and then recovered from the City Police rather than the City Police being billed directly by Agilisys. Overall, this did not, as was anticipated, have much impact on the bottom line.

3. The service overspent by £243,000 against local risk budget but this overspending was covered by underspendings on the Chief Operating Officer's other services. Across all services, the Chief Operating Officer was underspent for the 2022/23 year.
4. The summary below details to the relevant variances. For clarity the element that has been recovered from the City of London Police has been shown separately so the true variances can be more easily seen.

Summary Comparison of 2022/23 Revenue Outturn with Final Budget							
COO	Final Budget	Revenue Outturn	Less recovered from COLP	Adjusted Outturn	Variance	Variance	Note
	£'000	£'000	£'000	£'000	£'000	%	
Local Risk							
Expenditure							
Employee Costs	(3,528)	(4,379)	(1,088)	(3,291)	237	(7)%	i
Transport related	0	(1)	0	(1)	(1)	n/m	
Supplies and Services	(5,477)	(9,897)	(4,478)	(5,419)	58	(1)%	ii
Unidentified Savings	226	0	0	0	(226)	n/m	iii
Sub Total	(8,779)	(14,277)	(5,566)	(8,711)	68	(1)%	
Income							
Other Grants, Reimbursements and Fees and charges	0	5		5	5	n/m	
Recharges staff to Capital Projects	200	5,909	5,566	343	143	72%	iv
Sub Total	713	254		254	(459)	(64)%	v
Sub Total	913	6,168	5,566	602	(311)	(52)%	
Total Local Risk	(7,866)	(8,109)	0	(8,109)	(243)	3%	
Central Risk							
Employee Costs	(98)	(98)	0	(98)	0	0%	
Premises -SRP	(869)	(869)	0	(869)	0	0%	
Supplies and Services	(593)	(444)	0	(444)	149	(25)%	vi
Total Central Risk	(1,560)	(1,411)	0	(1,411)	149	(10)%	
Recharges							
Central Recharges	(410)	(422)		(422)	(12)	3%	
Total Recharges	(410)	(422)	0	(422)	(12)	3%	
Net Expenditure	(9,836)	(9,942)	0	(9,942)	(106)	1%	

5. The principal reasons for the variations are set out below:

Local Risk:

- i After excluding additional staff costs incurred and recovered from the City Police, there was a net underspending on the salary budget due to posts held vacant to meet the unidentified savings provision (see iii below)
- ii After excluding the costs recovered from the City Police, there was a small overspend for computer hardware, mainly for London Councils. This cost was recovered and is part of the additional income shown below (see iv below)

- iii The unidentified savings line relates to savings to be made following the TOM and the Fundamental Review, which were not identified when budgets were set. This was achieved through 2022/23.
- iv The additional income, after excluding the recovery of costs from the City Police, largely relates to recovery of costs from London Councils.
- v There was a lower than anticipated recovery of staff time principally due to slippage on the ERP project, and to some staff being coded directly to projects rather than recharged.

Central Risk:

- vi The underspending relates to an underspending against the E5 licences implementation project due to delays in the project. A carry-forward of the unused funds was requested to fund completion of the telephony migration, IT security and Power BI projects as set out below.

Budget Carry- Forwards

6. The Chief Operating Officer requested that the £149,000 underspending on central risk be carried forward in 2023/24. This has now been agreed. The split is as follows:
 - Completion of Telephony Migration - £30,000
 - IT Security - £69,000. This is finalising the implementation of Sentinel to help mitigate Corporate Risk 16.
 - Power BI & Data Maturity - £50,000. This is for training of the team following IT Service Transition and Data Maturity Assessment.

Appendices

Appendix 1 – Approved Budget Adjustments for the 2022/23 Budget

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Appendix 1

Movement of Original Budget 2022/23 to Final Budget 2022/23 Approved Budget Adjustments

<u>Local Risk</u>	£'000	£'000
Original Local Risk Budget		(7,610)
Add :		
Agreed c/fwd from 2021/22 for Data, Security & Info architecture	(173)	
Agreed c/fwd from 2021/22 for Head of IT & capacity manager	(213)	
Pay award July 2022	(98)	
	(484)	(484)
Less:		
Transfer Provison for E5 licences to central risk	140	
Transfer Head of Police IT to Police	88	
	228	228
Final Local Risk Budget		(7,866)
 <u>Central Risk</u>		
Original Central Risk Budget		0
Add :		
Redundancy provision	(98)	
Provision for Supplementary Projects**	(869)	
Agreed c/fwds from 2021/22 for E5 licences	(453)	
E5 Liceneces provision from local risk	(140)	
	(1,560)	(1,560)
Final Central Risk Budget		(1,560)
 <u>Recharges</u>		
Original Budget - no changes		(410)
 <u>Summary</u>		
Original Budget 2022/23		(8,020)
Final Budget 2022/23		(9,836)
Increase		(1,816)

** These are project costs that cannot be capitalised so have to be charged to revenue at year end. They include costs for Wider Area Network, IT Transformation Phase 2, HR Payroll & Finance ERP, Software Defined Wide Area Network Upgrade, and IT Managed Service Transition projects.