

Committee(s)	Dated:
IT Sub Committee – For Information	20 January 2017
Subject: IT Division – Finance Update	Public
Report of: The Chamberlain	For Information
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Summary

The IT Division is now on-target to meet all commitments following the approval to uplift the budget by £2.8M in 2016/17. Over the past few weeks we have been working with Finance Division to set the budget for 2017/18. We have also been working through the impact of the transformation programmes on the IT Division budget and designing clearer roles and responsibilities to strengthen the future management of finance.

Recommendation(s)

Members are asked to:

- Note the report.

Main Report

Spending update for 2016/17

1. The overall position of the revised budget for IT Division is that we are likely to be close to the new budget set at the end of the financial year. There are some pressures due to recent staff changes and the recruitment of a number of contract roles. However, we believe this is manageable and that the Division will be able to continue to make small tactical improvements to lower risk and improve service quality during the final quarter.
2. The IT Division will continue to work with Finance Division to track spending and ensure we stay within the budget set.

Budgets for 2017/18

3. The budget increase of £3.7m is proposed for 2017/18. This increase will underpin the delivery of the transformation programme and also allow for growth items such as the costs associated with improving our security infrastructure in the face of increasing cyber security threats. (A paper on the approach to mitigating the cyber security threats is to be presented at the IT Sub Committee).

4. A significant amount of infrastructure being replaced during the transformation programmes has not had maintenance agreements in place for some time due to its age. As new infrastructure is deployed appropriate support agreements will need to be set-up. Some deals may be possible to cover the first year's maintenance agreement from the implementation project capital but if not, additional revenue may be required. The position will be clearer in the next few months as the project team begins the procurement process for the equipment.
5. The biggest risk during 2017/18 remains with the age of some infrastructure and the potential need to spend money on emergency remediation's. The transformation programme should ensure that this is the final year when there is so much uncertainty about the costs of emergency works.

Beyond 2018/19

6. From 2018/19 the impact of the transformation programme will begin to make a significant difference to the financial profile of the IT Division. Although the amount of uncertainty will be reduced, the switch to more commodity services could mean that instead of the need for large-scale capital investments more IT service is paid for from revenue.
7. A switch to a cloud based offering for email will significantly reduce the costs of our current hosting in the IaaS data centres and early indications are that this may save up to £250k per annum.
8. The full costs of the support agreements linked to the new infrastructure in place will be seen in 2018/19. The detail of these costs will be established following the procurement work taking place as part of the transformation programme in 2017/18.

Resource

9. The IT Division leadership team has been reviewing the management of finance, risk and compliance within the team over the past few months. Discussions have taken place with the Chamberlain and Finance Division and a new role has been designed to help strengthen these important areas.
10. The role of IT Business Manager has been created and the job description and person specification are being evaluated. Once agreed the IT business management team will be established and be responsible for holding all budget holders within the Division to account for their areas. This differs from the previous approach where the entire budget was managed directly by the senior leader.

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