Committee	Dated:
Digital Services Committee	25th January 2023
Subject: Revenue Budgets - Latest Approved 2022/23 and Original Estimates 2023/24	**Public**
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1, 2, 3, 4, 12
Does this proposal require extra revenue and/or capital spending?	N
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 Decision**
Report author: John James, Chamberlain's Department	

Summary

This report presents the annual submission of the revenue budgets overseen by your committee. It is asking Members to note the 2022/23 latest revenue budget and the approve the draft revenue budget for 2023/24 for subsequent submission to the Finance Committee.

The latest budget for 2022/23 totals £8.869m a net increase of £849,000 compared to the original budget. This is principally due to a carry-forward of budget from 2021/22 to fund the cost of E5 computer licences, four additional posts identified as part of the Target Operating Model (ToM) review, changes in the anticipated recovery of staff costs from capital projects and to the July 2022 pay award.

The draft 2023/24 original budget has been compiled in accordance with the overall budget policy guidelines agreed by Resource Allocation sub-committee. It totals net expenditure of £8.940m a net increase of £920,000 compared with the original budget for 2022/23. This is principally due to additional staffing, both the four new posts identified as part of the ToM review and as a result of the ending of the Agilisys contract and bringing the service 'in house', changes in the anticipated recovery of staff costs from capital projects and the July 2022 pay award.

The estimates exclude funding for a data rationalisation team or for development of on-line forms and other improvements both of which will need to be the subject of separate bids.

Recommendations

The Committee is requested to:-

i) note the latest approved revenue budget for 2022/23;

ii) review the proposed 2023/24 draft revenue budget to ensure that it reflects the Committee's objectives and, approve the budget for onward submission to the Finance Committee; and
iii) note the committee's capital budgets for 2023/24, set out in Appendix 2, for onward submission to Finance Committee

Main Report

Background

1. The report sets out the latest budget for 2022/23 and the draft revenue budget for 2023/24 for your committee. This is under the control of the Chief Operating Officer, and is analysed between:

   i) **Local Risk Budgets** – these are budgets deemed to be largely within the Chief Officer's control.
   ii) **Central Risk Budgets** – these are budgets comprising specific items where a Chief Officer manages the underlying service, but where the eventual financial outturn can be strongly influenced by external factors outside his/her control or are budgets of a corporate nature.
   iii) **Support Services** – these cover budgets for services provided by one activity to another. The control of these costs is exercised at the point where the expenditure or income first arises as local or central risk.

2. For the tables presented in this report, figures in brackets denote expenditure, increases in expenditure, or shortfalls in income. Income, increases in income, and reductions in expenditure are shown as positive balances.

3. The latest 2022/23 and draft 2023/24 budget position for the Digital Services Committee is summarised in Table 1 below. net cost of the service is recovered from the users the service.

Table 1 – Digital Services Committee - Revenue Budgets 2022/23 & 2023/24

Chief Operating Officer Summary Revenue Budgets All Risks	Original Budget 2022/23 £'000	Latest Budget 2022/23 £'000	Original Estimate 2023/24 £'000
Local Risk	(7,610)	(7,768)	(8,492)
Central Risk	0	(691)	0
Support Services	(410)	(410)	(448)
Net Expenditure (all risks)	(8,020)	(8,869)	(8,940)
Recovery of cost from services	8,020	8,869	8,940
Net	-	-	-

Latest Revenue Budget for 2022/23

4. Overall, there is a net increase in expenditure between the Committee's original and latest budget for 2022/23. Table 2 summarises the position.

Table 2 – Latest Revenue Budgets 2022/23			
Chief Operating Officer Summary Revenue Budgets All Risks	Original Budget 2022/23 £'000	Latest Budget 2022/23 £'000	Movement Better/ (Worse) £'000
Local Risk			
Expenditure			
Employee Costs	(3,022)	(3,430)	(408)
Transport Related	(2)	0	2
Supplies and Services	(5,627)	(5,477)	150
Unidentified Savings	0	226	226
Sub Total	(8,651)	(8,681)	(30)
Income			
Fees and Charges	212	200	(12)
Recharge staff to capital projects	829	713	(116)
Sub Total	1,041	913	(128)
Total Local Risk	(7,610)	(7,768)	(158)
Central Risk			
Employee Costs	0	(98)	(98)
Supplies and Services	0	(593)	(593)
Total Central Risk	0	(691)	(691)
Support Services			
City Procurement	(21)	(21)	0
Insurance	(18)	(18)	0
Premises	(371)	(371)	0
Sub Total	(410)	(410)	0
Net Expenditure	(8,020)	(8,869)	(849)
Recovery of cost from Services	8,020	8,869	849
Net	0	0	0

5. There is a net increase of £849,000 between the 2022/23 original and the latest budget. The principal reasons for this are:

- An increase in staff costs of £506,000 due to pay award and to four additional posts identified as result of the ToM review.
- Additional expenditure of £593,000 on E5 computer licences. The majority is an agreed carry-forward from 2021/22 of £453,000 with the balance funded from local risk (see below)
- A reduction in staff costs being recovered from capital projects of £116,000 to reflect the revised planned project work being undertaken in 2022/23

Offset in part by

- A decrease of £150,000 in supplies and services due to transfer of budget to central risk to fund E5 licence implementation costs
- Inclusion of a £226,000 unidentified savings line as a result of the reorganisation of the service. These savings have been attributed to specific budget lines in the 2023/24 original budget.

Proposed Revenue Budget for 2023/24

6. The 2023/24 draft budget overseen by the Committee has been prepared in accordance with the overall budget policy guidelines as agreed by the Policy and Resources and Finance Committees. These are

- 4% allowance for inflation
- 2% efficiency squeeze
- an allowance for the full year effect of the July 2022 pay award

In addition

- an allowance for the four new posts approved as part of the ToM process.

7. It should be noted that the estimates exclude funding for a data rationalisation team and for development of on-line forms and other improvements, both of which will need to be the subject of separate bids.

Table 3 – Draft Budget 2023/24			
Chief Operating Officer Summary Revenue Budgets All Risks	Original Budget 2022/23 £'000	Estimate 2023/24 £'000	Movement Better/ (Worse) £'000
Local Risk			
Expenditure			
Employee Costs	(3,022)	(3,952)	(930)
Transport Related	(2)	0	2
Supplies and Services	(5,627)	(5,341)	286
Sub Total	(8,651)	(9,293)	(642)
Income			
Fees and Charges	212	213	1
Recharge staff to capital projects	829	588	(241)
Sub Total	1,041	801	(240)
Total Local Risk	(7,610)	(8,492)	(882)
Support Services			
City Procurement	(21)	(21)	0
Insurance	(18)	(16)	2
Premises	(371)	(411)	(40)
Sub Total	(410)	(448)	(38)
Net Expenditure	(8,020)	(8,940)	(920)
Recovery of cost from Services	8,020	8,940	920
Net	0	0	0

Note there are no central risk budgets elements in either of the original budgets as all licences are now shown in local risk

8. The net increase of £920,000 between the 2022/23 original and the 2023/24 proposed budget is shown in Table 3. The principal reasons for this are:

- An increase in staff costs of £930,000 due to the four new posts identified in the ToM process, the pay award and to additional

posts added in as a result of bring the service 'in house' following the end of the Agilisys contract

- A reduction in staff costs being recovered from capital projects of £241,000 to reflect the planned project work being undertaken in 2023/24

Offset in part by

- A £286,000 decrease in supplies and services principally due to reduced cost as a result of the ending of the Agilisys contract

Staffing Statement

9. The table below shows the movement in the Chief Operating Officer's manpower and related staff costs for 2022/23 and 2023/24.

Table 4 **Manpower Statement**	**Original Budget 2022/23**		**Original Budget 2023/24**	
	Manpower full-time equivalent	**Estimated Cost £'000**	**Manpower full-time equivalent**	**Estimated Cost £'000**
Total Chief Operating Officer	41.0	(3,022)	51.0	(3,952)

10. The increase in staffing reflects the four additional posts agreed as part of the ToM review plus posts being brought back 'In house' as a result of the decision not to renew the Agilisys contract.

Capital Project Budgets for 2023/24

11. The latest estimated costs of the Board's current approved capital projects are summarised in Appendix 2. The latest forecast expenditure on these schemes will be presented to the Court of Common Council for formal approval in March 2023

Appendices

- A1: Brief Overview of the Service
- A2: Capital Projects

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Appendix A1

DIGITAL SERVICES COMMITTEE
SERVICE OVERVIEW

Digital Information and Technology Services (DITS)

The name of the team changed on 1st April from IT to Digital, Information and Technology Services in order reflect the wider digital remit that the division now has responsibility for delivering for the organisation.

The role of the Digital and IT Services Division, reporting into the Chief Operating Officer, is now to provide:-

- stable and secure digital and information infrastructure and solutions; and
- innovative digital and information solutions.

The DITS Division provides services to the Corporation, City of London Police and London Councils.

DITS do this through a multi-sourcing model making the best use of internal resources where this is strategically necessary and third party suppliers for agility or specialist capability. The DITS team manage multi-million pound non-staff revenue and capital budgets which are tightly managed with a strong focus on value for money in the provision of customer focussed digital and information solutions and services.

Appendix A2

Draft Capital Budgets

The latest estimated costs of the Committee's current approved capital projects are summarised in the tables below.

	Project	Exp. Pre 01/04/222 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Later Years £'000	Total £'000
CITY'S CASH							
	Recharges Between Funds						
	I.T Computer Operating	-	(25)	(25)	-	-	(50)
	Authority to start work granted						
IT Schemes:	Oracle Property Manager	(85)	(869)	-	-	-	(954)
	IT – Managed Service	-	(645)	(1,323)	-	-	(1,968)
	IT – Member Device Refresh 2022	-	(300)	-	-	-	(300)
	Personal Device Replacement	(1,775)	(475)	-	-	-	(2,250)
	HR Payroll, Finance, ERP	(163)	(391)	-	-	-	(554)
	TOTAL CITY'S CASH	**(2,023)**	**(2,705)**	**(1,348)**	**-**	**-**	**(6,076)**

	Project	Exp. Pre 01/04/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	Later Years £'000	Total £'000
CITY FUND							
	Authority to start work granted:						
	Oracle Property Manager	(159)	(346)	-	-	-	(505)
	TOTAL CITY FUND	**(159)**	**(346)**	**-**	**-**	**-**	**(505)**

	TOTAL DIGITAL SERVICES	**(2,182)**	**(3,051)**	**(1,348)**	**-**	**-**	**(6,581)**

1. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work. These figures exclude the implementation costs of those schemes which have yet to receive authority to start work.

2. There are a significant number of schemes in flight which have received authority to start work - mainly relating to IT projects.

3. The latest Capital Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2023.