

Committee	Dated:
Digital Services Committee	22 nd November 2023
Subject: Revenue Budgets - Latest Approved 2023/24 and Original Estimates 2024/25	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: Dawit Araya, 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 2023/24 latest revenue budget and the approve the draft revenue budget for 2024/25 for subsequent submission to the Finance Committee.

The latest budget for 2023/24 totals £9.093m a net increase of £568,000 compared to the original budget of £8.525m. The net increase is mainly due the July 2023 pay award and the approval of multiple IT projects under central risk funded either from budget carried forward from 2022/23 or the Transformation Fund. However, within the budget there has been a significant increase in budgeted staffing and other costs matched by an income budget to reflect the recovery of IT cost from the City of London Police, in respect of IT services now being delivered 'in house' rather than billed directly to the Police by Agilisys. A similar adjustment has been reflected in the 2024/25 draft revenue budget.

The 2024/25 draft budget has been compiled in accordance with the overall budget policy guidelines agreed by Resource Allocation sub-committee. It totals net expenditure of £8,081m a net reduction of £444,000 compared with the original budget for 2023/24. This saving is principally because of the ending of the Agilisys contract and bringing the service 'in house', including those savings made on Police IT service. These savings are being used to cover the cost of the transition project as previously agreed. The saving has in part been offset by the additional cost of the July 2023 pay award, the 3% inflation allowance for 2024/25

and the removal of funding removed for two roles as approved during Target Operating Model exercise.

Recommendations

The Committee is requested to:-

- i) note the latest approved revenue budget for 2023/24.
- ii) critically review the proposed 2024/25 draft revenue budget to ensure that it reflects the Committee's objectives and, approve the budget for onward submission to the Finance Committee;
- iii) note the committee's capital budgets for 2024/25, set out in Appendix 2, for onward submission to Finance Committee; and
- iv) agree that any minor amendments for 2023/24 and 2024/25 budgets arising during the corporate budget setting period be delegated to the Chamberlain.

Main Report Background

1. The report sets out the latest budget for 2023/24 and the draft revenue budget for 2024/25 for your committee. This is under 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 costs whilst under the supervision of the chief officer are not under his direct control.
 - 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 2023/24 and draft 2024/25 budget position for the Digital Services Committee is summarised in Table 1 below. net cost of the service is recovered from the users of the service.

Table 1 – Digital Services Committee - Revenue Budgets 2023/24 & 2024/25			
Chief Operating Officer Summary Revenue Budgets All Risks	Original Budget 2023/24 £'000	Latest Budget 2023/24 £'000	Original Estimate 2024/25 £'000
Local Risk	(8,077)	(8,290)	(7,692)
Central Risk	0	(355)	0
Support Services	(448)	(448)	(389)
Net Expenditure (all risks)	(8,525)	(9,093)	(8,081)
Recovery of cost from services	8,525	9,093	8,081
Net	-	-	-

Latest Revenue Budget for 2023/24

4. Overall, there is a net increase in expenditure between the Committee's original and latest budget for 2023/24 of £568,000. Table 2 summarises the position.

Table 2 – Latest Revenue Budgets 2023/24			
Chief Operating Officer Summary Revenue Budgets All Risks	Original Budget 2023/24 £'000	Latest Budget 2023/24 £'000	Movement Better/ (Worse) £'000
Local Risk			
<i>Expenditure</i>			
Employee Costs	(3,952)	(5,659)	(1,707)
Supplies and Services	(4,926)	(9,333)	(4,407)
<i>Sub Total</i>	(8,878)	(14,992)	(6,114)
<i>Income</i>			
Fees and Charges	213	6,161	5,948
Recharge staff to capital projects	588	541	(47)
<i>Sub Total</i>	801	6,702	5901
Total Local Risk	(8,077)	(8,290)	(213)
Central Risk			
Supplies and Services	0	(355)	(355)
Total Central Risk	0	(355)	(355)
Support Services			
City Procurement	(21)	(21)	0
Insurance	(18)	(18)	0
Premises	(411)	(411)	0
Sub Total	(448)	(448)	0
Net Expenditure	(8,525)	(9,093)	(568)

Recovery of cost from Services	8,525	9.093	568
Net	0	0	0

5. The principal reasons for the increase are:
- An increase in staff costs of £1.707m to reflect the cost of bringing the service 'in house' including the transfer of posts from Agilisys and the July 2023 pay award;
 - An increase in supplies and services of £4.490m because of bringing the service 'in house' following the end of the Agilisys contract, to ensure the budgets reflect the spend being recovered from the City Police.
 - An increase in central risk budgets to reflect agreed projects funded either from transformation fund or from 2022/23 carry-forwards. The detail is set out in Appendix 3
Offset in part by
 - An increase in fees in charges of £5.948m largely to reflect 'in house' costs being recovered from the City of London Police

Proposed Revenue Budget for 2024/25

6. The 2024/25 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:
- a 3% allowance for inflation;
 - an allowance for the full year effect of the July 2023 pay award;
 - an adjustment to remove the temporary provision for Head of Information & the Capacity Manager;
 - and a reduction of £900k in the local risk budget to recoup the savings made by bringing the Agilisys contract 'in house' to pay back the cost of the scheme (as agreed by Members).

Table 3 – Draft Budget 2024/25			
Chief Operating Officer Summary Revenue Budgets All Risks	Original Budget 2023/24 £'000	Estimate 2024/25 £'000	Movement Better/ (Worse) £'000
Local Risk			
<i>Expenditure</i>			
Employee Costs	(3,952)	(6,922)	(2,970)
Supplies and Services	(4,926)	(7,838)	(2,912)
<i>Sub Total</i>	(8,878)	(14,760)	(5,882)
<i>Income</i>			
Fees and Charges	213	6,760	6,547
Recharge staff to capital projects	588	308	(280)
<i>Sub Total</i>	801	7,068	6,267
Total Local Risk	(8,077)	(7,692)	385
Support Services			
City Procurement	(21)	(24)	(3)
Insurance	(16)	(16)	0
Premises	(411)	(349)	62
Sub Total	(448)	(389)	59
Net Expenditure	(8,525)	(8,081)	444
Recovery of cost from Services	8,525	8,081	(444)
Net	0	0	0

7. The net saving of £444,000 between the 2023/24 original and the 2024/25 proposed budget is shown in Table 3. The principal reasons for these are:

- An increase in employee costs of £2.970m. This reflects the cost of bringing the service in house, including staff transferred from Agilisys; the July 2023 pay award and an allowance for the July 2024 pay award, and inclusion of IT budgets for spend being recovered from the City of London Police
- An increase in supplies and services by £2.912m because of bringing the service 'in house' following the end of the Agilisys contract;
- A reduction to staff costs being recovered from capital projects of £280,000 which reflects the anticipated programme of schemes for 2024/25.

Offset in part by

- An increase in fees and charges to reflect the costs now directly borne by the service being recovered from the City of London Police.

Staffing Statement

8. The table below shows the movement in the Chief Operating Officer's manpower and related staff costs for 2023/24 and 2024/25. The increase in posts of 36.6 comprises 23.6 FTE posts transferred from Agilisys and 13 FTE posts for created for City Police IT support the cost of which is recovered from them.

Table 4 Manpower Statement	Original Budget 2023/24		Original Budget 2024/25	
	Manpower full-time equivalent	Estimated Cost £'000	Manpower full-time equivalent	Estimated Cost £'000
Total Chief Operating Officer	51.0	(3,952)	87.6	(6,922)

Capital Project Budgets for 2024/25

9. 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 2024.

Appendices

- A1: Brief Overview of the Service
- A2: Capital Projects
- A3: Approved Projects for 2023/34

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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 to 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 01/04/23 £'000	2023/24 £'000	2024/25 £'000	2024/25 £'000	Later Years £'000	Total £'000
City's Cash							
	<u>Authority to start work granted</u>						
IT Schemes:	Oracle Property Manager	708	947	-	-	-	1,655
	IT – Managed Service	589	1,378	-	-	-	1,967
	IT – Member Device Refresh 2022	78	222	-	-	-	300
	Personal Device Replacement	2,226	24	-	-	-	2,250
	IT - BMS Wired Network.	2	128				130
	IT Security		100				100
	HR Payroll, Finance, ERP	417	265	-	-	-	682
	TOTAL Digital Services	4,020	3,064	0	0	0	7,084

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 2024.

Appendix A3

Approved Projects for 2023/24

Funded by budget carried forward from 2022/23:

	£	£
Implementation Sentinel security to help mitigate Corporate Risk 16	69,000	
Finalise telephony migration	<u>30,000</u>	
		99,000

Funded from the Transformation Fund:

Data lighthouse project	67,000	
Power BI data architect	73,000	
Data governance manager	45,000	
Business analyst	40,000	
Developer transformation	<u>31,000</u>	
		<u>256,000</u>
		<u>355,000</u>