

Committee: Digital Services Committee	Dated: 24 th July 2024
Subject: Revenue Outturn 2023/24	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	For Information
Report authors: Dawit Araya, Chamberlain's Department	

Summary

This report details the revenue outturn in 2023/24 for your committee. The total net expenditure, for the year, was £9.128m compared to the final budget of £9.639m an underspend of £511,000 or 5%. This is mainly due to reduced spend on professional fees as a result of bringing the service 'in house' and a reduction in central accommodation recharges due to a new basis of allocation, which was offset in part by an increase in staff costs as a result of bringing the service 'in house' and not recovering as much employee costs from capital projects as anticipated due to project slippage.

Recommendations

It is recommended that Members note:

- i. the revenue outturn for 2023/24; and
- ii. the agreed central risk budget carry forwards into 2024/25, amounting to £97,000.

Main Report

Revenue Outturn for 2023/24

1. The revenue outturn is measured against the final 2023/24 budget for your committee of £9.639m. The original budget of £8.525m was agreed by Finance Committee in January 2023. The subsequent approved budget adjustments of £1.114m that comprise the final budget are set out at Appendix 1
2. The revenue outturn position for 2023/24 is a net expenditure of £9.128m. This is an overall underspending of £511,000 compared to the final budget of £9.639m.
3. The service overspent by £14,000 against the local risk budget of £8.248 (0.2%) but this small overspending was covered from the underspending on

the Chamberlain's other services. Across all services, the Chamberlain was underspent for the 2023/24 year.

4. The summary below details to the relevant variances.

Summary Comparison of 2023/24 Revenue Outturn with Final Budget					
Committee(s): Digital Services	Final Budget	Revenue Outturn	Variance Better/ (Worse)	Variance	Notes
	£000	£000	£000	%	
Local Risk					
Expenditure					
Employee Costs	(5,948)	(6,224)	(276)	5%	i
Transport related	0	(4)	(4)	N/M	
Supplies and Services (mainly professional fees and hardware/software and system costs)	(9,002)	(8,464)	538	-6%	ii
Sub Total	(14,950)	(14,692)	258	-2%	
Income					
Fees & Charges (mainly recovery from COLP and London Councils)	6,161	6,255	94	2%	
Recovery of staff time from capital projects	541	175	(366)	-68%	iii
Sub Total	6,702	6,430	(272)	-4%	
Total Local Risk	(8,248)	(8,262)	(14)	0%	
Central Risk					
Project Costs	(340)	(341)	(1)	0%	iv
Software Maintenance & Support	(603)	(511)	92	-15%	v
Total Central Risk	(943)	(852)	91	-10%	
TOTAL LOCAL AND CENTRAL RISK	(9,191)	(9,114)	77	-1%	
RECHARGES					
Expenditure					
Support Services (Guildhall Complex, CLPS & Insurance)	(448)	(14)	434	-97%	vi
TOTAL COST TO BE RECOVERED	(9,639)	(9,128)	511	-98%	

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

Local Risk

- i **Employee Cost- overspend £276,000** – This is due to increase in staff costs as a result of bringing the service 'in house' as well as recruitment advertising and other related employee costs. It was partly offset by savings on vacant posts.

- ii **Supplies & Services- underspend £538,000** -Hardware Maintenance & support significantly reduced because the service has been brought in house from being outsourced.
- iii **Recovery of staff time from capital projects - reduced by £366,000** - There was a lower than anticipated recovery of staff time principally due to slippage on the ERP project.

Central Risk

- iv **Project Costs** This relates to revenue cost element of IT capital projects principally IT Transformation Phase 2; HR, Payroll and Finance ERP; Managed Service Transition; and Wide Area Network projects. These costs cannot be capitalised and therefore are accounted through the revenue ledger. A budget is allocated from the project to cover the revenue cost which is why there is no variance.
- v **Supplies and services – underspend £92,000** -This relates to an underspending against the Data Light House Project. The Data Maturity Assessment was completed; however the implementation was not finalised in year.

Recharges

- vi **Central Recharges – underspend £434,000** – Due to a change of basis of allocation the Guildhall complex costs are being charged to the Chamberlain's department overall and recovered from service users through it recharge. The remaining charge to DITS relates to professional liability insurance.

Budget Carry- Forwards

- 6. The Chamberlain requested that the £97,000 underspending on central risk be carried forward in 2024/25. This has now been agreed. The split is as follows:
 - Data Light house project - £28,000 the discovery phase has been completed with Hitachi Solutions. The remaining funding requested to progressing proof of concept expected to complete by December 2024.
 - Data Governance Manager, Business Analyst and Developer Transformation completed their respective roles and a total of £63,000 is requested to transfer to Data lighthouse project.
 - Power BI & Data Maturity - £6,000. Work is concluded but a request to transfer to Data Lighthouse project has been made.
- 7. During 2023/24 a review of central support services recharges was carried out. This involved updating the basis of apportionment for all recharges following the TOM and Governance Review along with trying to make them more transparent and fairer across all services. The updated basis has led to several variations to the original budget across committees, but overall total recharges have remained within the total

original envelope. City Fund Original Budget £29.9m, Outturn £27.9m, and City's Estate Original Budget £24.2m, Outturn £22.9m. Consultation has been held with areas where recharges are funded from local reserves, i.e. HRA and Police, any variation/increase in costs across other services are met from the deficit funding and have no effect on front-line services.

Appendices

Appendix 1 – Approved Budget Adjustments for the 2023/24 Budget

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Appendix 1

<u>Local Risk</u>		£'000	£'000
Original Local Risk Budget			(8,077)
Add:			
	Finance Contingency Allocation 23-24- ERP & IL4	(320)	
	Agency backdated pay from contingency	(12)	
	MHR Drawdown from contingency	(100)	
	Pay Award 23/24	(213)	
	2023/24 Centrally Funded Apprenticeships	<u>(53)</u>	
			(698)
Less			
	Budget Adjustment -DiTs SAVINGS 23-24 as part of payback (Sep23-Mar24) for scheme to move systems in house	<u>527</u>	
			527
Final Local Risk Budget			(8,248)
<u>Central Risk</u>			
Original central Risk Budget			0
Add:			
	MHR Settlement from Contingency Fund	(248)	
	23/24 SRP Budget L5-CoL IT Transformation PH2 /ERP/Wide Area Network. Contract Renewals	(340)	
	C/F E5 - Implementation of E5 - Telephony migration and Security	(99)	
	Managed Services Transition	(256)	
			(943)
Final Central Risk Budget			(943)
<u>Recharges</u>			
Original Recharge Budget			(448)
Final Recharge Budget			(448)
Summary			
Original Budget 2023/24			(8,525)
Final Budget 2023/24			(9,639)
Increase			(1,114)