

City of London Corporation Committee Report

Committee(s): Digital Services Committee	Dated: 30/01/2025
Subject: Revenue Budgets – Budget 2024/25 and Draft Estimate 2025/26	Public report: For Decision
This proposal: <ul style="list-style-type: none"> • provides business enabling functions 	
Does this proposal require extra revenue and/or capital spending?	N/A
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
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 approved Budget 2024/25 and the approve the draft estimate 2025/26 for subsequent submission to Finance Committee.

The Budget 2024/25 totals £8.819m a net approved increase of £710,000 compared to the Original Budget of £8.109m. Part of the net increase is for ERP support team and out of hours service desk requirement now that the delivery of the service has been brought ‘in house’ from Agilysys, as well as for increased cyber security. These costs have been funded, from contingency. The remainder comprises several one-off IT projects, shown under central risk, funded either from budget underspending carried forward from 2023/24 or the Transformation Fund.

The 2025/26 draft estimate has been compiled in accordance with the overall budget policy guidelines agreed by Resource Allocation sub-committee. It totals net expenditure of £8.604m a net increase of £495,000 compared with the original budget for 2024/25. This additional cost, apart from a 2% inflation uplift is principally because of the additional pressure for ERP support team and for the out of hours service desk, which have been funded from retained savings from bringing the Agilysys contract ‘in house.’

Recommendations

The Committee is requested to: -

- i) note the Budget for 2024/25.
- ii) approve the Draft Estimate 2025/26 for onward submission to the Finance Committee.
- iii) Note the committee's capital budgets for 2025/26, set out in Appendix 2.
- iv) agree that any minor amendments for 2024/25 and 2025/26 budgets arising during the corporate budget setting period be delegated to the Chamberlain.

Main Report

Background

1. The report sets out the Budget 2024/25 and the Draft Estimate for 2025/26 for your committee. This service is all under the Chamberlain, 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/her 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. Increases in income, and reductions in expenditure are shown as positive balances.
3. The approved Budget 2024/25 and Draft Estimate 2025/26 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 Budget 2024/ 25 & 2025/ 26				
Original Budget 2024/25	Chamberlain Summary Revenue Budgets All Risks	Approved changes during 2024/ 25 (see Table 2 for detail)	Budget 2024/ 25	Draft Estimate 2025/ 26
£'000	£'000	£'000	£'000	£'000
(7,720)	Local Risk	(599)	(8,319)	(8,590)
0	Central Risk	(111)	(111)	0
(389)	Support Services	-	(389)	(14)
(8,109)	Net Expenditure	(710)	(8,819)	(8,604)
8,109	Recovery of cost from Services	710	8,819	8,604
-	Net	-	-	-

4. The approved changes to the Original Budget 2024/25 are set out below. For further details of how this is applied refer to Appendix 2.

Table 2 -Approved Changes to the 2024/25 Original Budget

	£'000
Local Risk	
Additional MHR licences for new HR system	62
Cross Corporation Cyber Security (COLPS)	91
Out of hours service team	150
ERP Support Team	296
Total Movement Local Risk (drawn down from contingency)	599
Central Risk	
<i>Approved projects funded by 2023/24 carry-forward</i>	
DDat Strategy	15
<i>Approved projects funded by transformation fund</i>	
Data lighthouse project	28
Power BI data architect	6
Data governor manager	12
Business analyst	40
Developer transformation	10
Total Movement Local Risk (drawdown from contingency)	111
Net Movement	710

Proposed Draft Estimate for 2025/26

5. The 2025/26 draft estimate 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 adjustments to the local risk cash limit comprise:

- a 2% allowance for inflation
- A retention of £747k of the Agilisys savings following the completion of payback for the project to bring the Agilisys contract back 'in house'. The savings are being retained within DITS to fund additional IT roles, including the enhanced service desk and cyber training and security.
- Less a minor adjustment of £31k to Financial Shared Services for their IT Contract for BACS Payments

These increases in the local risk budget have in part been offset by a reduction in premises costs of £349k which are now to be charged directly to end users rather than as an overhead on central services like I

6. The net increase in spending by £495,000 between the 2024/25 Original Budget and the 2025/26 Draft Estimates is shown in Table 3 below

Table 3 – Draft Estimate 2025/26				
Chamberlain	Original Budget 2024/25	Draft Estimate 2025/26	Movement Better/ (Worse)	Note
Summary Revenue Budgets All Risks	£'000	£'000	£'000	
Local Risk				
<i>Expenditure</i>				
Employee Costs	(6,922)	(7,394)	(472)	a
Supplies and Services	(7,866)	(7,914)	(48)	b
<i>Sub Total</i>	(14,788)	(15,308)	(520)	
<i>Income</i>				
Fees and Charges	6760	6487	(273)	c
Recharge staff to capital projects	308	231	(77)	d
<i>Sub Total</i>	7,068	6,718	(350)	
Total Local Risk	(7,720)	(8,590)	(870)	
Central Risk				
Supplies and Services	0	0	0	
Total Central Risk	0	0	0	
Support Services				
City Procurement	(24)	0	24	e
Insurance	(16)	(14)	2	
Premises	(349)	0	349	f
Sub Total	(389)	(14)	375	
Net Expenditure	(8,109)	(8,604)	(495)	
Recovery of cost from Services	8,109	8,604	495	
Net	-	-	-	

The principal reasons for these are:

Local Risk:

An increase of £870k in local risk budgets comprising

- a. An increase due to a net addition of four new roles for highlighted gaps following the transition to the 'in house service'; an increased budget for the out of hours service; and an allowance for the July 2025 pay award.
- b. A net increase in supplies and services by £48k mainly relating to our 24/7 Cyber Security monitoring and response service and additional MHR licences for the HR

system. The former is to mitigate the threat posed to the City of London Corporation from Cyber Security attacks. These additional costs have in part been offset by savings on telephony and computer storage, and reduced computer software and hardware requirements

- c. A reduction in fees and charges by £273k which mainly relates to the charge to the Police to recover their share of the cost of the project to end the Agilysys contract and bring the service back 'in house'. Now that these costs have been recovered the charge of £301k per annum ceases
- d. A decrease to staff costs being recovered from capital projects by £77k reflecting the latest forecast of work to be undertaken on the schemes in 2025/26

Offset in part by:

Support Services:

- e. A reduction of Commercial Services by £24k as a result of the new apportionment method meaning DITS are no longer charged directly
- f. A £349k reduction of premises recharges as a result of a new method of apportionment where end users are charged directly rather than DITS being charged and passing the cost on as an overhead

Staffing Statement

7. The table below shows the movement in the DITS staffing and related staff costs for 2024/25 and 2025/26. The increase in posts of 4.0 fte relates to posts created to plug gaps highlighted by bringing the service back 'in house' from Agilysys. The indirect costs in 2025/26 relate mainly to provision for Cyber Security training and other training for staff.

Table 4 Manpower Statement	Original Budget 2024/25		Draft Estimate 2025/26	
	Staffing full-time equivalent	Estimated Cost £'000	Staffing full-time equivalent	Estimated Cost £'000
Direct Employee Cost	87.6	(6,922)	91.6	(7,254)
Indirect Costs				(140)
Total Chamberlain	(87.6)	(6,922)	(91.6)	(7,394)

Capital Project Budgets for 2025/26

8. The committee's current approved capital projects are summarised in Appendix 2. There are no new capital bids for 2025/26. The latest forecast expenditure on these schemes will be presented to the Court of Common Council for formal approval in March 2025

Appendices

- Appendix 1 - Brief Overview of the Service
- Appendix 2 - 2024-25
- Appendix 3 - Capital Projects
- Appendix 4 - Analysis of Supplies & Services Budgets 2025/26

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DIGITAL SERVICES COMMITTEE
SERVICE OVERVIEW

Digital Information and Technology Services (DITS)

The role of the Digital and IT Services Division, reporting into the Chamberlain and Chief Financial 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 2

Budget for 2024/25

There is a net increase in expenditure between the Committee's original and a budget for 2024/25 of £710,000. The Table below summarises the position.

Approved Budgets 2024/25				
Chamberlain	Original Budget 2024/25	Budget 2024/25	Movement Better/ (Worse)	Note
Summary Revenue Budgets All Risks	£'000	£'000	£'000	
Local Risk				
<i>Expenditure</i>				
Employee Costs	(6,922)	(7,072)	(150)	i
Supplies and Services	(7,866)	(8,019)	(153)	ii
<i>Sub Total</i>	(14,788)	(15,091)	(303)	
<i>Income</i>				
Fees and Charges	6,760	6,705	(55)	
Recharge staff to capital projects	308	67	(241)	
<i>Sub Total</i>	7,068	6,772	(296)	iii
Total Local Risk	(7,720)	(8,319)	(599)	
Central Risk				
Supplies and Services	0	(111)	(111)	iv
Total Central Risk	0	(111)	(111)	
Support Services				
City Procurement	(24)	(24)	0	
Insurance	(16)	(16)	0	
Premises	(349)	(349)	0	
Sub Total	(389)	(389)	0	
Net Expenditure	(8,109)	(8,819)	(710)	
Recovery of cost from Services	8,109	8,819	710	
Net	-	-	-	

The principal reasons for the increase are:

Local Risk:

- i) The increased cost of £150k principally are for the out of hours service desk, following migrating from Agilisys..
- ii) £91k for increased cost for cross-Corporation Cyber Security training and a 24/7 Cyber Security Monitoring survey and £62k for the additional corporate MHR Licences for the HR system. This is to address a current shortfall in the Cyber Security training offer to officers and Members and to provide a 24/7 Cyber Security monitoring and response service to

mitigate the threat posed to the City of London Corporation from Cyber Security attacks.

- iii) A decrease of income by £296k as ERP support team (an ongoing revenue cost) will be met from DiTS revenue budget rather than the ERP project

Central Risk:

- iv) £111k increase in central risk budgets for agreed one-off projects funded either from transformation fund or from 2023/24 carry-forwards.

Appendix 3

Draft Capital Budgets

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

Comments	Project	Exp. Pre 01/04/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Later Years £'000	Total £'000
	<u>Authority to start work granted</u>						
Led by City Surveyors	Oracle Property Manager	807	938	-	-	-	1,745
IT Schemes:	IT – Member Device Refresh 2022	95	50	109	46	-	300
	IT - BMS Wired Network.	62	128				190
	IT Security		100				100
	Audio Visual Replenishment		140				140
	Corporate Device Stock Replenishment		250				250
	Public Switched Telephone Network (PSTN) Replacement		250				250
	L5-Future Network Programme		535				535
	<u>Shadow Forecast</u>						
Led by Chamberlains	HR Payroll, Finance, ERP	730	5,000	13,322	-	-	19,052
	TOTAL Digital Services Approved	1,694	7,391	13,431	46	0	22,562

Notes

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. The latest Capital Project forecast expenditure on approved schemes will be presented to the Court of Common Council for formal approval in March 2025
3. The Shadow Forecasts represents expenditure yet to be approved, as it has not reached the Gateway stage. Where preliminary/pre-implementation costs have been approved these have been shown on the same line for clarity.
4. The Oracle Property Management System and ERP Projects are not DITS sponsored projects but are shown for completeness. Approve pre-implementation costs are shown on the same line for clarity.

Appendix 4

Analysis of Supplies & Services Budgets

Supplies & Services	Original Budget 2024/25	Estimate 2025/26	Variance	Note
	£'000	£'000	£'000	
Telephony	266	144	122	1
Mgd Service & Storage & Compute	2678	2573	105	2
Hardware & Software	1352	1254	98	3
Corporate Licences	2242	2393	(151)	4
Network	1328	1550	(222)	5
TOTAL	7866	7914	(48)	

Notes

1. Savings on mobile phone and other telephony contracts
2. Additional cost of cyber security in revised offset in 2025/26 draft estimate by anticipated storage savings
3. Anticipated reduced requirement for hardware and software.
4. Principally the cost of additional MHR licences for the new HR system
5. Anticipated increase costs due to cyber security and monitoring service