

# City of London Corporation Committee Report

<b>Committee(s):</b> Digital Services Committee	<b>Dated:</b> 27/11/2025
<b>Subject:</b> Revenue Budgets – Budget 2025/26 and Draft Estimate 2026/27	<b>Public report:</b> For Decision
<b>This proposal:</b> • provides business enabling functions	
<b>Does this proposal require extra revenue and/or capital spending?</b>	N/A
<b>If so, how much?</b>	N/A
<b>What is the source of Funding?</b>	N/A
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	N/A
<b>Report of:</b>	The Chamberlain
<b>Report author:</b>	Dawit Araya, Chamberlain's Department

## Summary

This report submits your committee's annual revenue budgets. Members are asked to note the approved 2025/26 Budget and approve the draft 2026/27 estimate for submission to the Finance Committee.

The 2025/26 Budget is £8.854m, representing a net increase of £250,000 from the original £8.604m. This increase reflects changes in Employer's National Insurance rates, a 1% adjustment for the final settlement of the July 2024 pay award, and MHR contract extension. These costs are partially offset by Apprenticeship budget recovery, which will now be allocated annually depending on apprentices engaged and the reallocation of O2 mobile savings, with the additional funding sourced from contingency and underspent funds carried forward from 2024/25.

The draft estimate for 2026/27 has been prepared in line with the Resource Allocation Sub-Committee guidelines, with net expenditure set at £9.062m—an increase of £458,000 compared to Original Budget for 2025/26 of £8.604m. This increase is primarily attributable to a 3% inflationary uplift, changes in Employer's National Insurance contributions, and provision for a 3% pay award in July 2026. These additional costs are partially offset by savings resulting from reduced O2 mobile costs.

## Recommendations

The Committee is requested to: -

- i) note the Budget for 2025/26.
- ii) approve the Draft Estimate 2026/27 for onward submission to the Finance Committee.
- iii) Note the committee's capital budgets for 2026/27, set out in Appendix 3 agree that any minor amendments for 2025/26 and 2026/27 budgets arising during the corporate budget setting period be delegated to the Chamberlain.

## Main Report

### Background

The report presents the 2025/26 Budget and the 2026/27 Draft Estimate for your committee. These services fall under the Chamberlain and are analysed as follows:

- i) **Local Risk Budgets** – these are budgets deemed to be largely within the Chief Officer's control.
  - ii) **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. In the tables included in this report, positive balances represent expenditure, increases in expenditure, or income deficits. Conversely, figures displayed in brackets indicate increases in income or decreases in expenditure.
3. The Budget 2025/26 and Draft Estimate 2026/27 for the Digital Services Committee are presented in Table 1 below. The net cost of the service is covered by fees collected from users of the service.

Table 1 – Digital Services Committee - Revenue Budget 2025/26 & 2026/27				
Original Budget 2025/ 26	Chamberlain Summary Revenue Budgets All Risks	Approved changes during 2025/ 26 (see Table 2 for detail)	Budget 2025/ 26	Draft Estimate 2026/ 27
£'000	£'000	£'000	£'000	£'000
8,590	<b>Local Risk</b>	250	8,840	9,034
0	<b>Central Risk</b>	0	0	0
14	<b>Support Services</b>	0	14	28
8,604	<b>Net Expenditure</b>	250	8,854	9,062
(8,604)	<b>Recovery of cost from Services</b>	(250)	(8,854)	(9,062)
-	<b>Net</b>	-	-	-

4. The changes approved to the Original Budget 2025/26, which only related to local risk, are set out below in Table 2. For further details of how this applied refer to Appendix 2.

**Table 2 -Approved Changes to the 2025/26 Original Budget**

***Local Risk***

£'000

National Insurance & 1% Pay Award Increase	162
CRM/Data Engineer	120
Security Operations Centre	72
MHR Contract Extension to 31/12/2025	53
Cyber Assessment Framework (Grant)	15
Apprentice budgets centralised	(100)
Transfer to Reserves (O2 Savings funding security operations)	(72)

***Net Movement***

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**(250)**

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**Proposed Draft Estimate for 2026/27**

5. The 2026/27 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:
  - An allowance of 3% has been incorporated to account for inflation
  - The Employer's National Insurance rate change adjustments.
  - A retention of £120k in O2 savings, resulting from reduced contract costs, will be allocated within DITS to bolster security operation centre.
  - A £100k clawback in apprenticeship budgets which will now be allocated annually once apprentice costs for the year are known.

6. The net increase in spending of £458k between the 2025/26 Original Budget and the 2026/27 Draft Estimates is shown in Table 3 below

<b>Table 3 – Draft Budgets 2026/27</b>				
Chamberlain	Original Budget 2025/26	Draft Estimate 2026/27	Movement (Better)/ Worse	Note
Summary Revenue Budgets All Risks	£'000	£'000	£'000	
<b>Local Risk</b>				
<i>Expenditure</i>				
Employee Costs	7,394	7,809	415	a
Supplies and Services	7,914	8,215	301	b
<i>Sub Total</i>	15,308	16,024	716	
<i>Income</i>				
Fees and Charges	(6,487)	(6,835)	(348)	c
Recharge staff to capital projects	(231)	(155)	76	d
<i>Sub Total</i>	(6,718)	(6,990)	(272)	
Total Local Risk	8,590	9,034	444	
<b>Central Risk</b>				
Supplies and Services	0	0	0	
Total Central Risk	0	0	0	
<b>Support Services</b>				
City Procurement	0	0	0	
Insurance	14	28	14	
Premises	0	0	0	
<i>Sub Total</i>	14	28	14	
<b>Net Expenditure</b>	8,604	9,062	458	
<b>Recovery of cost from Services</b>	(8,604)	(9,062)	(458)	
<b>Net</b>	-	-	-	

The principal reasons for this are:

Local Risk:

An increase of £458k in local risk budgets comprising

- a. The £415k increase is mainly from a higher budget for the July 2026 pay award and an adjustment for the July 2024 pay award, an Employer's National Insurance Rate change and partly offset by apprentice cost budget claw back.
- b. A net increase in supplies and services by £301km mainly due to a 3% inflation increase (£230k) plus additional contract spend for COLP recovered from additional income.

- c. Fees and charges have increased by £348k, primarily due to additional expenditure on COLP being recovered.
- d. A reduction of £76k of recharges to capital projects as a result of the decision to recruit contract staff directly to the project rather than as full-time employees (FTE).

Support Services:

- e. The £14k increase in liability insurance results from an actual 6% rise in June 2025 and a projected 2.4% increase for June 2026. This figure is an estimate, as the contracts are scheduled to be tendered later this year.

**Staffing Statement**

- 7. The table below outlines DITS staffing and related costs for 2025/26 and 2026/27. Staffing levels (fte) remain unchanged from 2025/26, but staff costs increase due to changes in Employer's National Insurance rates, an additional 1% to reflect the final settlement of the July 2024 pay award and an allowance for the July 2026 pay award. Indirect costs for 2026/27 mainly cover Cyber Security training, recruitment, and other staff-related expenses.

<b>Table 4</b>	<b>Original Budget 2025/26</b>		<b>Draft Estimate 2026/27</b>	
<b>Manpower Statement</b>	<b>Staffing full-time equivalent</b>	<b>Estimated Cost £'000</b>	<b>Staffing full-time equivalent</b>	<b>Estimated Cost £'000</b>
Direct Employee Cost	91.6	7254	91.6	7693
Indirect Costs		140		116
Total Chamberlain	91.6	7394	91.6	7809

## **Capital Project Budgets for 2026/27**

8. The committee's current approved capital projects are summarised in Appendix 3.

### **Appendices**

- Appendix 1 - Brief Overview of the Service
- Appendix 2 - 2025-26
- Appendix 3 - Capital Projects
- Appendix 4 - Analysis of Supplies & Services Budgets 2026/27

### **Contacts**

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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.

**Budget for 2025/26**

There is a net increase in expenditure between the Committee's original and a budget for 2025/26 of £250,000. The Table below summarises the position.

<b>Approved Budgets 2025/26</b>				
Chamberlain Summary Revenue Budgets All Risks	Original Budget 2025/26  £'000	Budget 2025/26  £'000	Movement (Better)/ Worse  £'000	Note
<b>Local Risk</b>				
<i>Expenditure</i>				
Employee Costs	7,394	7,596	202	i
Supplies and Services	7,914	8,034	120	ii
<i>Sub Total</i>	15,308	15,630	322	
<i>Income</i>				
Fees and Charges	(6,487)	(6,487)	0	
Recharge staff to capital projects	(231)	(303)	(72)	iii
<i>Sub Total</i>	(6,718)	(6,790)	(72)	
Total Local Risk	8,590	8,840	250	
<b>Central Risk</b>				
Supplies and Services	0	0	0	
Total Central Risk	0	0	0	
<b>Support Services</b>				
City Procurement	0	0	0	
Insurance	14	14	0	
Premises	0	0	0	
Sub Total	14	14	0	
<b>Net Expenditure</b>	8,604	8,854	250	
<b>Recovery of cost from Services</b>	(8,604)	(8,854)	(250)	
<b>Net</b>	-	-	-	

The principal reasons for the increase are:

**Local Risk:**

- i) The £202k cost increase is mainly due to £162k for Employer's National Insurance rates, a 1% adjustment for the July 2024 pay award settlement, and £140k for CRM/Data Engineer and cyber security operations, offset by a £100k apprenticeship budget recovery from central finance.



- ii) £53k for extending the MHR contract through 31/12/2025 and £67k for a Cyber Security Monitoring survey, enabling round-the-clock monitoring and response to cyber threats facing the City of London Corporation.
- iii) An increase of income by £72k from O2 saving (reserve) to fund an ongoing Cyber Security Monitoring.

## Appendix 3

Comments	Project	Exp. Pre 01/04/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Later Years £'000	Total £'000
	<b><u>Authority to start work granted</u></b>						
Led by City Surveyors	Oracle Property Manager	995	860	-	-	-	1,855
IT Schemes:					-	-	
	IT – Member Device Refresh 2022	95	50	109	46	-	300
	IT - BMS Wired Network.	98	132				230
	Audio Visual Replenishment	67	73				140
	Corporate Device Stock Replenishment	220	530				750
	Public Switched Telephone Network (PSTN) Replacement		640	10			650
	L5-Future Network Programme	416	6,944				7,360
							0
	<b>Shadow Forecast</b>						
Led by Chamberlains	HR Payroll, Finance, ERP	3,738	12,000	3,314	-	-	19,052
	<b>TOTAL Digital Services Approved</b>	<b>5,629</b>	<b>21,229</b>	<b>3,433</b>	<b>46</b>	<b>0</b>	<b>30,337</b>

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 2026
4. The Shadow Forecasts represents expenditure yet to be approved, as it has not reached the Gateway Stage
5. The Oracle Property Management System and ERP Projects are not DITS sponsored projects

## Analysis of Supplies &amp; Services Budgets

<b>Supplies &amp; Services</b>	<b>Original Budget 2025/26 £'000</b>	<b>Estimate 2026/27 £000</b>	<b>Variance to Original £'000</b>	<b>Note</b>
Telephony	144	133	(11)	1
Mgd Services & Storage & Compute	2573	2572	(1)	
Hardware & Software	1254	1216	(38)	2
Corporate Licences	2393	2577	184	3
Network	1550	1717	167	4
<b>TOTAL</b>	<b>7914</b>	<b>8215</b>	<b>301</b>	

Notes

1. Savings on mobile phones partly offset by increases in other telephony contracts
2. Anticipated reduced requirement for hardware and software.
3. License cost of additional users across COL & COLP
4. Anticipated increase in cost due to Future Network Programme