

Digital Innovation & Efficiency Committee

Item No. 3

Report title:	Finance Monitoring
Date of meeting:	8th November 2017
Responsible Chief Officer:	Tom McCabe – Executive Director, Community and Environmental Services, Simon George – Executive Director, Finance & Commercial Services
Strategic impact This report provides the Committee with information on the budget position for services reporting to Digital Innovation & Efficiency Committee for 2017-18. It provides information on the revenue budget including any forecast over or underspends and any identified budget risks. It also provides an update on the forecast use of reserves and details of the current and draft future capital programme.	

Executive summary

The services reporting to this Committee are delivered by Community & Environmental Services, and Finance & Commercial Services.

The 2017-18 net revenue budget for this committee is £15.982m and this report reflects the risks and forecast outturn position as at period 6, September 2017-18.

The capital programme relating to this committee currently profiled for delivery in 2017 – 18 is £10.128m. Details of the capital programme are shown in Section 3 of this report.

The balance of Digital Innovation and Efficiency reserves as of 1 April 2017 was £1.280m, and the forecast balance at 31 March 2018 is £0.293m.

Recommendations:

Members are recommended to note:

- a) **The forecast out-turn position for this committee.**
- b) **The current capital programme for this committee.**
- c) **The draft capital programme for IMT from 2018 - 21 which will be taken to the P&R Committee in November and then on to full council in February 2018.**
- d) **The current planned use of the reserves and the forecast balance of reserves as at the end of March 2018.**

1. Proposal

- 1.1. Members have a key role in overseeing the financial position for the services under the direction of this committee, including reviewing the revenue and capital position and reserves held by the service. Although budgets are set and monitored on an annual basis, it is important that the ongoing position is understood and the previous year's position, current and future plans and performance are considered.
- 1.2. This report reflects the budgets and forecast out-turn position as at the end of Period 6, September 2017.

2. Evidence

Revenue budget 2017-18

- 2.1. The services reporting to this Committee are delivered by the Community & Environmental Services, and Finance & Commercial Services directorates.
- 2.2. This report reflects the forecast outturn position for the Services that are relevant to this Committee, which are:
- Information Management Technology (IMT)
 - Better Broadband for Norfolk
- 2.3. The 2017-18 net revenue budget for this Committee is £15.982m, we are currently forecasting a balanced budget. The planned use of reserves to support the IMT budget to this position is £0.564m as shown in Table 3 below. The Better Broadband programme is expected to achieve an underspend of £0.076m which will be returned to reserves to cover the future years programme spend.
- 2.4. It should be noted that the Infrastructure budgets support delivery of services relating to voice and data, servers, printers and photocopiers, the existing HP contract services, as well as the staff required. Applications and Places budget supports the licensing costs of corporate applications including Oracle and CareFirst, (to be replaced by Liquid Logic), as well internal trading and external customers supported by IMT.

Table 1: Digital Innovation & Efficiency: Net revenue Budget Forecast Out-turn 2017-18

	Current Budget £m	Forecast Out-turn £m	Forecast Variance £m
Information Management Technology			
Infrastructure	4.997	4.997	0.000
Technical Programme	1.273	1.430	0.157
Applications and Places	1.920	1.873	(0.047)
Information Management	1.312	1.202	(0.110)

Capital charges	1.259	1.259	0.000
Better Broadband for Norfolk			
Agency & contracted services	5.417	5.417	0.000
Grants	(0.500)	(0.500)	0.000
Other costs	0.303	0.303	0.000
Total for Committee	15.982	15.982	0.000

3. Capital Programme

3.1. The capital programme for the services reported to this Committee currently profiled to be delivered in 2017-18 is £10.128m, detailed as below. IMT has an additional £1.900m of existing capital funding to be delivered in 2018 / 19. The planned additional capital funding programme for 2018 – 21 is shown in Table 2 below.

2017 – 18 Capital Programme £m	
Information Management & Technology	5.030
Better Broadband for Norfolk	5.098
Total for Committee	<u>10.128</u>

3.2. The proposed future capital requirements are predominantly needed to refresh the Councils existing computer hardware estate (this is usually a recurring cost on a 4 year cycle). However the “rolling” refresh of PC and mobile phones is designed to ensure each worker type in the council has access to the right technology package to enable them to work efficiently and flexibly. A quarter of the workforce is planned to be provided with new equipment each year. Having access to up-to-date, easy to use mobile and flexible working technology will improve staff efficiency, reduce travel costs and enable better use of council office accommodation. This investment also underpins planned property related savings.

3.3. Bringing currently outsourced services associated with management of the PCs back in house will save approximately £1M per annum.

3.4. The relocation of the data centre and disaster recovery facilities will enable better use of the councils property assets and supports their savings objectives while also improving the resilience of the council’s technological infrastructure.

3.5. The website, portal, BI and online transactions development funding will enable customer services to achieve its channel shift savings, enable new social care

transactions to go online for both residents and businesses and provide staff with access to business intelligence tools and data to improve operational and strategic decision making.

3.6.. Table 2 below illustrates the planned additional capital programme for 2018 – 21.

Table 2: Planned additional Capital Programme 2018 - 21			
	2018 – 19 £m	2019 – 20 £m	2020 – 21 £m
New Oracle server hardware	0.550		
Software Licensing - 3 year renewal		2.500	
Device refresh (laptops, tablets, desktops & phones) rolling programme including build and deployment	2.380	3.130	3.130
Enhancements to Local Area Network, Wi-Fi and security tools	0.800		
Website, portal, BI and online transactions development	0.555	0.555	0.555
Relocate and upgrade data centre and disaster recovery facilities	2.533	0.030	0.030
Total planned programme	6.818	6.215	3.715

3.7. The available funding for Better Broadband for Norfolk relates to the planned improvements to broadband services throughout Norfolk.

4. Reserves 2017-18

4.1. The Council holds both provisions and reserves.

4.2. Provisions are made for liabilities or losses that are likely or certain to be incurred, but where it is uncertain as to the amounts or the dates which they will arise. The Council complies with the definition of provisions contained within CIPFA's

Accounting Code of Practice.

- 4.3. Reserves (or Earmarked Reserves) are held in one of three main categories:
- 4.4. **Reserves for special purposes or to fund expenditure that has been delayed, and in many cases relate to external Grants and Contributions** - reserves can be held for a specific purpose, for example where money is set aside to replace equipment or undertake repairs on a rolling cycle, which can help smooth the impact of funding.
- 4.5. **Local Management of Schools (LMS) reserves that are held on behalf of schools** – the LMS reserve is only for schools and reflects balances held by individual schools. The balances are not available to support other County Council expenditure.
- 4.6. **General Balances** – reserves that are not earmarked for a specific purpose. The General Balances reserve is held to enable the County Council to manage unplanned or unforeseen events. The Executive Director of Finance is required to form a judgement on the level of the reserve and to advise Policy and Resources Committee accordingly.
- 4.7. The reserves falling under this Committee would fall into the first category. Additionally, balances may relate specific grant income where we have received the income but are yet to incur the expenditure, or the grant was planned to be used over a period of time, not related to a specific financial year.
- 4.8. We will continue to review the reserve balances to ensure that their original objectives are still valid and would identify any reserves that could be considered available for re-allocation.
- 4.9. The Committees' unspent grants, reserves and provisions as at 1st April 2017 totalled £1.280m.
- 4.10. Table 3 below shows balance of reserves and the current planned usage for 2017-18.
- 4.11. The 2017-18 Budget included plans for available reserves totalling £5.813m to be identified during the process of closing the 2016-17 accounts. We have reviewed the reserves relating to this Committee and have been able to identify £0.500m of reserves relating to Better Broadband for Norfolk that can be released to help support this requirement and this is reflected in the tables below.
- 4.12. The remaining forecast use of the reserves within Information Management & Technology is to support the corporate technology platform to achieve savings in the next budget planning period.

Table 3: Digital Innovation & Efficiency: Reserves & Provisions
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