

Digital Innovation & Efficiency Committee

Item No.

Report title:	Finance Monitoring
Date of meeting:	22nd January 2018
Responsible Chief Officer:	Executive Director, Community and Environmental Services, 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 current net revenue budget for this committee is £15.972m and this report reflects the risks and forecast outturn position as at period 8, November 2017-18. Details are shown in Table 1 of this report.

The capital programme relating to this committee to 2019 – 20 is £44.727m. Details of the capital programme are shown in Table 2 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 £0.562m. Details are shown in Table 3 of this report.

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 8, November 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.
- 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 current net revenue budget for this Committee is £15.972m, we are currently forecasting a balanced budget. The planned use of reserves to support the IMT budget to this position is £0.262m as shown in Table 3 below. The Better Broadband programme will return any underspends to reserves to cover the future years programme spend. The use of reserves to support the IMT position has improved since the previous Committee report due principally to a deferment of some costs relating to the new Voice & Data programme to 2018 – 19.
- 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.
- 2.5. The Infrastructure revenue budget is significantly supported by the capital programme, as such any revenue variances will be minimal. The Technical Programme budget is showing a slightly increased overspend due to some delays in the final transition to the new Udata contract. Applications & Places continues to forecast an underspend due to increased cost recovery, and Information Management costs are showing an increased underspend due to further use of in house resource.

Table 1: Digital Innovation & Efficiency Committee: Net revenue budget and forecast outturn 2017 - 18

	Budget	Actual year to date	Forecast outturn	Forecast variance
	£m	£m	£m	£m
Information Management Technology				
Infrastructure	4.997	5.123	4.992	(0.005)
Technical Programme	1.273	0.492	1.537	0.264
Applications and Places	1.911	1.936	1.864	(0.047)
Information Management	1.312	0.871	1.100	(0.212)
Capital charges	1.259	-	1.259	-
	10.752	8.422	10.752	0.000
Better Broadband for Norfolk				
Agency & Contracted services	5.417	1.995	5.365	(0.052)
Grants	0.500	0.500	0.500	-
Other costs	0.303	0.200	0.355	0.000
	5.220	1.695	5.272	(0.052)
	15.972	10.117	16.024	(0.052)

2018-19 to 2021-22 Budget planning update

This Committee discussed and recommended budget saving proposals for 2018-22 in October. Policy and Resources Committee then considered the latest budget planning position for 2018-19 at its meeting on 30 October. This included the summary of all proposed savings from Service Committees, and a revised forecast of the remaining budget gap for 2018-19, which is now £7.806m. Over the four year planning period, a gap of £63.351m remains to be closed. Officers continue to work following Policy and Resources Committee to develop the 2018-19 Budget and close the gap for next year, this will include consideration of the implications of the Autumn Budget (due 22 November) and the Local Government Finance Settlement. Service Committees are not being asked to identify further savings, however in view of the remaining gap position for 2018-19, any change to planned savings or removal of proposals will require alternative savings to be identified.

Consultation has begun on £3.580m of savings for 2018-19, and the level of council tax for the year. Committees will receive feedback on the outcomes of the consultation in January to inform their budget setting decisions. In addition, Committees will need to consider the financial risks for their services that could affect the 2018-19 budget plans, and any changes in the overall planning context for the Council.

3. Capital Programme

The capital programme for the services reported to this Committee is currently profiled to be delivered as detailed below.

Table 2: Digital Innovation & Efficiency Committee: Capital Programme

	Budget 2017 - 18	Spend to date 2017 - 18	Budget 2018 - 19	Budget 2019 - 20
	£m	£m	£m	£m
IMT				
Server hardware	1.082	0.916	2.235	1.335
Software licensing	0.075	0.027		2.500
Device refresh rolling programme	1.710	0.975	1.795	1.795
LAN, Wi Fi, security	1.250	0.245	2.400	
Website, portal and BI	1.020	0.260	0.555	0.555
Data centre, disaster recovery	0.050		1.533	0.030
	5.187	2.423	8.518	6.215
Better Broadband	3.898	3.551	2.201	18.708
	9.085	5.974	10.719	24.923

- 3.1. 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.

- 3.2. Bringing currently outsourced services associated with management of the PCs back in house will save approximately £1.0m per annum.
- 3.3. 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.
- 3.4. 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.
- 3.5. 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			
Reserves & Provisions 2017-18	Balance at 01 April 2017	Forecast Balance at 31 March 2018	Planned Change
	£m	£m	£m
Information Management Technology	0.824	0.562	(0.262)
Better Broadband for Norfolk	0.456	0.000	(0.456)
Committee Total	1.280	0.562	(0.718)

5. Financial Implications

- 5.1. There are no decisions arising from this report. The financial position for the Digital Innovation & Efficiency Committee is set out within this paper.

6. Issues, risks and innovation

6.1. This report provides financial performance information on the range of services responsible to the Committee.

Officer Contact

If you have any questions about matters contained in this paper, please get in touch with:

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