

Digital Innovation and Efficiency Committee

Item No.

Report title:	Finance Monitoring
Date of meeting:	6 March 2018
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 current net revenue budget for this committee is £16.111m and this report reflects the risks and forecast outturn position as at period 10, January 2018. Details are shown in Table 1 of this report.

The capital programme relating to this committee to 2019 / 20 is £45.167m. 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 £0.642m. 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 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 10, January 2018.

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 £16.111m, we are currently forecasting a balanced budget. The budget change since the last report is due to an addition to the capital charges budget. The planned use of reserves to support the IMT budget to this position is £0.182m 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 continued to improve since the previous Committee report.
- 2.4. IMT continues to allocate available budget to changing activities and demands.

The principal activities supported by the IMT budget lines are as follows –

- Infrastructure – the Infrastructure budget supports the delivery of services relating to Voice and Data, and the Managed Print Service, in addition to the provision and support of the corporate servers. An underspend is currently forecast principally due to the delay in and reduction of Voice & Data charges relating to the new service provider.
- Technical Programme, DNA – this budget supports the programme and project staff, in addition to the current payments due within the HP contract, due to terminate in November 2018. An underspend is currently forecast due to the containment of staff costs.
- Applications, Places, People – this budget supports key corporate applications, eg Oracle, Liquid Logic, IMT services to Schools, key external customers, and also holds the budget for the IMT Management Team. An underspend is currently

forecast as the financial profile for services to Schools and key external customers has been improved.

- Information Management – this budget is almost entirely staff costs relating to compliance management and the development of improvements to information access by way of portals. An overspend is currently forecast reflecting the increasing demands of compliance management.

2.5 Better Broadband for Norfolk – the programme is funded by both NCC funding and government grant funding, allocated over the life of the programme. The costs are £5.720m for 2017 / 18, comprising £5.420m of BT costs, and £0.300m of costs relating to staff and support costs.

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

	Current Budget	Actual year to date	Forecast outturn	Forecast variance
	£m	£m	£m	£m
Information Management Technology				
Infrastructure	4.720	3.690	4.260	(0.460)
Technical Programme, DNA	1.524	1.632	1.440	(0.084)
Applications, Places, People	2.928	3.286	2.545	(0.383)
Information Management	1.149	1.138	1.433	0.284
Capital charges	1.395	1.395	1.395	-
Use of reserves	-0.825	-	-0.182	0.643
	10.891	11.141	10.891	0.000
Better Broadband for Norfolk				
Agency & Contracted Services	5.417	0.000	5.415	(0.002)
Grants	(0.500)	(2.495)	(2.495)	(1.995)
Other costs	0.303	0.179	2.300	1.997
	5.220	(2.316)	5.220	0.000
	16.111	8.825	16.111	0.000

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	0.973	2.235	1.335
Software licensing	0.075	0.027		2.500
Device refresh rolling programme	1.710	1.062	1.795	1.795
LAN, Wi Fi, security	1.250	0.243	2.400	
Website, portal and BI	1.020	0.777	0.555	0.555
Data centre, disaster recovery	0.050		1.503	
	5.187	3.082	8.488	6.185
Better Broadband	3.898	3.551	2.451	18.958
	9.085	6.633	10.939	25.143

- 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 £1.000m 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.

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	0.642	(0.182)
Better Broadband for Norfolk	0.456	0.000	(0.456)
Committee Total	1.280	0.642	(0.638)

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:

Officer name : Graham Jermy **Tel No. : 01603 638091**

Andrew Skiggs **Tel no. 01603 223144**

Email address : graham.jermy@norfolk.gov.uk

andrew.skiggs@norfolk.gov.uk



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