

---

**REPORT TO:** Organisation Improvement & Environment Overview  
and Scrutiny Commission

**DATE:** 16 January 2008

**DEPARTMENT:** Resources

**REPORTING OFFICER:** *Head of ITD*  
*(Steve Metcalfe)*

**SUBJECT:** **DRAFT GENERAL FUND BUDGET 2008/9**  
**Information Technology & Development**

**WARD/S AFFECTED:** None

**FORWARD PLAN REF:** N/A

---

**1.0 PURPOSE OF REPORT**

1.1 To provide the Cabinet Member (Resources) with the financial information for the Information & Technology (ITD) Unit on:

- The revised estimates for 2007/8
- The draft revenue estimates for 2008/9
- Projections for 2009/10 & 2010/11

**2.0 RECOMMENDATIONS**

The Cabinet Member (Resources) is requested to:

- 2.1 Note the latest position shown in the revised estimates for 2007/8
- 2.2 Recommend the draft 2008/9 General Fund Estimates for ITD to the Cabinet
- 2.3 Note the projections for 2009/10 & 2010/11

**3.0 ALTERNATIVE OPTION CONSIDERED AND RECOMMENDED FOR**

## **REJECTION**

- 3.1 None, it is a requirement of the Council's Financial Procedure Rules for a budget to be recommended to the Cabinet Member and Cabinet.

## **4.0**

### **THE REPORT**

- 4.1 As a result of the corporate re-structure in April 2005, the former Access to Services (AtS) and IS&T business units have been combined into a single unit called Information Technology & Development (ITD). Although the units have been combined from a management perspective, they have, until now, retained their separate accounts from a budget & accountancy perspective. The accounts are presented as unified ITD accounts, but the separation between AtS, IS&T and GIS Mapping has been maintained up to the original estimates for 2008/9, where the opportunity has been taken to merge the former AtS and IS&T cost centres. As the basis of recharging the GIS account is radically different, it has not been possible to incorporate this account as well, at this time. The situation is further complicated by the fact that some staff and system maintenance costs both within the AtS and IS&T (and the unified ITD) rechargeable accounts are funded by drawing down from the AtS Reserve Account, which has also, itself, been amalgamated with the former Computer Reserve Account as from the revised estimates for 2007/8, to create the ITD Development Earmarked Reserve.
- 4.2 The annual amount credited to the former AtS General Fund Reserve Account is £450,000 and the amount credited to the former Computer Reserve is £269,950. The total annual amount credited to the new ITD Development Reserve is therefore £719,950.
- 4.3 This report will cover the revenue estimates for the ITD cost centre. On Appendix A to this report, the ITD General Fund account appears on page G1 and variation statement on page G2. The ITD Rechargeable accounts appear on page G3, with the variation statement on page G4.

## **5.0 DEFERRED CHARGE WRITE DOWNS AND APPROPRIATIONS FROM CAA**

- 5.1 The budget for this Business Unit contains deferred charge write downs. These represent capital charges for capital expenditure in the budget on purchases of computer software. The difference between deferred charge write downs and the usual capital charges is that deferred charges are all written off (charged to revenue) in the year they occur. Normal capital charges on our own fixed assets are spread over the life of the asset. This treatment is in accordance with capital accounting rules.
- 5.2 Where the capital expenditure has been financed from grants or from contributions, a contra entry is allowed from the Capital Adjustment

Account for the amount of grants/contributions used. This is the 'Appropriation from CAA'.

The net charge to the Business Unit reflects Harrogate Borough Council money used on this spending. It should be noted that a contra entry for all these items appears centrally in the Financial Management section of the Resources Portfolio.

## 6.0 VARIATIONS – GENERAL FUND ACCOUNT

6.1 A summary of the major variations from OE 2007/8 to RE 2007/8 and from OE 2007/8 to OE 2008/9 is provided on page G2 of Appendix A. There has been a change in the proportion of AtS costs which have been charged out to Departments, with the proportion charged to Corporate reducing - which is shown here. The annual amount transferred to the AtS Reserves is reduced annually by staff costs within the AtS and ITD rechargeable accounts - these can be seen on page G4 of Appendix A. The support for Mashamshire Community Office was agreed growth in 2006/7, and the budget has been transferred from DR Financial Management. The £5,000 shown in the OE 2008/9 on the "Access to Services" line relates to this item.

## 7.0 REVISED ESTIMATE 2007/8 – RECHARGEABLE ACCOUNT

7.1 A summary of the major variations from OE 2007/8 to RE 2007/8 is provided on page G4 of Appendix A. The main variations can be summarised as follows:

		£,000
(i)	AtS posts - there are two fixed term posts which are funded from the former AtS reserves one of which has been removed and the other has been transferred to DCPI.	-71
(ii)	A projected overspend on staff training which is being funded from business unit reserves.	+10
(iii)	Decreased software support costs.	-16
(iv)	Additional planning system support costs (funded from PDG contribution)	+16
(v)	Annual system maintenance costs which are now funded from the ITD Development reserve	+41
(vi)	Expenditure on providing disaster recovery facilities which is being funded from business unit reserves.	+35

7.2 The drawdown from ITD business unit reserves is included within Miscellaneous Financial Items (MFI) in the DR Financial Management Budget.

## 8.0 ORIGINAL ESTIMATE 2008/9 – RECHARGEABLE ACCOUNT

8.1 A summary of the major variations from OE 2007/8 to OE 2008/9 is

provided on page G4 of Appendix A. The main variations can be summarised as follows:

		£,000
(i)	AtS posts - there are two fixed term posts which are funded from the former AtS reserves one of which has been removed and the other has been transferred to DCPI.	-57
(ii)	Application Software Support – This covers the annual costs paid to software suppliers for the support & maintenance of their systems and the increase is due to the inflationary increases of existing support contracts and also the introduction of a number of major new systems.	+47
(iii)	Terminals & Communications - This item is the net result of several minor variances and inflationary increases in hardware support costs.	+15
(iv)	Increased software support costs for the planning system (being funded from planning reserves and PDG).	+17
(v)	Annual system maintenance costs which are now funded from the ITD Development reserve	+42

## 9.0

### OPTIONS FOR DISCRETIONARY GROWTH

9.1 There are no requests for discretionary growth for 2008/9

## 10.0 FINANCIAL RISK MANAGEMENT

10.1 A key element of income for the AtS project has been in the form of government grant linked to the submission of annual Implementing Electronic Government (IEG) Returns. The Council has submitted five IEG Returns and has, as a result, attracted £900,000 in capital grant funding from the Government. The Government targets for e-government have now passed, however, the Government has introduced a wider “transformational” change and shared services agenda for local authorities which builds on the systems & infrastructure which the e-government agenda should have provided.

10.2 The Council has an ambitious programme for developing & improving access to its services using technology and has already made some substantial progress in implementing some of the fundamental systems required to support it, such as the CRM, website, GIS & Local Land & Property Gazetteer, as well as increasing the staffing in ITD to support these developments. The last major system, which has not yet been developed is electronic document & records management (EDRMS). The Council is now on the brink of being able to use these developments to

make real and lasting improvements to its service delivery and the EDRMS will substantially add value to those improvements. Having made this investment in creating these systems, there is a risk that the Council will not provide sufficient funding in the future to maintain and develop them in the future. This would also create a significant risk of not being able to address the new transformational change and shared services agenda which the Government is now promoting heavily.

- 10.3 2008/9 and beyond, will continue to see major investments being made in the Council's ICT infrastructure, mainly from the ITD Development Reserve Budget and business unit reserves. The implementation of this new technology represents a risk to the Council's ability to deliver those services which rely on ICT. It does, however, also provide a significant opportunity both to improve the effectiveness & reliability of the infrastructure as well as allowing us to develop more effective solutions for disaster recovery and business continuity and prepare for new initiatives such as mobile & homeworking and utilising technology to work in new, more efficient and effective ways.

#### **11.0 PROJECTIONS 2008/9 & 2009/10**

- 11.1 We are now required, under the Government's new Prudential Code and also for the Comprehensive Performance Assessment, to produce projections for the next three years. These projections are only a broad indication of likely net expenditure levels and have been compiled in accordance with the guidance and parameters set.

#### **12.0 USE OF RESERVES**

- 12.1 A report on the proposed use of Business Unit Reserves was submitted to Council in September 2007. A summary of the projected use of the ITD Development Earmarked Reserve is provided in Appendix B. This was reviewed at the budget meeting with the Director of Resources and the Head of Financial Management and the levels were noted and deemed to be adequate.

#### **13.0 SCRUTINY**

- 13.1 The Organisation Improvement & Environment Scrutiny Commission will consider this report on 16th January 2008.

#### **Background Papers: None**

**OFFICER CONTACT:** Please contact Steve Metcalfe, Head of ITD, if you require any further information on the contents of this report. The officer can be contacted at The Council Offices, Crescent Gardens by telephone on (01423) 556156 or by Email – [Stephen.Metcalfe@harrogate.gov.uk](mailto:Stephen.Metcalfe@harrogate.gov.uk)

