

Agenda Item	<b>6.a</b>
Report No	<b>RES/12/22</b>

## THE HIGHLAND COUNCIL

**Committee:** Corporate Resources Committee

**Date:** 8<sup>th</sup> September 2022

**Report Title:** Depute Chief Executive Directorate – Revenue, Capital and Performance Monitoring final Outturn for 2021/22 and Quarter 1 2022/23

**Report By:** Depute Chief Executive

### 1. Purpose/Executive Summary

- 1.1 This report provides Members with a final outturn statement for 2021/22 for the former Transformation Directorate. It also provides the 2022/23 Quarter 1 monitoring statement for the same functions but now sitting under the Depute Chief Executive Directorate.
- 1.2 For the Transformation Directorate Revenue Budget Outturn 2021/22, a £282k underspend was delivered.
- 1.3 For the Depute Chief Executive Directorate 2022/23 Quarter 1, an underspend of £6k is forecast.
- 1.4 In addition to reporting the revenue budget position for which the Directorate has responsibility, contextual performance information is also included in this report. As reported to this Committee on 26 January 2022, bringing together revenue and performance into a single monitoring report supports financial governance, informs decision making, and enables improvement actions to be identified.

### 2. Recommendations

- 2.1 Members are asked to:
  - i. Consider the 2021/22 revenue and capital final outturn position;
  - ii. Consider the monitoring statement and latest forecasted outturn for Quarter 1 2022/23;
  - iii. Note that the Directorate is on track to deliver all approved savings by the end of the financial year; and
  - iv. Consider the performance information.

### **3. Implications**

- 3.1 **Resource:** The budget of £11.584m for the Depute Chief Executive Directorate is approximately 1.75% of the total general fund for the totality of the Council's Services. Further information on the Service's resources are detailed in the draft Depute Chief Executive Directorate Service Plan which is an item on the 08 September 2022 Corporate Resources Committee agenda
- 3.2 **Risk:** Service risks have been identified and documented along with risk management actions, loaded into the Council's Performance and Risk Management System (PRMS) for ongoing monitoring. ICT operational risks are presently managed jointly with Wipro where appropriate and are monitored through monthly ICT service reviews. Following the in-sourcing of much of the ICT service, responsibility for most ICT technical risks is now with the Council and the new ICT structure takes this into account. Certain aspects relating to the data centre and cybersecurity still remain with Wipro.
- 3.3 There are no Equalities, Legal, Climate Change/Carbon Clever, Rural, or Gaelic implications arising as a direct result of this report.

### **4. Transformation Directorate Revenue Budget Outturn 2021/22**

- 4.1 The final outturn position is detailed in **Appendix 1**. A £282k underspend was delivered against a budget of £13.016m
- 4.2 This performance included the delivery of £438k savings against an approved savings target of £438k.
- 4.3 The final outturn position of £282k underspend represents a movement of £124k from the estimated £158k underspend reported at the end of Quarter 3. The principal reasons for this movement are primarily attributable to ongoing delays in recruitment within ICT Services.

### **5. Depute Chief Executive Directorate Revenue Budget 2022/23**

- 5.1 This section provides narrative and budget information for each of the activities detailed in the monitoring report at **Appendix 2**.
- 5.2 The Depute Chief Executive Directorate Revenue budget for 2022/23 is £11.584m. The forecasted outturn as at the end of Quarter 1 is an underspend of £6k (0.05% of the Service's budget). The underspend is due to staff vacancies.
- 5.3 The Depute Chief Executive Directorate Revenue budget also includes the Council's Transformation budget of £0.794m. Project performance and delivery of expected benefits are monitored alongside other major change and improvement projects through the work of the Council's Programme Management Office, being reported to Members through relevant Strategic Committees, Redesign Board, and Council.

### **6. Depute Chief Executive Directorate Capital Budget 2021/22 and 2022/23**

- 6.1 The only area of capital budget applicable to the Depute Chief Executive Directorate is the line in the capital programme called ICT Transformation. This covers the supply of Chromebooks, Windows desktops and laptops, network and telephony equipment and all other related ICT hardware. The ICT capital

programme, post in-sourcing of the function, is now a rolling refresh of equipment with Chromebooks and laptops accounting for the bulk of the expenditure.

6.2 **Appendix 4** provides the final capital outturn position for 2021/22 and the forecasted outturn for Q1 2022/23. At present, the forecast is for all the allocated capital budget to be spent in 2022/23 in line with the planned rolling refresh programme. However, this is dependent on being able to obtain the quantities of equipment needed in the required timescales. Experience over the last 2 years has shown very extended supply times for ICT equipment as a knock-on effect of the pandemic.

## 7. Depute Chief Executive Directorate Budget Savings Delivery

7.1 **Appendix 3** provides an assessment of the progress to deliver the approved budget savings for 2022/23. All savings are on target to be delivered totalling £0.307m.

## 8. Performance Information

### 8.1 ICT Services

8.1.1 The in-house ICT service has been introduced on a phased basis starting in October 2021. From 1<sup>st</sup> April 2022, the core service is now fully in-house with only management of the data centre remaining outsourced to Wipro. A full suite of measures will be developed over the coming year for the in-house service. Reported below are the measures captured by the in-house ICT Service Desk, along with the new KPIs relating to the remaining Wipro contract.

8.1.2 The table below shows the performance of the in-house ICT Service Desk for the calendar year up to July 2022. The table also shows volumes of incidents, requests and Chromebook repairs as an indication of the scale of work being picked up by the Service Desk and supporting teams.

Several positive messages can be taken from the data shown.

- Customer satisfaction remains high and well exceeding the target.
- Overall wait times are generally well within target and certainly better than experienced before the service came in-house.
- Although there was a dip in performance immediately following the service transfer in April, the trend is for an improving service.

This has been a very challenging period for the team with the transfer of service, recruitment to a number of new posts and several outages in the data centre that affected Service Desk performance. However, for a new team to deal with the volumes shown, at a time of service transition, and retain consistently high customer satisfaction levels as well as hitting some performance targets shows how well they have pulled together. Now, with a more stable position the focus will be on continual improvement to achieve the targets set.

Measure	Target Performance			Actual Performance						
	Red	Amber	Green	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22
% Satisfied customers	80%	85%	90%	95.7%	92.0%	93.7%	92.2%	95.6%	96.3%	98.9%
% Service Desk calls abandoned	10%	7%	5%	3.4%	2.2%	4.9%	11.2%	4.9%	8.1%	4.0%

Average Service Desk wait time	120s	90s	60s	32s	27s	39s	91s	42s	53s	37s
% Incidents resolved within 24 hours	50%	60%	70%	69.6%	66.9%	64.4%	60.0%	54.3%	58.5%	63.5%
% Incidents resolved within 7 days	70%	80%	90%	86.5%	85.7%	83.8%	84.2%	78.8%	82.8%	82.5%
% Incidents resolved within 28 days	90%	95%	100%	94.3%	96.6%	95.1%	95.5%	95.6%	97.0%	95.0%
Number of incidents opened	N/A	N/A	N/A	3398	3532	3559	2353	3091	3320	1626
Number of incidents closed	N/A	N/A	N/A	3361	3622	3669	2173	3235	3384	1751
Number of requests opened	N/A	N/A	N/A	1625	1582	1767	1475	1636	1810	1630
Number of requests closed	N/A	N/A	N/A	1594	1427	1945	4546	1409	1889	1286
Number of Chromebook repairs opened	N/A	N/A	N/A	353	377	230	229	225	306	15
Number of Chromebook repairs closed	N/A	N/A	N/A	289	363	464	330	206	385	523

8.1.3 The Wipro contract performance is measured by a set of KPIs as shown in the table below. These KPIs have been measured from April 2022 – the point at which the majority of service transitioned in-house. The measures are largely technical and relate to management of infrastructure in the data centre. Figures are given for Q1 2022/23.

The 2 KPIs at red relate to how up to date the core software is on the servers and database applications in the data centre. Several servers are affected, and a Wipro project is underway to address this issue. Essential security patches are being applied so this does not create an increased security risk.

	Description	Apr-21	May-21	Jun-21
KPI-01	Severity 1 incident resolution	Green	Green	Green
KPI-02	Severity 2 incident resolution	Green	Green	Green
KPI-03	Severity 3 incident resolution	Green	Green	Green
KPI-04	Severity 4 incident resolution	Green	Green	Green
KPI-05	Rolling tally of Severity 1 incidents	Green	Green	Green
KPI-06	Wintel server software release	Red	Red	Red
KPI-07	Wintel database software release	Red	Red	Red
KPI-08	Infrastructure availability	Green	Green	Green
KPI-09	Server patching	Green	Green	Green
KPI-10	System backups	Red	Red	Green
KPI-11	Core infrastructure software	Green	Green	Green
KPI-12	Catalogue implementation	Green	Green	Green

## 9.2 Directorate Service Plan

9.2.1 The actions and KPIs covered by the former Transformation Service Plan have now been incorporated into the new Depute Chief Executive Directorate Service Plan with the exception of actions now completed. Actions completed this year from the Transformation Service Plan are:

- Transition of ICT service from Wipro on time and on budget.
- New ICT Services team structure in place.
- ICT Strategy updated – presented in a separate report to this Committee.
- Identified further Transformation projects to support medium-term financial planning
- Continued to support the improvement of corporate project delivery

Designation: Acting Depute Chief Executive

Date: 22<sup>nd</sup> August 2022

Authors:

Matt Bailey, Transformation Team Manager

Jon Shepherd, Head of ICT & Digital Transformation

Rachel Rae, Trainee Accountant

## Appendix 1 - Depute Chief Executive Service Revenue Budget 2021/22

### TRANSFORMATION SERVICE Revenue Expenditure Monitoring Report

1 April 2021 to 31 March 2122

	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Variance
<b>BY ACTIVITY</b>			
Recovery, Improvement & Transformation Fund	1,407	1,407	(0)
Transformation Team	580	617	(38)
ICT Services	10,748	10,992	(244)
<b>Total</b>	<b>12,735</b>	<b>13,016</b>	<b>(282)</b>
<b>BY SUBJECTIVE</b>			
Staff Costs	4,897	4,521	376
Other Costs	12,279	10,003	2,275
<b>Gross Expenditure</b>	<b>17,176</b>	<b>14,524</b>	<b>2,651</b>
Grants	0	0	0
Other Income	(4,441)	(1,508)	(2,933)
<b>Total Income</b>	<b>(4,441)</b>	<b>(1,508)</b>	<b>(2,933)</b>
<b>Total</b>	<b>12,735</b>	<b>13,016</b>	<b>(282)</b>

#### Notes

1. %age of Annual Expenditure Mar 21/22 **98%**

## Appendix 2 - Depute Chief Executive Service Revenue Budget 2022/23

### DEPUTE CHIEF EXECUTIVE SERVICE Revenue Expenditure Monitoring Report

1 April 2022 to 30 June 2022

	£000 Actual Year to Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
<b>BY ACTIVITY</b>				
Recovery, Improvement & Transformation Fund	305	21	21	0
Transformation Team	140	773	768	(5)
ICT Services	4,502	10,790	10,789	(1)
<b>Total</b>	<b>4,947</b>	<b>11,584</b>	<b>11,578</b>	<b>(6)</b>
<b>BY SUBJECTIVE</b>				
Staff Costs	1,584	6,646	6,275	(371)
Other Costs	3,778	6,446	7,192	747
<b>Gross Expenditure</b>	<b>5,363</b>	<b>13,092</b>	<b>13,467</b>	<b>376</b>
Grants	0	0	0	0
Other Income	(416)	(1,508)	(1,889)	(382)
<b>Total Income</b>	<b>(416)</b>	<b>(1,508)</b>	<b>(1,889)</b>	<b>(382)</b>
<b>Total</b>	<b>4,947</b>	<b>11,584</b>	<b>11,578</b>	<b>(6)</b>

#### Notes

1. %age of Annual Expenditure	Jun 22/23	<b>43%</b>
	Jun 21/22	<b>28%</b>

### Appendix 3 – Depute Chief Executive Service Budget Savings Delivery

Service	Savings Description	2022/23 Savings £m	2023/24 Savings £m	2024/25 Savings £m	Total Savings £m	Status R A G
Transformation	Review of SWAN budget and costs	0.187			0.187	<b>G</b>
Transformation	Review of specialist software/toolsets	0.100			0.100	<b>G</b>
Transformation	Budget added back due to on-off saving on SWAN contracts prior to 22/23 contract re-procurement	-0.130			-0.130	<b>G</b>
Transformation	Deletion of 2.4FTE vacant posts	0.084			0.084	<b>G</b>
Corporate	Salary sacrifice AVCs – allocation of corporate saving	0.002			0.002	<b>G</b>
Corporate	Corporate staffing (staff alignment, agility and redesign) – allocation of corporate saving	0.029			0.029	<b>G</b>
Corporate	Corporate staffing (recruitment timelines) – allocation of corporate saving	0.008			0.008	<b>G</b>
Corporate	Corporate non-staffing – allocation of corporate saving	0.027			0.027	<b>G</b>
<b>Service Total</b>		<b>0.307</b>	<b>0.0</b>	<b>0.000</b>	<b>0.307</b>	

## Appendix 4 - Depute Chief Executive Service Capital Budget 2021/22 Outturn and 2022/23 Forecast

### 1 April 2021 to 31 March 2122

	BUDGET	ACTUALS			VARIANCE		
Project	2021/22 Budget	2021/22 Actual Expenditure	2021/22 Actual Income	2021/22 Actual Net Year to Date	2021/22 Variance Actual v Budget	2021/22 Acceleration / (Slippage)	2021/22 Overspend / (Underspend)
	£000	£000	£000	£000	£000	£000	£000
ICT Transformation	1,258	4,215	(99)	4,117	2,859	2,859	0

### 1 April 2022 to 30 June 2122

	BUDGET	ACTUALS			ESTIMATES		
Project	2022/23 Budget	2022/23 Actual Expenditure	2022/23 Actual Income	2022/23 Actual Net Year to Date	2022/23 Estimated Expenditure	2022/23 Estimated Income	2022/23 Estimated Outturn
	£000	£000	£000	£000	£000	£000	£000
ICT Transformation	4,172	2,935	0	2,935	4,172	0	0