

Addendum

Executive

Dear Councillor,

Executive - Thursday, 18 November 2021, 7.30 pm

I enclose, for consideration at the meeting of the Executive to be held on Thursday, 18 November 2021 at 7.30 pm, the following updates to the Service & Financial Planning 2022/23 report.

Mari Roberts-Wood
Interim Head of Paid Service

7. Service & Financial Planning 2022/23(Pages 3 - 6)

Amendments:

1. Additional information to paragraph 55
2. Additional recommendation at recommendation (iv)(f)

For enquiries regarding this addendum;

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Service & Financial Planning 2022/23, Item 7 Executive, 18 November 2021

Amendments:

1. Additional information to paragraph 55
2. Additional recommendation at recommendation (iv)(f)

1. Additional information to paragraph 55

The bold and underlined text below has been added to this paragraph.

(i) IT Resilience.

- The Council's IT Strategy is being reviewed to ensure that the IT infrastructure and systems continue to support delivery of strategic and operational plans. It will be necessary to take action over the coming five-year period to invest in:
 - Replacement of the Virtual Server Environment;
 - Replacement Telephony System;
 - Improved Disaster Recovery capability;
 - Improved Cyber Security resilience;
 - Improved staff/Members' remote working/flexible working support; and
 - Investment in IT team capacity to support the above
- Much of the forecast investment reflects cyclical costs that fall due over the next five years along with the new requirement for enhanced resilience to protect Council networks and systems against increased risks of cyber-attack. The recommended approach will be based on an inter-related package of works that would cost more over the medium term to implement if not carried out in parallel;
- The costs and impact of a Disaster Recovery event in our current IT environment would be millions more than the cost of investment in preventative measures now, as evidenced by cyber-attacks on other local authorities over the past 18 months, resulting in multi-million pound recovery programmes;
- Another important factor is the move by software vendors to migrate their services to Software as a Service ('SaaS' – 'the Cloud') which offers the benefits of enhanced resilience. Over coming years the Council is likely to be obliged to migrate to the Cloud versions anyway as vendors make that the default route to access their software;
- The proposed solutions for addressing these IT Resilience risks are currently being developed and proposals will be brought forward for decision in a separate report. Funding options under consideration include making use of capital receipts to resource some of the costs (under the Government's scheme for 'flexible use of capital receipts') and making use of Government grant funding (where eligible);

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- Early indicative forecasts for the costs of this investment over the medium term are set out below to help illustrate the potential scale of investment required; but these are subject to ongoing review, prioritisation and confirmation of timescales and funding. In part these estimates reflect the fact that it has been some years since the IT Strategy was last reviewed; also the heightened level of risks that are now faced across all business sectors. Further details will be provided in the planned IT Strategy report and recommendations.

Table 9: INDICATIVE COST OF INVESTMENT IN IT RESILIENCE (at November 2021)	Forecast 2022/23 £m	Forecast 2023/24 £m	Forecast 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m
Project / Implementation Costs	0.300	0.400	0.100	0.250	0.200
Operating Costs	0.700	1.000	1.100	1.200	1.250
Total	1.000	1.400	1.200	1.450	1.450

- For budget-setting purposes the forecast cost of investment in immediate priorities in 2022/23 onwards is set out in the table below, focussing on investment in replacement of the Virtual Server Environment, replacement Telephony System and improved Cyber Security resilience.
- Project and implementation costs will be funded through the Capital Programme and ongoing operating costs will be included in the final Revenue Budget proposals in January.

<u>Table 9.1: INDICATIVE COST OF PRIORITY INVESTMENT IN IT RESILIENCE (at November 2021)</u>	<u>Forecast 2022/23 £m</u>	<u>Forecast 2023/24 £m</u>	<u>Forecast 2024/25 £m</u>	<u>Forecast 2025/26 £m</u>	<u>Forecast 2026/27 £m</u>
<u>Project / Implementation Costs</u>	<u>0.233</u>	<u>:</u>	<u>:</u>	<u>0.150</u>	<u>:</u>
<u>Operating Costs</u>	<u>0.269</u>	<u>0.269</u>	<u>0.288</u>	<u>0.288</u>	<u>0.288</u>
<u>Total</u>	<u>0.502</u>	<u>0.269</u>	<u>0.288</u>	<u>0.438</u>	<u>0.288</u>

2. Additional recommendation at recommendation (iv)(f)

The bold and underlined text below has been added to the recommendations.

RECOMMENDATIONS:

- (i) That the national and local policy context (Annex 1) and significant financial uncertainties at this stage in the budget-setting process be noted.
- (ii) That the service proposals set out in this report which seek to respond to this context and deliver our corporate priorities, be endorsed
- (iii) That the draft service business plans for 2022/23 to 2024/25 be approved, and that Heads of Service be authorised to finalise the plans for their service areas, in consultation with the relevant Portfolio Holders.
- (iv) That the following be approved for consultation under the Council's budget and policy framework:
 - a) Medium Term Financial Plan Summary (Annex 2);
 - b) Revenue Budget Savings and Additional Income proposals totalling £0.566 million (Annex 3);
 - c) Revenue Budget Growth proposals totalling £0.567 million (Annex 3) ;
 - d) Forecast ongoing income budget pressures in 2022/23 as a consequence of the COVID-19 pandemic totalling £1.300 million (Annex 2);
 - e) Revenue Reserve Balances at 1 April 2021 of £41.738 million (Annex 6.1);
 - f) **A forecast Revenue budget gap for 2022/23 of £0.718 million after taking account of the Service and Central budget growth and savings proposals in this report, plus the additional requirement to invest £0.269 million in IT Resilience, resulting in a total forecast gap at this point in the budget-setting process of 0.987 million for 2022/23.**
- (v) That the Fees & Charges Policy (Annex 5) be approved.
- (vi) That the Reserves Policy (Annex 6.2) be approved.
- (vii) That the Medium Term Financial Plan forecast for 2023/24 onwards (Annex 2) and proposed actions to address the forecast revenue budget gap be noted.
- (viii) That the Local Council Tax Support Scheme be reviewed during 2022/23 and the outcome reported as part of Service & Financial Planning for 2023/24.

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