

**THE HIGHLAND COUNCIL
Resources Committee
24 August 2016**

Agenda Item	9
Report No	RES/44/16

**CORPORATE DEVELOPMENT SERVICE CAPITAL BUDGET
FINAL OUT-TURN FOR 2015/16 AND BUDGET MONITORING TO 30 JUNE 2016**

Report by The Depute Chief Executive and Director of Corporate Development

Summary

This report sets out the final out-turn position for the Corporate Development Service's capital budget for the period 1 April 2015 to 31 March 2016 and the position for the Corporate Development Service's 2016/17 capital budget for the period to 30 June 2016.

1 Introduction

- 1.1 The attached 4 appendices show (i) the final out-turn position for the Corporate Development Service's capital budget for the period 1 April 2015 to 31 March 2016 and (ii) the monitoring position for the Corporate Development Service's capital budget for the period to 30 June 2016.
- 1.2 The inclusion of 4 separate appendices reflects the revised approach to the reporting of capital monitoring adopted by the Council in response to recommendations from Audit Scotland and considered by Resources Committee in May 2015. This places greater emphasis on the monitoring of major projects (those with a value greater than £4m) and the monitoring of projects on a full-life (multi-year) basis.
- 1.3 Consequently, for each financial year being reported there are 2 appendices. Appendix 1: the in-year cash flow monitoring report for the whole programme (broadly similar to the format used for previous capital monitoring reports); and Appendix 2: the monitoring of major projects on a multi-year basis, giving information on both cost and programme predictions, against the baseline position.

2. Final Out-turn 2015/16

- 2.1 Appendix 1 shows the final out-turn for the Corporate Development Service's capital programme for the period March 2015 to April 2016. The net budget was £0.416m with total expenditure for the year of £0.244m leaving a total net variance of £0.171m.
- 2.2 There were five separate budget headings: SWAN THC (£0.138m); ICT

Reprovision (£0.080m); Service Point Improvements (£0.034m); ICT Contract Asset Investment (£0.042m); and Unified Communications and Chamber Refurbishment (£0.122m). A brief summary of the status of each of the individual projects within the Corporate Development capital budget is included in the comments column in Appendix 1 and was reported to Resources Committee in May 2016.

- 2.3 Appendix 2 provides the monitoring position for the Corporate Development Service's only major project over £4m which is the ICT Reprovision Project. This shows a total projected budget of £12.2m with no expenditure in the 2015/16 financial year. Detailed reports on the ICT Reprovision Project have been provided to Resources Committee on a regular basis and will continue to be provided as the project proceeds.

3. 2016/17 Roll Forward Position and Capital Budget Monitoring

- 3.1 Appendix 3 sets out the monitoring position for the Corporate Development Service capital budget to the end of June 2016. The Corporate Development Service's budget has carried forward 4 capital projects into the financial year 2016/17 with the following revised budgets: SWAN THC (£0.713m); ICT Reprovision (£9.6m); Service Point Improvements (£0.055m); and Unified Communications and Chamber Refurbishment (£0.743m). The Service has commenced one new project: Digital Outreach (£5m).

- 3.2 SWAN THC and Service Point Improvements are expected to complete by 31 March 2017. Slippage is expected by the end of the financial year on the remaining projects, resulting in a total predicted underspend in 2016/17 of £13.997m.

- 3.2 The predicted underspend is mainly due to the need to re-profile the spend for the new ICT contract and it is intended to do this once the contract award decision is made and the future service provider is known. This will include use of the Digital Outreach budget, which has been agreed by the ICT Reprovision Board, in order to meet the increased costs associated with the decision made by ECAS Committee to roll out 121 devices to pupils from 2017 and as part of the new contract delivery.

- 3.3 Slippage of £0.327m is also anticipated in the Unified Communications Project where procurement is ongoing and new video conferencing will be delivered in 2016/17 but the expenditure will not be fully incurred until 2017/18 when further elements of the project will be delivered.

- 3.4 Appendix 4 provides the monitoring position for the Corporate Development Service's only major project over £4m which is the ICT Reprovision Project. This shows an initial total project budget of £12.2m, rising to £15.2m for the whole life (multi-year) project budget reflecting the use of the Digital Outreach budget to fund the increased costs set out in paragraph 3.2 above. This is an estimated amount which will be finalised once the future service provider is known. A full report on ICT Reprovision is included later in the Resources Committee agenda.

4. Implications

- 4.1 Resources - There are no resource implications other than those already set out.
- 4.2 Legal - there are no legal implications for The Highland Council.
- 4.3 Equalities and Climate Change - there are no negative equality or climate change implications arising from this report.
- 4.4 Risk, Gaelic and Rural - there are no risk, Gaelic or rural implications to The Highland Council.

4. Recommendation

Members are asked to consider the final out-turn position for the Corporate Development Service's capital budget for the period 1 April 2015 to 31 March 2016 and the capital monitoring position for the period 1 April 2016 to 30 June 2016.

Signature: Michelle Morris

Designation: Depute Chief Executive and Director of Corporate Development

Date: 16 August 2016

Author: Kate Lackie, Business Manager

THE HIGHLAND COUNCIL									
MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2015 TO 31ST MARCH 2016									
SERVICE: CORPORATE DEVELOPMENT									
Project Description	Actual	Revised	Year End	Year End	(Slippage)/	Anticipated	COMMENTS		
	Net Year to Date £000	Net Budget £000	Estimated Net Outturn £000	Net Variance £000	Acceleration Net £000	Year End (Under)/Over £000			
SWAN THC	88	138	101	(37)	(37)		The spend on the SWAN Transition project is less than expected due to delays with suppliers failing to meet scheduled deadlines. Assurances have been sought and given that the project will complete in 16/17 which will account for the remaining expenditure		
ICT Reprovision	0	80	0	(80)	(80)		Spend had been expected on the Members refresh but delays has meant that this will now happen in 16/17		
Service Point Improvements Future Years	9	34	9	(25)	(25)				
ICT Contract Asset Investment	26	42	26	(15)	(15)	(15)			
Unified Communications & Chamber Refurbishment	108	122	108	(14)	(14)		The detailed procurement exercise isn't due to begin until 16/17 which has meant that spend in 15/16 has been less than expected. It is anticipated that the remainder of this budget will be spent in 16/17		
OVERALL TOTAL	231	416	244	(171)	(156)	(15)			

Capital Expenditure Monitoring Report - Projects over £4m

1 April - 31st March 2016

		Total Project Budget				Projected Lifetime Outturn			
Project	Original Budget £000	Approved Change £000	Revised Total £000	Original Completion Date	Revised Completion Date	Spend To Date £000	Projected Future Spend £000	Projected Project Outturn £000	Projected Lifetime Variance £000
ICT Reprovision	12,200		12,200	Mar-18	Mar-19	0	12,200	12,200	0

THE HIGHLAND COUNCIL

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2016 TO 30TH JUNE 2016

SERVICE: CORPORATE DEVELOPMENT

Project Description	Actual	Revised	Year End	Year End	(Slippage)/	Anticipated	COMMENTS
	Net Year to Date £000	Net Budget £000	Estimated Net Outturn £000	Net Variance £000	Acceleration Net £000	Year End (Under)/Over £000	
SWAN THC	35	713	713	0	0		The SWAN implementation programme is running late due to contractor issues. Based on forecasts from the contractor it is currently anticipated that the SWAN implementation will be complete by 31.3.2017. Should this not be the case then Members will be informed accordingly.
ICT Reprovision	0	9,600	930	(8,670)	(8,670)		Spend expected on LAN/WLAN (£850k) and Members Refresh (£80k) in 16/17. The remainder of the expenditure be in 17/18 when the new ICT Contract is expected to be in place
Service Point Improvements Future Years	0	55	55	0	0		
Digital Outreach	0	5,000	0	(5,000)	(5,000)		Use of the Digital Outreach budget was agreed by the ICT Re-provision Board in order to meet the increased costs associated with the decision made by ECAS Committee to roll out 1-2-1 devices to pupils from 2017 as part of the new ICT Service delivery.
Unified Communications & Chamber Refurbishment	2	743	416	(327)	(327)		The detailed procurement exercises for this project are due to complete in the summer 2016, with the associated solution deployments completing in 2017 and early 2018. It is anticipated that the full budget will not be spent in 16/17 with any remainder being spent in 17/18.
OVERALL TOTAL	36	16,111	2,114	(13,997)	(13,997)	0	

Capital Expenditure Monitoring Report - Projects over £4m

1 April - 31st March 2016

		Total Project Budget				Projected Lifetime Outturn				
Project	Original Budget £000	Approved Change £000	Approved Change £000	Revised Total £000	Original Completion Date	Revised Completion Date	Spend To Date £000	Projected Future Spend £000	Projected Project Outturn £000	Projected Lifetime Variance £000
ICT Reprovision	12,200	3,000	3,000	15,200	Mar-18	Mar-19	0	15,200	15,200	0