

Agenda Item	9
Report No	RES/36/17

HIGHLAND COUNCIL

Committee:	Corporate Resources Committee
Date:	30 August 2017
Report Title:	Corporate Development Service Capital Expenditure Monitoring April-June 2017/18
Report By:	Director of Corporate Development/Depute Chief Executive

Purpose/Executive Summary

The attached report and appendices show the monitoring position for the Corporate Development Service 2017/18 capital budget for the period to 30 June 2017.

Appendix 1 sets out the in-year monitoring position and shows slippage of £1.5m and a predicted underspend of £0.5m against a total budget of £18.645m.

Appendix 2 sets out the position for major projects with a value exceeding £4million. In the case of Corporate Development Service, this is a single project, ICT Reprovision, which has a whole lifecycle budget of £15.2m.

Recommendations

Members are asked to:

- consider and agree the financial position of the Corporate Development Service capital budget as at 30 June 2017.

1. Capital Monitoring

- 1.1 **Appendix 1** shows the monitoring position for the Corporate Development Service capital budget for the first quarter of the 2017/18 financial year. The total budget is £18.645m, with £0.078m spent to date.
- 1.2 The Service is anticipating an underspend of £0.5m against the SWAN project. The roll out is now near completion and whilst there are a small number of sites still waiting to be transferred to Swan, it is not expected that there will be much, if any, capital expenditure requirements arising from this. £0.046m anticipated expenditure has been identified in case any unforeseen residual capital expenditure requirements arise, but even this may not be needed if everything continues to go according to plan.
- 1.3 £1.5m in the Digital Outreach budget reflects budget provision that was made to enable the Council to supplement Scottish Government funding, if needed, to allow for increased broadband coverage within the Highland area. It is recommended that the £1.5m remains as slippage to meet any future demand for THC funding to support infill and community projects.

2. Appendix 2: 2017/18 Capital Expenditure, Major Projects

- 2.1 There is one major project listed in **Appendix 2** – ICT Reprovision. This expenditure covers the costs of the device refresh, the Network refresh (phase one), payment of the remaining transition milestone and payment of retention monies.
- 2.2 Appendix 2 shows there was an initial total project budget of £12.2m, rising to £15.1m for the whole life (multi-year) project budget. The majority of spend is anticipated in 2017/18 now that the new contract is in place and the project is due to complete at the end of 2018/19.

3. Implications

- 3.1 Resources - There are no resource implications other than those already set out.
- 3.2 There are no Legal, Community (Equality, Poverty and Rural), Climate Change/Carbon Clever or Gaelic implications arising as a direct result of this report.

Designation: Michelle Morris

Director of Corporate Development/Depute Chief Executive

Report Author: Kate Lackie, Business Manager

Date: 22 August 2017

THE HIGHLAND COUNCIL						APPENDIX 1	
MONITORING OF CAPITAL EXPENDITURE - 1ST April 2017 TO 30TH June 2017							
SERVICE: CORPORATE DEVELOPMENT							
Project Description	Actual Net	Revised Net	Year End	Year End	(Slippage)/	Anticipated	COMMENTS
	Year to Date	Net Budget	Estimated Net	Net	Acceleration	Year End	
	£000	£000	Outturn	Variance	Net	(Under)/Over	
			£000	£000	£000	£000	
SWAN THC	5	546	46	(500)		(500)	This position is based on the expectation that there will be minimal capital expenditure incurred on Swan in 2017/18. The roll out of sites to the Swan network is almost complete and as a consequence the likelihood of any significant capital expenditure being incurred is low.
ICT Transition	(11)	16,224	16,224	0	0		This expenditure covers the costs of the device refresh, the Network refresh, payment of the remaining transition milestone and payment of Retention monies. The actual level of expenditure to be incurred in 2017/18 will depend a number of factors including dependencies between the various projects and external factors including the unit price of devices which is currently subject to adverse variations in the \$ to £ Exchange Rate. These figures will be updated throughout the year as firmer phasing and cost data becomes available. The Budget amount has been supplemented by a Budget Virement from Digital Outreach as agreed by the Capital Programme Board.
Service Point Improvements Future Years	(10)	16	16	0	0		
Digital Outreach	0	1,500	0	(1,500)	(1,500)		The need to incur Digital Outreach monies in 2017/18 is unlikely and provision shown as slippage in case of any expenditure requirements in future years.
Unified Communications & Chamber Refurbishment	94	359	359	0	0		
OVERALL TOTAL	78	18,645	16,645	(2,000)	(1,500)	(500)	

Capital Expenditure Monitoring Report - Projects over £4m
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1 April - 30th June 2017

Total Project Budget						
Project	Original Budget	Approved Change	Approved Change	Revised Total	Original Completion Date	Revised Completion Date
	£000	£000	£000	£000		
ICT Reprovision	12,200	3,000		15,200	Mar-18	Mar-19

Projected Lifetime Outturn			
Spend To Date	Projected Future Spend	Projected Project Outturn	Projected Lifetime Variance
Date	£000	£000	£000
	-11	15,211	15,200
			0