

Agenda Item	9
Report No	RES/ 97/15

CORPORATE DEVELOPMENT SERVICE  
CAPITAL BUDGET MONITORING REPORT TO 30 SEPTEMBER 2015

Report by The Depute Chief Executive and Director of Corporate Development

**Summary**

This report sets out the monitoring position for the Corporate Development Service's 2015-16 capital budget for the period to 30 September 2015.

**1 Introduction**

- 1.1 This report and appendices reflect a new approach to the reporting of capital monitoring in response to recommendations from an Audit Scotland National report which was considered by Resources committee in May 2015.
- 1.2 The revised approach 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. The revised approach brings an enhanced level of information and transparency in relation to the monitoring of capital projects. The approach introduced 2 new appendices to the report:
- i. **Appendix 1:** in year 2015/16 programme cash flow monitoring report for the whole programme (broadly similar to the format used for previous capital monitoring reports)
  - ii. **Appendix 2:** a monitoring position for major projects on a multi-year basis, giving information on both cost and programme predictions, against the baseline position.

**2. 2015/16 Monitoring – Appendix 1**

- 2.1 **Appendix 1** sets out the in-year monitoring position and shows an underspend of £5.667m against a total budget of £6.529m.
- 2.2 The Corporate Development Service's budget has 5 capital budget headings for the financial year 2015/16: SWAN THC - (0.800m); ICT Reprovision (£4.8m); Service Point Improvements (0.036m); ICT Contract Asset Investment (£0.042m); and Unified Communications and Chamber Refurbishment (£0.851m). A brief summary of the status for each of the individual projects within the Corporate Development capital budget is included in the comments column in **Appendix 1**.
- 2.3 At the last meeting of the Committee, the Service was predicting an overspend of £0.220m in the Unified Communications and Chamber Refurbishment project. However, it was noted at the time that this was being reviewed

pending a full evaluation of the pilot, and it was likely that the figure would change. In place of an overspend figure, the project is now anticipating that the majority of expenditure will occur in 2016/17 and so slippage of £0.697m is currently being reported. A detailed report on the Unified Communications project is included at item 26 on today's Committee agenda.

### 3. **2015/16 Monitoring – Appendix 2, Major Projects**

3.2 There is one major project listed in **Appendix 2** – ICT Reprovision. This has a total budget of £12.2m with £4.8m originally programmed for spend in 2015/16. The budget will need to be re-profiled to reflect changes in the project timetable which will require the majority of the £4.8m to be spent in 2016/17.

3.2 It is anticipated that most of the spend will occur from Quarter 2 in 2016, following dialogue with bidders and contract award in July 2016, but that before then there may be an need for small amounts of capital spend in the current year to underpin the review of the Council's LAN/WLAN network and deliver the members' ICT refresh. This was reported to members at the August meeting of Resources Committee and, with members' approval, a more accurate profiling will be undertaken once the final supplier has been agreed in July 2016.

### 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:

1. consider the monitoring position for the Corporate Development Service's capital budget for the period 1 April 2014 to 30 September; and
2. approve the re-profiling of the ICT Reprovision budget to match with the revised project timetable.

Signature: Michelle Morris

Designation: Depute Chief Executive and Director of Corporate Development

Author: Kate Lackie, Business Manager

Date: 12 November 2015

THE HIGHLAND COUNCIL							APPENDIX 1
MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2015 TO 30TH SEPTEMBER 2015							
SERVICE: CORPORATE DEVELOPMENT							
Project Description	Actual Net Year to Date £000	Revised Net Budget £000	Year End Estimated Net Outturn £000	Year End Net Variance £000	(Slippage)/Acceleration Net £000	Anticipated Year End (Under)/Over £000	COMMENTS
SWAN THC	0	800	550	(250)	(250)		This is the best estimate of spend given the information available. A site survey has been commissioned and once this is complete we will have more information on the work that needs to be carried out. Once this is known a detailed transition plan will be drawn up and this will give more information on how this work is to be undertaken. Projections will be updated once all this is complete with the remainder expected to be spent in 16/17.
ICT Reprovision	0	4,800	80	(4,720)	(4,720)		Some small spend is expected on Members ICT refresh but the majority of the spend is expected in 16/17.
Service Point Improvements Future Years	0	36	36	0			
ICT Contract Asset Investment	(2)	42	42	0			
Unified Communications & Chamber Refurbishment	59	851	154	(697)	(697)		The detailed procurement exercise for the new UC solution will not be starting until the New Year so it is unlikely that there will be much spend in 15/16. It is expected that the remainder will be spent in 16/17. The total budget for Unified Comms is £1.287m split £0.851m in Capital and £0.436m in ICT Investment Funds.
<b>OVERALL TOTAL</b>	<b>57</b>	<b>6,529</b>	<b>862</b>	<b>(5,667)</b>	<b>(5,667)</b>	<b>0</b>	

**Capital Expenditure Monitoring Report - Projects over £4m**

**1 April - 30th September 2015**

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			<b>12,200</b>	Mar-18	Mar-19

Projected Lifetime Outturn			
Spend To Date	Projected Future Spend	Projected Project Outturn	Projected Lifetime Variance
£000	£000	£000	£000
0	12,200	<b>12,200</b>	<b>0</b>