

Agenda Item	<b>11.</b>
Report No	<b>RES/22/17</b>

## **HIGHLAND COUNCIL**

**Committee:** Corporate Resources Committee

**Date:** 14<sup>th</sup> June 2017

**Report Title:** Corporate Development Service Near-Final Capital Monitoring Report for 2016/17

**Report By:** Depute Chief Executive/Director of Corporate Development

### **Purpose/Executive Summary**

This report provides a summary of the 'near-final' capital expenditure position for the Corporate Development Service for 2016/17.

Overall there was expenditure of £4.246m against a total capital budget of £16.091m, resulting in slippage of £11.845m.

This position and the Council's corporate accounts will be subject to external audit scrutiny over the coming months so there is the possibility that any issues identified as part of the audit process may change this figure.

### **Recommendations**

Members are asked to consider the near-final capital out turns for the Corporate Development budget as at 31 March 2017.

## **2. Appendix 1- 2016-17 Capital Expenditure Out-turn**

- 2.1 **Appendix 1** shows the near final out-turn position for the Corporate Development Service 2016/17 capital budget. It shows that the total budget was £16.091m and that at the year-end there was slippage of £11.845m.
- 2.2 This represents an improvement on the position reported at Resources Committee in February 2017, when the Service had an estimated year-end slippage of £12.071m. ICT Reprovision and the Unified Communications & Chamber Refurbishment Project have both been able to accelerate their spending to deliver higher than anticipated expenditure, both projects making good progress over the intervening period.
- 2.3 Further details for each of the substantive projects in the Corporate Development Capital programme are given in the comments column in Appendix 1. All of the ICT/Digital projects have been the subject of stand-alone progress reports at Resources Committee over the course of 2016/17.

## **3. Appendix 2016/17 Capital Expenditure Out-turn, Major Projects**

- 3.1 There is one major project listed in **Appendix 2** – ICT Reprovision. This shows an initial total project budget of £12.2m, rising to £15.2m for the whole life (multi-year) project budget. The majority of spend is anticipated in 2017/18 when the new contract will be in place and the project is due to complete at the end of 2018/19.
- 3.2 The position is unchanged to the one reported to Resources Committee in February 2017. The budget requires to be re-profiled to ensure spend matches the contract obligations and this re-profile will be undertaken as part of the review of the Capital Budget.

## **4. Implications**

- 4.1 Resources - There are no resource implications other than those already set out.
- 4.2 There are no risk, legal, equality, climate change/Carbon Clever, rural or Gaelic implications arising as a direct result of this report.

**Designation:** Michelle Morris  
Depute Chief Executive & Director of Corporate Development

**Report Author:** Kate Lackie, Business Manager

**Date:** 5 June 2017

THE HIGHLAND COUNCIL							APPENDIX 1
MONITORING OF CAPITAL EXPENDITURE - 1ST JULY 2016 TO 31ST March 2017							
SERVICE: CORPORATE DEVELOPMENT							
	Actual Net	Revised Net	Year End Estimated Net	Year End Net	(Slippage)/ Acceleration	Anticipated Year End	COMMENTS
Project Description	Year to Date	Budget	Outturn	Variance	Net	(Under)/Over	
	£000	£000	£000	£000	£000	£000	
SWAN THC	167	713	167	(546)	(546)		Completion of the SWAN implementation programme is running late due to contractor issues. Based on recent forecasts from the contractor it is currently anticipated that the completion date will be July 2017. A report on the SWAN project, including an analysis of the financial implications of the delayed roll out, is on the agenda for Corporate Resources Committee and the consequent impact on capital expenditure is being assessed.
ICT Reprovision	3,676	9,600	3,676	(5,924)	(5,924)		Capital payments of £3.999m spread across 16/17 and 17/18 have been made to Wipro for the setup of the new data centre in Aberdeen with a 10% retention to be paid when the new service is fully stabilised. The anticipated spend on LAN/WLAN Refresh (£850k) did not happen in 16/17 but is now committed for 17/18
Service Point Improvements Future Years	19	35	19	(16)	(16)		
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	384	743	384	(359)	(359)		Substantial progress has been made on the project and the remaining budget is committed and will be spent in 17/18
OVERALL TOTAL	4,246	16,091	4,246	(11,845)	(11,845)	0	

<b>Capital Expenditure Monitoring Report - Projects over £4m</b>
--

<b>1 April - 31st March 2016</b>
----------------------------------

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
£000	£000	£000	£000
3,676	11,524	15,200	0