

Agenda item	8.
Report no	RES/23/18

HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 24 May 2018

Report Title: Corporate Resources Service Budget - Capital Monitoring to 31 March 2018

Report By: Depute Chief Executive / Director of Corporate Resources

1. Purpose/Executive Summary

- 1.1 The attached report and appendices show the monitoring position for the Corporate Resources Service 2017/18 capital budget for the period to 31 March 2018.
- 1.2 **Appendix 1** sets out the in-year monitoring position and shows slippage of £12.100m and an underspend of £2.039m against a total budget of £18.615m.
- 1.3 **Appendix 2** sets out the position for major projects with a value exceeding £4 million. In the case of Corporate Resources Service, this is a single project, ICT Reprovision now ICT Transition, which has a whole lifecycle budget of £19.9m and current expenditure to date of £7.886m.

2. Recommendations

- 2.1 Members are asked to:
 - Consider and agree the financial position of the Corporate Resources Service capital budget as at 31 March 2018.

3. Capital Monitoring

- 3.1 **Appendix 1** shows the Near Final monitoring position for the Corporate Resources Service capital budget for 2017/18 financial year. The total budget is £18.615m, with £4.476m spent to date.
- 3.2 The SWAN project is now complete. The previously reported underspend will not be carried forward to 2018/19.
- 3.3 The £1.5m in the Digital Outreach budget will remain as an underspend and not to be carried forward to 2018/19.
- 3.4 £12.014 is the slippage for the ICT Transition Project, against an annual budget in 2017/18 of £16.224m. This heading covers the costs of the device refresh, the Network refresh, payment of the remaining transition milestone and payment of Retention monies. The actual expenditure to be incurred in 2017/18 has been dependent on a number of factors including dependencies between the various projects and overall delays in the Wipro Transformation Programme. The slippage has only moved slightly since the forecast last quarter.
- 3.5 The outturn reflects the current rollout plan and shows a slippage of £12.014m due to the network refresh and device refresh facing significant delays. The revised programme plan was agreed through the ICT Implementation Board and is reported to Members in separate reports to the Corporate Resources Committee. The Budget amount has been supplemented by a budget virement from Digital Outreach in 2017/18. This virement and carried forward slippage is factored into the 5-year ICT Capital plan going forward as part of the Council's overall 5 year Capital Programme.

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

- 4.1 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.
- 4.2 Appendix 2 shows there was an initial total project budget of £12.2m. An in year virement from Digital Outreach increased the Budget to £19.9m with a total spend of £7.886m at the end of the 2017/18 financial year. As referred to in 3.4 the project has significantly slipped and is due to be completed at the end of 2018/19.

5. Implications

- 5.1 Resource - There are no resource implications other than those already set out.

5.2 There are no Legal, Community (Equality, Poverty and Rural), Climate Change/Carbon Clever, Risk or Gaelic implications arising as a direct result of this report.

Designation: Depute Chief Executive / Director of Corporate Resources

Date: 16 May 2018

Author: Rachel Rae, Trainee Accountant

THE HIGHLAND COUNCIL										Appendix 1
MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2017 TO 31ST MARCH 2018										
SERVICE: CORPORATE RESOURCES										
	Actual	Revised	Year End	Year End	(Slippage)/	Anticipated	COMMENTS			
Project Description	Net	Net	Estimated Net	Net	Acceleration	Year End				
	Year to Date	Budget	Outturn	Variance	Net	(Under)/Over				
	£000	£000	£000	£000	£000	£000				
SWAN THC	17	546	17	(529)		(529)	The SWAN project is now complete.			
ICT Transition	4,210	16,224	4,210	(12,014)	(12,014)		This expenditure covers the costs of the device refresh, the Network refresh, payment of the remaining transition milestone and payment of Retention monies. There is significant slippage due to delays in the overall Wipro Transformation Programme as outlined in a separate report to Corporate Resources Committee. These funds will carry forward into the 5-year ICT capital plan.			
Digital Outreach	0	1,500	0	(1,500)		(1,500)	The underspend of £1.5m will not be carried forward to 2018/19.			
Unified Communications & Chamber Refurbishment	259	329	259	(70)	(70)		Due to delays during detailed technical design stage of Corporate Telephony Deployment workstream of UC Project, the project will not now complete until 5th July 2018. Full capital spend will be utilised by end of project.			
Service Point Improvements Future Years	(10)	16	(10)	(26)	(16)	(10)	Provision of public access wi-fi to take place during 18/19.			
OVERALL TOTAL	4.476	18.615	4.476	(14.139)	(12.100)	(2.039)				

1 April - 31 March 2018

Projected Lifetime Outturn			
Spend To Date £000	Projected Future Spend £000	Projected Project Outturn £000	Projected Lifetime Variance £000
7,886	12,014	19,900	0

Projected Lifetime Variance £000
0