

HIGHLAND COUNCIL

Agenda Item	8.
Report No	RES/54/18

Committee: Corporate Resources Committee

Date: 21 November 2018

Report Title: Corporate Resources Service Budget - Capital Monitoring to 30 September 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 2018/19 capital budget for the period to 30 September 2018.
- 1.2 **Appendix 1** sets out the in-year monitoring position and shows slippage of £1.626m against a total budget of £16.705m.
- 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 Transformation, which to date has a whole lifecycle budget of £23.988m and current expenditure to date of £12.259m.

2. Recommendations

- 2.1 Members are asked to:
- Consider and agree the financial position of the Corporate Resources Service capital budget as at 30 September 2018.

3. Capital Monitoring

- 3.1 **Appendix 1** shows the Quarter 2 monitoring position for the Corporate Resources Service capital budget for 2018/19 financial year. The total budget is £16.705m, with a £4.740m spend to date.
- 3.2 The outturn for ICT Transformation Programme reflects the current rollout plan and shows a slippage of £1.981m against an annual budget in 2018/19 of £16.102m. 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 2018/19 is dependent on a number of factors including dependencies between the various projects and overall delays in the Wipro Transformation Programme. The slippage is due to the previously reported delays in the Chromebook and managed device roll out which is expected to fall into the following financial year.
- 3.3 The outturn for the Solar P.V. project and the Whin Park Hydro project are shown as accelerations as they are self-financing projects. The project manager has advised of the outturn for the year based on his profile for the Capital spend.

4. Appendix 2: 2018/19 Capital Expenditure, Major Projects

- 4.1 There is one major project listed in **Appendix 2** – ICT Transformation. 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. The New Capital Programme has increased the budget by £7.779m, making up a revised project budget of £27.679m. The total spend to date amounts to £12.259m due to the significant slippage in the project in 2017/18 and is now due to be completed at the end of 2019/20.

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: 30.10.2018

Author: Rachel Rae, Trainee Accountant

THE HIGHLAND COUNCIL								Appendix 1
MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 30TH SEPTEMBER 2018								
SERVICE: CORPORATE RESOURCES								
	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		
ICT Transformation	4,373	16,102	14,121	(1,981)	(1,981)	0	This line covers the costs of the device refresh, the Network refresh, payment of the remaining transition milestone and payment of Retention monies. There was slippage from last year due to delays in the overall Wipro Transformation Programme as outlined in a separate report to Corporate Resources Committee. Although a new programme plan was agreed, there is now a higher risk of further delays leading to the potential for more slippage. The forecast slippage does not take into account further potential delays at this point.	
Unified Communications & Chamber Refurbishment	(108)	70	70	0	0	0	All project works were completed as of 27th August 2018. The latest BT billing is currently being reviewed, with the expectation that a final project financials true up will be completed by 31st October 2018.	
Capital Discretionary Fund	451	451	451	0	0	0	New Embo Community Centre £70k; Lovat Shinty Club £60k; Isle of Canna Community Development Trust £10k; South Loch Ness Trail £60k; Gairloch & District Heritage Co Ltd £200k; Cromarty Harbour Trust 1k; Fort Augustus & Glenmoriston Community Company £50k	
Solar PV	23	0	340	340	340	0	The Solar PV project is self funding with the income being achieved in future years.	
Whin Park Hydro	1	0	59	59	59	0	The Whin Park Hydro project is self funding with the income being achieved in future years.	
Service Point Improvements Future Years	0	16	16	0	0	0	Provision of improvements including public access wi-fi to take place during 18/19.	
City Gateways	0	66	22	(44)	(44)	0	Monitored at Inverness City Committee	
OVERALL TOTAL	4,740	16,705	15,079	(1,626)	(1,626)	0		

1ST APRIL 2018 TO 30TH SEPTEMBER 2018

Total Project Budget						
Project	Original Budget	Approved Change	Approved Change	Revised Total	Original Completion Date	Revised Completion Date
	£000	Digital Outreach transfer £000	Current Capital Programme £000	£000		
ICT Transformation	12,200	7,700	7,779	27,679	Mar-18	Mar-20

Projected Lifetime Outturn			
Spend To Date	Projected Future Spend	Projected Project Outturn	Projected Lifetime Variance
£000	£000	£000	£000
12,259	15,420	27,679	