

Agenda Item	9
Report No	RES/40/19

THE HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 20 November 2019

Report Title: Corporate Resources Service Budget - Capital Monitoring to 30 September 2019

Report By: Executive Chief Officer Resources and Finance

1. Purpose/Executive Summary

- 1.1 The attached report and appendices show the monitoring position for the Corporate Resources Service 2019/20 capital budget for the period to 30 September 2019.
- 1.2 **Appendix 1** sets out the Quarter 2 monitoring position and shows a net slippage of £1.166m against a total budget of £11.080m.
- 1.3 **Appendix 2** sets out the position for major projects with a value exceeding £1 million. Within Corporate Resources Service, this is a single project, ICT Transformation, which has a current approved budget of £19.793m and current expenditure to date of £13.013m.

2. Recommendations

- 2.1 Members are asked to:
 - i. Consider and agree the financial position of the Corporate Resources Service capital budget as at 30 September 2019.

3. Implications

- 3.1 Resource - 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, Risk or Gaelic implications arising as a direct result of this report.

4. Capital Monitoring

- 4.1 **Appendix 1** shows the Quarter 2 monitoring position for the Corporate Resources Service capital budget for financial year 2019/20. The total budget is £11.080m, with an estimated year end outturn of £9.914m. The slippage is therefore showing at £1.166m.
- 4.2 The outturn for ICT Transformation Programme is unchanged from last Quarter and reflects the revised rollout plan where it is expected that most refresh devices will be purchased in the current financial year. It is also expected that most of the remaining milestones will be paid in the current year although there are still risks of slippage based on past supplier performance.

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

- 5.1 There is one major project listed in **Appendix 2** – ICT Transformation, as referred to in 4.2 above.
- 5.2 **Appendix 2** shows there was an initial total project budget of £21.543m as per the Capital Programme approved in March 2018, after adjusting for the carry forward position of £12.014m from 2017/18. During the previous financial year, due to forecast lower overall ICT Transformation costs, there was an approved transfer from this budget of £1.750m to Roads Projects; £0.250m to Crask Junction and £1.5m to roads structural works. The total project spend to date amounts to £13.013m due to the significant slippage in the project.

Designation: Executive Chief Officer Resources and Finance

Date: 21.10.2019

Author: Rachel Rae, Trainee Accountant

Background Papers:

THE HIGHLAND COUNCIL							Appendix 1
MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2019 TO 30TH SEPTEMBER 2019							
SERVICE: CORPORATE RESOURCES							
Project Description	Actual Net Year to Date £000	Revised Net Budget £000	Year End Net Outturn £000	Year End Net Variance £000	(Slippage)/Acceleration Net £000	Anticipated Year End (Under)/Over £000	COMMENTS
ICT Transformation	4,397	10,721	9,500	(1,221)	(1,221)	0	This line covers the costs of the device refresh, the Network refresh, payment of the remaining transition milestone and payment of Retention monies. The outturn is forecast on the basis that most of these deliverables will be achieved within the financial year but based on past supplier performance there is still a risk of slippage.
Capital Discretionary Fund	30	279	279	0	0	0	
Solar PV	77	0	77	77	77	0	The Solar PV project is self funding with the income being achieved in future years.
Whin Park Hydro	22	0	22	22	22	0	The Whin Park Hydro project is self funding with the income being achieved in future years.
Service Point Improvements Future Years	9	14	14	0	0	0	Provision of improvements to take place during 19/20.
City Gateways	0	66	22	(44)	(44)	0	Monitored at Inverness City Committee.
OVERALL TOTAL	4,535	11,080	9,914	(1,166)	(1,166)	0	

Project description	Approved Budget			Forecast Project Spend			Forecast end of Project Variance £000	Project Completion Dates	
	Approved Budget March 2018 £000	Approved Change-transfer to Roads Projects £000	Current Approved Budget £000	Total Project Spend to Date £000	Forecast Future Spend £000	Forecast Total Project Spend £000		Planned at March 2018	Current Estimate
	ICT Transformation	21,543	-1,750	19,793	13,013	6,780		19,793	0