

ABERDEEN CITY COUNCIL

COMMITTEE	Finance & Resources
DATE	1 February 2011
DIRECTOR	Stewart Carruth Director of Corporate Governance
TITLE OF REPORT	2010/11 Capital Budget Progress Report
REPORT NUMBER:	CG/11/002

1. PURPOSE OF REPORT

- 1.1 This report provides an update to Committee of the progress being made on the various projects within the Non-Housing Capital Programme, previously approved by Council, which are currently aligned to Corporate Governance.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- a) Notes the content of this report in relation to the projects outlined at Appendix A, and
- b) Instructs the relevant officers to work closely with the Corporate Asset Group and in particular the Head of Asset Management and Operations and the Head of Finance to review all projects with a view to bringing the programme down to the funded level for 2010/11 and to a more sustainable level for future years.

3. FINANCIAL IMPLICATIONS

- 3.1 The monies required to fund the capital programme are achieved through external borrowing, capital receipts and grant income. In recent years the overall programme has been set at a level which assumed a certain level of underspend would be achieved and thus the funding available was set on this basis. In previous years such an underspend has been achievable but with significant spend this year on Corporate Accommodation, this is at risk.
- 3.2 This risk was previously reported to this Committee which confirmed that funding for the programme should remain at the previously agreed level and instructed officers to proactively manage spend to be within that limit.

- 3.3 Since then, the Corporate Asset Group has worked with Services to determine their minimum spend requirement for the year. However, there is currently still a gap of £10.4 million between this requirement and the funding available.
- 3.4 Work has also been ongoing in relation to the programme from 2011/12 and beyond with the indications being that it will be difficult to sustain the previously agreed capital position moving into 2011/12 due to a number of factors including reducing capital funding support from the Scottish Government, increasing costs of borrowing and falling revenue funding. The revenue cost of financing borrowing to support the capital programme is a significant cost pressure going forward.

4. OTHER IMPLICATIONS

- 4.1 Failure to invest adequately in the Council's asset base may lead to the erosion of those assets and their value. It may also reduce the effectiveness and efficiency of service delivery and furthermore lead to the Council not complying with current health and safety requirements.
- 4.2 If the continuation of close budgetary control is not exercised and maintained the Council may operate out with the capital control mechanisms laid down by the Scottish Government in relation to the Prudential Code for the 2010/2011 Non Housing Capital Programme.

5. BACKGROUND/MAIN ISSUES

- 5.1 Appendix A outlines the projects aligned to Corporate Governance and for each project shows the 2010/11 budget including any carry forward from 2009/10, the current service determined minimum spend requirement and actual spend to November 2010.
- 5.2 Actual spend only reflects payments made and thus excludes commitments made which will be due to be paid by the end of the year. Such commitments will be reflected in the minimum spend requirement.
- 5.3 Comments from project managers are included in the narrative where appropriate.

6. IMPACT

Corporate – the projects considered in this report contribute to a number of the key priorities within the Community Plan and the Single Outcome Agreement in relation to improving the transport infrastructure, redeveloping the city centre and supporting the economic development of the city.

Public – this report is likely to be of interest to the public as a number of the projects covered by this report involve significant amounts of capital expenditure and have a high public profile.

7. BACKGROUND PAPERS

Financial ledger data extracted for the period.

8. REPORT AUTHOR DETAILS

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Appendix A

Non-Housing Capital Projects - Corporate Governance

Project		Revised Budget £'000	Service Determined Minimum Requirement £'000	Actual Expenditure to Nov 2010 £'000	Variance (actual to Minimum, Requirement) £'000	Percentage Spend to Requirement %
334	Mobile Working	970	55	31	-24	56.36%
Project Description/Project Cost - Providing ICT equipment to allow mobile working for any Service that will benefit from adopting such an approach. Three tender processes are live at the moment. One for the equipment to enable mobile working; one for a storage audit; and a third for building business cases to help services make the changes that mobile working can offer.						
630	Data Centre Move	4,381	2,786	64	-2,722	2.30%
Project Description/Project Cost - The subject of this project is the procurement of a Managed Data Centre, to replace the existing facility within St Nicholas House, and the implementation of a Virtual Desktop Environment (VDE) to support the move to Marischal College and allow increased flexible working in the future. A review of our Data Centre options has been completed and a decision was taken by CMT to progress with the Managed Data Centre model. A report on this subject was presented to Finance and Resources Committee on 28th January 2010 and permission granted to proceed with a related procurement exercise which is now in progress.						
657A	Customer First Programme - CRM System	450	140	0	-140	0.00%
Project Description/Project Cost - The Customer First Programme is a key vehicle for transforming the way in which our customers access our services one element of which is the implementation of Customer Relationship Management technologies to support streamlined service delivery.						
657B	Customer First Programme - Frederick Street	2,462	1,783	1,339	-444	75.11%
Project Description/Project Costs - Initial review of tender responses have indicated that soft marketing testing was inaccurate. Project has therefore been reprofiled and in the £62K carried forward from 09/10						
		8,263	4,764	1,434	-3,330	30.11%
	Corporate ICT					
277	IT Infrastructure Improvements Repairs/Renewals	1,895	411	47	-364	11.44%
Project Description/Project Costs - Rolling programme of works to improve the ICT Infrastructure and ongoing replacement of ICT Infrastructure assets which are not performing adequately and/or have reached the end of their natural lifespan. The majority of the 2010/11 budget allocation is reserved for the replacement of ICT hardware and upgrades of ICT software licences relating to the implementation of Managed Data Centre and Virtual Desktop Environment. There is also preliminary work being undertaken to introduce network redundancy to some outlying sites and improve overall network availability.						
346	IT Hardware & Software Development	60	60	0	-60	0.00%

Project		Revised Budget £'000	Service Determined Minimum Requirement £'000	Actual Expenditure to Nov 2010 £'000	Variance (actual to Minimum, Requirement) £'000	Percentage Spend to Requirement %
565	ICT Disaster Recovery Funding	125	57	45	-12	78.95%
Project Description/Project Cost - This project funds the reduction or elimination of prioritised single points of failure on the ICT Infrastructure, identified through major ICT incidents and regular ICT Disaster Recovery scenarios. There are no current outstanding identified priorities.						
708	Development of Online Service Delivery	150	38	19	-19	50.00%
Project Description/Project Cost - Under the new common CSAP structure, the work of CRM and e-Government Teams are much more closely aligned. This is reflected in the options being developed for the five year costed business plan which will see a single approach to the development of service delivery across all channels: F2F and Telephone (CRM) and online (e-Government). The funding for this will come partly from this capital allocation and partly from CRM.						
709	Integrated Document Management	824	335	45	-290	13.42%
Project Description/Project Cost - Implementation of a corporate electronic document management and workflow solution. Will ensure that paper and digital based records are available to all parts of the council. This work is a direct support to many processes being delivered more efficiently.						
711	Electronic Corporate Performance Management System	55	60	3	-57	5.00%
Project Description/Project Cost - The purpose of this project is to improve the Council's measurement, monitoring, reporting and management of performance and project data						
714	Identity Management	0	0	0	0	0.00%
Project Description/Project Cost -The outcome of this project is to create a link between several ICT systems all of which hold and use information about employees. The development work will now be achieved by a method different to that included in the initial costs. This will result in the same outcome, less cost and therefore better value.						
		3,109	961	159	-802	16.52%
	Other ICT					
690	Consol Upgrade/Replacement	5	5	0	-5	0.00%
Project Description/Project Cost - Upgrade or replacement of the existing job costing, contract management and management information system for Building Services, Roads services, and Ground Services with possible extension for Environmental Services and Adventure Aberdeen. Additional functionality includes mobile working, appointments and dynamic labour scheduling plus repairs diagnostics tool for Contact Centre.						
746	Application Processing System	0	0	0	0	0.00%
Project Description/Project Cost - Ongoing review of planning systems to meet the requirements of the Planning etc (Scotland) Act 2006 and the development of e-planning. Underspend of £26,000. Expenditure on this will be recurring and will be met from the Revenue Budget.						
Project		Revised	Service	Actual	Variance	Percentage

		Budget £'000	Determined Minimum Requirement £'000	Expenditure to Nov 2010 £'000	(actual to Minimum, Requirement) £'000	Spend to Requirement %
771	HR/Payroll	120	0	0	0	0.00%
Project Description/Project Cost -The current position with the HR/ Payroll project is the ongoing exploration of joint procurement or sharing arrangement options is creating a considerable delay to the HR/ Payroll project time frame.						
		125	5	0	-5	0.00%
	Miscellaneous					
769	Police - Capital Grant	1,941	1,874	1,405	-469	74.96%
		1,941	1,874	1,405	-469	74.96%
	Total - Corporate Governance	13,438	7,604	2,998	-4,606	39.43%