

North Lanarkshire Council

Report

Transformation and Digitisation Committee

approval noting

Ref KH/SM

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Chief Executive - Capital Monitoring Report 1 April to 13 September 2019 (Period 6)

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Executive Summary

To assist the Transformation and Digitisation Committee to satisfy the requirement to provide oversight of IT-related performance, expenditure and service delivery, this report presents the financial status of the 2019/20 capital programme for period ending 13 September 2019 (Period 6).

The Business Solutions Division of the Chief Executive Service has a total capital budget of £6.239m available to fund various key ambition workstreams during financial year 2019/20. As at period 6, the Service is projecting an over-spend of £0.885m in respect of the Windows 10 implementation project. A number of management actions have been taken through the Strategic Capital Delivery Group (SCDG) to ensure this position.

Further explanation of project variances and management action taken by the Service are included in the main report and attached Appendices.

Recommendations

The Transformation and Digitisation Committee is recommended to:

- (1) Note the financial position of the 2019/20 Chief Executive Service.
- (2) Note the budget movements agreed by the SCDG per Appendix 1.
- (3) Note the Summary Expenditure by Thematic Category per Appendix 2.
- (4) Note the Summary Expenditure by Division per Appendix 3.
- (5) Note the considerations stated per paragraph 2.3

The Plan for North Lanarkshire

Priority Enhance participation, capacity, and empowerment across our communities

Ambition statement (18) Ensure our digital transformation is responsive to all people's needs and enable access to the services they need

1. Background

- 1.1 Financial year 2019/20 is the second year of the 5 year capital programme.
- 1.2 The Chief Executive Service Composite Capital Programme of £7.920m was approved by the former Policy and Resources Committee on 21 March 2018. Through actions taken at the SCDG, the programme for this financial year has decreased by £1.681m, resulting in a revised Composite Capital Programme for the service of £6.239m. Appendix 1 details the budget movements, whilst Appendix 2 illustrates budget by thematic categories.
- 1.3 The Council's approved Financial Regulations require Executive Directors and Heads of Service to remain within their approved budgetary provision, and to report all significant deviations – defined as the higher of £100,000 or 5% - within their budget monitoring reports. Where significant deviations are identified, Executive Directors and Heads of Service must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.

2. Report

- 2.1 As at period 6 ending 13 September 2019, the Service anticipates a projected year-end overspend of £0.885m. Appendix 2 illustrates the overspend sits within the key ambition category, with Appendix 3 further highlighting the pressure is within the Digitisation theme.
- 2.2 The explanations of the factors which contribute to this significant variation are summarised below.
- 2.3 Windows 10 Implementation
 - 2.3.1 Implementation of the Windows10 project is expected to produce a year-end overspend of £0.885m. This project commenced in January 2019 following consideration at the SCDG in December 2018, and acknowledgement regarding the previous operating system Windows7 OS reaching end of life in January 2020.
 - 2.3.2 The project was initially estimated to cost £1.570m, with £0.900m potentially available within later years of the capital programme to partially fund. An estimated overspend of £0.670m was initially envisaged, with alternative funding options being explored.
 - 2.3.3 The SCDG meeting of 29 March 2019 accelerated £0.300m of the LAN refresh budget from year 2 to year 1 to support the Windows 10 implementation project. At its meeting of 7 October 2019, the group agreed to a further acceleration of the LAN refresh budget (now encompassed within Digitisation), with individual sums of £0.300m accelerated from years 3 and 4 respectively.
 - 2.3.4 These movements have resulted in an increased overspend of £0.885m now being expected, largely due to services, particularly Health and Social Care, looking to embrace the digitisation agenda through an increased requirement for 4G enabled laptops. This demand for laptops was higher than initially anticipated, and led to increased device and associated engineer build costs.
 - 2.3.5 Alternative funding options and potential virements from the Communication and Digital Budget and Mobile/Agile/Flexible Working budget (HSC) are currently being

considered to manage this overspend. The position will be considered further at the next meeting of the SCDG, with approval sought as appropriate for any budget transfer at the next committee. The project is anticipated to complete by 31 January 2020.

2.4 Digital Council Transformation (DigitalNL)

2.4.1 The DigitalNL Transformation Programme was approved at the Policy and Strategy Committee on 21 March 2019, with indicative 5-year investment for the programme of £28.8m approved.

2.4.2 In approving the indicative investment package a Financial Funding Model was developed to support the timely delivery of the programme. The Model has been refined to reflect more up to date information, with robust control and monitoring in place to ensure delivery of the programme objectives.

2.4.3 In updating the model to reflect up to date information, a presentational error of the Capital and Revenue investment split was identified, which is illustrated in the table below for members' information.

Investment	Approved FBC	Updated Figures	Movement
Capital	£13.5m	£16.8m	£3.3m
Revenue	£15.3m	£12.0m	(£3.3m)
Totals	£28.8m	£28.8m	£Nil

2.4.4 The correct requirement for Capital funding is therefore £16.800m. With the former Policy and Resources Committee approvals in respect of the five year capital budget for DigitalNL equating to £12.500m, there is a potential shortfall in capital resources of £4.300m to execute the programme. It is still early days, so the requirement for the resource will continue to be monitored and reported through the SCDG, DigitalNL Delivery Board and Committee as necessary.

2.4.5 The delays experienced in engaging the System Integrator have resulted in slippage occurring for this year of the capital programme. The SCDG considered the current position at its meeting of 7 October 2019 and approved £2.596m should be re-profiled into year 3 of the programme to support the expenditure which will now be incurred within that year. Appendix 1 illustrates this movement.

3. **Equality and Diversity**

3.1 Fairer Scotland Duty
There were no specific impacts on Fairer Scotland.

3.2 Equality Impact Assessment
There were no specific Equability Impact Assessments to note.

4. **Implications**

4.1 Financial Impact

The Service aims to operate within approved funding levels and utilise budget virements to support emerging issues and mitigate variances across budget heads.

4.2 HR/Policy/Legislative Impact

There were no specific HR/Policy/Legislative impacts.

4.3 Environmental Impact

There were no specific environmental impacts.

4.4 Risk Impact

4.4.1 All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy, Services manage these as part of their overall corporate and service planning processes. The current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.

4.4.2 To minimise risk this report was prepared by service based Financial Solutions personnel in consultation with budget managers, in accordance with the Financial Regulations.

5. Measures of success

5.1 The Service aims to be in a balanced budget position at financial year-end.

6. Supporting documents

6.1 Appendix 1: Budget Movements

6.2 Appendix 2: Summary Expenditure by Thematic Category

6.3 Appendix 3: Summary Expenditure by Division



Katrina M Hassell
Head of Business Solutions

Chief Executive Service - Capital Programme 2019/20

Appendix 1

Budget Movements 2019/20

Period 6 (1 April - 13 September 2019)

	£	£
	Composite Programme Budget	
Total Approved Budget 2019/20		7,920,000
Adjustments Approved in 2018/19	379,352	
Impact of 2018/19 Carry Forward	(64,080)	
Amounts Approved by SCDG 2019/20	0	
Additional Resources	0	
Total Approved Movements		315,272
Approved Revised Budget		8,235,272

Management Action for Noting

Movements to 2019/20 Composite Programme Budget

(i) Acceleration from Future Years

Windows10 Funding from Year3 to Year2

300,000

Windows10 Funding from Year4 to Year2

300,000

600,000

(ii) Reprofiting to Future Years

Digital NL Programme from Year2 to Year3

(2,596,384)

(2,596,384)

(iii) Budget Transfers (to)/from Other Services

N/A

0

0

(iv) Additional Funding

N/A

0

0

(v) Budget Reductions

N/A

0

0

Sub-Total of Budget Movements

(1,996,384)

REVISED BUDGET TOTAL

6,238,888

Summary Expenditure by Thematic Category

Period 6 (1 April - 13 September 2019)

Thematic Category	Budget £	YTD					OUTTURN	
		Actual £	Actual %	Committed £	Committed %	Uncommitted £	Projected Outturn £	Outturn variance £
Core Capital Programme								
Unavoidable	0	0	0%	0	0%	0	0	0
Key Ambition	6,238,888	358,872	6%	6,039,465	97%	1,084,181	7,123,646	(884,758)
External Funding	0	0	0%	0	0%	0	0	0
Total	6,238,888	358,872	6%	6,039,465	97%	1,084,181	7,123,646	(884,758)

Summary Expenditure by Division

Period 6 (1 April - 13 September 2019)

Theme	Budget £	YTD			OUTTURN	
		Actual £	Committed £	Uncommitted £	Projected Outturn £	Outturn variance £
Business Solutions						
Unavoidable						
N/A	0	0	0	0	0	0
Key Ambition						
Digitisation	5,211,693	292,888	5,973,481	122,970	6,096,451	(884,758)
LAN Refresh	0	0	0	0	0	0
Communication & Digital	1,027,195	65,984	65,984	961,211	1,027,195	0
External Funding						
N/A	0	0	0	0	0	0
TOTAL BUSINESS SOLUTIONS	6,238,888	358,872	6,039,465	1,084,181	7,123,646	(884,758)
TOTAL COMPOSITE CAPITAL PROGRAMME	6,238,888	358,872	6,039,465	1,084,181	7,123,646	(884,758)
TOTAL CHIEF EXECUTIVE SERVICE	6,238,888	358,872	6,039,465	1,084,181	7,123,646	(884,758)