

## **Policy Group – 22 November 2017**

### **Proposed Capital Programme 2018/19 – 2022/23**

#### **1. Purpose of report**

To seek Policy Group's support for the proposed Capital Programme for 2018/19 to 2022/23.

#### **2. Key issues**

- 2.1 To achieve a degree of certainty around the Capital Programme, Policy Group is asked to consider the appropriateness of the proposed Capital Programme, the revenue implications of which will be built into the draft revenue budget for 2018/19. Subject to the agreement of Policy Group the Capital Programme will be submitted to Council for approval, as part of the budget report in February 2018.
- 2.2 The Capital Programme is presented as follows: **Appendix 1** Capital Projects Approved for Implementation and **Appendix 2** the Capital Projects with Approval in Principle. In support of the new projects included in Appendix 2, three Capital Bid Forms are included in **Appendix 3**.
- 2.3 The approved £8.170m capital project to deliver the Dorset Innovation Park – Phase 2 – Innovation Centre should be deleted from the capital programme as it is now unlikely to progress.
- 2.4 The proposed capital programme is affordable without internal borrowing on the assumption that Dorset Innovation Park Phase 2 is removed.
- 2.5 As the budget process continues, officers will keep the Capital Programme under review and will update it should further information become available.

#### **3. Recommendation**

- 3.1 Policy Group supports the proposed Capital Programme for 2018/19 to 2022/23, as set out in Appendix 1 and 2, as a basis for the preparation of the budget for 2018/19.
- 3.2 Policy Group recommends to Council the deletion of the approved £8.170m capital project to deliver Dorset Innovation Park - Phase 2 – Innovation Centre.

#### **4. Policy issues**

##### **4.1 How will this affect the environment, social issues and the local economy?**

The impact of each scheme on the Council's corporate priorities has been set out in the Capital Bid Forms and will be reiterated when each scheme's business case is presented to Council for approval, to move it from the Unapproved to the Approved Capital Programme.

## 4.2 Implications

### 4.2.1 Resources

The impact of the Capital Programme on the Council's funding resources has been set out in the section 5 of the report.

### 4.2.2 Equalities

Equality Impact Screening and, if appropriate, Equality Impact Assessments, will be completed on projects as part of each business case presented to Council when seeking approval to move a project from the Unapproved to the Approved Capital Programme.

## 5. Further Information

### Background

- 5.1 The Capital Programme will be considered for approval in February, at the same time as the revenue budget and the setting of the council tax. However, in order to provide an earlier opportunity to feed into the process and to achieve a degree of certainty around aspects of the draft budget, Policy Group is being asked to consider the appropriateness of the proposed Capital Programme, the revenue implications of which will be built into the draft revenue budget for 2017/18 and the three year budget forecast.
- 5.2 The Capital Programme consists of projects approved for implementation and projects with approval in principle. Projects in both sections of the Programme are grouped by corporate priority. If a project contributes to a number of priorities it is recorded under the priority upon which it has the greatest impact.
- 5.3 Capital projects must exceed £10,000 in value or they will be treated as revenue expenditure, except in relation to the Council's IT network. Any item of equipment that links to the network, or any software required to support the network is deemed to be part of the "network" and is capitalised. It is therefore possible to have capital expenditure of less than £10,000 included in the Programme for IT costs.
- 5.4 The Capital Programme is attached as follows:
- Appendix 1 – Capital Projects Approved
    - Capital Projects Approved – Financing
  - Appendix 2 – Capital Projects with Approval in Principle
    - Capital Projects with Approval in Principle – Financing
    - Capital Projects with Approval in Principle – Revenue Implications
- 5.5 Monitoring of the programme is undertaken through regular Capital Monitoring reports to the Audit and Governance Committee.

**Projects for Approval in Principle**

- 5.6 There are three new projects for approval in principle, and Capital Bid Forms for them are attached as Appendix 3. They are listed below by corporate priority:

**Enhancing Local Communities and Involvement**

Replacement of Gym Equipment

Purchase of Excite Climb – Cardiovascular Gym Equipment

**Being an Efficient and Effective Council**

Finance System Upgrade to Latest Version

**Projects for Deletion**

- 5.7 The Council approved a £8.17m project to deliver the Dorset Innovation Park - Phase 2 – Innovation Centre, subject to partner funding being secured. Subsequently, the LEP failed to secure £3m of Growth Deal III funding for the scheme. As a consequence DCC has not put in place approval for its share of the project. As this project is no longer affordable, alternatives have been considered and refurbishment of Chesil House has been agreed, which will provide some of the facilities that would have been included in the Innovation Centre. As the Innovation Centre has failed to secure the partner funding required, it is recommended that Council approves deletion of this project from the Capital Programme. This will release the £2m of funding earmarked for the Council's share of the project, including internal borrowing.

**Capital Programme Financing**

- 5.8 The Council's capital programme can be financed in a number of ways:
- Capital grants and contributions from the Government and other bodies, which are used to finance specific schemes.
  - Capital receipts, which are generated when an asset is sold. This includes a share of the income from the sale of former Council houses, known as preserved right to buy receipts.
  - Reserves which are funded from contributions from revenue.
  - Borrowing which could be "internal"; funded from the Council's own resources, or external from the Public Works Loans Board, the money markets or other bodies such as the Local Enterprise Partnership (LEP). The borrowing would be repaid over the estimated life of the asset by way of a charge to revenue called a Minimum Revenue Provision (MRP).
  - Leasing, which is treated as external financing, where the cost would be repaid over the estimated life of the asset by way of a MRP.
- 5.9 The general priority for using funding sources is: capital grants (where applicable), capital receipts; reserves; borrowing; or leasing, although officers will utilise the available resources in the best interests of the Council.

5.10 Assuming the Council approves the current programme, including the deletion of the Dorset Innovation Park Innovation Centre project, and ignoring the £0.4m capital receipts ring-fenced for housing projects, there will be sufficient resources to fund the entire programme. The value of the overall programme from 2018/19 through to 2022/23 is shown below, together with the anticipated funding sources.

	£m	£m
Capital expenditure 2018/19 – 2022/23		1.336
Less partner contributions		0.157
		1.179
Funded by:		
Capital receipts	0.504	
General reserves	0.417	
Earmarked reserves	0.258	
		1.179
		Nil

5.11 The forecast fund balances and borrowing at the end of 2021/22, when the Capital Programme has been completed, are as follows:

	£m	£m
<b>Available resources</b>		
Capital receipts - general	1.4	
Capital receipts – ring-fenced for housing	0.4	1.8
		1.1
General reserve		1.1
Total resources available at the end of 2021/22		2.9
<b>Liabilities</b>		
Internal Borrowing		0.0

5.12 Last year internal borrowing was anticipated to peak at £1.72m during the life of the programme. It is now anticipated that the programme can be delivered without any internal borrowing.

5.13 The major projects in the programme are projected to provide economic development and create future revenue income streams. The revenue budget is currently under pressure and this is likely to continue for the foreseeable future. However, the Dorset Innovation Quadrant project should be complete and generating revenue income in the 2018/19 financial year.

5.14 In projecting the affordability of the capital programme assumptions have been made about the timing of the capital projects and the timing and value of future capital receipts. In reality this may be quite different. The capital programme's funding might also change should additional funding become available from partners such as the LEP.

**Appendices:**

- 1 - Approved Capital Projects**
- 2 - Capital Projects Proposed for Approval in Principle**
- 3 - Capital Bid Forms**

Background papers:

There are none.

For further information contact:-

Sue Joyce, General Manager - Resources

CAPITAL PROGRAMME 2018/19 - 2022/23

APPROVED SCHEMES - BUDGETS

	Actual 2016/17 £000's	Revised Estimate 2017/18 £000's	Estimate 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's	Total Scheme Budget £000's
<b>Improving the Local Economy and Infrastructure</b>								
Superfast Broadband Phase 1	122							350
Superfast Broadband Phase 2	0	87						87
Prospect Business Park, Swanage	9	7	53					2,075
Dorset Innovation Park - Quadrant	701	2,268						2,969
Dorset Innovation Park - Land Owner Capital Project Costs	0	14	43	53	50	40	0	200
Dorset Green - Purchase of Enterprise Zone	0	50						50
Westminster Road Depot Redevelopment	0	318						318
Swanage Pier Trust Grant	0	50						50
	832	2,794	96	53	50	40	0	
<b>Protecting and Enhancing the Natural Environment</b>								
	0							
	0	0	0	0	0	0	0	
<b>Meeting the Housing Needs of Local People</b>								
Community Housing Fund - Community Land Trust Capital Grants	0	100	0	0	0	0	0	n/a
	0	100	0	0	0	0	0	
<b>Enhancing Local Communities and Involvement</b>								
Purbeck Sports Centre - Swimming Pool Tile Clean and Repair	15							20
Purbeck Sports Centre - Replacement Roofs	90	182						272
Purbeck Sports Centre - Replacement Spin Bikes	0	32						32
Winfrith Village Hall Grant	11							11
Corfe Castle Village Hall Grant	0	40						40
West Street ,Corfe Castle Public Conveniences Refurbishment	36							38
	152	254	0	0	0	0	0	
<b>Being an Efficient and Effective Council</b>								
IT Infrastructure	34	36	35	35	35	35	35	n/a
IT Service Software Upgrades	20	30	25	25	25	25	25	n/a
Finance System Upgrade	32	12						44
Councillors I.T. 2015/16	1							38
I.T. Flexible Working - Officers	10	14						48
ICT Systems Business Continuity & Disaster recovery	5							48
Planning Policy Software	3							15
Replacement of Environmental and Health and Licensing Software	10	39						49
Norden Car Park resurfacing and replacement ticket machines project	12	44						56
Norden car park - Phase 3 - refurbishment of toilets, play park and office accommodation	0	150						150
Westport House Kiosk Computers	1	5						6
Dorsetforyou.com website rebuild	0	20						20
	128	350	60	60	60	60	60	
<b>TOTAL</b>	<b>1,112</b>	<b>3,498</b>	<b>156</b>	<b>113</b>	<b>110</b>	<b>100</b>	<b>60</b>	
	1,112	3,498	156	113	110	100	60	

CAPITAL PROGRAMME 2018/19 - 2022/23

APPROVED SCHEMES - FINANCING

**Improving the Local Economy and Infrastructure**  
Prospect Business Park, Swanage  
Dorset Innovation Park - Land Owner Capital Project  
Costs

**Protecting and Enhancing the Natural Environment**

**Meeting the Housing Needs of Local People**

**Enhancing Local communities and Involvement**

**Being an Efficient and Effective Council**  
IT Infrastructure  
IT Service Software Upgrades

**Third party funding**  
Prospect Business Park  
Dorset Innovation Park - Quadrant  
Dorset Green - Phase 2 - Innovation Centre

Homes and Communities Agency (HCA)  
Dorset County Council  
Dorset County Council (£2,000,000)  
LEP Growth Deal (£3,000,000)  
Magnox Socio Economic Fund (£1,170,000)

	2018/19			2019/20			2020/21			2021/22			2022/23		
	Internal Capital receipts £000's	Internal borrowing £000's	Third party funding £000's	Internal Capital receipts £000's	Internal borrowing £000's	Third party funding £000's	Internal Capital receipts £000's	Internal borrowing £000's	Third party funding £000's	Internal Capital receipts £000's	Internal borrowing £000's	Third party funding £000's	Internal Capital receipts £000's	Internal borrowing £000's	Third party funding £000's
	43		53	53			50			40					
	43	0	53	53	-	-	50	-	-	40	-	-	0	-	-
	0		0	0			0			0			0		
	0		0	0			0			0			0		
	0		0	0			0			0			0		
	35			35			35			35			35		
	25			25			25			25			25		
	60		0	60		0	60		0	60		0	60		0
	103	0	53	113	-	-	110	-	-	100	0	0	60	0	0
			<b>156</b>	<b>113</b>			<b>110</b>			<b>100</b>			<b>60</b>		<b>60</b>

CAPITAL PROGRAMME 2018/19- 2022/23

UNAPPROVED SCHEMES - BUDGETS

	2018/19 £000's	2019/20 £000's	2020/21 £000's	2021/22 £000's	2022/23 £000's
<b>Improving the Local Economy and Infrastructure</b>					
Purbeck Business Centre - Re-roofing		125			
	0	125	0	0	0
<b>Protecting and Enhancing the Natural Environment</b>					
	0	0	0	0	0
<b>Meeting the Housing Needs of Local People</b>					
	0	0	0	0	0
<b>Enhancing Local communities and Involvement</b>					
Toilet Refurbishment - West Lulworth	100				
<u>Purbeck Sports Centre - Capital Works</u>					
- Lift Installations	60				
- Heat Emitters	45				
- Internal Doors (including ironmongery)	25				
- Gas Fired Hot Water Generator No2	18				
- Swimming Pool Ceiling Finishes	85				
- CW Service Tank Roof Void	25				
- Replacement of Gym Equipment	0	0	0	0	150
- Purchase of Excite Climb - cardiovascular gym equipment	13				
	371	0	0	0	150
<b>Being an Efficient and Effective Council</b>					
Finance system upgrade to latest version	0	40			
Westport House Roofing Works	12				
Westport House Corridor Lighting	15				
Westport House Lift	84				
	111	40	0	0	0
<b>TOTAL</b>	482	165	0	0	150
Capital Bid Form items 2018/19 forwards					



CAPITAL PROGRAMME 2017/18 - 2021/22

UNAPPROVED SCHEMES - FINANCING

	2018/19		2019/20		2020/21		2021/22		
	Internal Capital Receipts £000's	Internal Revenue Contns £000's	Third Party Funding £000's	Internal Capital Receipts £000's	Internal Revenue Contns £000's	Third Party Funding £000's	Internal Capital Receipts £000's	Internal Revenue Contns £000's	Third Party Funding £000's
<b>Improving the Local Economy and Infrastructure</b>									
Purbeck Business Centre - Re-roofing	0	0	0	22	0	103	0	0	0
				22		103			
<b>Protecting and Enhancing the Natural Environment</b>									
	0	0	0	0	0	0	0	0	0
<b>Meeting the Housing Needs of Local People</b>									
	0	0	0	0	0	0	0	0	0
<b>Enhancing Local communities and Involvement</b>									
Toilet Refurbishment -West Lulworth		100							
Purbeck Sports Centre - Capital Works									
- Lift Installations		60							
- Heat Emitters		45							
- Internal Doors (including ironmongery)		25							
- Gas Fired Hot Water Generator No2		18							
- Swimming Pool Ceiling Finishes		85							
- CW Service Tank Roof Void		25							
- Replacement Gym Equipment		0						0	
- Purchase of Excite climb - cardiovascular gym equipment		13							
	0	371	0	0	0	0	0	0	0
<b>Being an Efficient and Effective Council</b>									
Westport House Roofing Works	12								
Westport House Corridor Lighting	15								
Westport House Lift	84								
Finance system upgrade to latest version	0		0	40	40				
	111	0	0	0	40	0	0	0	0
				0					
	111	371	0	22	40	103	0	0	0
<b>TOTAL</b>		482		165	0	0	0	0	0



**2018/19 CAPITAL PROGRAMME BUDGET FORM**

**1. PROJECT DESCRIPTION: Replacement Gym Equipment Casings and Frames**

The Gym was refurbished in 2008 and the new gym was kitted out with Technogym equipment, this equipment is linked to Wellness, a software management system where staff and customers can access their own training programmes and customer retention can be monitored. The Wellness system became unsupported in 2017 and the system has been up graded to the cloud base system which gives staff and customer greater flexibility with regard to exercise programmes and logging results. It is only Technogym equipment that can be supported by the wellness package. The Technogym equipment has been serviced on a 6 monthly basis over the past 9 years and most of the equipment has required parts and upholstery replacements which are included in the service package.

The casings and the frames of every piece of equipment in the gym is not covered in a service agreement and Technogym have advised that the original estimated lifespan of the equipment is 7 years, although the equipment has exceeded this recommendation and is at present only showing small signs of deterioration, it is estimated that it will need replacing in the next 1 to 5 years.

**2. PROJECT MANAGER:  
Michelle Goodman**

**3. PROJECT OBJECTIVES, BASED ON CORPORATE PRIORITIES AND SERVICE OBJECTIVES:**

Enhancing local communities and involvement by promoting active participation in sport and active recreation.

**4. ALTERNATIVES CONSIDERED, IF ANY, AND WHY DISMISSED:**

An alternative would be to lease the equipment, this would not be the most cost effective option.

5. **ANALYSIS OF CAPITAL COSTS BY TYPE AND TIMING**

	Estimate 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Land/building acquisition					
Construction					
Infrastructure					
Plant and equipment					150
Professional fees					
Internal recharges (obtain from Financial Services)					
Other					
<b>TOTAL COST</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>

6. **PROPOSED SOURCES OF FINANCE**

	Estimate 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Council's resources					150
Government grants					
External resources (please detail)					
<b>TOTAL COST</b>					<b>150</b>

7. **REVENUE COSTS AND SAVINGS**

(Include pre-design costs both internal and external as well as future costs/savings)

	Estimate 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Financing costs (completed by Financial Services)					
Other (please detail)					
Less savings/income (please detail)					
Net Annual Revenue Impact	n/a	n/a	n/a	n/a	n/a

8. **SUSTAINABILITY**

(Please provide details - e.g. life of asset, environmental impact etc)

Technogym have recommended that the Lifespan of the new equipment will be 7 years.

9. **PROPOSED MILESTONES AND DELIVERABLES**

(Please provide details, including any financial information, where appropriate)

The quote received from Technogym is the present cost of the equipment. Procurement advice is that the equipment should not be replaced piecemeal as this would prevent genuine completion by locking the Council into the existing software and technology.

It is very difficult to quantify any financial gain by replacing the gym equipment, but failure to provide an up to date facility would be detrimental.

**NOTES:-**

Based on the above information, **Council** will decide whether to include a new scheme in the Capital Programme, at this stage shown as an “Unapproved Scheme”. With regard to obtaining Member approval and monitoring of the contract see below:

**PROJECT APPROVAL**

To obtain formal approval of a new scheme, the above information will be resubmitted to **Policy Group** and **Council**, updated as appropriate following design of the scheme. The following additional matters should also be outlined as appropriate:-

- (a) Implications for all corporate resources including finance, staff, property, IT and information.
- (b) Barriers and constraints to be clearly shown.
- (c) Risks associated with the project, with an estimate of likelihood, impact, counter measures and mitigation, together with an estimate of project contingency.

**PROJECT MONITORING**

**Audit & Governance Committee** will carry out project monitoring on all schemes quarterly. Actual costs will be included in a summary by Financial Services, with monitoring against milestones and deliverables to be prepared by each project manager. Monitoring should address all the above, particularly budget monitoring, milestone monitoring, issues concerning barriers, constraints and risks and any perceived changes in achievement of project objectives. Project monitoring reports on individual schemes may need to be resubmitted to **Policy Group**, as appropriate.

**PROJECT EVALUATION**

Post-implementation evaluation should be carried out for all projects within 12 months of practical completion unless **Audit & Governance Committee** agree other timescales. The evaluation report, to be presented to **Audit & Governance Committee**, will be co-ordinated by the project manager and address all of the issues discussed in the project approval.

**2018/19 CAPITAL PROGRAMME BUDGET FORM**

**1. PROJECT DESCRIPTION: Purchase of Excite Climb cardiovascular gym equipment**

To refresh the Sports Centre gym by investing in two new innovative pieces of cardio equipment.

When the gym at the Sports Centre was built 10 years ago new equipment was invested in. This equipment is fully depreciated, but continues to serve the community well, however it is felt that now is the time to invest in some new equipment to provide a small refresh that would keep the existing members wanting to keep coming back along with creating a new interest for some of the community as the excite climb is not replicated in any other piece of equipment in the gym.

When the gym was built it was fitted out with what was at the time considered to be state of the art equipment with all the up to date my Wellness technology. This wellness technology allows a customer to programme and develop a personal training programme using a wellness key. The fitness market is a fast moving market along with technology, and Technogym have developed the Excite Climb which is the latest addition to the Technogym Excite portfolio. The latest customer trend is to find innovative solutions for cardiovascular training, more and more members of the gym are looking for different workouts and digital content to support their motivation and results. The Climb brings a new piece of cardiovascular equipment to complement and enhance the existing equipment in the gym. The machines have a range of different programmes to enhance member's experience of cardio training, it brings variety and a visual guide through every step. Research from other gyms suggest the addition of cardio climbing equipment is proving to be a very popular with Bridport Gym advising that after an initial purchase of 2 they have now bought 2 more. The new machines allow customers to post and share their workout via the wellness app to social media which will promote the Sports Centre offer to the community and could generate more customers.

As all the other equipment in the gym is supplied by Technogym and links to the my Wellness key in order to synchronise with all the other machines this is the preferred supplier for the supply of the equipment. There is also an existing service contract with Technogym to repair and maintain the gym equipment and these new machines will be covered by that contract.

**2. PROJECT MANAGER:**

Michelle Goodman

**3. PROJECT OBJECTIVES, BASED ON CORPORATE PRIORITIES AND SERVICE OBJECTIVES:**

Enhancing local communities and involvement by promoting active participation in sport and active recreation.

**4. ALTERNATIVES CONSIDERED, IF ANY, AND WHY DISMISSED:**

The alternative would be to lease the equipment, detailed below is a summary of a lease proposal from a third party recommended by Technogym.

Payments	Frequency	Term	Advance
<b>£576.49</b>	<b>Monthly</b>	<b>24</b>	<b>£12,914.00</b>
<b>£252.56</b>	<b>Monthly</b>	<b>60</b>	<b>£12,914.00</b>

At the end of the term the Council would not own the equipment although the company would at the end of the lease agreement offer the Council the option of purchasing the equipment at a reduced cost. To purchase the equipment outright would be exactly the same cost but the Council would own the equipment.

The finance lease option does not prove to be the most cost effective as the Council will end up paying the same amount of money for the two Climb machines, at the end of the term, not own the equipment and will be charged an additional amount if the Council wish to purchase the equipment at the end of the agreement, this additional amount can't be clarified until the end of the Finance Lease.

**5. ANALYSIS OF CAPITAL COSTS BY TYPE AND TIMING**

	Estimate 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Land/building acquisition					
Construction					
Infrastructure					
Plant and equipment	13				
Professional fees					
Internal recharges (obtain from Financial Services)					
<b>TOTAL COST</b>	<b>13</b>				

**6. PROPOSED SOURCES OF FINANCE**

	Estimate 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Council's resources	13				
Government grants					
External resources (please detail)					
<b>TOTAL COST</b>	<b>13</b>				

**7. REVENUE COSTS AND SAVINGS**

(Include pre-design costs both internal and external as well as future costs/savings)

	Estimate 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Financing costs (completed by Financial Services)					
Other (please detail)					
Less savings/income (please detail)					
<b>Net Annual Revenue Impact</b>	<b>0</b>				

**8. SUSTAINABILITY**

(Please provide details - e.g. life of asset, environmental impact etc)

The manufacturer normally suggests an 8 year life on the asset however as the current equipment has lasted 10 years and is still performing well it would not be unreasonable to suggest a minimum of 10 years.

**9. PROPOSED MILESTONES AND DELIVERABLES**

(Please provide details, including any financial information, where appropriate)

It is very difficult to quantify any financial gain by purchasing the two new pieces of equipment for the gym. It will certainly give the existing members a new and exciting challenge which will assist greatly with retention. It may well bring in new members who have a specific requirement or training regime that the other pieces of gym equipment can't provide. The ability for members to share their workouts via Facebook, Twitter and Instagram will indirectly promote the sports centre to the wider community.

**NOTES:-**

Based on the above information, **Council** will decide whether to include a new scheme in the Capital Programme, at this stage shown as an "Unapproved Scheme". With regard to obtaining Member approval and monitoring of the contract see below:

**PROJECT APPROVAL**

To obtain formal approval of a new scheme, the above information will be resubmitted to **Policy Group** and **Council**, updated as appropriate following design of the scheme. The following additional matters should also be outlined as appropriate:-

- (a) Implications for all corporate resources including finance, staff, property, IT and information.
- (b) Barriers and constraints to be clearly shown.
- (c) Risks associated with the project, with an estimate of likelihood, impact, counter measures and mitigation, together with an estimate of project contingency.

**PROJECT MONITORING**

**Audit & Governance Committee** will carry out project monitoring on all schemes quarterly. Actual costs will be included in a summary by Financial Services, with monitoring against milestones and deliverables to be prepared by each project manager. Monitoring should address all the above, particularly budget monitoring, milestone monitoring, issues concerning barriers, constraints and risks and any perceived changes in achievement of project objectives. Project monitoring reports on individual schemes may need to be resubmitted to **Policy Group**, as appropriate.

**PROJECT EVALUATION**

Post-implementation evaluation should be carried out for all projects within 12 months of practical completion unless **Audit & Governance Committee** agree other timescales. The evaluation report, to be presented to **Audit & Governance Committee**, will be co-ordinated by the project manager and address all of the issues discussed in the project approval.



**2018/19 CAPITAL PROGRAMME BUDGET FORM**

1. **PROJECT DESCRIPTION:** Upgrade the Unit4 finance system to the latest version
2. **PROJECT MANAGER:** Hannah Brown
3. **PROJECT OBJECTIVES, BASED ON CORPORATE PRIORITIES AND SERVICE OBJECTIVES:**

The Council's financial system was originally purchased in 2003 and has been supported through a managed service contract with Unit4 the providers of the system. The last major upgrade was in 2016 to version Milestone 6.

Unit4's policy is to only provide active support for two versions of the system at any one time. Milestone 7 has been released during 2017 and it is likely that another version will be released in the next 12 to 18 months. In order to receive active support through the managed service contract the system will need to be upgraded.

The cost of the software is included in the managed service contract but consultancy support is required to review, configure and test all elements of the system. Based on the previous upgrade this is estimated to cost £40,000.

Whilst the project has been put into the 2019/2020 capital programme it will not be undertaken until it is necessary.

4. **ALTERNATIVES CONSIDERED, IF ANY, AND WHY DISMISSED:**

The Council purchased the finance system so an alternative procurement is not relevant as the system meets the Council's needs.

The implementation consultancy has historically always been provided by Unit4, however, there are other consultancy providers and these will be considered when the upgrade is due.

5. **ANALYSIS OF CAPITAL COSTS BY TYPE AND TIMING**

	Estimate 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Land/building acquisition					
Construction					
Infrastructure					
Plant and equipment		40			
Professional fees					
Internal recharges (obtain from Financial Services)					
Other					
<b>TOTAL COST</b>		<b>40</b>			

**6. PROPOSED SOURCES OF FINANCE**

	Estimate 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Council's resources		<b>40</b>			
Government grants					
External resources (please detail)					
<b>TOTAL COST</b>		<b>40</b>			

**7. REVENUE COSTS AND SAVINGS**

(Include pre-design costs both internal and external as well as future costs/savings)

	Estimate 2018/19 £000's	Estimate 2019/20 £000's	Estimate 2020/21 £000's	Estimate 2021/22 £000's	Estimate 2022/23 £000's
Financing costs (completed by Financial Services)		<b>0</b>			
Other (please detail)		<b>0</b>			
Less savings/income (please detail)		<b>0</b>			
Net Annual Revenue Impact		<b>0</b>			

**8. SUSTAINABILITY**

(Please provide details - e.g. life of asset, environmental impact etc)

In order to maintain support and remain current the system needs to be upgraded every 3 to 5 years.

**9. PROPOSED MILESTONES AND DELIVERABLES**

(Please provide details, including any financial information, where appropriate)

The current three year managed service contract runs until 31 March 2020, it may be possible to extend this on an annual basis until the upgrade is complete.

**NOTES:-**

Based on the above information, **Council** will decide whether to include a new scheme in the Capital Programme, at this stage shown as an “Unapproved Scheme”. With regard to obtaining Member approval and monitoring of the contract see below:

**PROJECT APPROVAL**

To obtain formal approval of a new scheme, the above information will be resubmitted to **Policy Group** and **Council**, updated as appropriate following design of the scheme. The following additional matters should also be outlined as appropriate:-

- (a) Implications for all corporate resources including finance, staff, property, IT and information.
- (b) Barriers and constraints to be clearly shown.
- (c) Risks associated with the project, with an estimate of likelihood, impact, counter measures and mitigation, together with an estimate of project contingency.

**PROJECT MONITORING**

**Audit & Governance Committee** will carry out project monitoring on all schemes quarterly. Actual costs will be included in a summary by Financial Services, with monitoring against milestones and deliverables to be prepared by each project manager. Monitoring should address all the above, particularly budget monitoring, milestone monitoring, issues concerning barriers, constraints and risks and any perceived changes in achievement of project objectives. Project monitoring reports on individual schemes may need to be resubmitted to **Policy Group**, as appropriate.

**PROJECT EVALUATION**

Post-implementation evaluation should be carried out for all projects within 12 months of practical completion unless **Audit & Governance Committee** agree other timescales. The evaluation report, to be presented to **Audit & Governance Committee**, will be co-ordinated by the project manager and address all of the issues discussed in the project approval.