

Committee(s):		Date(s):
Resource Allocation Sub	For decision	7 July 2016
Policy and Resources Committee	For decision	7 July 2016
Subject:		Public
Project Funding Update		
Report of:		For Decision
The Chamberlain		
Report author:		
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Summary

This report seeks approval to one-off funding totalling £72k to allow two proposals to be progressed to the next gateway. The Priorities Board, the officer group created to provide a more holistic approach to the allocation of project finance, proposes that these requests be met from the 2016/17 annual provisions for new schemes which have been set aside in both the City Fund and City's Cash financial forecasts to provide a degree of flexibility to fund smaller value new capital schemes as they arise.

A summary of the forecast position for the 2016/17 annual provisions is shown below:

	City Fund £m	City's Cash £m
2016/17 provisions	2.000	3.000
New Requests:		
• Wide Area Network (WAN) replacement	(0.008)	(0.008)
• IT Infrastructure Performance Improvement Plan	(0.028)	(0.028)
Unallocated Balance Remaining	1.964	2.964
Future potential requests identified at this stage	(1.225)	(2.087)
Forecast Headroom after allowing for Future Potential Requests	0.739	0.877

If both requests were agreed the balances remaining would be £1.964m and £2.964m for City Fund and City's Cash respectively.

Details of the future potential requests are contained in the Appendix.

Recommendations:

It is recommended that Members agree to requests for funding totalling £72k from the 2016/17 provisions for new schemes (50 % City Fund and 50% City's Cash) to progress the following two schemes to the next gateway:

- Wide Area Network (WAN) replacement – £16k
- IT Infrastructure Performance Improvement Plan - £56k,

both schemes being subject to the requisite approvals by other committees.

Main Report

Background

1. The Policy and Resources Committee have agreed to set aside sums of £24m (£3m per annum) over the period from 2012/13 to 2019/20 in both the City Fund and City's Cash financial forecasts (£48m in total) to provide a degree of flexibility to fund smaller value new capital schemes as they arise.
2. In June 2012, the Policy and Resources Committee agreed that only projects that are considered essential and which fit within the following categories may be approved at Gateways 1-4 of the Project Procedure, until further notice:
 - 1) Health and safety compliance
 - 2) Statutory compliance
 - 3) Fully/substantially reimbursable
 - 4) Spend to save or income generating, generally with a short payback period (as a rule of thumb within 5 years)

In addition, under exceptional circumstances, other projects considered to be a priority by the Resource Allocation Sub-Committee will be allowed to proceed.

3. The majority of projects working their way through the early gateways are to be funded either from internal ring-fenced sources such as the Barbican Centre and GSMD Capital Caps and the City Surveyor's Designated Sales Pools or from external sources such as Section 106 deposits and Government/Transport for London grants which are restricted for specific purposes.
4. Decisions about the allocation of resources for those projects that do not have access to these sources of funding are generally taken when a scheme reaches Gateway 4a – Inclusion in Capital Programme, although requests at earlier gateways are also arising on a more frequent basis. To help members to prioritise the allocation of City resources to projects from a wide range of funding sources, the Priorities Board has been created to provide a more holistic approach to the allocation of project finance, by considering bids for funding from a range of available (less constrained) sources, including in particular future receipts from the unallocated pots of the City's Community Infrastructure Levy (CIL).
5. The 2016/17 provisions for new schemes amount to £2m for City Fund (£3m less £1m for the existing Museum building) and £3m for City's.

Requests for Funding

6. There are two requests for funding totalling £72k and the Corporate Priorities Board has identified the 2016/17 annual provisions for new schemes as the most appropriate sources of funding.

Both schemes are required to bring about further **improvements in the efficiency of IT services**. The initial resources now requested to progress to the next gateway are to be funded on a 50/50 basis from the City Fund and City's Cash provisions:

- Wide Area Network (WAN) Replacement – funding of 16k towards the cost of progressing the scheme to the next Gateway. This is classified as an **essential** scheme to replace end of life WAN infrastructure across the organisation, including the Police. Total resources of £30k are required at this stage, to be shared between the Police (£14k, to be funded from existing cash limited resources) and the City (£16k).
- IT Infrastructure Performance Improvement Plan – funding of £56k to progress the scheme to the next gateway. This is classified as an **advisable** scheme required to address poor service performance arising from legacy system design

issues, involving the restructuring and optimisation of 4 key areas:

- i. Microsoft Exchange, the corporate email system, including business continuity and resilience issues;
- ii. File Server environment to ensure efficient working;
- iii. Dynamic Host Configuration Protocol (DHCP) which controls initial user logon;
- iv) Citrix environment.

The current scope of this scheme does not encompass City Police systems, although if implications for the Police should arise during the process of evaluation, this will be reported at the next gateway.

The above requests are subject to the requisite approvals from other committees.

7. The forecast position for the 2016/17 annual provisions is shown in the report summary above
8. If the City Fund requests were agreed, a balance of £1.964m would remain. At this early stage in the year, a number of future potential requests amounting to £1.225m have been identified, which would result in a forecast headroom of £739k if all were eventually progressed.
9. If the City's Cash requests were agreed, a balance of £2.964m would remain. Future potential requests amounting to £2.087m have currently been identified which would result in a forecast headroom of £877k if all were to be progressed.
10. A schedule of the projects which may require funding in the current and future years is provided in the Appendix.

Conclusion

11. There are two requests for funding totalling £72k and the Corporate Priorities Board has concluded that the 2016/17 provisions for new schemes provide the appropriate sources of funding.
12. There are adequate resources available to meet these requests. After allowing for future potential requests for funding which have been identified at this early stage in the year, the unallocated balances are currently forecast at £739k and £877k for City Fund and City's Cash respectively.

Appendix – Detailed schedule of projects which may seek future funding allocations

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