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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>6 August 2019</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/68/19/MT/AP</b>
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<b>Subject:</b>	<b>2018/19 Capital Programme Performance</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the performance in the delivery of the 2018/19 Capital Programme.

## 2.0 SUMMARY

- 2.1 The Committee receives an annual report detailing the Capital Programme out-turn against approved budget. Achieving budgeted capital spend has been raised at a Scotland wide level by Auditors for many years and the Committee has previously approved action taken to reduce levels of slippage.
- 2.2 In 2018/19 there was net advancement of 0.52% following on from net slippage of 1.2% in 2017/18. Appendix 1 illustrates the reduction in slippage since 2014/15 and it can be seen that the 5 year average slippage is 0.9%. Slippage should be kept under 10% and likewise for acceleration, as greater than this would indicate issues with initial budget setting.
- 2.3 Appendix 2 provides a summary of the main causes for slippage/advancement with reasons for the slippage being provided by Lead Officers. As has previously been the case, it is clear that variations are not attributable to either a single project or a single reason.
- 2.4 Appendix 3 provides more detail on an individual project basis whilst Appendix 4 shows the movement in projections throughout the year. From this it can be seen that there was no Committee where the movement between Period 6 (November cycle) and out-turn was greater than 10%. This is a good outcome.
- 2.5 Overall the Capital Programme delivery performance was good with slippage in certain projects being cancelled out by advancement of spend in others. The Corporate Director Environment, Regeneration & Resources will continue to work with relevant officers throughout the year to monitor project delivery and update Committee as required.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the positive 2018/19 Capital out-turn position of 0.52% advancement.

**Alan Puckrin**  
**Chief Financial Officer**

## 4.0 BACKGROUND

- 4.1 Following a significant level of slippage reported as part of the 2011/12 accounts, the Corporate Director Environment, Regeneration & Resources undertook action as part of the budget setting process to reduce slippage and further actions were identified in 2014 to continue this improvement. These actions included setting performance targets for Chief Officers as part of the annual Appraisal process, early notification of slippage and identification of projects which could be accelerated.

## 5.0 2018/19 CAPITAL DELIVERY PERFORMANCE

- 5.1 Subject to the audit of the Final Accounts, the Capital out-turn for 2018/19 is reporting advancement of 0.52% (1.2% slippage reported in 2017/18). Overall advancement remains well within acceptable levels, as stated this is partly as a result of the actions taken by Officers to reduce slippage including accelerating capital spend on a number of projects such as Inverclyde Leisure Spend to Save and Regeneration.
- 5.2 Appendix 2 provides an analysis prepared by Officers of the main reasons for any slippage whilst Appendix 3 contains a commentary by the Lead Officer where appropriate and a categorisation of the type of slippage. This latter issue is not an exact science, but does give an indication of the main reasons for the slippage.
- 5.3 It can be seen that slippage of £4.422 million (90% of all slippage) arose from internal slippage and slippage involving 3<sup>rd</sup> Parties. This was compensated for by projects accelerated by Officers of £4.964m (17.7%).
- 5.4 Directorate performance was as follows:

Corporate Director, Environment, Regeneration & Resources – overall slippage 0.81% (2017/18: 16.2% slippage) this was mainly due to slippage within Flooding, SPT projects, King George VI refurbishment and Pottery Street offices and depot refurbishment offset by advancement of Clune Park, Town and Village Centres projects and the Enterprise hub. This is a significant improvement from 2017/18.

Corporate Director, Education, Communities & Organisational Development – overall project advancement of 6.18% (2017/18: 14.1%) mainly as a result of acceleration of spend on projects within Safer Communities including the Watt Complex refurbishment and Inverclyde Leisure projects offsetting slippage within the School Estate programme.

Corporate Director, Health & Social Care – overall slippage of 32.99% (2017/18: 38.9%). The actual value of slippage was £450,000 and related mainly to a single project, the Crosshill Children's Home replacement.

- 5.5 Allied to the early identification of slippage is the potential to identify alternative projects which could be accelerated. Roads investment in particular lends itself to this approach where projects can be developed and delivered in a far shorter timescale than many other capital projects. During 2018/19 a total of £4,964m (17.7%) (2017/18: £6.812m (21.11%)) was advanced. Much of this was as a result of Council policies such as the advancement of the Road Asset Management Plan, Inverclyde Leisure Projects, Regeneration projects and the School Estates Management Plan.

## 6.0 IMPLICATIONS

Finance

- 6.1 Whilst there are no direct financial implications which can be quantified arising from general slippage, there can be an opportunity cost to the Council from the late delivery of projects.

Acceleration of projects is largely a positive outcome however it can result in earlier incurring of borrowing costs albeit at present interest rates are at historically low levels.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

**Legal**

6.2 There are no legal implications arising from this report.

**Human Resources**

6.3 The Corporate Director, Environment Regeneration and Resources and his Heads of Service regularly review resourcing levels to ensure sufficient resources are in place to deliver the Capital Programme supported by the use of framework agreements where appropriate to access resources timeously.

**Equalities**

6.4 There are no direct equalities implications arising from this report.

**Repopulation**

6.5 Delivery of projects on time and within budget helps increase public confidence in the Council which will improve the perception of Inverclyde and, as such, reducing Capital Slippage and improving delivery performance will make the area more attractive to residents and potential incomers.

**7.0 CONSULTATIONS**

7.1 This report has been produced in consultation with the relevant budget holders as well as technical officers from Legal & Property Services and Environmental & Commercial Services and approved by the Corporate Management Team.

**8.0 LIST OF BACKGROUND PAPERS**

8.1 None.

## Annual Slippage Summary

## Appendix 1

<u>Year</u>	<u>Budget</u> <u>£000's</u>	<u>Slippage</u> <u>£000's</u>	<u>%age</u>
2014/15	29,772	4,566	15.3%
2015/16	30,070	(903)	(3.0)%
2016/17	27,955	(2,560)	(9.2)%
2017/18	32,271	398	1.2%
2018/19	27,995	(146)	(0.5)%
5 year average	29,613	271	0.9%

**Summary of Reported Slippage by Category**

**Appendix 2**

Committee	Policy Decision		Project Cost Reduced		Internal Slippage		Delay involving 3rd Party		Minor Slippage		Accelerated Projects		Total	
	£000	%age	£000	%age	£000	%age	£000	%age	£000	%age	£000	%age	£000	%age
Policy & Resources	-	0.0%	-	0.0%	-	0.0%	-	0.0%	2	0.4%	-	0.0%	2	0.40%
Environment, Regeneration & Resources	-	0.0%	-	0.0%	1,523	10.5%	1,071	7.4%	318	2.2%	(2,794)	(19.2)%	118	0.81%
Education & Lifelong Learning	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	(743)	(44.3)%	(743)	(44.31)%
School Estate	-	0.0%	-	0.0%	1,213	12.2%	-	0.0%	157	1.6%	(1,343)	(13.5)%	27	0.27%
Health & Social Care	-	0.0%	-	0.0%	615	45.1%	-	0.0%	(8)	(0.6)%	(157)	(11.5)%	450	32.99%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>3,351</b>	<b>12.0%</b>	<b>1,071</b>	<b>3.8%</b>	<b>469</b>	<b>1.7%</b>	<b>(5,037)</b>	<b>(18.0)%</b>	<b>(146)</b>	<b>(0.52)%</b>
<b>Directorate</b>														
Environment, Regeneration & Resources	-	0.0%	-	0.0%	1,523	10.1%	1,071	7.1%	320	2.1%	(2,794)	(18.6)%	120	0.8%
Education, Communities & Organisational Development	-	0.0%	-	0.0%	1,213	10.5%	-	0.0%	157	1.4%	(2,086)	(18.0)%	(716)	(6.2)%
Health & Social Care	-	0.0%	-	0.0%	615	45.1%	-	0.0%	(8)	(0.6)%	(157)	(11.5)%	450	33.0%
<b>Total</b>	<b>0</b>	<b>0.0%</b>	<b>0</b>	<b>0.0%</b>	<b>3,351</b>	<b>12.0%</b>	<b>1,071</b>	<b>3.8%</b>	<b>469</b>	<b>1.7%</b>	<b>(5,037)</b>	<b>(18.0)%</b>	<b>(146)</b>	<b>(0.5)%</b>

	Approved Budget 2018/19 Final Outturn £000's	Draft 2018/19 Final Outturn £000's	Slippage from Approved Budget £000's	Slippage from Approved Budget %age	1 Policy Decision £000's	2 Project Cost Reduced £000's	3 Internal Slippage £000's	4 Delay involving 3rd Party £000's	5 Minor Slippage £000's	6 Accelerated Projects £000's	Variation Category	Additional Comments
<b>Policy &amp; Resources</b>												
Various Projects	500	498	2	.40%					2		5 Minor Slippage	
<b>TOTAL Policy &amp; Resources</b>	<b>500</b>	<b>498</b>	<b>2</b>	<b>.40%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>		
<b>Environment &amp; Regeneration</b>												
<b>Environmental Services - Roads</b>												
Traffic Measures	188	261	(73)	(38.83)%						(73)	6 Accelerated Projects	
SPT	1,600	1,268	332	20.75%				332			4 Delay involving 3rd Party	Legal - access delay- Chapelton Bridge
Flooding Strategy - Greenock Central	373	265	108	28.95%				108			4 Delay involving 3rd Party	Consultant Designer - Engineering Difficulties
Floodign Strategy - Future schemes	501	0	501	100.00%				501			4 Delay involving 3rd Party	Consultant Designer - Engineering Difficulties
Various Projects	132	116	16	12.12%					16		5 Minor Slippage	
<b>Roads Asset Management Plan</b>												
Carriageways	1,586	1,723	(137)	(8.64)%						(137)	6 Accelerated Projects	
Footways	107	421	(314)	(293.46)%						(314)	6 Accelerated Projects	
Structures	355	105	250	70.42%			250				3 Internal Slippage	
Lighting	1,316	1,203	113	8.59%					113		5 Minor Slippage	
Various Projects	565	565	0	.00%							5 Minor Slippage	
<b>Environmental Services</b>												
Scheme of Assistance	726	836	(110)	(15.15)%						(110)	6 Accelerated Projects	
Clune Park Regeneraion	0	531	(531)	100.00%						(531)	6 Accelerated Projects	
Cremator Replacement	200	3	197	98.50%			197				3 Internal Slippage	Delay in tender process to appoint consultant.
Vehicles Replacement Programme	1,378	1,510	(132)	(9.58)%						(132)	6 Accelerated Projects	
Sir Michael Street Play Area - Phase 2	92	0	92	100.00%			92				3 Internal Slippage	Delay in tender process and project now on site.
Park, Cemeteries & Open Spaces AMP	193	273	(80)	(41.45)%						(80)	6 Accelerated Projects	
Zero Waste Fund	40	57	(17)	(42.50)%						(17)	6 Accelerated Projects	
Various Other Play Areas	50	205	(155)	(310.00)%						(155)	6 Accelerated Projects	
Various Projects	251	178	73	29.08%				73			4 Delay involving 3rd Party	Bulk of this down to CCTV completion delays.
<b>Regeneration and Planning</b>												
Bakers Brae Re-alignment/Broomhill Regeneration	876	1,080	(204)	(23.29)%						(204)	6 Accelerated Projects	
Enterprise Hub	0	282	(282)	100.00%						(282)	6 Accelerated Projects	
Regeneration of Town & Village Centres	200	276	(76)	(38.00)%						(76)	6 Accelerated Projects	
Various Projects	98	82	16	16.33%					16		5 Minor Slippage	
<b>Property Services</b>												
District Court Room Restoration	396	474	(78)	(19.70)%						(78)	6 Accelerated Projects	Additional expenditure required due to unforeseen works identified during construction.
Waterfront Leisure Centre Lifecycle Works	107	45	62	57.94%			62				3 Internal Slippage	Boiler replacement project delayed at design stage.
Carriageway Glazed Roof	102	45	57	55.88%				57			4 Delay involving 3rd Party	Project involves contractor design and requirement to obtain building warrant / Listed Building Consent.
King George VI Refurbishment	347	107	240	69.16%			240				3 Internal Slippage	Project delayed on site due to discovery of additional structural issues / works required.
Boglestone Community Centre	220	47	173	78.64%				173			3 Internal Slippage	Design stage behind programme due to structural investigations.
Greenock Cemetery - Ivy House Replacement	187	69	118	63.10%				118			3 Internal Slippage	Project delayed due to initial tender return over budget requiring re-design.
Clyde Square Piazza - Roof Membrane	0	73	(73)	100.00%						(73)	6 Accelerated Projects	Project brought forward to aid slippage elsewhere in capital programme.
Various Projects	87	137	(50)	(57.47)%						(50)	6 Accelerated Projects	Projects brought forward to aid slippage elsewhere in capital programme.
Minor Works	189	338	(149)	(78.84)%						(149)	6 Accelerated Projects	Minor projects brought forward to aid slippage elsewhere in capital programme.
Statutory Duty Works	319	487	(168)	(52.66)%						(168)	6 Accelerated Projects	Minor projects brought forward to aid slippage elsewhere in capital programme.
Vehicle Wash Installation	251	340	(89)	(35.46)%						(89)	6 Accelerated Projects	Additional expenditure required due to pressure issues and incoming water supply.
Pottery Street Offices & Depot Refurbishment	771	380	391	50.71%			391				3 Internal Slippage	Design and construction stages behind original programme.
East Hamilton Street Parking	0	76	(76)	100.00%						(76)	6 Accelerated Projects	Project brought forward to aid slippage elsewhere in capital programme.
Various Projects	739	566	173	23.41%					173		5 Minor Slippage	
<b>TOTAL Environment &amp; Regeneration</b>	<b>14,542</b>	<b>14,424</b>	<b>118</b>	<b>.81%</b>	<b>0</b>	<b>0</b>	<b>1,523</b>	<b>1,071</b>	<b>318</b>	<b>(2,794)</b>		

	Approved Budget 2018/19 £000's	Draft 2018/19 Final Outturn £000's	Slippage from Approved Budget £000's	Slippage from Approved Budget %age	1 Policy Decision £000's	2 Project Cost Reduced £000's	3 Internal Slippage £000's	4 Delay involving 3rd Party £000's	5 Minor Slippage £000's	6 Accelerated Projects £000's	Variation Category	Additional Comments
<b>Education &amp; Lifelong Learning</b>												
<b>Non-SEMP</b>												
<b>Education &amp; Communities (Non-SEMP)</b>												
<b>Safer Communities</b>												
Watt Complex Refurbishment	903	1128	(225)	(24.92)%						(225)	6 Accelerated Projects	Expenditure exceeded prudent view taken on projection.
IL Spend to save- Lady Octavia	0	433	(433)	100.00%						(433)	6 Accelerated Projects	Project able to be taken forward earlier than anticipated - no programme available at budget setting.
IL Spend to save- Boglestone	0	115	(115)	100.00%						(115)	6 Accelerated Projects	Project able to be taken forward earlier than anticipated - no programme available at budget setting.
Various Projects	774	744	30	3.88%						30	6 Accelerated Projects	
<b>TOTAL Education &amp; Lifelong Learning (excl School Estate)</b>	<b>1,677</b>	<b>2,420</b>	<b>(743)</b>	<b>(44.31)%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(743)</b>		
<b>SEMP</b>												
Glenpark Early Learning Centre - New Build	515	666	(151)	(29.32)%						(151)	6 Accelerated Projects	Expenditure exceeded prudent view taken on projection and overall slight increase in total project costs.
Glenbrae Children's Centre - Aberfoyle Rd Refurbishment	602	457	145	24.09%			145				3 Internal Slippage	Project completed later than originally programmed and also part due to reduction in project costs.
Hillend Children's Centre - Refurbishment	379	47	332	87.60%			332				3 Internal Slippage	Design stage behind original programme and also required value engineering to address project cost.
Balance of Lifecycle Fund	662	1063	(401)	(60.57)%						(401)	6 Accelerated Projects	Projects brought forward to aid slippage elsewhere in capital programme / prudent initial estimate of spend.
Moorfoot PS Refurbishment	692	817	(125)	(18.06)%						(125)	6 Accelerated Projects	Expenditure exceeded prudent view taken on projection and overall slight increase in total project costs.
Lady Alice PS - Refurbishment	1401	1962	(561)	(40.04)%						(561)	6 Accelerated Projects	Additional expenditure required due to unforeseen works identified during construction.
Gourock PS Extension	594	273	321	54.04%			321				3 Internal Slippage	Design and construction stages behind original programme.
St Mary's PS - Refurb & Extension	1891	1476	415	21.95%			415				3 Internal Slippage	Design and construction stages behind original programme.
Early Years 1140 Hours Capital	347	452	(105)	(30.26)%						(105)	6 Accelerated Projects	Expenditure exceeded prudent view taken on projection.
Various Projects	2829	2672	157	5.55%					157		5 Minor Slippage	
<b>TOTAL SEMP</b>	<b>9,912</b>	<b>9,885</b>	<b>27</b>	<b>.27%</b>	<b>0</b>	<b>0</b>	<b>1,213</b>	<b>0</b>	<b>157</b>	<b>(1,343)</b>		
<b>Health &amp; Social Care Committee</b>												
Crosshill Childrens Home Replacement	1,043	428	615	58.96%			615				3 Internal Slippage	Design stage delays resulted in later start on site. Issues also experienced on site with Contractor.
Wellpark Centre Internal Alterations	105	167	(62)	(59.05)%						(62)	6 Accelerated Projects	Project costs increased from original projection.
Complete on Site	58	153	(95)	(163.79)%						(95)	6 Accelerated Projects	Project costs for Cardross increased from original projection.
various projects	158	166	(8)	(5.06)%					(8)		5 Minor Slippage	
<b>Total Health &amp; Social Care</b>	<b>1,364</b>	<b>914</b>	<b>450</b>	<b>32.99%</b>	<b>0</b>	<b>0</b>	<b>615</b>	<b>0</b>	<b>(8)</b>	<b>(157)</b>		
<b>Council Total</b>	<b>27,995</b>	<b>28,141</b>	<b>(146)</b>	<b>(.52)%</b>	<b>0</b>	<b>0</b>	<b>3,351</b>	<b>1,071</b>	<b>469</b>	<b>(5,037)</b>		
<b>%age Variation</b>					<b>.00%</b>	<b>.00%</b>	<b>11.97%</b>	<b>3.83%</b>	<b>1.68%</b>	<b>(17.99)%</b>		

## Summary of Reported Slippage by Period

## Appendix 4

	<u>Sept'18 - Period 4</u>		<u>Nov'18 - Period 6</u>		<u>Feb'19 - Period 8</u>		<u>March'19 - Period 10</u>		<u>May'19 - Period 12</u>		<u>Provisional Outturn</u>	
	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>
Policy & Resources	15	3.00%	9	1.80%	(45)	-9.00%	(39)	-7.80%	1	0.20%	2	0.40%
Environment, Regeneration & Resources	(35)	-0.24%	(204)	-2.77%	262	1.80%	751	5.16%	119	0.82%	118	0.39%
Education & Lifelong Learning	55	4.70%	55	3.28%	(328)	-19.56%	(629)	-37.51%	(765)	-45.62%	(743)	-6.18%
School Estate	-	0.00%	783	7.90%	816	8.23%	934	9.42%	359	3.62%	27	0.27%
Health & Social Care	-	0.00%	520	38.12%	520	38.12%	642	47.07%	582	42.67%	450	32.99%
<b>Total</b>	<b>35</b>	<b>0.1%</b>	<b>1,163</b>	<b>4.2%</b>	<b>1,225</b>	<b>4.4%</b>	<b>1,659</b>	<b>5.9%</b>	<b>296</b>	<b>1.1%</b>	<b>(146)</b>	<b>(0.5)%</b>

	<u>Movement Nov'18</u> <u>(Period 6) v Outturn</u>	
	<u>£000's</u>	<u>%</u>
Policy & Resources	(7)	(1.4)%
Environment, Regeneration & Resources	322	3.2%
Education & Lifelong Learning	(798)	(9.5)%
School Estate	(756)	(7.6)%
Health & Social Care	(70)	(5.1)%
<b>Total</b>	<b>(1,309)</b>	<b>(4.7)%</b>