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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>11 August 2020</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/60/20/AP/MT</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>2019/20 Capital Programme Performance</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to advise the Committee on the performance in respect of the delivery of the 2019/20 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 2019/20 there was net slippage of 13.4% following on from net advancement of 0.5% in 2018/19. Appendix 1 illustrates the movement in slippage since 2015/16 and it can be seen that the 5 year average slippage is 0.2%. Slippage should be kept under 10% and likewise for acceleration, as greater than this could indicate issues with initial budget setting. In 2019/20 slippage was greater than the 10% threshold due to a number of factors detailed in the report and appendices.
- 2.3 Appendix 2 provides a summary of the main causes for slippage/advancement 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. It should be noted that whilst the Covid lockdown commenced 23 March, there were some supply chain issues going back into February however this would only explain a small part of the overall slippage.
- 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 significant movement in projections in percentage terms reported to the Communities part of the Education & Communities Committee and HSCP however it should be noted that the Capital Programme in these areas is smaller. Within the SEMP and Environment & Regeneration projections moved by similar amounts but show a much smaller percentage movement due to the significantly larger budgets.
- 2.5 Overall there was significant slippage in the 2019/20 Capital Programme, mainly due to internal slippage and delays involving third parties. A report elsewhere on the agenda highlights the significant impact of Covid on the 2020/21 Capital Programme and recommends resetting the Capital Budget for this year. 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 2019/20 Capital Out-turn Position of 13.42% slippage and that a separate report elsewhere on the agenda seeks approval to reset the 2020/21 Capital Budget.

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

## 4.0 BACKGROUND

- 4.1 Following concerns over the level of capital slippage a number of years ago the Committee undertook action as part of the budget setting process to reduce slippage. It was agreed that the Committee receive an annual report comparing slippage/advancement against the approved Capital Programme and this report covers the 2019/20 performance.

## 5.0 2019/20 CAPITAL DELIVERY PERFORMANCE

- 5.1 Subject to the audit of the Final Accounts, the Capital out-turn for 2019/20 is reporting slippage of 13.42% (0.5% advancement reported in 2018/19). Overall slippage is greater than the 10% threshold, this was due to a number of factors as detailed in Appendix 3. Throughout the year actions were taken by Officers to minimise slippage including accelerating capital spend on a number of projects such as the Road Asset Management Plan (RAMP) however this could not offset significant slippage in a small number of projects.
- 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 £6.756 million (87% of all slippage) arose from internal slippage and slippage involving 3<sup>rd</sup> Parties. This was partly compensated for by projects accelerated by Officers of £4.311m.
- 5.4 Directorate performance was as follows:

Corporate Director Environment, Regeneration & Resources – overall slippage 7.2%/£949,000 (2018/19: 0.81% slippage) this was mainly due to slippage within Flooding, Cremator Replacement, Town and Village Centre Regeneration and Clyde Square Re-roofing offset by advancement in RAMP, Waterfront Leisure Lifecycle works, Minor Works and Statutory Duty Works.

Corporate Director Education, Communities & Organisational Development – overall project slippage of 20.4%/£2.28million (2018/19: 6.18% advancement) mainly as a result of slippage within the School Estate and Early Years programme and Hillend Children's Centre.

Corporate Director Health & Social Care – overall slippage of 18.2%/£199,000 (2018/19: 32.99% slippage) 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 2019/20 a total of £4.311m (2018/19: £4.964m (17.7%)) was advanced. Much of this was as a result of Council policies such as the advancement of the Road Asset Management Plan, Property Minor Works, Statutory Duty Works, Inverclyde Leisure Projects, and the School Lifecycle Works.

## 6.0 IMPLICATIONS

### 6.1 Finance

#### Financial Implications

All financial implications are shown in detail within the report and in Appendices 1 & 2.

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					

### 6.2 Legal

There are no legal implications.

### 6.3 Human Resources

There are no direct staffing implications in respect of this report and as such the Head of Organisational Development, Policy & Communications has not been consulted.

### 6.4 Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) **Fairer Scotland Duty**

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) **Data Protection**

**Has a Data Protection Impact Assessment been carried out?**

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

### 6.5 Repopulation

The Council's continuing significant capital investment levels will have a positive impact on regeneration, job creation and hence repopulation.

## **7.0 BACKGROUND PAPERS**

7.1 None.

## Annual Slippage Summary

## Appendix 1

<u>Year</u>	<u>Budget</u> <u>£000's</u>	<u>Slippage /</u> <u>(Advancement)</u> <u>£000's</u>	<u>%age</u>
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)%
2019/20	25,544	3428	13.42%
5 year average	28,767	43	0.2%

## Summary of Reported Slippage by Category

## Appendix 2

<u>Committee</u>	<u>Policy Decision</u> £000	<u>Project Cost Reduced</u> £000	<u>Internal Slippage</u> £000	<u>Delay involving 3rd Party</u> £000	<u>Minor Slippage</u> £000	<u>Accelerated Projects</u> £000	<u>Total</u> £000	<u>%age</u>
Policy & Resources	-	-	-	-	-	(78)	(78)	(18.8)%
Environment, Regeneration & Resources	190	423	3,091	331	356	(3,364)	1,027	8.0%
Education & Lifelong Learning	-	-	83	-	14	(30)	67	4.5%
School Estate	-	-	2,624	409	-	(820)	2,213	22.8%
Health & Social Care	-	-	-	218	-	(19)	199	18.2%
<b>Total</b>	<b>190</b>	<b>423</b>	<b>5,798</b>	<b>958</b>	<b>370</b>	<b>(4,311)</b>	<b>3,428</b>	<b>13.42%</b>
<u>Directorate</u>								
Environment, Regeneration & Resources	190	423	3,091	331	356	(3,442)	949	7.2%
Education, Communities & Organisational Development	-	-	2,707	409	14	(850)	2,280	20.4%
Health & Social Care	-	-	-	218	-	(19)	199	18.2%
<b>Total</b>	<b>190</b>	<b>423</b>	<b>5,798</b>	<b>958</b>	<b>370</b>	<b>(4,311)</b>	<b>3,428</b>	<b>13.4%</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>Policy &amp; Resources</b>												
Various Projects	415	493	(78)	(18.80)%						(78)	6 Accelerated Projects	
<b>TOTAL Policy &amp; Resources</b>	<b>415</b>	<b>493</b>	<b>(78)</b>	<b>(18.80)%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(78)</b>		
<b>Environment &amp; Regeneration</b>												
<b>Environmental Services - Roads</b>												
SPT	1,137	1,039	98	8.62%					98		5 Minor Slippage	Delay in Walking/Cycle Route project due to Covid 19 restrictions.
Flooding Strategy - Greenock Central	108	49	59	54.63%					59		5 Minor Slippage	
Flooding Strategy - Future schemes	501	78	423	84.43%		423					2 Project Cost Reduced	Cost reduced and project delay due to Covid 19
Various Projects	155	140	15	9.68%					15		5 Minor Slippage	
<b>Roads Asset Management Plan</b>												
Carriageways	1,386	1,907	(521)	(37.59)%						(521)	6 Accelerated Projects	
Footways	237	267	(30)	(12.66)%						(30)	6 Accelerated Projects	
Structures	407	811	(404)	(99.26)%						(404)	6 Accelerated Projects	Expenditure includes EV Charge points.
Lighting	670	339	331	49.40%				331			4 Delay involving 3rd Party	Procurement delays causing slippage prior to Covid which then exacerbated delay due to lockdown.
Other Assets	125	122	3	100.00%					3		5 Minor Slippage	
Staff Costs	225	383	(158)	(70.22)%						(158)	6 Accelerated Projects	
<b>Environmental Services</b>												
Scheme of Assistance	653	748	(95)	(14.55)%						(95)	6 Accelerated Projects	
Clune Park Regeneration	0	91	(91)	100.00%						(91)	6 Accelerated Projects	
Cremator Replacement	1,647	66	1,581	95.99%			1,581				3 Internal Slippage	Procurement route more complex than originally envisaged.
Vehicles Replacement Programme	1,345	1,524	(179)	(13.31)%						(179)	6 Accelerated Projects	
Park, Cemeteries & Open Spaces AMP	120	220	(100)	(83.33)%						(100)	6 Accelerated Projects	
Various Projects	418	278	140	33.49%					140		5 Minor Slippage	
<b>Regeneration and Planning</b>												
Regeneration of Town & Village Centres	303	70	233	76.90%			233				3 Internal Slippage	Reprofiling of the Town Centre Funding to 2020/21.
T&VC - Lyle Fountain	130	13	117	90.00%			117				3 Internal Slippage	Delay in Lyle fountain tender due to specialist nature of the work and
T&VC - Jamaica Street Car Park	250	110	140	56.00%			140				3 Internal Slippage	Delay in clearance of the site which is now complete. Phase 2 will commence once Covid-19 restrictions lifted.
Various Projects	70	29	41	58.57%					41		5 Minor Slippage	
<b>Property Services</b>												
Greenock Municipal Buildings - Clyde Square Re-roofing	815	62	753	92.39%			753				3 Internal Slippage	Progression linked to completion of carriageway glazed roof project which is behind programme.
Greenock Municipal Buildings - Various projects	533	622	(89)	(16.70)%						(89)	6 Accelerated Projects	
Greenock Cemetery - Ivy House Replacement	130	8	122	93.85%			122				3 Internal Slippage	Project required redesign to reduce projected cost. Retender required based on revised scheme.
King George VI Refurbishment	293	415	(122)	(41.64)%						(122)	6 Accelerated Projects	Project scope revisited due to existig building issues. Future phase expenditure brought forward.
Waterfront Leisure Centre Lifecycle Works	249	549	(300)	(120.48)%						(300)	6 Accelerated Projects	
Boglestone Community Centre Roof	155	10	145	93.55%			145				3 Internal Slippage	Pre-contract stage delays.
Inverclyde Center for Independent Living - Re-roofing	0	122	(122)	100.00%						(122)	6 Accelerated Projects	Project brought forward to assist slippage mitigation.
Caladh House Residential Care Home - Building Services Remedial Works	0	72	(72)	100.00%						(72)	6 Accelerated Projects	Project brought forward to assist slippage mitigation.
Various Projects	0	129	(129)	100.00%						(129)	6 Accelerated Projects	Various minor works brought forward to assist slippage mitigation.
Minor Works	170	559	(389)	(228.82)%						(389)	6 Accelerated Projects	Various minor works brought forward to assist slippage mitigation.
Statutory Duty Works	67	335	(268)	(400.00)%						(268)	6 Accelerated Projects	Various minor works brought forward to assist slippage mitigation.
Kirn Drive Civic Amenity Site	201	11	190	94.53%	190						1 Policy Decision	Project scope revised with alternative site now proposed.
Pottery Street Offices & Depot Refurbishment	341	566	(225)	(65.98)%						(225)	6 Accelerated Projects	
Various Projects	12	82	(70)	(583.33)%						(70)	6 Accelerated Projects	Various minor works brought forward to assist slippage mitigation.
<b>TOTAL Environment &amp; Regeneration</b>	<b>12,853</b>	<b>11,826</b>	<b>1,027</b>	<b>7.99%</b>	<b>190</b>	<b>423</b>	<b>3,091</b>	<b>331</b>	<b>356</b>	<b>(3,364)</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>												
Grieve Road Community Centre	175	92	83	47.43%			83				3 Internal Slippage	Works in progress suspended due to COVID. Some works delayed due to statutory approvals (building warrant).
IL Spend to save- Boglestone	685	715	(30)	(4.38)%						(30)	6 Accelerated Projects	
Various Projects	625	611	14	2.24%					14		5 Minor Slippage	
<b>TOTAL Education &amp; Lifelong Learning (excl School Estate)</b>	<b>1,485</b>	<b>1,418</b>	<b>67</b>	<b>4.51%</b>	<b>0</b>	<b>0</b>	<b>83</b>	<b>0</b>	<b>14</b>	<b>(30)</b>		
<b>SEMP</b>												
Hillend Children's Centre - Refurbishment	927	59	868	93.64%			868				3 Internal Slippage	Pre-contract stage delays including protracted tender evaluation process.
Lifecycle Fund	381	953	(572)	(150.13)%						(572)	6 Accelerated Projects	Lifecycle programme accelerated where possible to assist slippage mitigation.
Gourock PS Extension	1581	1172	409	25.87%				409			4 Delay involving 3rd Party	Main Contractor ceased works on site in February due to Administration.
St Mary's PS - Refurb & Extension	4560	4149	411	9.01%			411				3 Internal Slippage	Works in progress suspended due to Covid-19 and delays on site related to existing building pre-covid.
New Build - Larkfield CC/Park Farm (Rainbow FC)	1659	314	1,345	81.07%			1,345				3 Internal Slippage	Protracted planning approval process and value engineering required. Links to St Mary's PS delay.
Other Early Years 1140 Hours Capital	590	768	(178)	(30.17)%						(178)	6 Accelerated Projects	Minor projects accelerated where possible.
Various Projects	0	70	(70)	100.00%						(70)	6 Accelerated Projects	
<b>TOTAL SEMP</b>	<b>9,698</b>	<b>7,485</b>	<b>2,213</b>	<b>22.82%</b>	<b>0</b>	<b>0</b>	<b>2,624</b>	<b>409</b>	<b>0</b>	<b>(820)</b>		
<b>Health &amp; Social Care Committee</b>												
Crosshill Childrens Home Replacement	995	777	218	21.91%				218			4 Delay involving 3rd Party	Main Contractor ceased works on site in February due to Administration.
various projects	98	117	(19)	(19.39)%						(19)	6 Accelerated Projects	
<b>Total Health &amp; Social Care</b>	<b>1,093</b>	<b>894</b>	<b>199</b>	<b>18.21%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>218</b>	<b>0</b>	<b>(19)</b>		
<b>Council Total</b>	<b>25,544</b>	<b>22,116</b>	<b>3,428</b>	<b>13.42%</b>	<b>190</b>	<b>423</b>	<b>5,798</b>	<b>958</b>	<b>370</b>	<b>(4,311)</b>		
<b>Movement per Category as %age of Capital Programme</b>				<b>13.42%</b>	<b>.74%</b>	<b>1.66%</b>	<b>22.70%</b>	<b>3.75%</b>	<b>1.45%</b>	<b>(16.88)%</b>		
<b>Movement per Category as %age of total Slippage</b>				<b>100.00%</b>	<b>5.54%</b>	<b>12.34%</b>	<b>169.14%</b>	<b>27.95%</b>	<b>10.79%</b>	<b>(125.76)%</b>		

# **Summary of Reported Slippage by Period**

## **Appendix 4**

	July'19 - Period 4	Sept'19 - Period 6	Nov '20 - Period 8	Jan '20 - Period 10	March'20 - Period 12	Provisional Outturn
	£000's	£000's	£000's	£000's	£000's	£000's
	%	%	%	%	%	%
Policy & Resources	(94)	(94)	(89)	(89)	162	(78)
Environment, Regeneration & Resources	-22.65%	-22.65%	-21.45%	-21.45%	39.04%	-18.80%
Education & Lifelong Learning	12.68%	6.55%	5.80%	9.22%	12.69%	7.99%
School Estate	0.00%	-13.36%	0.00%	9.97%	4.98%	4.51%
Health & Social Care	13.61%	19.75%	21.81%	23.82%	23.77%	22.82%
	0.00%	0.00%	0.00%	0.00%	19.03%	18.21%
	-	-	-	-	208	199
	1,320	1,915	2,115	2,310	2,305	2,213
	1,022	829	457	1,185	1,631	1,027
	(94)	(94)	(89)	(89)	162	(78)
	2,248	2,475	2,483	3,554	4,380	3,428
Total	8.9%	9.8%	9.7%	13.9%	17.2%	13.4%

### **Movement Sept'19 (Period 6) v Outturn**

	£000's	%
Policy & Resources	16	3.9%
Environment, Regeneration & Resources	198	1.4%
Education & Lifelong Learning	242	17.9%
School Estate	298	3.1%
Health & Social Care	199	18.2%
Total	953	3.6%