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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>12 August 2025</b>
<b>Report By:</b>	<b>Interim Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/43/25/MT/GS</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>Capital Programme Out-Turn 2024/2025</b>		

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## 1.0 PURPOSE AND SUMMARY

- 1.1 ☐ For Decision ☒ For Information/Noting
- 1.2 The purpose of this report is to advise Committee of the performance in the delivery of the 2024/25 Capital Programme and to highlight issues which are expected to continue to impact upon the delivery of the Capital Programme.
- 1.3 The Capital Out-turn for the prior financial year and explanations for material variances from the approved Budget is reported annually to the Committee. The detail is included within the body of the report and in the Appendices, namely:
- Appendix 1 – Out-turn compared to approved budget over the last 5 years
  - Appendix 2 – Summary of Slippage by Category and by Committee
  - Appendix 3 – Capital Slippage Summary by Service/Project
  - Appendix 4 – Reported Slippage by Period
- 1.4 Subject to the audit of the 2024/25 Annual Accounts, the Capital out-turn for 2024/25 is reporting advancement of 0.96% compared to 2.9% advancement in 2023/24. This represents a good performance albeit the challenges in delivering capital projects on time and within budget largely remain and are set out in section 3 of the report.

## 2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the improved 2024/25 Capital Out-Turn position and that officers continued to take account of the on-going challenges in delivering capital projects when estimating the planned 2025/26 expenditure levels approved by the Council in March 2025.

**Angela Edmiston**  
**Interim Chief Financial Officer**

### 3.0 BACKGROUND AND CONTEXT

- 3.1 Since 2012 the August meeting of the Policy & Resources Committee has considered a report detailing the capital expenditure out-turn for the previous year against the budget approved. The reporting of performance in this area has resulted in changes in the way capital spend estimates are arrived at and helped with the creation of more robust internal processes.
- 3.2 Subject to the audit of the 2024/25 Accounts, the capital out-turn for 2024/25 shows advancement of 0.96%. Appendix 2 provides an analysis of the main reasons for any slippage whilst Appendix 3 contains a commentary on material variances by the Lead Officer at a project level plus a categorisation of the reasons for any slippage. This latter issue is a subjective assessment, but does give an indication of the main reasons for the slippage
- 3.3 It can be seen that slippage of £4.410 million (76.6% of all slippage) arose from internal slippage with the largest single item being within the Community Hub new build project with a further £2.082 million across various projects within the Environment & Regeneration Committee. Overall slippage was more than offset by project acceleration and unbudgeted projects of £5.958m.
- 3.4 Committee performance was as follows:

Policy & Resources – overall slippage of 28.29%/£0.189m (2023/24: 2.3% slippage). This was due to £0.078m unused Capital Contingency with the balance being minor slippage across the rest of the committee

Environment & Regeneration – overall advancement of 5.13%/£0.748million (2023/24: 18.9% advancement) this was mainly due to advancement within Roads (Across the RAMP), Environmental (Parks & Open Spaces AMP and Play Areas) and Properties (Greenock Town Hall Roofing, Net Zero and Minor Works) all partially offset by slippage across the directorate (Coastal Change Adaptions, Waterfront Leisure Centre Lifecycle Works & Estate Condition Surveys).

Education & Communities – overall project advancement of 103.15%/£1.967million (2023/24: 36.2% advancement) mainly as a result of advancement across the School Estate, the Early Years programme, the Port Glasgow New Community Hub and Parklea Branching Out.

Health & Social Care – overall slippage of 67.54%/£2.328million (2023/24: 94.3% slippage) due to slippage in the New Community Hub Facility.

#### **Continuing Challenges in Capital Programme Delivery**

- 3.5 Over the past 5 years, supply chain insecurity and associated financial pressures have been a recurring issue, through the initial impact of COVID, increased global demand for materials and the impact of the invasion of Ukraine by Russia. This has created an unpredictable market position in terms of construction sector activity through a combination of sharply rising prices for construction materials, disrupted supply chains and labour shortages which have all had an impact on the delivery of the capital programme.
- 3.6 The above plus difficulties in attracting contractors to bid for certain contracts, recruitment challenges within the Council and uncertainty in future funding levels from some of the Council's partners led to a high level of capital slippage however Officers have acted positively where possible to mitigate these, including advancement of projects where possible, resulting in a net advancement in both 2023/24 and 2024/25.
- 3.7 Officers have considered these on-going challenges and have progressed the following actions over the last year:

- A £4.0 million contribution from General Fund Reserves to create a contingency within the 2024/28 Capital Programme was approved as part of the March 2023 Budget with a further £1.0 million added in March 2025.. This is helping to reduce delays where project costs increase.
- Contractor/market engagement: Regular contact with Contractors on forthcoming programmes of work including through 'Meet the Buyer' events and provision of information to SFT Construction Pipeline Forecast Tool. Governance document review and procurement procedures have also assisted in widening the pool of contractors through review of thresholds for quick quote, performance bonds and financial test risk indicators. Tender documents have also been reviewed to improve quality and clarity with tender validity periods adjusted to align with market conditions.
- 2025/26 expenditure estimates were reviewed by the Capital Programme officer group taking these challenges into account prior to approval as part of the March 2025 Budget.

## 4.0 PROPOSALS

- 4.1 There are no specific proposals within the report aside from that the Committee note the 2024/25 Capital Programme out-turn, the reasons for the higher than anticipated advancements and the actions taken to improve performance from 2025/26 onwards.

## 5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation is agreed:

SUBJECT	YES	NO
Financial	X	
Legal/Risk	X	
Human Resources		X
Strategic (LOIP/Corporate Plan)	X	
Equalities & Fairer Scotland Duty		X
Children & Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

## 5.2 Finance

### One off Costs

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

### Annually Recurring Costs/ (Savings)

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

## 5.3 Legal/Risk

There is a risk that high levels of slippage will delay the delivery of key Council projects and result in further cost increases and impact upon the delivery of policy objectives.

#### **5.4 Human Resources**

There are no HR implications arising from this report.

#### **5.5 Strategic**

The Capital Programme plays a key role in the delivery of the Council's policy objectives via the Council Plan and as such it is important that slippage is minimised.

#### **6.0 CONSULTATION**

6.1 The CMT have been consulted on the report.

#### **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>
2020/21	13,059	(4,284)	(32.8)%
2021/22	20,892	1,797	8.6%
2022/23	23,178	6,101	26.3%
2023/24	16,165	(467)	(2.9)%
2024/25	20,611	(198)	(1.0)%
5 year average	18,781	590	3.1%

Classification - No Classification.

## Summary of Reported Slippage by Category

<u>Committee</u>	<u>Policy Decision</u> £000	<u>Project Cost Reduced</u> £000	<u>Internal Slippage</u> £000	<u>Slippage involving 3rd Party</u> £000	<u>Minor Slippage</u> £000	<u>Accelerated Projects</u> £000	<u>Total</u> £000
Policy & Resources	-	-	-	-	189	-	189
Environment & Regeneration	220	186	2,082	262	468	(3,966)	(748)
Education & Communities	-	-	-	-	25	(1,992)	(1,967)
Health & Social Care	-	-	2,328	-	-	-	2,328
Total	<u>220</u>	<u>186</u>	<u>4,410</u>	<u>262</u>	<u>682</u>	<u>(5,958)</u>	<u>(198)</u>

## Movements as %age

Movement per Category as %age of Capital Programme	<u>1.1%</u>	<u>0.9%</u>	<u>21.4%</u>	<u>1.3%</u>	<u>3.3%</u>	<u>(28.9)%</u>
Movement per Category as %age of total Slippage (Excluding Acceleration)	<u>3.8%</u>	<u>3.2%</u>	<u>76.6%</u>	<u>4.5%</u>	<u>11.8%</u>	

	<u>Approved Budget 2024/25 £000's</u>	<u>Draft 2024/25 Final Outturn £000's</u>	<u>Slippage from Approved Budget £000's</u>	<u>Slippage from Approved Budget %age</u>	<u>Variation Category</u>	<u>Additional Comments</u>
<b><u>Policy &amp; Resources</u></b>						
<b><u>Policy &amp; resources - ICT</u></b>						
Various Projects	590	479	111	18.81%	5 Minor Slippage	Minor Slippage across various projects
<b><u>Policy &amp; resources - Finance</u></b>						
Capital Programme Contingency	78	0	78	100.00%	5 Minor Slippage	
<b>TOTAL Policy &amp; Resources</b>	<b>668</b>	<b>479</b>	<b>189</b>	<b>28.29%</b>		
<b><u>Environment &amp; Regeneration</u></b>						
<b><u>Environmental Services - Roads</u></b>						
Active Travel Infrastructure Fund (ATIF)	296	110	186	62.84%	2 Project Cost Reduced	Due to late Funding allocation.
Flooding Strategy - Future Schemes	146	78	68	46.58%	5 Minor Slippage	
Dunrod Road	500	126	374	74.80%	3 Internal Slippage	Progression of ground investigation impacted by ecological survey requirements.
Various Projects	1,788	1,645	143	8.00%	5 Minor Slippage	Minor Slippage across various projects
<b><u>Roads Asset Management Plan</u></b>						
Carriageways	1,509	1,618	(109)	(7.22)%	6 Accelerated Projects	
Footways	115	285	(170)	(147.83)%	6 Accelerated Projects	
Structures	109	127	(18)	(16.51)%	6 Accelerated Projects	
Lighting	174	413	(239)	(137.36)%	6 Accelerated Projects	
Other Assets	0	254	(254)	(254.00)%	6 Accelerated Projects	
Staff Costs	274	324	(50)	(18.25)%	6 Accelerated Projects	
<b><u>Environmental Services</u></b>						
Zero Waste Fund	189	52	137	72.49%	3 Internal Slippage	Internal slippage,planning on spending next financial year.
Vehicles Replacement Programme	1,181	1,098	83	7.03%	5 Minor Slippage	Minor Slippage
Play Area Strategy	191	283	(92)	(48.17)%	6 Accelerated Projects	Project completed earlier than programmed.
Park, Cemeteries & Open Spaces AMP	45	96	(51)	(113.33)%	6 Accelerated Projects	Spend earlier than programmed.
Former St Ninians School Site	157	41	116	73.89%	4 Slippage involving 3rd Party	Project ongoing, paymemnt to 3rd party supplier due early 2025/26
<b><u>Regeneration and Planning</u></b>						
Port Glasgow Town Centre Regeneration	125	3	122	97.60%	3 Internal Slippage	
T&VC - West Blackhall Street	2,391	3,296	(905)	(37.85)%	6 Accelerated Projects	Project completed earlier than programmed.
T&VC - Other	627	20	607	96.81%	3 Internal Slippage	Variation due to delay in project delivery
Place Based Funding	627	301	326	51.99%	3 Internal Slippage	Variation due to delay in project delivery
Various Projects	82	0	82	100.00%	5 Minor Slippage	Minor Slippage across various projects
<b><u>Public Protection</u></b>						
Scheme of Assistance	816	933	(117)	(14.34)%	6 Accelerated Projects	Demand led budget, whilst overall demand has remained steady costs have increased significantly.
Clune Park Regeneration	0	345	(345)	(345.00)%	6 Accelerated Projects	Significantly affected by the service of DBNs which brought spend on acquisitions and demolition forward.
<b><u>Property Services</u></b>						
General Provision	224	4	220	98.21%	1 Policy Decision	General provision is allocated to other budget lines throughout the financial year e.g. Minor Works.
Waterfront Leisure Centre Lifecycle Works	268	48	220	82.09%	3 Internal Slippage	Project scope altered requiring additional funding and Committee approval.
Coastal Change Adaptions	100	0	100	100.00%	3 Internal Slippage	Workstream impacted due to inability to fill Flooding Engineer temporary post.
Watt Institute - Risk/DDA Works	156	10	146	93.59%	4 Slippage involving 3rd Party	Project impacted by specialist sub-contract supply chain changes.
Kirn Drive Civic Amenity Site	0	60	(60)	(100.00)%	6 Accelerated Projects	Project taken forward to address staff welfare facility improvements at Craigmuschat.
Greenock Town Hall Roofing, Ventilation & Windows	1,289	1,505	(216)	(16.76)%	6 Accelerated Projects	Project progressed well on site.
Estate Condition Surveys	200	4	196	98.00%	3 Internal Slippage	Procurement delayed linked to resource pressures and collaboration with neighbouring authorities.
Net Zero	380	511	(131)	(34.47)%	6 Accelerated Projects	Peatland restoration phase 2 progressed with additional grant funding provided and reprofiled.
Minor Works	0	899	(899)	(899.00)%	6 Accelerated Projects	See General Provision comments above. Muple minor works projects taken forward in year.
Statutory Duty Works	0	280	(280)	(280.00)%	6 Accelerated Projects	See General Provision comments above. Muple statutory duty works taken forward in year.
Complete on Site Allocation	346	254	92	26.59%	5 Minor Slippage	Expenditure linked to ability to conclude and settle final accounts for completed projects.
Various Projects	284	314	(30)	(10.56)%	6 Accelerated Projects	Various projects, minor movements
<b>TOTAL Environment &amp; Regeneration</b>	<b>14,589</b>	<b>15,337</b>	<b>(748)</b>	<b>(5.13)%</b>		

	<u>Approved Budget 2024/25 £000's</u>	<u>Draft 2024/25 Final Outturn £000's</u>	<u>Slippage from Approved Budget £000's</u>	<u>Slippage from Approved Budget %age</u>	<u>Variation Category</u>	<u>Additional Comments</u>
<b>Education &amp; Lifelong Learning</b>						
<b><u>Non-SEMP</u></b>						
<b><u>Education &amp; Communities (Non-SEMP)</u></b>						
<b><u>Safer Communities</u></b>						
PG New Community Hub (King George VI Building)	344	730	(386)	(112.21)%	6 Accelerated Projects	Project cost increased requiring additonal funding in year.
Parklea Branching Out	72	251	(179)	(248.61)%	6 Accelerated Projects	Project cost increased requiring additional funding in year.
Various Projects	510	485	25	4.90%	5 Minor Slippage	
<b>TOTAL Education &amp; Lifelong Learning (excl School Estate)</b>	<b>926</b>	<b>1,466</b>	<b>(540)</b>	<b>(58.32)%</b>		
<b><u>SEMP</u></b>						
Lifecycle Fund	981	2297	(1,316)	(134.15)%	6 Accelerated Projects	Comprehensive lifecycle programme completed inlcuding major 2G pitch carpet replacement.
Complete on site	0	111	(111)	(111.00)%	6 Accelerated Projects	Expenditure linked to ability to conclude and settle final accounts for completed projects.
<b>TOTAL SEMP</b>	<b>981</b>	<b>2,408</b>	<b>(1,427)</b>	<b>(145.46)%</b>		
<b><u>Health &amp; Social Care Committee</u></b>						
Inverclyde Community Hub	3,447	1,119	2,328	67.54%	3 Internal Slippage	Project delayed in procurement and start date impacted due to nesting birds on site.
<b>Total Health &amp; Social Care</b>	<b>3,447</b>	<b>1,119</b>	<b>2,328</b>	<b>67.54%</b>		
<b>Council Total</b>	<b>20,611</b>	<b>20,809</b>	<b>(198)</b>	<b>(.96)%</b>		
<b>Movement per Category as %age of Capital Programme</b>				<b>(.96)%</b>		
<b>Movement per Category as %age of total Slippage (Excluding Acceleration)</b>				<b>100%</b>		



**Summary of Reported Slippage by Period by Committee****Appendix 4**

	<u>July'24- Period 4</u>		<u>Sept' 24 - Period 6</u>		<u>Nov '24 - Period 8</u>		<u>Jan '25 - Period 10</u>		<u>March'25 - 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	-	0.0%	-	0.0%	-	0.0%	78	11.7%	78	11.7%	189	28.3%
Environment & Regeneration	(327)	(2.6)%	(1,282)	(9.9)%	(962)	(7.3)%	(520)	(3.6)%	(838)	(5.7)%	(748)	(5.1)%
Education & Communities	(853)	(60.6)%	(1,221)	(64.0)%	(1,534)	(79.5)%	(1,776)	(93.1)%	(1,925)	(100.9)%	(1,967)	(103.1)%
Health & Social Care	-	0.0%	-	0.0%	2,347	68.1%	2,347	68.1%	2,287	66.3%	2,328	67.5%
Total	<u>(1,180)</u>	<u>(6.4)%</u>	<u>(2,503)</u>	<u>(13.2)%</u>	<u>(149)</u>	<u>(0.8)%</u>	<u>129</u>	<u>0.6%</u>	<u>(398)</u>	<u>(1.9)%</u>	<u>(198)</u>	<u>(1.0)%</u>

	<u>Movement Sept'24</u>		<u>Movement Nov'24</u>	
	<u>(Period 6) v Outturn</u>		<u>(Period 8) v Outturn</u>	
	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>
Policy & Resources	189	28.3%	189	28.3%
Environment & Regeneration	534	4.7%	214	2.1%
Education & Lifelong Learning	(746)	(39.1)%	(433)	(23.6)%
Health & Social Care	2,328	67.5%	(19)	(0.6)%
Total	<u>2,305</u>	<u>12.2%</u>	<u>(49)</u>	<u>(0.2)%</u>