

Item: 6

Policy and Resources Committee: 24 September 2024.

Capital Slippage and Acceleration.

Report by Head of Finance.

1. Overview

1.1. In accordance with the Financial Regulations:

- i. Capital slippage is defined as capital projects which have not progressed in accordance with the provisions made within the approved capital programme.
- ii. Where no contractual commitment exists from previous financial years or will be made in the current year for an approved capital project, the relevant programme provision(s) may be redeployed by the Policy and Resources Committee.
- iii. Where a contractual commitment does exist, an appropriate provision shall be made in the capital programme for the following financial year to permit the completion of the project.
- iv. Where slippage in capital projects is identified, the Chief Executive and Corporate Directors are responsible for informing the Head of Finance and for reporting delays and revised timescales to the Policy and Resources Committee.

1.2. Appendix 1 to this report provides a summary of recommended project slippage and acceleration across General and Non-General Fund capital programmes.

1.3. On 18 June 2024, when reviewing the capital programme, the Policy and Resources Committee recommended that the following projects be removed from the capital programme:

- i. Integrated Waste Facility
- ii. Alterations to Garden House
- iii. Cursiter Quarry Expansion – Phase 3
- iv. St Magnus Cathedral – External Level Access.
- v. Soulisquoy Infrastructure (Other Housing).

- vi. Soullisquoy Infrastructure (Housing Revenue Account).
 - vii. Design and Build (Housing Revenue Account).
 - viii. Hatston Pier Road Reconstruction.
- 1.4. The Head of Finance has re-profiled the five-year General Fund and Non-General Fund capital programmes, in order to reflect the net slippage and current timescales for the completion of individual capital projects. The revised programmes are attached as Appendix 2 to this report.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
- i. Approve the sum of £8,646,000 for carry forward from financial year 2023/24 to financial years 2024/25 and onwards in respect of net slippage on projects contained within the General Fund capital programme.
 - ii. Approve the sum of £7,831,000 for carry forward from financial year 2023/24 to financial years 2024/25 and onwards in respect of net slippage on projects contained within the Non-General Fund capital programme.
 - iii. Approve the revised five year General Fund and Non-General Fund capital programmes, attached as Appendix 2 to this report.

For Further Information please contact:

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Implications of Report

- 1. Financial** This report is primarily concerned with the financial implications of underspends on the capital programme and the mechanisms available to ensure that adequate provision is made to meet the Council's commitments.
This report does not seek to increase any levels of expenditure; it does however seek to obtain agreement to a revised spend profile for a previously approved programme.
- 2. Legal** Regular financial monitoring and reporting helps the Council meet its statutory obligation to secure best value.
- 3. Corporate Governance** None.
- 4. Human Resources** N/A
- 5. Equalities** Equality Impact Assessment is not required for financial monitoring.
- 6. Island Communities Impact** Island Communities Impact Assessment is not required for financial monitoring.

7. Links to Council Plan The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:

- Growing our economy.
- Strengthening our communities.
- Developing our Infrastructure.
- Transforming our Council.

8. Links to Local Outcomes Improvement Plan The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:

- Cost of Living.
- Sustainable Development.
- Local Equality.

9. Environmental and Climate Risk Where resources allow, capital improvement works and new build projects can include 'greener' solutions.

10. Risk Improvement and replacement of existing assets can help reduce risks associated with these assets.

11. Procurement Any contractual arrangements require to comply with the Financial Regulations and Contract Standing Orders.

12. Health and Safety Well-maintained and new-build assets will assist the Council in complying with relevant Health and Safety requirements for both staff and the public.

13. Property and Assets Included throughout the report and detailed in the Appendix.

14. Information Technology Up to date IT systems in existing and new-build assets should help reduce risk to the Council.

15. Cost of Living N/A

List of Background papers

None

Appendices

Appendix 1 – Capital Slippage and Acceleration 2023/24.

Appendix 2 – Revised Capital Programme.

	1 Apr 2023 - 31 March 2024				Comment
	Actual Spend £000's	Revised Budget £000's	Over/(Under) Spend £000's	(Slippage)/Acceleration £000's	
General Fund Capital Programme					
Operational Environmental Services					
Burial Grounds - Mainland Extensions	37	0	37	0	Project on-going
Burial Grounds - Mainland Major Improvements	20	54	(34)	(34)	Project on-going
Burial Grounds - Island Extensions	0	73	(73)	(36)	Project on-going
Burial Grounds - Island Major Improvements	0	75	(75)	(75)	Project on-going
Integrated Waste Facility	0	4,786	(4,786)	0	Project removed from Capital Programme
Roads					
Cycling, Walking & Safer Routes / 20 mph scheme	369	131	238	0	Grant funded project
Roads Asset Replacement Programme	1,059	1,030	29	0	Annual programme
Cursiter Quarry Expansion	74	925	(851)	(851)	Phase 1 and 2 of this project ongoing. Phase 3 removed from Capital Programme
Coastal Change Adaptation	186	160	26	0	Project complete - Grant funded project
Salt Storage Facility	275	656	(381)	(381)	Project on-going
Transportation					
Electric vehicle charging infrastructure	64	0	64	0	Grant funded project
Airfield buildings - Papay and Stronsay	24	1,012	(988)	(988)	Project on-going
Planning					
Nature Restoration Fund	32	106	(74)	(74)	Project on-going
Development					
Dounby Visitor Infrastructure Hub	22	746	(724)	(724)	Project on-going
Social Care					
New Care Facility, Kirkwall	5,251	8,784	(3,533)	(3,533)	Project on-going
Other Housing					
Housing Loans	501	585	(84)	0	Annual programme - no carry forward of unspent budget
Soulisquoy OH infrastructure	6	2,001	(1,995)	0	Project removed from Capital Programme
Education					
Education Properties General	591	0	591	0	Unbudgeted works funded by SIP Lifecycle Fund
Extension to St Andrew's School	888	471	417	0	Project complete with retention due during 2024/25
New Kirkwall Nursery	962	2,828	(1,866)	(1,866)	Project on-going
School Kitchen Improvements	256	239	17	0	Grant funded project
Leisure & Cultural					
Refurb improve Scapa Flow Visitor Centre and Museum	194	209	(15)	(15)	Project complete but retention monies still due
Leisure Properties General	290	0	290	0	Unbudgeted works funded by SIP Lifecycle Fund
Papdale East Playpark	6	74	(68)	(68)	Project complete but retention monies still due
Ness Campsite	131	81	50	0	Project complete but retention monies still due
Playpark Renewals	50	51	(1)	(1)	Grant funded project
St Magnus Cathedral Doors	0	12	(12)	0	Project removed from Capital Programme
Central Administration and Asset Replacement					
IT replacement programme	866	876	(10)	0	Annual programme
Plant & Vehicle Replacement	1,531	1,557	(26)	0	Annual programme
Alterations to Garden House, Kirkwall	31	521	(490)	0	Project removed from Capital Programme
Scottish Water Vesting	3	0	3	0	Project on-going with possible refund of costs from Scottish Water
Corporate Property Improvements					
Corporate Improvement Programme	953	1,146	(193)	0	Annual programme - no carry forward of unspent budget
	14,672	29,189	(14,517)	(8,646)	

	1 Apr 2023 - 31 March 2024				Comment
	Actual Spend £000's	Revised Budget £000's	Over/(Under) Spend £000's	(Slippage)/Acceleration £000's	
Non-General Fund Capital Programme					
Housing Revenue Account					
House Purchases	1	0	1	0	Purchase complete
Carness	56	0	56	0	Project complete
Moar Drive	413	714	(301)	(301)	Project on-going
Design and Build	22	2,244	(2,222)	0	Project removed from Capital Programme
Carness Phase 2	1,878	2,347	(469)	(469)	Project on-going
Soullisquoy HRA Infrastructure	29	1,850	(1,821)	0	Project removed from Capital Programme
Orkney College					
Plant & Vehicle Replacement	32	0	32	0	Grant funded project
Scapa Flow Oil Port					
Replacement Tug No 3	205	706	(501)	0	Project complete
Minor Improvements	9	280	(271)	0	Annual programme - no carry forward of unspent budget
Miscellaneous Piers					
Minor Improvements	203	991	(788)	0	Annual programme - no carry forward of unspent budget
Low Carbon Transport and Active Travel Hub	3	0	3	0	Project complete
Hatston Pier Road Reconstruction	0	295	(295)	0	Project removed from Capital Programme
Kirkwall Pier Water Break Tank System	131	195	(64)	(64)	Project on-going
Reclamation at Hatston Pier - Phase 1	18	7,015	(6,997)	(6,997)	Project on-going
Harbour Property General	168	0	168	0	Purchase complete
Corporate Property Improvements					
SRF Property Maintenance	45	119	(74)	0	Annual programme - no carry forward of unspent budget
Investment Properties buy /sell	402	0	402	0	Purchases complete
	3,615	16,756	(13,141)	(7,831)	
Totals for financial year 2023/24	18,287	45,945	(27,658)	(16,477)	

		Total Budget £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
General Fund Summary							
A	Other Housing	3,073	507	585	585	585	585
B	Community Social Services	10,409	5,251	2,900	2,258	0	0
C	Education	4,823	2,697	2,126	0	0	0
D	Cultural and Recreational Services	989	671	190	128	0	0
E	Roads	7,744	1,963	2,282	2,450	950	950
F	Transportation Services	1,161	88	1,073	0	0	0
G	Environmental services	202	57	145	0	0	0
H	Planning & Protective Services	1,309	54	1,255	0	0	0
J	Administration Services	19,866	3,384	3,569	6,971	2,971	2,971
	Expenditure Total	49,576	14,672	14,125	12,392	4,506	4,506
Other Housing							
OH1	Housing Loans	2,841	501	585	585	585	585
OH7	Soulisquoy OH infrastructure	6	6	0	0	0	0
A		2,847	507	585	585	585	585
Social Care							
SC10	New Care Facility, Kirkwall	10,409	5,251	2,900	2,258	0	0
B		10,409	5,251	2,900	2,258	0	0
Education							
ED10	Education Properties General	591	591	0	0	0	0
ED12	Extension to St Andrew's School	888	888	0	0	0	0
ED13	New Kirkwall Nursery	3,088	962	2,126	0	0	0
ED14	School Kitchen Improvements	256	256	0	0	0	0
C		4,823	2,697	2,126	0	0	0
Leisure and Cultural							
LC9	Refurb. improve Scapa Flow Visitor Centre and Museum	209	194	15	0	0	0
LC11	Leisure Properties General	290	290	0	0	0	0
LC13	Papdale East Play Park	74	6	68	0	0	0
LC14	Ness Campsite	160	131	29	0	0	0
LC15	Playpark Renewals	179	50	1	128	0	0
LC16	Shipwreck Tank	77	0	77	0	0	0
D		989	671	190	128	0	0
Roads							
RD5	Cycling, Walking & Safer Routes / 20 mph scheme	369	369	0	0	0	0
RD6	Roads Asset Replacement Programme	6,439	1,059	1,030	2,450	950	950
RD25	Cursiter Quarry Expansion	925	74	851	0	0	0
RD26	Coastal Change Adaptation	186	186	0	0	0	0
RD27	Salt Storage Facility (Cursiter Quarry)	676	275	401	0	0	0
E		8,595	1,963	2,282	2,450	950	950
Transportation							
TR8	Electric vehicle charging infrastructure	64	64	0	0	0	0
TR17	Airfield buildings - Papay and Stronsay	1,012	24	988	0	0	0
TR18	Community Bus Fund	85	0	85	0	0	0
F		1,161	88	1,073	0	0	0
Central Administration and Asset Replacement							
CA1	General Capital Grant	0	0	0	0	0	0
CA2	IT replacement programme	3,210	866	484	1,020	420	420
CA4	Plant & Vehicle Replacement	8,265	1,531	1,734	2,600	1,200	1,200
CA12	Alterations to Garden House, Kirkwall	31	31	0	0	0	0
CA15	Scottish Water Vesting	3	3	0	0	0	0
J		11,509	2,431	2,218	3,620	1,620	1,620
Corporate Property							
J	Corporate Improvement Programme	8,357	953	1,351	3,351	1,351	1,351
		8,357	953	1,351	3,351	1,351	1,351

		Total Budget £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Development & Planning							
PL9	Nature Restoration Fund	106	32	74	0	0	0
PL10	Active Travel	200	0	200	0	0	0
DV6	Dounby Visitor Infrastructure Hub	1,003	22	981	0	0	0
H		1,309	54	1,255	0	0	0
Operational Environmental Services							
OES2	Burial Grounds - Mainland Extensions	182	37	145	0	0	0
OES3	Burial Grounds - Mainland Major Improvements	20	20	0	0	0	0
OES4	Burial Grounds - Island Extensions	0	0	0	0	0	0
OES5	Burial Grounds - Island Major Improvements	0	0	0	0	0	0
G		202	57	145	0	0	0
Non General Fund Summary							
K	Housing Revenue Account	3,169	2,399	770	0	0	0
L	Orkney College	32	32	0	0	0	0
M	Scapa Flow Oil Port	814	214	150	150	150	150
N	Miscellaneous Piers and Harbours	9,545	523	475	4,888	3,244	415
O	Strategic Reserve Fund	923	447	119	119	119	119
	Expenditure Total	14,483	3,615	1,514	5,157	3,513	684
Housing Revenue Account							
HRA4	House Purchases	1	1	0	0	0	0
HRA17	Carness	56	56	0	0	0	0
HRA18	Moar Drive	714	413	301	0	0	0
HRA22	Design and Build	22	22	0	0	0	0
HRA24	Carness Phase 2	2,347	1,878	469	0	0	0
HRA25	Soulisquoy HRA infrastructure	29	29	0	0	0	0
K		3,169	2,399	770	0	0	0
Orkney College							
OC1	L Plant & Vehicles	32	32	0	0	0	0
		32	32	0	0	0	0
Scapa Flow Oil Port							
SF7	Minor Improvements	609	9	150	150	150	150
SF8	Replacement Tug No 3	205	205	0	0	0	0
M		814	214	150	150	150	150
Miscellaneous Piers							
MP1	Minor Improvements	1,403	203	300	300	300	300
MP13	Low Carbon Transport and Active Travel Hub	3	3	0	0	0	0
MP17	Kirkwall Pier Water Break Tank System	270	131	139	0	0	0
MP18	Reclamation at Hatston Pier - Ph 1	7,701	18	36	4,588	2,944	115
MP20	Harbour Property - General	168	168	0	0	0	0
N		9,545	523	475	4,888	3,244	415
Strategic Reserve Fund							
SRF1	SRF Property Maintenance	521	45	119	119	119	119
SRF3	Investment Properties buy /sell	402	402	0	0	0	0
O		923	447	119	119	119	119