Item: 2

Policy and Resources Committee: 22 September 2026.

Capital Slippage and Acceleration.

Report by Head of Finance.

1. Overview

1.1. This report presents revised General and Non-General Fund capital programmes for approval, following a re-profiling exercise.

1.2. 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 Directors are responsible for informing the Head of Finance and for reporting delays and revised timescales to the Policy and Resources Committee.

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

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 £1,023,000 for carry forward from financial year 2025/26 to financial years 2026/27 and onwards in respect of net slippage on projects contained within the General Fund capital programme.
ii. Approve the sum of £1,637,000 for carry forward from financial year 2025/26 to financial years 2026/27 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:

Shonagh Merriman, Service Manager (Corporate Finance), extension 2105, Email shonagh.merriman@orkney.gov.uk

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** The allocation of resources, including the general level of capital expenditure, is a referred function of the Policy and Resources Committee.
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.
   - ☐Improving Population Health.
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 2025/26.
Appendix 2 – Revised Capital Programme.

	1 Apr 2025 - 31 March 2026				
	Actual Spend £000's	**Revised Budget £000's**	**Over/(Under) Spend £000's**	**(Slippage)/ Acceleration £000's**	**Comment**
General Fund Capital Programme					
Other Housing					
Housing Loans	0	585	(585)	0	Annual programme - no carry forward of unspent budget.
Miscellaneous House Purchases	356	430	(74)	(74)	Project on-going - £32k of grant funding c/fwd with permission from grant funder, with remaining £42k still to be drawn down.
Social Care					
New Care Facility, Kirkwall	3,179	1,354	1,825	0	Project on-going - budget fully expended.
Rendall Road Bike Shelter	12	13	(1)	0	Project complete.
Telecare & Community Care Alarm - Digital Transition	0	317	(317)	(317)	Project on-going.
Education					
New Kirkwall Nursery	225	390	(165)	(165)	Project complete - retention still to be released.
Leisure & Cultural					
Ness Campsite	4	0	4	0	Project complete.
Playpark Renewals	201	180	21	0	Project complete.
Shipwreck Tank	0	5	(5)	0	Grant funded project - complete. Overpayment of grant resolved in 2025/26.
Viking Gallery	74	0	74	0	Project on-going - total funding award of £264k, fully spent in 2024/25.
Birsay Campsite Development	96	10	86	86	Project on-going
Roads					
Roads Asset Replacement Programme	1,560	1,500	60	0	Annual programme - no carry forward of unspent budget.
Cursiter Quarry Expansion	163	599	(436)	0	Project complete
Coastal Change Adaptation	251	220	31	31	Grant funded project
Salt Storage Facility	23	35	(12)	(12)	Project Complete - Retention outstanding.
Transportation					
Electric Vehicle Charging Infrastructure	680	0	680	0	Unbudgeted capital work relating to approved revenue project - fully grant funded.
Airfield buildings - Papay and Stronsay	761	632	129	0	Project on-going.
Airfield buildings - Eday and Westray	235	250	(15)	(15)	Project on-going.
Inter-Islands Connectivity	1,533	2,000	(467)	(467)	Project on-going - fully funded by grant funding recevied in 2025/26.
Bus Infrastructure Fund	243	219	24	0	Grant funding fully expended.
Central Administration and Asset Replacement					
IT replacement programme	604	600	4	0	Annual programme - no carry forward of unspent budget.
Plant & Vehicle Replacement	1,580	1,783	(203)	0	Annual programme - no carry forward of unspent budget.
Miscellaneous Property	276	0	276	0	Unbudgeted expenditure on General Fund properties.
Scottish Water Vesting	1	0	1	0	Project on-going with possible refund of costs from Scottish Water.
Corporate Property Improvements					
Corporate Improvement Programme	2,177	2,315	(138)	0	Annual programme - overspend funded by external contributions to specific projects.
Planning					
Nature Restoration Fund	0	79	(79)	0	Grant funding distributed to external project and Kirkwall Care Home project.
Active Travel Fund	99	237	(138)	(63)	Project on-going - An element of grant funding distributed to project development works and the Kirkwall Care Home project, with remainder c/fwd with permission from grant funder.
Development					
Dounby Visitor Infrastructure Hub	463	607	(144)	0	Project complete - surplus grant returned to grant funder.
Operational Environmental Services					
Burial Grounds - Mainland Extensions	0	78	(78)	(27)	Project on-going.
Burial Grounds - Mainland Major Improvements	40	0	40	0	Project on-going.
Burial Grounds - Island Extensions	0	0	0	0	Project on-going.
Burial Grounds - Island Major Improvements	11	0	11	0	Project on-going.
	14,847	**14,438**	**409**	**(1,023)**	

	1 Apr 2025 - 31 March 2026				
	Actual Spend £000's	**Revised Budget £000's**	**Over/(Under) Spend £000's**	**(Slippage)/ Acceleration £000's**	**Comment**
Non-General Fund Capital Programme					
Housing Revenue Account					
House Purchases	4,091	5,419	(1,328)	(1,328)	Project on-going - some planned purchases still to complete.
Moar Drive	16	0	16	0	Project complete.
Carness Phase 2	47	310	(263)	0	Project complete.
Houton Infrastructure	0	50	(50)	(50)	Project on-going
Moar Drive - Independent Living	72	15	57	57	Project on-going.
Coplands Road	200	325	(125)	(125)	Project on-going.
UHI Orkney					
AeONS Vehicle & Equipment	0	119	(119)	(119)	Project on-going.
ICNZ Equipment	83	97	(14)	0	Project complete.
Plant & Vehicles	17	0	17	0	Purchases complete - fully grant funded.
Aeons Laboratory Facility	8	0	8	8	Project on-going.
Scapa Flow Oil Port					
Minor Improvements	87	120	(33)	0	Annual programme - no carry forward of unspent budget.
Miscellaneous Piers					
Minor Improvements	95	1,615	(1,520)	0	Annual programme - no carry forward of unspent budget.
Reclamation at Hatston Pier - Phase 1	0	0	0	0	Project on-going.
Kirkwall Pier Water Break Tank System	6	0	6	0	Project complete.
Corporate Property Improvements					
SRF Property Maintenance	0	119	(119)	0	Annual programme - no carry forward of unspent budget.
Soulisquoy	503	0	503	0	Unbudgeted capital works.
Investment Properties buy /sell	461	0	461	0	Unbudgeted purchases complete.
Quanterness Windfarm	2,220	2,300	(80)	(80)	Project on-going.
	7,906	**10,489**	**(2,583)**	**(1,637)**	

Totals for financial year 2025/26	**22,753**	**24,927**	**(2,174)**	**(2,660)**

			Total Budget £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30
	General Fund Summary							
	A	Other Housing	**2,770**	356	659	585	585	585
	B	Community Social Services	**3,508**	3,191	317	0	0	0
	C	Education	**390**	225	165	0	0	0
	D	Cultural and Recreational Services	**1,490**	375	1,097	18	0	0
	E	Roads	**7,634**	1,997	2,237	1,500	950	950
	F	Transportation Services	**5,040**	3,452	1,558	30	0	0
	G	Environmental services	**78**	51	27	0	0	0
	H	Planning & Protective Services	**1,042**	562	480	0	0	0
	J	Administration Services	**18,727**	4,638	4,147	4,000	2,971	2,971
		Expenditure Total	**40,679**	**14,847**	**10,687**	**6,133**	**4,506**	**4,506**
	Other Housing							
OH1		Housing Loans	**2,340**	0	585	585	585	585
OH8		Miscellaneous - Other Housing Purchases	**430**	356	74	0	0	0
	A		**2,770**	356	659	585	585	585
	Social Care							
SC10		New Care Facility, Kirkwall	**3,179**	3,179	0	0	0	0
SC11		Rendall Road Bike Shelter	**12**	12	0	0	0	0
SC12		Telecare & Community Care Alarm - Digital Transition	**317**	0	317	0	0	0
	B		**3,508**	3,191	317	0	0	0
	Education							
ED13		New Kirkwall Nursery	**225**	225	0	0	0	0
	C		**225**	**225**	**0**	**0**	**0**	**0**
	Leisure and Cultural							
LC14		Ness Campsite	**4**	4	0	0	0	0
LC15		Playpark Renewals	**201**	201	0	0	0	0
LC16		Shipwreck Tank	**0**	0	0	0	0	0
LC17		Viking Gallery	**74**	74	0	0	0	0
LC19		Birsay Campsite Development	**945**	96	831	18	0	0
LC20		KGS Spectator Stand & Dugouts	**249**	0	249	0	0	0
LC21		Kirkwall Library Bike Shelter	**17**	0	17	0	0	0
	D		**1,490**	375	1,097	18	0	0
	Roads							
RD6		Roads Asset Replacement Programme	**6,994**	1,560	2,034	1,500	950	950
RD25		Cursiter Quarry Expansion	**163**	163	0	0	0	0
RD26		Coastal Change Adaptation	**442**	251	191	0	0	0
RD27		Salt Storage Facility (Cursiter Quarry)	**35**	23	12	0	0	0
	E		**7,634**	**1,997**	**2,237**	**1,500**	**950**	**950**
	Transportation							
TR8		Electric vehicle charging infrastructure	**680**	680	0	0	0	0
TR17		Airfield buildings - Papay and Stronsay	**761**	761	0	0	0	0
TR19		Airfield buildings - Eday and Westray	**1,356**	235	1,091	30	0	0
TR21		Inter-Islands Connectivity	**2,000**	1,533	467	0	0	0
TR22		Bus Infrastructure Fund	**243**	243	0	0	0	0
	F		**5,040**	3,452	1,558	30	0	0
	Central Administration and Asset Replacement							
CA2		IT replacement programme	**2,644**	604	600	600	420	420
CA4		Plant & Vehicle Replacement	**6,780**	1,580	1,400	1,400	1,200	1,200
CA11		Miscellaneous Property Sales & Purchases	**276**	276	0	0	0	0
CA15		Scottish Water Vesting	**1**	1	0	0	0	0
	J		**9,701**	2,461	2,000	2,000	1,620	1,620

		Total Budget £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30
	Corporate Property						
	Corporate Improvement Programme	**9,026**	2,177	2,147	2,000	1,351	1,351
	J	**9,026**	2,177	2,147	2,000	1,351	1,351
	Development & Planning						
PL9	Nature Restoration Fund	**67**	0	67	0	0	0
PL10	Active Travel	**512**	99	413	0	0	0
DV6	Dounby Visitor Infrastructure Hub	**463**	463	0	0	0	0
	H	**1,042**	562	480	0	0	0
	Operational Environmental Services						
OES2	Burial Grounds - Mainland Extensions	**27**	0	27	0	0	0
OES3	Burial Grounds - Mainland Major Improvements	**40**	40	0	0	0	0
OES4	Burial Grounds - Island Extensions	**0**	0	0	0	0	0
OES5	Burial Grounds - Island Major Improvements	**11**	11	0	0	0	0
	G	**78**	**51**	**27**	**0**	**0**	**0**
	Non General Fund Summary						
K	Housing Revenue Account	**13,114**	4,426	5,303	2,566	580	239
L	Orkney College	**904**	108	796	0	0	0
M	Scapa Flow Oil Port	**1,475**	87	938	150	150	150
N	Miscellaneous Piers and Harbours	**11,827**	101	3,379	7,747	300	300
O	Strategic Reserve Fund	**51,840**	3,184	14,299	26,119	8,119	119
	Expenditure Total	**79,160**	**7,906**	**24,715**	**36,582**	**9,149**	**808**
	Housing Revenue Account						
HRA4	House Purchases	**5,419**	4,091	1,328	0	0	0
HRA18	Moar Drive	**16**	16	0	0	0	0
HRA24	Carness Phase 2	**357**	47	310	0	0	0
HRA27	Houton Infrastructure	**757**	0	757	0	0	0
HRA28	Moar Drive - Independent Living	**717**	72	629	16	0	0
HRA29	Coplands Road	**5,848**	200	2,279	2,550	580	239
	K	**13,114**	4,426	5,303	2,566	580	239
OC1	Plant & Vehicles	**17**	17	0	0	0	0
OC1	AeONS Vehicle & Equipment	**219**	0	219	0	0	0
OC1	ICNZ Equipment	**83**	83	0	0	0	0
OC2	Aeons Laboratory Facility	**585**	8	577	0	0	0
	L	**904**	108	796	0	0	0
	Scapa Flow Oil Port						
SF7	Minor Improvements	**1,475**	87	938	150	150	150
	M	**1,475**	**87**	**938**	**150**	**150**	**150**
	Miscellaneous Piers						
MP1	Minor Improvements	**4,174**	95	3,179	300	300	300
MP17	Kirkwall Pier Water Break Tank System	**6**	6	0	0	0	0
MP18	Reclamation at Hatston Pier - Ph 1	**7,647**	0	200	7,447	0	0
	N	**11,827**	**101**	**3,379**	**7,747**	**300**	**300**
	Strategic Reserve Fund						
SRF1	SRF Property Maintenance	**476**	0	119	119	119	119
SRF2	Soulisquoy	**503**	503	0	0	0	0
SRF3	Investment Properties buy /sell	**461**	461	0	0	0	0
SRF4	Quanterness Windfarm	**50,400**	2,220	14,180	26,000	8,000	0
	O	**51,840**	3,184	14,299	26,119	8,119	119