



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Chief Executive

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Item 4

29th January 2025

CAPITAL INVESTMENT PROGRAMME ANNUAL PERFORMANCE REPORT 2023/24

Purpose of Report:

To provide the Committee with an update on the performance of the projects that formed part of the Council's Capital Investment Programme during the period 1 April 2023 to 31 March 2024.

Recommendations:

The Committee is asked to note the Capital Investment Programme Annual Performance Report for 2023/24

Ward No(s):

Citywide: ✓

Local member(s) advised: Yes ☐ No ☐ consulted: Yes ☐ No ☐

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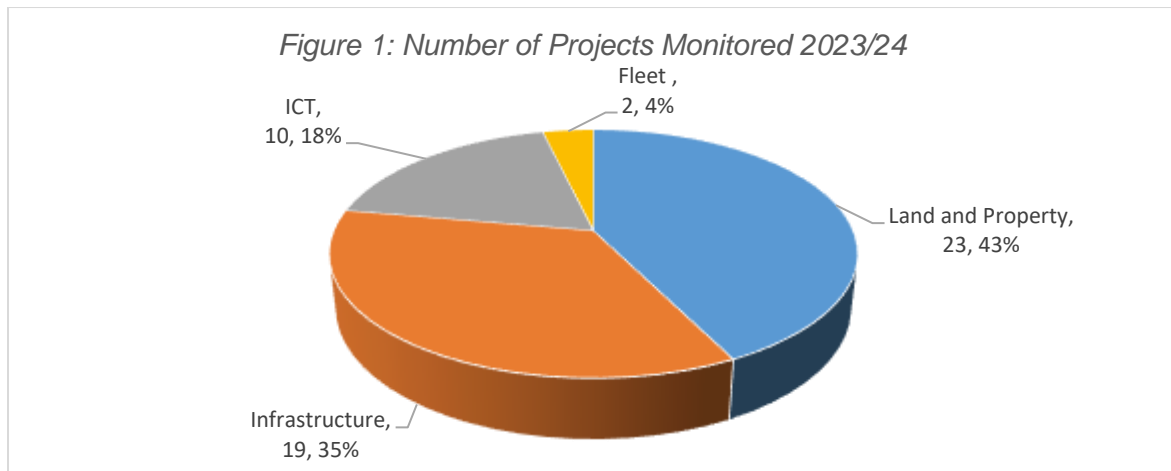
1. Background

- 1.1 During 2023/24, capital investment included spending on land and property such as new and refurbished schools and care facilities; infrastructure such as roads, cycleways, waste collection and street lighting; ICT initiatives to promote digitalisation and agile working, and investment in fleet refurbishment, replacement and infrastructure. These assets play a fundamental role in supporting the delivery of a wide range of services, outcomes and the achievement of the city's ambitions for inclusive economic growth and in tackling poverty, poor health, deprivation and inequality.
- 1.2 The Capital Programme Board (CPB) oversees the effective management and delivery of the Capital Investment Programme, with a remit to identify and monitor available resources across the Council Family to fund the Programme, as approved by the City Administration Committee, and support the successful completion of individual projects within an agreed timescale and budget.
- 1.3 The Capital Programme is comprised of individual projects, the number of which varies throughout the year as new projects are added and others are completed and removed. The size of the Programme is driven by the need for investment and availability of funds. The CPB monitors the progress of those projects with a value of £2m and above, or that are of a particularly complex nature, high profile and/or to be delivered in a tight timescale. These are a subset of the Council's wider Capital Investment Programme that includes all capital projects, irrespective of scale and cost.
- 1.4 The CPB meets on a quarterly basis. Meetings are supported by ongoing liaison between Corporate Governance and Project Teams as well as the provision of six-weekly interim exceptions reports to CPB members. Reporting is based on asset classes - specifically land and property, infrastructure, ICT and fleet.
- 1.5 This Annual Performance Report provides a high-level review of Programme performance in 2023/24. As well as highlighting the key achievements and benefits realised from capital investment projects, this report identifies those areas which did not work so well, in order to capture the key learning points arising and to make recommendations for future improvements.

2. Report – Capital Programme Performance Overview

2.1 Total Number of Projects Monitored

During 2023/24, a total of 54 projects (as listed in **Appendix 1**) were reported to the CPB (58 in 2022/23; 66 in 2021/22, and 60 in 2020/21). Figure 1 illustrates the make-up of this total by asset class.



2.2 Number of projects added or closed during period.

Of the 54 projects monitored, 44 were already in progress at the start of 2023/24 having been carried forward from 2022/23. The ten newly added projects during this financial year were:

- The refurbishment and extension of the existing Linburn Academy to accommodate additional classrooms and associated learning facilities for up to 48 pupils with complex additional support and learning needs.
- To undertake essential building works at Riverside Care Home to resolve issues relating to the fabric of the building and maintain quality care home provision across the city.
- As part of waste management and recycling provision, the establishment of a kerbside recycling service for properties within Glasgow; construction of a Materials Reclamation Facility (MRF); supply and installation of MRF processing equipment and, investment in new critical infrastructure to ensure the Council remains legally compliant.
- The introduction of new segregated cycle infrastructure in key sites across the city through the Active Travel Programme (2022/23 – 2024/25).
- In line with the National Transport Strategy, the implementation of a safer speed limit of 20mph in the city and the provision of a more equitable balance between different road users.
- Phase 3 of the Fleet Replacement Programme to enable the Council to significantly reduce fleet emissions and improve the quality and reliability of the fleet in the provision of front-line services throughout the city.
- Investment in watercourses and surface water management plans (SWMP) to increase drainage capacity and reduce flooding through flood prevention schemes across the city.
- Installation of solar photovoltaic panels across the council estate to generate renewable electricity for consumption by the estate and reduce carbon emissions and energy costs.
- Roads Infrastructure 2023/24 that will continue to improve the condition of carriageways and footways through the delivery of preventative and corrective treatments.
- Delivery of an ERP programme to replace the current ERP (SAP) which is scheduled to end in 2027.

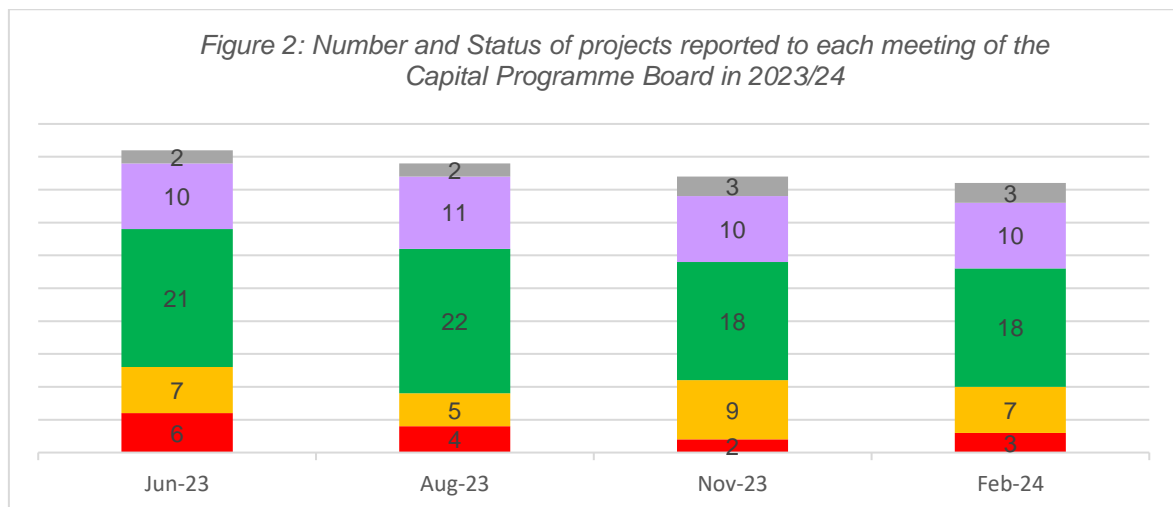
Twelve projects were removed from monitoring during this period.

2.3 Number and status of projects reported to each meeting.

As part of the quarterly monitoring reports presented to the CPB, each project is allocated an overall status as a key indicator of performance which is derived from assessments of scope, progress, expenditure and realisation of benefits. Project status is defined as:

- Red – behind programme, and/or over budget, behind expenditure profile, and/or not meeting specification with no recovery plan;
- Amber - behind programme, and/or over budget, behind expenditure profile, and/or not meeting specification but with a recovery plan;
- Green – on programme, and/or on budget/expenditure profile, and/or meeting specification;
- Purple – projects are complete/operational pending settlement of final accounts or residual matters, and
- Grey – where projects have failed to provide a project status report for that period.

Figure 2 shows the total number of projects reported to each of the CPB meetings held in 2023/24 and the number at each status.



2.4 Project Performance

Figure 3 shows project performance and status during 2023/24. Overall, performance in 2023/24 was relatively consistent with 2022/23, the main exception being the reduction in the percentage of projects that remained continuously and exclusively amber from the previous year. This was offset by an increase in the percentage of projects which either remained exclusively green or which were recorded as complete and operational pending final account/ residual matters during the period. There was also an increase in the percentage of projects which failed to provide required information.

Where projects reported red or amber status, this was largely due to delays to initial and revised programmes which resulted from materials and skilled labour shortages; longer delivery timescales; supply chain disruption, and increased project costs as a result of global socio-economic circumstances (e.g. post Covid, Brexit, conflict in Ukraine and unprecedented levels of inflation). Delays to programme delivery were also reported as a result of performance issues with some contractors and difficulty across Services in resourcing projects and business change. This was particularly evident within some ICT projects which resulted in uncertainty in forward planning.

In some cases, such as the Citizens Theatre, no single issue could be identified as causing the levels of programmatic and financial challenges, and a combination of factors have coalesced to make this project particularly complex. However, it is also important to note that whilst the Citizens Theatre building is a Council-owned asset and that the Council is a part-funder, this project was not procured or managed by Glasgow City Council.

Figure 3:

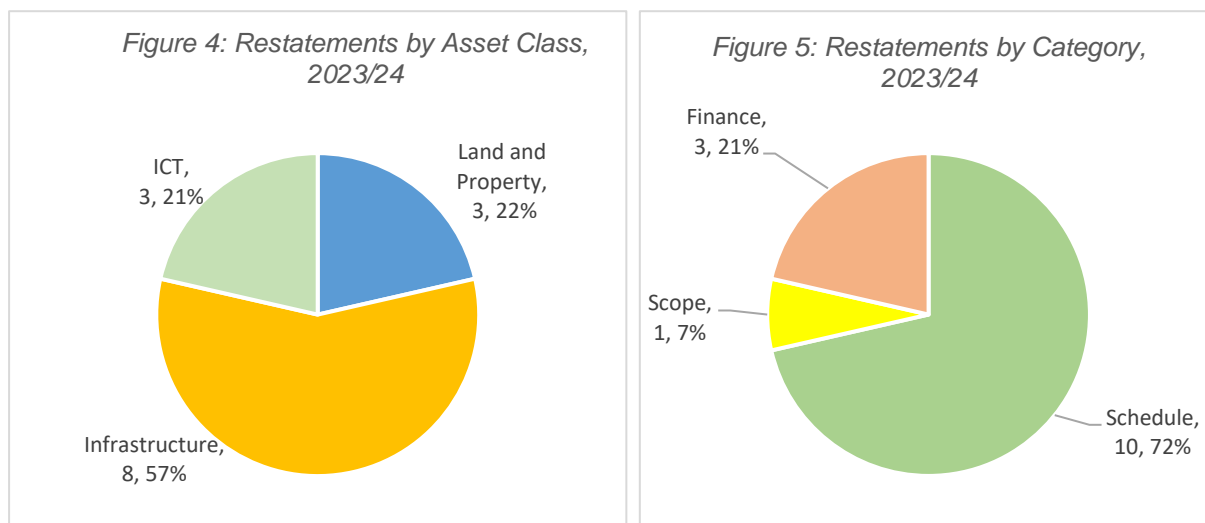
Project Status	2023/24	2022/23
Continuously and exclusively green	20 (37%)	19 (33%)
Continuously and exclusively amber	6 (11%)	13 (22%)
Only amber or green at some point in the period	6 (11%)	9 (15%)
Continuously and exclusively red	6 (11%)	5 (9%)
Only red and green at some point in the period	Nil	Nil
Red, amber and green at some point in the period	Nil	Nil
Both red and amber at some point in the period, not green	1 (2%)	1 (2%)
Complete and operational pending FA/ residual matters only all period	12 (22%)	9 (15%)
Complete and operational pending FA/ residual and red at some point in the year	Nil	2 (3%)
Nil return	3 (5%)	Nil
Total	54	58

2.5 Project Restatements

Where Project Teams seek changes to approved programmes/ schedule; scope and/or project finances, over and above the limits agreed within approved project tolerances, requests can be made to the CPB.

In 2023/24, 14 restatement requests were made across three asset classes (compared with 12 restatement requests in 2022/23): three in Property and Land; eight within Infrastructure and three in ICT. The majority of these (10, 71%) related to restatement of schedule. Of the remaining requests, three related to finance and one to scope. In total, eleven requests were approved and three were declined.

Figure 4 shows the breakdown of these requests by asset class, while Figure 5 shows the breakdown by category.



2.6 Project status at 31 March 2024

Of the 54 projects monitored by the CPB as at March 2024:

- 12 (22%) were completed, were operational and had been removed from monitoring.
- 42 (78%) projects were still being monitored by the CPB:
 - 12 (28%) at pre-start stages, including design and procurement (2022/23: 30 projects)
 - 17 (40%) on site/ ongoing (2022/23: 22 projects)
 - 10 (24%) had reached practical completion but still had to complete supplementary works and/or the final account (2022/23: 8 projects)
 - 3 (7%) failed to provide the required information (2022/23: nil projects). *(Note: Project status reports have been consistently provided since 31 March 2024).*
- Of the 12 projects that were completed and removed from the monitoring regime:
 - The programmed completion date of four projects were achieved and completed within budget.
 - The completion date of four projects four projects were achieved within a restated schedule and within budget
 - The completion of one project was achieved within a restated scope and schedule and within budget
 - The programme completion date of one project was achieved within a restated schedule but did not complete within the approved budget.
 - The remaining works of one project were de-scoped and consolidated with a new project
 - One project was removed and is now reported via City Deal governance structures

3 **Financial Overview of the Capital Programme 2023/24**

3.1 Capital Investment Programme Expenditure 2023/24

Gross expenditure for the Capital Investment Programme in 2023/24 was £108.1m (pre-audit). There were no Sale and Leaseback transactions in 2023/24. Figure 6 shows the level of gross capital expenditure in recent years.

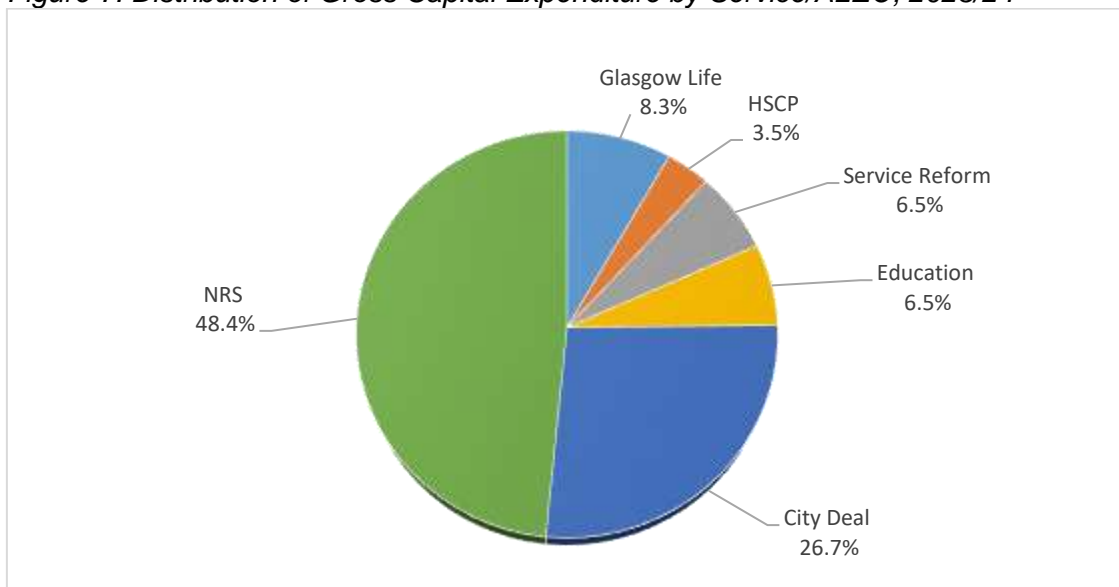
Figure 6: Gross Capital Expenditure Per Year

Year	Gross Expenditure
2021/22	£145.0m
2022/23	£142.1m*
2023/24	£108.1m

*Pre-audit and excludes Sale and Leaseback transactions

- 3.2 Figure 7, shows the distribution of the 2023/24 gross expenditure by Service/ALEO, illustrating that the largest share of investment was within NRS which accounted for 48.4% of the overall total. The NRS programme includes significant Property and Land Services investment which overlaps investment across the other Services, notably Glasgow Life.

Figure 7: Distribution of Gross Capital Expenditure by Service/ALEO, 2023/24

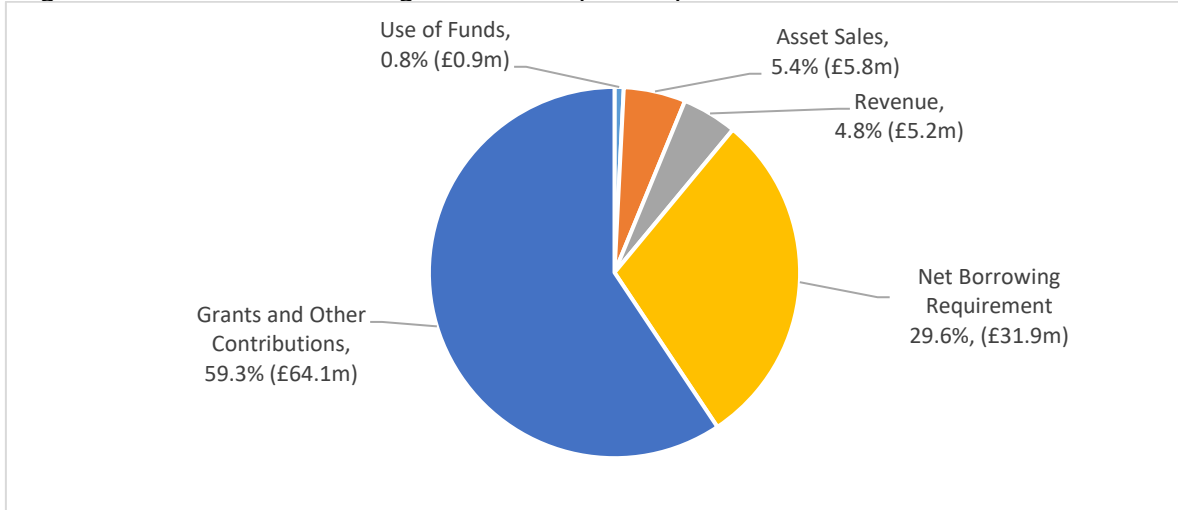


3.3 Financing of Capital Expenditure

The size of the Capital Programme is determined both by the need for investment and the availability of funds. Capital income is often received for specific purposes/projects, reducing the net cost to the Council. This includes capital grants from the Scottish and UK Governments and other public and private sector contributions. The residual net cost to the Council may be funded from borrowing; capital receipts from asset sales; the use of fund balances, and the use of revenue funds, known as Capital Funded from Current Revenue (CFCR).

Figure 8 illustrates how the £108.1m gross capital expenditure was funded. The largest source of funding was £64.1m via Grants and Other Contributions. The net Council Borrowing requirement for the year amounted £31.9m. The funding makeup generally remains consistent with recent years.

Figure 8: Sources of Financing of Gross Capital Expenditure 2023/24



4. **Key Achievements / Challenges**

Between April 2023 and March 2024, each of the 54 projects monitored by the Capital Programme Board (CPB) have, or will have, delivered a range of benefits to the city and will directly contribute to four Grand Challenges within the Council's Strategic Plan 2022 to 2027. For example, of the facilities, assets and infrastructure which were, or became operational in 2023/24:

Grand Challenge 1: Reduce poverty and inequality in our communities

- five are school and nursery new builds and refurbishments;
- one is a children's residential unit, one is supported homeless accommodation, one is a care home facility, and one is an integrated facility for the provision of health and social care services;
- eight are initiatives that improve the cleanliness, safety and accessibility of neighbourhoods and reduce inequalities.

Grand Challenge 2: Increase opportunity and prosperity for all our citizens

- all have in/directly supported employment and contract opportunities to businesses and partners within and beyond the city;
- seven are sports and cultural venues; and,
- fourteen are service refurbishment, environmental or public realm related projects.

Grand Challenge 3: Fight the climate emergency in a just transition to a net zero Glasgow

- five are transport related projects;
- one relates to the installation of solar photovoltaic panels across the Council estate

Grand Challenge 4: Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities.

- ten are digital and information technology projects.

4.1 **Key Benefits – What worked well?**

- 4.1.1 The development of new and enhanced facilities plays a crucial role in *reducing poverty and inequality in our communities* by providing better access to quality services and opportunities. Within the Education Estate, the new-build extension to St Paul's High

School has been a significant investment to address the growing demand for school places in the Greater Pollok area, which has one of the highest number of pupils in any Glasgow ward.

- 4.1.2 The extension will help to create a supportive and encouraging learning environment through the provision of 14 additional state-of-the-art classrooms, new sports changing facilities and additional staff and ancillary facilities. The old blaise sports pitch has also been upgraded to an all-weather, multi-use games area, offering more opportunities for pupils to engage in physical activities. The extension has increased the school's capacity from 900 to over 1,200 students, helping to resolve timetabling and capacity challenges. As well as enhancing the school estate, the expansion will help to provide a nurturing environment for learning and teaching where pupils can flourish and reach their full potential.
- 4.1.3 The Residential New Build Modernisation Programme for Children and Young People has had a positive impact on improving the quality and availability of residential care in the city. Phase 2 of the programme, which was approved in 2016, included the construction of Butterbiggs Children's Unit, which is a new build eight-bed unit in the southside of the city.
- 4.1.4 This facility provides modern, fit-for-purpose accommodation, which better meets the needs of the most vulnerable young people and improves their opportunities and life outcomes. The new unit meets the requirements of the National Care Standards and supports staff supervision and the development of life skills for young people, allowing them to better integrate into local communities, maintain strong links with friends and family networks and access essential local health and leisure services.
- 4.1.5 Investment in infrastructure continues to *increase opportunity and prosperity for all of our citizens*. Following a full lifecycle upgrade and refurbishment to enhance its wet-side facilities, Scotstoun Leisure Centre boasts a range of services to meet diverse fitness needs. Key improvements include the renovation of the wet-side changing accommodation, health suite, toilets, first aid room, and associated peripheral areas, ensuring these spaces meet modern standards and comfort.
- 4.1.6 In addition, significant work to the main swimming pool has been completed, including the reconfiguration of the pool tank to adjust the depth of the shallow end. This modification allows for a wider range of activities, with particular emphasis on increasing programming for 'learn to swim' initiatives. This upgrade is designed to accommodate more users, improve accessibility, and enhance the overall experience for both leisure swimmers and those participating in structured aquatic programmes. As well as improving the customer experience and service quality, this investment will allow the Council to continue to work in partnership to deliver on shared outcomes through physical activity, for example, ensuring equality of opportunity; supporting early years and young people initiatives; assisting community learning programmes; promoting health improvement, and facilitating employability.
- 4.1.7 The roads infrastructure is vital to the city's economic and social wellbeing and represents a major asset to the Council and the city. Sustained annual investment programmes and regular maintenance of roads and footways throughout the city delivers preventative and corrective treatments which have resulted in 71.7% of carriageways being in an acceptable condition compared to the Scottish average of 66.8%.
- 4.1.8 Capital investment continues to *contribute to fighting the climate emergency in a just transition to a net zero Glasgow*, through initiatives such as Project Sky Harvest, which seeks to generate renewable electricity for consumption and reduce carbon emissions and

energy costs. Phase one of the project aims to deliver the installation of solar photovoltaic panels (PVs) on eight council buildings which have been subject to high level feasibility studies. This includes one Glasgow Life location, five primary schools and two day care centres. In each case, the installation of Solar PVs will offset the requirement for purchase grid electricity and will generate a small surplus generation which will be sold to the grid. Overall, the projects should generate over 700 MWh of electricity annually, with reduced costs to the Council in respect of utility bills.

- 4.1.9 The [Fleet Strategy 2020 to 2030](#) remains an ambitious commitment to minimise the Council's carbon footprint and contribute towards the achievement of net zero emissions by 2030 for over 2,000 vehicles and plant items. A significant volume of work has been undertaken to refurbish and rationalise the existing fleet, reduce emissions and ensure that vehicles comply with Glasgow's LEZ scheme. The third phase of the programme has continued to successfully deploy alternative electric and Euro 6 emissions status vehicles and appropriate charging and re-fuelling infrastructure, as well as installing enterprise digital telematics across all new Council vehicles. In addition to reducing fleet maintenance costs and extending the operational life of vehicles, this investment programme will directly support frontline services for residents and visitors to the city, and ensure the safety of employees, other road users and members of the public.
- 4.1.10 The City Network Final Delivery Plan represents Glasgow's commitment to create a safe citywide cycling network and is an essential component in reducing carbon and promoting health and wellbeing. Glasgow's active travel network currently consists of 310km of cycle infrastructure, 94% of which is deemed to be in good or fair condition. Part of the Strategic Plan for Cycling 2016 to 2025, South City Way and Connecting Woodside are two projects which will contribute over 10km of enhanced active travel routes across several communities. The delivery of high-quality inclusive active travel infrastructure provides safer, more comfortable and faster cycling and walking routes that will enhance access to local amenities and help to improve health.
- 4.1.11 Investment of £7.396m has been utilised to replace 4,700 ageing street lighting columns across the city and provide sustainable LED street lighting that contributes to a more resilient network and increases road and community safety. The LED lanterns installed use an average of 65% less energy in comparison to existing sodium lanterns. This is improving the efficiency of the lighting network and contributing towards the Council's corporate sustainability objectives by reducing carbon emissions. As part of the 2022/23 budget, further investment of £7.5m has been allocated over a three-year period to prioritise investment in street lighting infrastructure.
- 4.1.12 Investment in enabling technology and infrastructure has *enabled staff to deliver essential services in a sustainable, innovative and efficient way for our communities*. For example, the Connected Learning programme has transformed learning and teaching by providing modern ICT solutions that support the city's vision of being a leader in digital learning. In addition, methods of communication with our communities have improved through the provision of a centralised unified communications platform to meet Council telephony requirements and through the refresh of existing Local Area Network (LAN) infrastructure to provide a solution that delivers access to LAN and Wi-Fi services across the Council estate.

4.2 Challenges – What did not work so well?

- 4.2.1 During 2023/24, the Capital Investment Programme has continued to face unprecedented challenges. The ongoing difficulties of high inflation, particularly within the construction sector, caused in-part by Covid-19 related project delays, Brexit, and the conflict in Ukraine,

continued to result in shortages within global supply chains of key components, raw materials and skilled labour.

- 4.2.2 The resulting increase in project costs has had an impact on the ability to estimate the cost of future works and has delayed the commencement and completion of some projects. Many projects had their budgets set in a pre-covid context and are now being tendered in a post-covid environment where the original allocated budget is no longer sufficient to complete the works. Within the education estate, the re-development of Calton Gaelic Primary School, the refurbishment of Scotland Street School, and the construction of a combined early years and community facility in Milton have all experienced delays due to the tender package exceeding the approved budget. Similarly, within NRS the tender for the refurbishment of Linn Crematorium was returned significantly over budget.
- 4.2.3 Officers from across the Council have continued to engage directly with the supply chain, national procurement forums and construction leadership bodies to share best practice and experience. In addition, a review of programme budgets has been undertaken to clarify material cost increases, change control variations and potential requirements for value engineering to consider scope reduction and use of alternative materials where appropriate.
- 4.2.4 Delays to programme delivery have also been experienced as a result of the challenges with the performance of some contractors and sub-contractors. Some ICT projects, most notably End User Compute (i.e the deployment of appropriate computing devices with modernised software to improve user productivity, communication and mobility in a safe and secure environment), took longer than expected due to the need for extended commercial discussions with the contractor. Other ICT projects, including Server Centralisation (i.e the centralisation of applications and data storage servers) experienced extensive slippage to the original schedule as a result of dependencies on other technical projects and infrastructure changes and the need for re-planning of the delivery of elements of the project.
- 4.2.5 Furthermore, there were delays in completing the Education Connected Learning programme (i.e. the delivery of enabling technology and infrastructure to support implementation of the Education Services Digital Learning Strategy) due to extended scope and commercial discussions. In addition, progress towards the redevelopment of the Category B-listed Citizens Theatre has been delayed due to a combination of factors, including issues with the performance of the contractor and the significant difference in the estimated final outturn projections.
- 4.2.6 Officers from across the Council have continued to engage in dialogue with relevant contractors to agree any outstanding claims and a programme to completion. Significant work has been undertaken by the Strategic Information, Innovation and Technology (SIIT) team to monitor and manage the contractor's progress in the delivery of ICT projects. This includes driving negotiations and escalation where appropriate, to progress the achievement of revised key milestones and activities. Within the refurbishment of the Citizens Theatre, the Council dedicated a full-time resource to assist the existing project team and contractor in all aspects of the project delivery.
- 4.2.7 Despite these uncertainties, significant achievements have been made to progress completion of programmed works, minimise the cost to the Council and realise longer term benefits to Glasgow's service users, citizens, communities, visitors and businesses. These uncertainties continue to be monitored, managed and reported as part of the Capital Programme governance framework.

5. Recommendations

- 5.1 Committee is asked to note the update on the performance of the Capital Investment Programme during 2023/24.

6. Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	There are no new financial implications.
<i>Legal:</i>	There are no new legal implications.
<i>Personnel:</i>	There are no new personnel implications.
<i>Procurement:</i>	There are no new procurement implications.

Council Strategic Plan: The Capital Investment Programme supports each of the four Grand Challenges in the Council Strategic Plan 2022 to 2027.

Equality and Socio-Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2021- 25? Please specify</i>	No, proposals are contained within the report
<i>What are the potential equality impacts as a result of this report?</i>	There are no new direct impacts.
<i>Please highlight if the policy/proposal will help address socio economic disadvantage.</i>	N/A

Sustainability Impacts:

<i>Environmental:</i>	The report includes some environmental benefits realised through capital investment.
<i>Social, including opportunities under Article 20 of the European Public Procurement Directive:</i>	The report includes social benefits realised through capital investment.
<i>Economic:</i>	The report includes economic benefits realised through capital investment.

**Privacy and Data
Protection impacts:**

No new direct impacts.

APPENDIX 1 – PROJECTS MONITORED BY THE CPB DURING 2023/24

Asset Class: Property and Land

Calton Gaelic Primary School
Linburn Academy
St Paul's High School Extension
Milton Scaraway Nursery and Community Facility
Scotland Street Refurbishment
Church Street/ Gullane Street Replacement
Brighton Place Redevelopment
Butterbiggins Road Children's Unit
Riverside Care Home
Parkhead Hub Library
Bereavement Services Refurb – Linn
Crematorium
Calton Barras Action Plan
Citizen's Theatre
Easter Queenslie Depot Redevelopment
George Square Redevelopment
Pre-1919 Housing Improvement Strategy
Burrell Collection
Kelvinhall TV Studio
Elder Park Library and Community Centre
Langside Library
Scotstoun Leisure Centre
Pollok Stable Block and Courtyard
CBC New Training College

Asset Class: ICT

City Park Exit (Data Centre Migration)
Server Centralisation
Digital Citizen Yotta
Alloy
Education (Connected Learning)
End User Compute
IP Telephony
LAN & Wi-Fi
ERP (SAP Replacement)
Mobile Working

Asset Class: Infrastructure

Active Travel (2022/23 – 2024/25)
Bin Replacement Programme
Cathkin Landfill
Climate Action Fund: 20 mph Speed Limit in the City
Climate Action Fund: Solar in Schools
Flood Schemes
Clyde Tunnel Renewal of Carriageway Lighting
Govan Cross THI - Phase 2
Parkhead Cross THI/CARS (Phase 2)
Seven Lochs Wetland Park
Strategic Public Realm

Street Lighting Investment Programme
Street Lighting Investment Programme (2022-2026)
Tidal Weir Repairs (Phase 2)
Waste Management and Recycling
Carriageway, Footway and Drainage Renewal 2022/23
Carriageway, Footway and Drainage Renewal 2023/24
Strategic Plan for Cycling: Connecting Woodside
Strategic Plan for Cycling: South City Way

Asset Class: Fleet

Fleet Replacement Programme Phase 1
Fleet Replacement Programme Phase 3