

Agenda Item	6
Report No	PED 45/13

CAPITAL EXPENDITURE - FINAL OUTTURN 2012/13 AND MONITORING 2013/14

Report by Director of Planning and Development

SUMMARY

This report outlines the Expenditure and Income to 31 March 2013 for the 2012/13 Capital Programme and to 30 June for the 2013/14 Capital Programme. Also provided is a summary of capital allocated by Highland Council on June 27 2013 to the Planning and Development Capital Programme for the ten years from 2013/14 to 2022/23.

The Planning and Development Service Capital Programme and use of the Vacant and Derelict Land Fund supports the Council's programme of support for the Highland economy and specifically helps make Highland an attractive environment for business and supports the development of Highland urban centres.

1. 2012/13 Capital Programme Final Outturn

- 1.1 The Capital Monitoring Statement attached at Appendix 1 shows the position to the end of March 2013. Gross expenditure to the end of March 2013 was £296k.
- 1.2 Income received was £120k: Leader income (Beauly); timber sales income and Scottish Rural Development Programme grant (Storr); British Alcan contribution (Inverlochy).
- 1.3 The net year end underspend of £739k has been carried forward in full. Of this amount £160k was legally committed at the year end across a range of projects to be completed within 2013/14. Modest underspends for completed projects have been offset against overspends elsewhere within the programme.

2. Ten Year Capital Programme 2013/14 to 2022/23

- 2.1 The Council's ten year capital programme was presented to full Council on 27 June 2013 resulting in approval of a firm programme for five years (2013/14 to 2017/18) and a further five year indicative programme (2018/19 to 2022/23). The capital allocation to Planning and Development Service is summarised in Appendix 2.
- 2.2 Projects included in years 1 to 4 (2013/14 to 2016/17) are derived from the previous programme, as reported to this Committee in August 2012. Key changes to note for this period are:
 - Community Woodlands – additional £50k
 - Ballachulish Inclined Plane – additional £50k
 - Improvement to Paths – additional £145k for improvements to Long Distance Routes

- Kilt Rock, Storr, Leallt Gorge, Raasay, Kyle – an additional £25k
- Town & Countryside Regeneration Caithness Sutherland & Easter Ross – additional £25k.
- Town & Countryside Regeneration Badenoch & Strathspey / Cairngorm National Park Area – additional £100k.
- Town & Countryside Regeneration Ross Skye & Lochaber – additional £25k.
- Miscellaneous Assets, Bridges & Structures – additional £150k.
- Inverness Academy Street – additional £200k.
- There has been some re-profiling of capital allocation between financial years to better reflect current project status and capacity to deliver.

2.3 Capital allocation in years 5 to 10 (2016/17 to 2022/23) is against one generic project heading: Town and Countryside Regeneration. This approach has been used previously and allows for specific projects to be identified and recommended for approval by this Committee at a future date.

2.4 In total, including budget brought forward from 2012/13, the Service Capital Programme amounts to £8.2 million over the next ten years; an average investment of just over £800k per annum.

2.5 As evidenced by the significant underspend in 2012/13, delivery of this programme on time will be challenging. In seeking to deliver high quality projects, the Service adopts a high level of community consultation when preparing and delivering its projects and seeks to maximise external income opportunities as they arise. This together with an existing portfolio of 212 countryside property assets to maintain, means that the small Projects and Facilities team (5.5fte) has a workload beyond existing capacity. When staff changes occur, as happened in 2013/14 and at the current time, this compounds the challenge faced.

2.6 In response to this the Service is currently undertaking a detailed review of the business process for identification, scoping and delivery of capital projects. Further information on proposed process improvements will be brought to a future meeting of this Committee.

3. 2013/14 Capital Programme Monitoring

3.1 The Capital Monitoring Statement attached at Appendix 3 shows the position to the end of June 2013. The “Budget” column is that approved by the Highland Council on 27 June 2013, adjusted for underspends carried forward from 2012/13.

3.2 The comments column of Appendix 3 provides an indication of the status of individual projects within the programme.

3.3 Inverness City Gateways

Members may be aware of the River Ness Arts Programme, which is an initiative being taken forward by Highland Council through the ICArts Working Group to complement the River Ness Flood Alleviation Scheme. It aims to deliver public art based environment improvements associated with the City frontage along the River Ness. The programme has a total value of £741k and has already secured substantial funding from a variety of sources including Inverness Common Good Fund, Highland and Islands Enterprise (HIE) Inverness City Fund and has successfully passed the Creative Scotland, Stage 1 grant application process.

- 3.4 It is recommended that the Planning and Development Service contribute a sum of £66k from the Inverness City Gateways capital allocation, to be used specifically for the delivery of the Gathering Place / Viewing Station under discussion by the ICArts Working Group and potentially proposed for installation adjacent to Friars Bridge on Huntly Street, which is one element of the arts programme. The total cost of this element of work is estimated at £300k, the proposed P&D contribution equating to 22% and matching an equal contribution from HIE. The balance of funding will be secured from Creative Scotland through a successful Stage 2 application. Project work will commence this summer with public consultation; the appointment of a design team is scheduled around February 2014; installation is currently anticipated summer 2015.
- 3.5 Project delivery will be the responsibility of a Project Manager under the leadership of the Inverness City Manager and with governance being provided by the ICArts Working Group and the City of Inverness Area Committee. As the Council client for this work will be the Chief Executives Service, the £66k will require to be reallocated from the P&D Capital programme to the Chief Executives River Ness Arts Capital Programme budget.
- 3.6 The remainder of funds allocated to Inverness City Gateways, a further £100k in 2014/15, will, as reported to this Committee in August 2012, enable the production of an Inverness City Gateways (ICG) Strategy and Gateway demonstration project. A contract has now been awarded for the first phase of this work, which is development of the strategy.

4 Vacant and Derelict Land Fund

- 4.1 As previously reported gross VDLF expenditure to the end of March 2013 was £1,219k (Appendix 4). An underspend of £1,334k (of which £187k is legally committed) has been carried forward into the 2013/14 draft VDLF delivery plan to augment the 2013/14 grant offer of £919,784.60. The draft plan was submitted to the Scottish Government on the 27 of March, 2013 and a further revised version submitted on the 14 June 2013. The Council received Ministerial approval of the Delivery Plan on the 6 August, 2013. A summary of the approved projects and indicative budgets can be viewed in Appendix 5.
- 4.2 Based on previous experience with the implementation of the VDLF Delivery Plan and the need to make alterations to the allocated project sum due to site specific issues arising, it is proposed that the PED Committee again agree to give the Director of Planning and Development delegated authority to amend the grant sum offered to individual projects within the overall VDLF programme budget outwith the Committee cycle and to report back accordingly. Any decision taken will be in consultation with the Chair of PED and with the agreement of the Scottish Government.
- 4.3 Given the Council has lost at least 6 months in which to spend the VDLF grant it has been necessary to enter dialogue with the Scottish Government to ascertain whether legal commitment of grant by 31 March 2014 rather than full spend would be acceptable. An update on the outcome of this dialogue will be provided to Committee on the 18 September 2013.

5. Implications

- 5.1 Resource: The Core Projects are funded from the Capital Programme with external funding secured in addition whenever possible. The scope of projects is tailored to the funds available and therefore there are no additional resource implications for the Council. As the VDLF is grant funding from the Scottish Government there are no resource implications for the Council albeit if the full VDLF allocation is not utilised, any unspent funds may require to be returned to the Scottish Government.
- 5.2 Legal: There are no legal implications.
- 5.3 Equality: Equality issues are considered for each project as an integral part of the project management process.
- 5.4 Climate Change: Climate Change issues are currently addressed as required as an integral part of the project management process.
- 5.5 Risk: Risk implications vary due to the wide range of projects undertaken and consideration of risk is an integral part of the project management process. There are no specific concerns regarding current capital programme or VDLF projects. If significant risks are foreseen, these are reported to Senior Management for inclusion as appropriate in the Service Risk Register.

6. RECOMMENDATION

6.1 The Committee is recommended to:

- (i) Note the contents of this report.
- (ii) Agree to reallocate £66k from the Inverness City Gateways project to the Chief Executive's River Ness Arts Capital Programme budget.
- (iii) Agree to authorise the Director of Planning and Development, in consultation with the Chairman and with the agreement of the Scottish Government, to amend the grant sum offered to individual projects within the overall VDLF programme budget outwith the Committee cycle and to report back accordingly.

Designation: Director of Planning & Development

Date: 6 August 2013

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SERVICE: PLANNING, ENVIRONMENT & DEVELOPMENT

Project Description	BUDGET			ACTUAL YEAR TO DATE			ESTIMATED OUTTURN			VARIANCE	COMMENTS
	A	B	C	D	E	F	G	H	I	J	K
	Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure £000	Column I minus Column C	CF = Carry Forward LC = Legally Committed FY = Financial Year
Rhind House, Wick High Street, Invergordon	-	-	-	-	80	(80)	-	80	(80)	(80)	Revised cost plan indicates that VDLF support of £19k is required. The Council will seek Scottish Government permission to utilise the unspent budget as part of the 2013/14 VDLF Delivery Plan.
Longman Estate, Inverness	401	401	-	4	108	(104)	4	108	(104)	(104)	A VDLF application expected from the Cromarty Port Authority by the end of the February 2013. Works have been undertaken at risk by the Port Authority and are largely complete which will necessitate a retrospective VDLF grant payment being made subject to the normal assessment procedures.
Jolly Drover, Inverness North East Harbour Road, Wick	-	-	-	58	56	2	58	56	2	2	Follow up transportation study work commissioned and will be complete by the end of the financial year. Partial surrender of waste management license feasibility work commissioned and expected to be complete by the end of the financial year.
Former dairy, Balmacara Former distillery Inverlochy	75	75	-	1	-	1	1	-	1	1	Project complete.
Cromlet Park, Invergordon	125	125	-	-	-	-	-	-	-	-	Phase 1 Desktop Study complete and is currently being reviewed by TECS. The purpose of this project is to assist Wick Harbour Trust in exploring the development potential of a Council owned site within close proximity to the Harbour.
Carsegate Estate, Inverness	25	25	-	5	-	5	5	-	5	5	Housing & Property Services continue to progress acquisition.
Former Quarry, Harbour Road, Inverness	125	125	-	5	-	5	5	-	5	5	Phase 1 Desktop Study complete and Phase 2 Intrusive Site Investigations complete. Findings will inform whether H&PS wish to proceed with purchase.
External Project Management	-	-	-	6	1	5	6	1	5	5	Phase 1 Desktop Study complete. Phase 2 Intrusive Site Investigations recommended.
Nigg	-	-	-	-	-	-	-	-	-	-	Project complete.
Technical assessments	-	-	-	333	-	333	333	-	333	333	Project complete.
Former hotel Ullapool	-	-	-	652	652	-	652	652	-	-	Balance of year end c/fwd - will reverse out in 13/14
Former swimming pool, Skye	250	250	-	16	35	(19)	16	35	(19)	(19)	Project complete.
Nairn Town Centre	-	-	-	166	-	166	166	-	166	166	H&PS have now purchased this site. VDLF drawn down to assist with acquisition and demolition costs.
Angus Centre, Fort William	-	-	-	56	55	1	56	55	1	1	Project effectively complete.
Subtotal Vacant & Derelict Land Fund	-	-	-	213	155	58	213	155	58	58	Project complete.
GRAND TOTAL	1,001	1,001	-	37	44	(7)	37	44	(7)	(7)	Project complete.
	2,135	1,220	915	1,848	1,672	167	1,848	1,672	176	(739)	

SERVICE: PLANNING, ENVIRONMENT & DEVELOPMENT

Project Description	BUDGET			ACTUAL YEAR TO DATE			ESTIMATED OUTTURN			VARIANCE	COMMENTS
	A	B	C	D	E	F	G	H	I	J	K
	Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure £000	Column I minus Column C	CF = Carry Forward LC = Legally Committed FY = Financial Year
Community Woodland	10	-	10	-	-	-	10	-	10	-	ITT / ITQ = Invitation to Tender / Quote
Core Path Network Development	45	-	45	-	-	-	45	-	45	-	ITQ in prep
Visitor Management	100	-	100	13	-	13	100	-	100	-	Safety upgrades Great Glen Way and West Highland Way
Dunnet	75	-	75	15	-	15	75	-	75	-	Ongoing signage and interpretation projects
Kilt, Lealt, Raasay, Kyle, Storr	116	-	116	14	12	2	152	36	116	-	Final scope to be referred back to local Members for agreement
Beaully Square	-	28	(28)	-	-	-	2	28	(26)	2	Storr Woodland restructuring ongoing with SRDP income. Kyle steps upgrade designs in prep. Kilt, Lealt, Storr, Raasay options appraisal to be initiated.
Helmsdale	88	-	88	6	-	6	88	-	88	-	Defects to complete. Retention £2k 2012/13. Final Leader income early 2013/14 £28k. Overall minor overspend.
Wick	120	-	120	-	-	-	120	-	120	-	Path works on site. Car park works ITT issued.
Thurso	30	-	30	-	-	-	30	-	30	-	Delays re Coghill footbridge upgrade pending further options appraisal. Tolbooth Lane underway.
Inverloch Village Centre Regeneration	3	-	3	2	-	2	3	4	(1)	(4)	Beech Court upgrade & Esplanade improvements - designs in prep.
Portree Regeneration Phase 2	54	-	54	-	-	-	54	-	54	-	Complete. Final Leader income claimed £4k.
Ballachulish inclined plane	6	-	6	-	-	-	6	-	6	-	Bayfield steps upgrade - designs in prep.
Inverness City Gateways	66	-	66	-	-	-	66	-	66	-	Applications in prep for significant external funding for 2013/14 project around £200k.
Subtotal Core Projects	713	28	685	50	12	38	751	68	683	(2)	Contribution to Ness River Public Art Programme: see committee report.
Vacant & Derelict Land Fund	920	920	-	-	795	(795)	920	920	-	-	Balance of VDLF funds -budgets to be approved
Huntly House, Inverness	-	-	-	-	68	(68)	-	-	-	-	Project did not commence in 2012/13. Project forms part of the Draft 2013/14 VDLF Delivery Plan.
Rhind House, Wick	-	-	-	-	19	(19)	-	-	-	-	Project did not commence in 2012/13. Project forms part of the Draft 2013/14 VDLF Delivery Plan.
High Street, Invergordon	-	-	-	-	80	(80)	-	-	-	-	Project complete. VDLF grant will be paid in 2013/14.
Longman Estate, Inverness	-	-	-	-	186	(186)	-	-	-	-	Long term VDLF project comprising of a number of different work packages. Project forms part of the Draft 2013/14 VDLF Delivery Plan.
Former dairy, Balmacara	-	-	-	-	46	(46)	-	-	-	-	Legally committed. VDLF will be drawn down in 2013/14.
Former distillery Inverloch	-	-	-	-	21	(21)	-	-	-	-	Legally committed. VDLF will be drawn down in 2013/14.
Cromlet Park, Invergordon	-	-	-	-	100	(100)	-	-	-	-	Project did not commence in 2012/13. Project forms part of the Draft 2013/14 VDLF Delivery Plan.
Technical assessments	-	-	-	-	20	(20)	-	-	-	-	Legally committed. VDLF will be drawn down in 2013/14.
Subtotal Vacant & Derelict Land Fund	920	920	-	-	1,335	(1,335)	920	920	-	-	
GRAND TOTAL	1,633	948	685	50	1,347	(1,297)	1,671	988	683	(2)	

Appendix 4: Vacant and Derelict Land Fund 2012/13

Site Address		Budget 2012-2013	Expenditure up to 31 March 2013 2012-13	Legally committed expenditure 2012-13
Nairn	Nairn Town Centre*	£155,000	£213,069	£0
Inverness	Carsegate Estate*	£1,000	£5,583	£0
	Harbour Road*	£1,000	£0	£0
	Longman East	£508,000	£4,352	£36,000 <i>(£36k legally committed)</i>
	Huntly House	£200,000	£0	£0
	Jolly Drover*	£56,000	£58,000	£0
Ross & Cromarty	Nigg*	£653,000	£653,000	£0
Invergordon	High Street	£80,000	£0	£80,000 <i>(£80k legally committed)</i>
	Cromlet Park	£125,000	£4,800	£0
Fort William	Angus Centre*	£44,000	£37,000	£0
	Inverlochy Distillery	£25,000	£4,500	£0
Skye	Former Swimming Pool*	£55,000	£56,000	£0
Wick	Grounds of Rhind House	£80,000	£0	£0
	South East Harbour Road	£75,000	£1,000	£0
Errogie	Errogie	£85,000	£0	£0
Balmacara	Former Dairy	£125,000	£0	£51,000

				<i>(£51k legally committed)</i>
Ullapool	Former Hotel	£250,000	£166,000	£0
Technical Studies		£36,000	£16,000	£20,000 <i>(£20k legally committed)</i>
Total		£2,554,000	£1,219,304	£187,000

***2011/12 Legally Committed
Projects**

Underspend	£1,147,696
2013/14 VDLF Grant	£919,784
Total VDLF available 2013/14	£2,067,480

Appendix 5: Vacant and Derelict Land Fund 2013/14

Projects	Outputs	VDLF activities	Indicative VDLF budget
Huntly House (Inverness)	Approved 2012/13 Project (affordable housing – no. of units TBC)	Demolition and site preparation works.	£68,000
Grounds of Rhind House (Wick)	Approved 2012/13 Project (new children's unit)	Demolition and site preparation works.	£19,000
Inverlochy House (Fort William)	Approved 2012/13 Project (21 affordable homes)	Demolition and site preparation works.	£21,000
Longman (Inverness)	Ongoing feasibility work to support HWLDP mixed use allocation	Phase 2 Intrusive Site Investigations to inform partial surrender of waste management license.	£150,000
Glebe Street (Inverness)	Intrusive site investigations to facilitate redevelopment of the site	Phase 1 and phase 2 site intrusive site investigations. Focus on supporting the redevelopment of a key city centre site for a range of uses.	£50,000
Westercraigs Site 2B (Inverness)	94 houses and flats (46 affordable & 48 Mid Market Rent through NHT)	Phase 3 remediation	£125,000
Viewhill House (Inverness)	Feasibility work to facilitate redevelopment of the site	Options Appraisal Study / Possible acquisition	£50,000
Cromlet Park (Invergordon)	Mixed tenure housing (59 units)	Phase 2 Intrusive Site Investigations	£100,000
Former Victoria Garage (Invergordon)	Acquisition and feasibility work to facilitate redevelopment of the site.	Acquisition / Phase 2 Intrusive Site Investigations / Phase 3 remediation. Focus on supporting the redevelopment of a key town centre site for a range of uses.	£300,000
Sabhal Mor Ostaig - Kilbeg Village Development (Skye)	Phase 1: Conference facility / new college and community sports and recreational facilities	Site preparation works to overcome topography of site	£200,000
Former sawmill (Smithton, Culloden)	Affordable housing (25 units)	Phase 3 remediation	£120,000
Glenborrodale School (Glenborrodale)	Affordable housing (2 units)	Partial Demolition	£40,000
Ardersier	Demolition and site preparation works to facilitate redevelopment of the site for port related activity	Site preparation works - demolition/infilling/levelling	£450,000
Invergordon Industrial Estate	4 serviced industrial/commercial plots	Phase 1 desktop study / Phase 2 intrusive site investigation / site preparation works	£200,000
Dingwall Industrial Estate	Recreational space	Phase 2 intrusive site investigations + phase 3 remediation	£175,000
		TOTAL	£2,068,000