

The Highland Council

PLANNING, ENVIRONMENT & DEVELOPMENT COMMITTEE

6 NOVEMBER 2013

Agenda Item	5
Report No	PED 66/13

CAPITAL EXPENDITURE MONITORING 2013/14

Report by Director of Planning & Development

Summary

This report outlines the Expenditure and Income to September 30 for the 2013/14 Capital Programme.

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. 2013/14 Capital Programme

- 1.1 The Capital Monitoring Statement attached at Appendix 1 shows the position to the end of September 2013. The "Budget" column is that approved by the Highland Council on 27 June 2013, adjusted for underspends carried forward from 2012/13.
- 1.2 The comments column of Appendix 1 provides an indication of the status of individual projects within the programme.
- 1.3 Gross expenditure for the year is forecast to be £326k.
- 1.4 Staff resource limitations continue but it is anticipated that the current staff vacancy will be filled within the next two months. Work continues in respect of process improvements for project identification and delivery. The proposed amendments to the service structure may also influence this process.

2. Vacant and Derelict Land Fund (VDLF)

- 2.1 VDLF expenditure up to end September 2013 was £47k. Early indications are that the following projects will not require VDLF support this financial year and will therefore necessitate £350k being reallocated to substitute projects:
 - Glebe Street (Inverness) – planning application submitted for 5 storey hotel.
 - Former Victoria Garage (Invergordon) – landowner unwilling to sell and there are insufficient grounds to pursue a CPO.

The following projects may not require VDLF support this financial year but

further information is required prior to making a decision on whether to reallocate the VDLF to substitute projects:

- Viewhill House (Inverness) – The Highland Building Preservation Trust have indicated that their feasibility study will not be complete until January 2013. This in turn leaves very little time to invest VDLF in any follow up work that may emerge from the study.
- Invergordon Industrial Estate – This site is owned by Global Energy Group (GEG) and not the Council as originally detailed in Council property ownership plans. The Council has approached GEG to ascertain what their intentions are for the site and whether VDLF assistance is required.

If the two projects above do not require VDLF support it will necessitate £250k being reallocated to substitute projects.

2.2 In light of the above, it has been necessary to develop substitute projects across Council Services. However, at the time of writing no detailed project plans have been finalised and therefore a verbal update will be provided. Given the evolving nature of substitute projects and the requirement to obtain Scottish Government approval, it is recommended that delegated powers are granted to the Director of Planning and Development, in consultation with the Chair and Vice Chair of the PED Committee, to agree the detail of substitute VDLF projects and submit to the Scottish Government.

2.3 Appendices 2 and 3 offer a detailed update on the individual VDLF approved projects.

3. Implications

3.1 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.

3.2 Legal: There are no legal implications.

3.3 Equality: Equality issues are considered for each project as an integral part of the project management process.

3.4 Climate Change/Carbon Clever: Issues are currently addressed as required as an integral part of the project management process.

3.5 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.

Recommendation

The Committee is recommended to:

- (i) Note the contents of this report.
- (ii) Agree delegated powers to the Director of Planning and Development, in consultation with the Chair and Vice Chair of the PED Committee, to agree the detail of substitute VDLF projects and submit to the Scottish Government.

Designation: Director of Planning & Development

Date: 22 October 2013

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THE HIGHLAND COUNCIL
MONITORING OF CAPITAL EXPENDITURE - 1 April 2013 - 30 September 2013

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 £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000	Column I minus Column C	
Core Projects											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	3	-	3	-	-	-	(45)	ITQ in prep
Visitor Management	100	-	100	15	-	15	43	-	43	(57)	Replacement of two footbridges on Great Glen Way. Engineers appointed.
Dunnet	75	-	75	14	-	14	-	-	-	(75)	Ongoing signage and interpretation projects
Kilt, Lealt, Raasay, Kyle, Storr	116	-	116	14	13	1	116	41	75	(41)	Final scope referred back to community. Community decision due end Nov.
Beaully Square	-	28	(28)	-	-	-	7	28	(21)	7	Storr Woodland restructuring ongoing with SRDP income. Kilt, Leallt, Storr: options appraisal in prep. Kyle steps: designs in prep.
Helmsdale	88	-	88	29	-	29	88	-	88	-	Defects complete. Retention £2k 2012/13. Final Leader income due. Minor overspend.
Wick	120	-	120	-	-	-	-	-	-	(120)	Path works complete. Car park works on site.
Thurso	30	-	30	-	-	-	-	-	-	(30)	Coghill footbridge upgrade pending TECS options appraisal.
Inverlochy Village Centre Regeneration	3	-	3	2	4	(2)	2	4	(2)	(5)	Beech Court upgrade & Esplanade improvements - designs in prep.
Portree Regeneration Phase 2	54	-	54	-	-	-	54	-	54	-	Complete. Leader income.
Ballachulish inclined plane	6	-	6	1	-	1	6	-	6	-	Bayfield steps upgrade - designs in prep.
Subtotal Core Projects	647	28	619	78	17	61	326	73	253	(366)	Heritage Lottery application in prep. Historic Scotland application submitted. £200k+ project.

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Vacant and Derelict Land Fund											
Huntly House, Inverness	-	-	-	-	68	(68)	68	68	-		Tenders received for demolition, awaiting final sign off from Scottish Government due to adjacent Listed Building with expectation that contract will commence on site in October 2013. Redevelopment proposals are being prepared with a view to construction commencing in February 2014.
Rhind House, Wick	-	-	-	-	19	(19)	19	19	-		Works commenced. VDLF will be drawn down by the end of 2013.
Longman Estate, Inverness	150	150	-	28	36	(8)	186	186	-		Dialogue with SEPA remains ongoing. Site Investigation strategy to be submitted for their consideration by the end of September, 2013.
Cromlet Park, Invergordon	100	100	-	-	-	-	100	100	-		Phase 2 Intrusive Site Investigation Strategy currently being amended to reflect comments from SEPA. Ongoing dialogue with landowner to bring forward development proposals.
Inverlochty Distillery, Fort William	-	-	-	19	21	(2)	21	21	-		Site clearance/remediation underway with expectation that new build will start on site in January 2014
Glebe Street, Inverness	-	-	-	-	50	(50)	50	50	-		VDLF financial support unlikely to be required.
Westercraigs Site 2B, Inverness	-	-	-	-	125	(125)	125	125	-		Planning permission granted and tenders agreed. Works expected to start October, 2013.
Viewhill House, Inverness	50	50	-	-	-	-	50	50	-		Awaiting the findings of the Highland Building Preservation Trust options appraisal.
Former Victoria Garage, Invergordon	300	300	-	-	-	-	300	300	-		Site owner unwilling to sell. VDLF will need to be reallocated to substitute projects.
SMO, Kilbeg Village Devpt, Skye	200	200	-	-	-	-	200	200	-		VDLF application being assessed. Legal commitment of funds to be achieved by end of the year.
Former sawmill, Smithton, Culloden	120	120	-	-	-	-	120	120	-		VDLF application being assessed. Legal commitment of funds to be achieved by end of the year. Works expected to commence February, 2014.
Glenborrodale School	-	-	-	-	40	(40)	40	40	-		Specification and Designs being finalised with start on site expected in January 2014.
Whiteness Head, Ardersier	-	-	-	-	450	(450)	450	450	-		VDLF financial support to be made in accordance with the EC Support for Land Remediation Scheme. The Council will appoint an independent member of the Royal Institute Chartered Surveyors to assist in the VDLF application process. Legal commitment of funds to be achieved by end of the year.
Invergordon Industrial Estate	-	-	-	-	200	(200)	200	200	-		Site ownership to be clarified prior to VDLF being invested.
Invergordon High Street	-	-	-	-	80	(80)	80	80	-		VDLF legal agreement being prepared. VDLF to be drawn down by end of November, 2013.
Balmacara, Former Dairy	-	-	-	-	51	(51)	51	51	-		Works complete. VDLF to be drawn down by end of October, 2013.
Riverside Field, Dingwall	-	-	-	-	175	(175)	175	175	-		Phase 1 Desktop Study commissioned and expected to be complete by end of October, 2013.

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Technical Studies	-	-	-	-	20	(20)	20	20	-		2012/13 legally committed expenditure. Awaiting evidence from H&PS.
Subtotal Vacant & Derelict Land Fund	920	920	-	47	1,335	(1,288)	2,255	2,255	-	-	
GRAND TOTAL	1,567	948	619	125	1,352	(1,227)	2,581	2,328	253	(366)	

Appendix 2: Vacant and Derelict Land Fund 2013/14

Site Address		Budget 2013-2014	Expenditure up to 22 October 2013	Remaining Expenditure to Year End 2013-14
Inverness	Huntly House	£68,000	£0	£68,000
	Longman East*	£186,000	£28,000	£158,000 <i>(£8k legally committed)</i>
	Westercraigs Site 2B	£125,000	£0	£125,000
	Glebe Street	£50,000	£0	£50,000
	Viewhill House	£50,000	£0	£50,000
Culloden	Former Smithon Sawmill	£120,000	£0	£120,000
Ardersier	Whiteness Head	£450,000	£0	£450,000
Invergordon	High Street*	£80,000	£0	£80,000 <i>(£80k legally committed)</i>
	Cromlet Park	£100,000	£0	£100,000
	Former Victoria Garage	£300,000	£0	£300,000
	Industrial Estate	£200,000	£0	£200,000
Dingwall	Riverside Field	£175,000	£0	£175,000
Fort William	Inverlochy Distillery	£21,000	£19,000	£2,000
Skye	Kilbeg Village	£200,000	£0	£200,000

Wick	Grounds of Rhind House	£19,000	£0	£19,000
Balmacara	Former Dairy	£51,000	£0	£51,000 (£51k legally committed)
Glenborrodale	Glenborrodale School	£40,000	£0	£40,000
Technical Studies		£20,000	£0	£20,000 (£20k legally committed)
Total		£2,255,000	£47,000	£2,208,000

*2012/13 Legally Committed
Projects

Appendix 3: Vacant and Derelict Land Fund Project Update

1. Huntly House (Inverness)

- 1.1 Tenders received for demolition, awaiting final sign off from Scottish Government required due to adjacent Listed Building with expectation that contract will commence on site late October 2013. Redevelopment proposals are being prepared with a view to construction commencing in February 2014.

2. Former Longman Landfill (Inverness)

- 2.1 Dialogue with SEPA remains ongoing. Unfortunately SEPA did not respond satisfactorily to the Council's consultant's initial approach to determine what they require in order to pursue a partial surrender of the waste management license. This is understandable to a certain degree given that this is the first time in Scotland that a partial surrender is being explored. As a consequence, ERS have to adopt a different tact and have submitted a Site Investigation strategy for SEPA's consideration.

3. Glebe Street (Inverness)

- 3.1 VDLF not required.

4. Westercraigs Site 2B (Inverness)

- 4.1 Planning permission granted and tenders agreed. Works expected to start late October, 2013. VDLF to be drawn down this financial year.

5. Viewhill House (Inverness)

- 5.1 The Highland Building Preservation Trust has commissioned a feasibility study that is scheduled to be complete by January, 2014. Unless draft recommendations emerge before then that are deemed VDLF eligible and deliverable this financial year it will be necessary to reallocate the VDLF to substitute projects.

6.1 Former Sawmill (Smithton, Culloden)

- 6.2 VDLF application being assessed. Legal commitment of funds to be achieved by end of the year. Works expected to commence February, 2014.

7. High Street (Invergordon)

- 7.1 VDLF legal agreement being prepared. VDLF to be drawn down by end of November, 2013.

8. Cromlet Park (Invergordon)

- 8.1 Phase 2 Intrusive Site Investigation Strategy currently being amended to reflect comments from SEPA. Ongoing dialogue with landowner to bring forward development proposals. A deadline of 1 November, 2013, has been set for the landowner to provide evidence of their commitment to develop the site and thus receive VDLF financial support. If this is not forthcoming the Council will seek to commission due diligence phase 2 intrusive site investigations on the site to inform any possible future acquisition.

9. Former Victoria Garage (Invergordon)

- 9.1 Landowner unwilling to sell and there are insufficient grounds to pursue a CPO.

10. Invergordon Industrial Estate (Invergordon)

- 10.1 This site is owned by Global Energy Group (GEG) and not the Council as originally thought. The Council has approached GEG to ascertain what their intentions are for the site and if none exist, whether they would be willing to sell the site to the Council.

11. Riverside Field (Dingwall)

- 11.1 Phase 1 Desktop Study commissioned and expected to be complete by middle of October, 2013. It is highly likely that Phase 2 Intrusive Site Investigation will be required and these will be commissioned as soon as a strategy is agreed by the ERS and the Contaminated Land Unit.

12. Whiteness Head (Ardersier)

- 12.1 VDLF financial support to be made in accordance with the EC Support for Land Remediation Scheme. As such the Council has appointed an independent member of the Royal Institute Chartered Surveyors to assist in the VDLF application process. Legal commitment of funds to be achieved by end of the year.

13. Inverlochy Distillery (Fort William)

- 13.1 Site clearance/remediation underway with expectation that new build will start on site in January 2014. VDLF to be drawn down by the end of October, 2013.

14. Glenborrodale School (Glenborrodale)

- 14.1 Specification and Designs being finalised with start on site expected in January 2014.

15. Kilbeg Village (Skye)

- 15.1 VDLF application being assessed. Dialogue with HIE underway in respect to State Aid implications and what notified schemes are to be utilised. It is

expected that legal commitment of funds will be achieved by end of the year.

16. Grounds of Rhind House (Wick)

16.1 Works commenced. VDLF will be drawn down by the end of 2013.