

THE HIGHLAND COUNCIL

PLANNING, ENVIRONMENT & DEVELOPMENT COMMITTEE

12 February 2014

Agenda Item	5
Report No	PED 7/14

CAPITAL EXPENDITURE MONITORING 2013/14

Report by Director of Planning & Development

Summary

This report outlines the Expenditure and Income to 31 December 2013 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, 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 December 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 current year is forecast to be £405k.

2. Vacant and Derelict Land Fund (VDLF)

- 2.1 At the time of writing VDLF expenditure was £52k. Contractually committed expenditure was £434k and it is anticipated that a further £815k will be committed by 31 March 2014. Gross expenditure for the current year is forecast to be £486k.
- 2.2 At PED Committee in November 2013, 4 projects (Former Victoria Garage, Invergordon Industrial Estate, Viewhill House and Glebe Street) were identified as being unlikely to require VDLF assistance and as a result substitute projects were to be worked up, in consultation with the Chair and Vice Chair, to absorb the £600k budget attached to these projects. Whilst good progress has been made with the remainder in the programme, it has emerged that the Longman and Riverside Field do not require the level of VDLF investment this financial year that was originally anticipated. In addition, the Cromlet Park and Glenborrodale School project will not be contractually committed by the 31 March 2014 and as such will be included in the draft 2014/15 VDLF Delivery

Plan. Consequently, following due consultation, substitute projects totalling £1m have been submitted to the Scottish Government for consideration. These particular projects have the potential to be contractually committed by the end of the financial year. Council Officers will be meeting the Scottish Government on Wednesday 5 February 2014 to discuss these projects as well as possible inclusions in the 2014/15 Draft Delivery Plan. A verbal update will be provided.

- 2.3 In respect of the 2014/15 grant offer, the Scottish Government have provided the following timetable for the submission and subsequent assessment of the Council's draft Delivery Plan:

Action	Date
Delivery plans submitted	By 28 February 2014
Appraisal of delivery plans by Government	March 2014
Initial feedback on plans by Government	April/May 2014
Ministerial approval of delivery plan	By end May 2014
Final grant offer letters issued	By end June 2014

- 2.4 As in previous years, a small project team has been set up involving officers from Housing and Property, TECS and Planning and Development. An assessment of the sites included in the Scottish Vacant and Derelict Land Survey (SVDLS) will be undertaken and considered in light of planned or anticipated development activity. In addition, all Ward Managers and Members that have SVDLS sites within their Ward have been contacted to seek views on potential projects for the 2014/15 Delivery Plan. If this exercise is not successful in providing possible projects that satisfy the aims and objectives of the VDLF grant, then an additional search will be carried out. This will involve looking at sites that are not on the SVDLS. The Scottish Government will only consider non SVDLS sites if evidence can be provided that illustrates the site is long term (ten years or more) vacant and/or derelict. Member input will be required if this additional work is carried out.

- 2.5 In order to submit the Draft Delivery Plan by the deadline date of the 28 February 2014, it is recommended that delegated powers are given to the Director of Planning and Development, in consultation with the Chair and Vice Chair of the PED Committee, to agree the detail of the Delivery Plan.

- 2.6 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 the 2014/15 VDLF Draft Delivery Plan and submit to the Scottish Government.

Designation: Director of Planning & Development

Date: 24 January 2014

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THE HIGHLAND COUNCIL
MONITORING OF CAPITAL EXPENDITURE - 1 April - 31 December 13

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 ITT / ITQ = Invitation to Tender / Quote
Community Woodland	10	-	10	1	-	1	10	-	10	-	Quotations received.
Core Path Network Development	45	-	45	3	-	3	3	-	3	(42)	Replacement of two footbridges on Great Glen Way. Engineers appointed. Designs in prep.
Visitor Management	100	-	100	78	-	78	73	-	73	(27)	Ongoing signage and interpretation projects.
Dunnet	75	-	75	15	-	15	14	-	14	(61)	Final scope agreed with community. Detailed designs in prep.
Kilt, Lealt, Raasay, Kyle, Storr	116	-	116	14	14	-	116	43	73	(43)	Storr Woodland restructuring ongoing with SRDP income. Kilt, Leallt, Storr: options appraisal in prep. Kyle steps: designs in prep.
Beaully Square	-	28	(28)	3	-	3	7	27	(20)	8	Defects complete. Retention paid. Final Leader income claimed. Additional pedestrian barrier. Modest overspend.
Helmsdale	88	-	88	52	-	52	118	-	118	30	Complete. Retention 2014/15. Additional £30k allocated in 2014/15.
Wick	120	-	120	-	-	-	-	-	-	(120)	ITQ for options appraisal issued.
Thurso	30	-	30	-	-	-	-	-	-	(30)	Beech Court upgrade & Esplanade improvements - designs in prep.
Inverloch Village Centre Regeneration	3	-	3	2	4	(2)	2	4	(2)	(5)	Complete. Leader income.
Inverness City Gateways / Approaching Inverness	-	-	-	2	-	2	2	-	2	2	Lead in work re 2014/15 project: consultants appointed.
Portree Regeneration Phase 2	54	-	54	5	-	5	54	-	54	-	Bayfield steps upgrade - designs in prep.
Ballachulish inclined plane	6	-	6	1	-	1	6	-	6	-	Heritage Lottery formal enquiry submitted. Historic Scotland application submitted. £200k+ project.
Subtotal Core Projects	647	28	619	176	18	158	405	74	331	(288)	
Vacant and Derelict Land Fund											
Huntly House, Inverness	-	-	-	-	68	(68)	68	68	-	-	Works commenced. VDLF will be drawn down by 31 March 2014.
Rhind House, Wick	-	-	-	-	19	(19)	19	19	-	-	Works commenced. VDLF will be drawn down by 31 March 2014.

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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		
Longman Estate, Inverness	150	150	-	28	36	(8)	186	186	-	-	-	Dialogue with SEPA remains ongoing. No further VDLF investment this financial year.
Cromlet Park, Invergordon	100	100	-	-	-	-	100	100	-	-	-	Phase 2 Intrusive Site Investigation Strategy agreed. Ongoing dialogue with landowner to bring forward development proposals.
Inverlochy Distillery, Fort William	-	-	-	19	21	(2)	21	21	-	-	-	VDLF eligible works complete.
Glebe Street, Inverness	-	-	-	-	50	(50)	50	50	-	-	-	VDLF financial support not required. VDLF will need to be reallocated to substitute projects.
Westercraigs Site 2B, Inverness	-	-	-	-	125	(125)	125	125	-	-	-	Planning permission granted and tenders agreed. Works expected to start early 2014.
Viewhill House, Inverness	50	50	-	-	-	-	50	50	-	-	-	Awaiting the findings of the Highland Building Preservation Trust options appraisal. VDLF financial assistance not required this financial year. VDLF will need to be reallocated to substitute projects.
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	-	-	-	Works commenced. VDLF will be drawn down by 31 March 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 31 March 2014.
Balmacara, Former Dairy	-	-	-	-	51	(51)	51	51	-	-	-	Works complete. VDLF to be drawn down by 31 March 2014.
Riverside Field, Dingwall	-	-	-	-	175	(175)	175	175	-	-	-	Phase 1 Desktop Study complete and is currently being considered by the Council's Contaminated Land Unit.
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	223	1,353	(1,130)	2,660	2,329	331	(288)		

Appendix 2: Vacant and Derelict Land Fund 2013/14

Site Address		Budget 2013-2014	Expenditure up to 23 January 2014	Remaining Expenditure to Year End (including contractually committed) 2013-14
Inverness	Huntly House	£68,000	£0	£74,000 <i>(£74k legally committed)</i>
	Longman East*	£186,000	£32,000	£4,000 <i>(£4k legally committed)</i>
	Westercraigs Site 2B	£125,000	£0	£125,000
	Glebe Street	£50,000	£0	£0
	Viewhill House	£50,000	£0	£0
	Former Smithton Sawmill	£120,000	£0	£186,000 <i>(£186k legally committed)</i>
	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	£0
	Former Victoria Garage	£300,000	£0	£0
	Industrial Estate	£200,000	£0	£0
	Riverside Field	£175,000	£1,350	£40,000
Fort William	Inverlochy Distillery	£21,000	£19,000	£0
Skye	Kilbeg Village	£200,000	£0	£200,000
Wick	Grounds of Rhind House	£19,000	£0	£19,000 <i>(£19k legally committed)</i>

Balmacara	Former Dairy	£51,000	£0	£51,000 (£51k legally committed)
Glenborrodale	Glenborrodale School	£40,000	£0	£0
Technical Studies		£20,000	£0	£20,000 (£20k legally committed)
Total		£2,255,000	£52,350	£1,249,000

*2012/13 Legally Committed
Projects

Appendix 3: Vacant and Derelict Land Fund Project Update

1. Huntly House (Inverness)

- 1.1 VDLF eligible site demolition works complete. VDLF grant to be drawn down by the end of February 2014. 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. A constructive meeting was held on 13 December 2013 between Council officers and SEPA officials. It was agreed that the Council would submit a fresh enquiry regarding the scope of development permissible under the waste management licence as well as SEPA's requirements if a partial surrender of the waste management licence was to be pursued. Unfortunately there are no other examples of partial surrenders in Scotland and as such this is likely to be a time consuming exercise that will necessitate input from SEPA's National Operations and Policy staff. Only once the Council submits its query can SEPA give an indication as to the likely timescales associated with responding. The Council will submit the query to SEPA by the end of February 2014. Consequently there will be no further VDLF investment in the project this financial year.

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 early in 2014. VDLF to be drawn down by 31 March 2014.

5. Viewhill House (Inverness)

- 5.1 The Highland Historic Buildings Trust (previously known as the Highland Buildings Preservation Trust) has commissioned a feasibility study that is scheduled to be complete by April 2014. Consequently it is necessary to reallocate the VDLF budget to substitute projects.

6.1 Former Sawmill (Smithton, Culloden)

- 6.2 Phase I contaminated land desktop study complete. Phase II intrusive site investigations complete. Phase III bioremediation commenced December 2013 and is anticipated to be complete by end of March 2014. Demolition works largely complete. Construction of 25 units to commence April 2014. VDLF to be drawn down by 31 March 2014.

7. High Street (Invergordon)

- 7.1 VDLF legal agreement being prepared. VDLF to be drawn down by 31 March 2014.

8. Cromlet Park (Invergordon)

- 8.1 Phase 2 Intrusive Site Investigation Strategy complete and to the satisfaction of SEPA and the Council's Contaminated Land Unit. Ongoing dialogue with landowner to bring forward development proposals. Due to the lack of progress it is evident that no further VDLF expenditure will be incurred this financial year. Consequently it is necessary to reallocate the VDLF budget to substitute projects. However, this project could be implemented in 2014/15 and therefore it will form part of the 2014/15 Draft Delivery Plan.

9. Former Victoria Garage (Invergordon)

- 9.1 Landowner unwilling to sell. Discussions are ongoing with Legal Services to determine whether there are grounds for a CPO. However, this will not materialise in the short term and as such it is necessary to reallocate the VDLF budget to substitute projects. Once the legal position is known regarding a CPO it is possible that this project could be included in the 2014/15 Delivery Plan.

10. Invergordon Industrial Estate (Invergordon)

- 10.1 This site is owned by MacGregor Properties and not the Council as originally thought. Unfortunately the Council has not received a response from MacGregor Properties regarding their intentions for the site. Consequently it is necessary to reallocate the VDLF budget to substitute projects. If this position changes it is feasible that the project could form part of the 2014/15 Draft Delivery Plan.

11. Riverside Field (Dingwall)

- 11.1 Phase 1 Desktop Study currently being reviewed by the Council's Contaminated Land Unit, including consultation with SEPA. On completion of the review, phase 2 intrusive site investigations will be commissioned. It is anticipated that this will be no later than the end of February 2014.

12. Whiteness Head (Ardersier)

- 12.1 VDLF financial support to be made in accordance with the European Commission 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 31 March 2014.

13. Inverlochy Distillery (Fort William)

13.1 VDLF eligible site clearance/remediation complete and grant has been drawn down.

14. Glenborrodale School (Glenborrodale)

14.1 Specification and Designs being finalised. However, the requirement to undertake survey work has resulted in a project commencement date of April 2014. Therefore this project will form part of the Draft 2014/15 Delivery Plan.

15. Kilbeg Village (Skye)

15.1 VDLF application being assessed. Dialogue with Highlands and Islands Enterprise (HIE) underway with 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 31 March 2014.

16. Grounds of Rhind House (Wick)

16.1 Works commenced. VDLF will be drawn down by 31 March 2014.