

The Highland Council

Planning, Development and Infrastructure Committee

15th May 2014

Capital Expenditure Monitoring 2014/15

Report by Director of Development and Infrastructure

Agenda Item	4
Report No	PDI 1/14

Summary

This report outlines the Expenditure and Income to 30 April 2014 for the 2014/15 Capital Programme as it impacts on the Projects and Facilities team delivery of the Capital Programme and the delivery of the Vacant and Derelict Land Fund across Highland.

This activity 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's urban centres.

1. 2014/15 Capital Programme

- 1.1 The Capital Monitoring Statement to 30 April 2014 is not available at the time of writing due to the proximity of the Committee date to the close of the financial reporting period. At this stage in the new financial year expenditure is minimal.
- 1.2 Final outturns for 2013/14 are not yet confirmed, but will be reported to Council in June 2014 and to this Committee in August. Gross expenditure for 2013/14 is estimated to be in the region of £366k. Underspends are expected to be carried forward into the 2014/15 budget.
- 1.3 A detailed narrative on progress with current projects and lead in to future projects was provided to Committee in January 2014. In summary, work will be ongoing for delivery of the following capital projects:
 - **Community Woodland:** Strathpeffer Spa path and fence upgrades;
 - **Core Paths:** Great Glen Way - Inverloch bridge replacements;
 - **Visitor Management:** rolling annual programme across a range of sites;
 - **Dunnet:** all-abilities improvements;
 - **Kilt Rock, Leallt Gorge:** site upgrades - scope to be confirmed;
 - **Storr Woodland:** ongoing site upgrade and native woodland restoration;
 - **Raasay Battery:** site upgrade - scope to be confirmed;
 - **Portree:** Bayfield steps upgrade and visitor reception area;

- **Kyle prospect:** upgrade of steps;
- **Wick:** Coghill Footbridge upgrade;
- **Inverness City Gateways:** 'Approaching Inverness' – environmental improvement demonstration project;
- **Ballachulish Inclined Plane:** slate arch structural upgrade and community interpretation project;
- **Wester Ross National Scenic Area:** scope to be confirmed;
- **Inverness Academy Street:** HLF Stage 1 TH Pass achieved. Stage 2 application underway and will be submitted to the HLF late 2014. Regenerating Inverness City Centre Townscape Heritage project to be implemented 2015-2020.
- **Chanonry Point:** site upgrade and visitor reception;
- **Nairn High Street:** regeneration works – scope to be confirmed;
- **Thurso:** harbour art installation;
- **Misc. Assets, Bridges and Structures:** Old Spey Bridge & Packhorse Bridge – scope to be confirmed;
- **Green Networks / A96 Coastal & Landward Trails:** contribution to Millburn Road Active Travel Route, other scope to be confirmed;
- **Long Distance Routes:** scope to be confirmed.

2. Vacant and Derelict Land Fund

- 2.1 The Capital Monitoring Statement to 30 April 2014 is not available at the time of writing due to the proximity of the Committee date to the close of the financial reporting period.
- 2.2 Final outturns for 2013/14 are not yet confirmed, but will be reported to Council in June 2014 and to this Committee in August. At the PED Committee in February 2014, gross expenditure for 2013/14 was forecast to be £486k. At the time of writing expenditure for 2013/14 stands at £444k. However, there are a number of items of expenditure pertaining to 2013/14 that are currently being processed and therefore this figure will be higher. A verbal update will be provided.
- 2.3 As Members are aware it has been necessary to pursue a number of substitute projects to absorb the impending 2013/14 underspend. As a result of obtaining Ministerial approval to invest the uncommitted VDLF grant in substitute projects on the 19 March 2014 it was only possible to achieve spend on the former Glenfield Hotel, Ullapool. Good progress has been made with the remaining 4; however, permission to carry over the underspend will now be required. Discussions are ongoing with the Scottish Government in this regard. Appendices 1 and 2 offer a detailed update on the individual VDLF approved projects.
- 2.4 In accordance with the delegated powers granted at the PED Committee on 12 February 2014 a draft 2014/15 VDLF Delivery Plan has been submitted to the Scottish Government. Due to the commercially sensitive nature of these proposals a summary of the submission has been included in the Members' bulletin. The Scottish Government has indicated that a Ministerial decision

should be known by the end of this month, and a formal grant letter issued in June 2014.

3. Implications

- 3.1 Resource: The core programme 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 direct resource implications for the Council apart from the administration of the fund.
- 3.2 Legal: There are no legal implications. Potential implications are considered as an integral part of the project planning process.
- 3.3 Equality: Equality issues are considered for each project as an integral part of the project planning process.
- 3.4 Climate Change / Carbon Clever: Opportunities and constraints are considered as an integral part of the project planning 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 planning process. There are no specific concerns regarding current capital programme or VDLF projects.
- 3.6 Gaelic: Opportunities for the inclusion of Gaelic are considered as an integral part of the project planning process.

Recommendation

The Committee is recommended to note the contents of this report.

Designation: Director of Development and Infrastructure

Date: 28 April 2014

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Appendix 1: Vacant and Derelict Land Fund 2012/13

Site Address		Budget 2013-2014	Expenditure up to 31 March 2014	Remaining Expenditure to Year End (including contractually committed) 2013-14
Inverness	Huntly House	£68,000	£64,000	£10,000 <i>(£10K legally committed)</i>
	Longman East*	£186,000	£32,000	£0
	Westercraigs Site 2B	£125,000	£0	£125,000 <i>£125k legally committed</i>
	Glebe Street	£50,000	£0	£0
	Viewhill House	£50,000	£0	£0
Culloden	Former Smithon Sawmill	£120,000	£55,000	£131,000 <i>(£131k legally committed)</i>
Ardersier	Whiteness Head	£450,000	£0	£0
Nairn	Kingsteps Quarry**	TBC	£0	£0
Aviemore	Former Petrol Filling Station**	TBC	£0	£0
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

Site Address		Budget 2013-2014	Expenditure up to 31 March 2014	Remaining Expenditure to Year End (including contractually committed) 2013-14
Dingwall	Riverside Field	£175,000	£1,350	£0
Dornoch	Former Abattoir**	TBC	£0	£0
Fort William	Inverlochy Distillery	£21,000	£19,000	£0
Skye	Kilbeg Village	£200,000	£0	£0
Wick	Grounds of Rhind House	£19,000	£18,000	£0
Thurso	30 Princes Street**	TBC	£0	£0
Balmacara	Former Dairy*	£51,000	£55,000	£0
Glenborrodale	Glenborrodale School	£40,000	£0	£0
Ullapool	Former Glenfield Hotel**	TBC	£200,000	£0
Technical Studies		£20,000	£0	£20,000 (£20k legally committed)
Total		£2,255,000	£444,350	£366,000

*2012/13 Legally Committed
Projects

** 2013/14 Substitute Project

Appendix 2: Vacant and Derelict Land Fund Project Update

1. Huntly House (Inverness)

1.1 VDLF eligible site demolition works complete.

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 in the first quarter of 2014/15. Consequently there will be no further VDLF investment in the project in the short term.

3. Glebe Street (Inverness)

3.1 VDLF not required in 2013/14.

4. Westercraigs Site 2B (Inverness)

4.1 Planning permission granted and tenders agreed. Works expected to start early in 2014. VDLF draw down submissions currently being reviewed and if compliant grant will be paid out as 2013/14 expenditure.

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 was anticipated to be complete by end of March 2014. Demolition works largely complete. Construction of 25 units to commence April 2014. VDLF drawn down in part.

7. High Street (Invergordon)

7.1 VDLF legal agreement being prepared. The Council is currently awaiting further information from the CFPAs as to the proposed end use for the site prior to awarding grant.

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 I Desktop Study currently being reviewed by the Council's Contaminated Land Unit, including consultation with SEPA. On completion of the review, Phase II Intrusive Site Investigations will be commissioned. It is anticipated that this will be in the first quarter of 2014/15.

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. Unfortunately it has not been possible to legally commit funds by 31 March 2014. However, it is anticipated that this will be achieved in the first quarter of 2014/15.

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 late 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. Unfortunately it has not been possible to legally commit funds by 31 March 2014. However, it is anticipated that this will be achieved in the first quarter of 2014/15.

16. Grounds of Rhind House (Wick)

- 16.1 VDLF works complete.

17. Kingsteps Quarry (Nairn)

- 17.1 Contaminated Land Phase I desktop study commissioned. Site Investigation strategy currently being developed. Given the site's previous use this has proven a complicated exercise requiring input from the Council's Contaminated Land Unit and SEPA. It is anticipated that the Phase II Intrusive Site Investigations will commence in the first quarter of 2014/15. Phase III remediation forms part of the Draft 2014/15 VDLF Delivery Plan.

18. Former Petrol Filling Station (Aviemore)

- 18.1 Independent valuation of the site commissioned on 24 April 2014. This exercise is necessary in order to calculate the level of VDLF grant required. Tenders have also been received. If a VDLF grant is required then it is anticipated that the demolition work will take place in the first quarter of 2014/15.

19. Former Abattoir (Dornoch)

- 19.1 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 in the first quarter of 2014/15.

20. 30 Princes Street (Thurso)

- 20.1 Design work underway. VDLF eligible works to be complete by 31 March 2015.

21. Former Glenfield Hotel (Ullapool)

- 21.1 The Highland Council purchased the property in March 2013. This included a £200,000 VDLF contribution. Demolition works to take place first quarter 2014/15.