

The Highland Council
Community Services Committee
21 August 2014

Agenda Item	7 ii
Report No	COM/15/14

Capital Expenditure Monitoring – 1 April 2014 to 30 June 2014

Report by Director of Community Services

Summary

This report invites Members to approve the capital expenditure monitoring position for the period from 1 April 2014 to 30 June 2014, and to approve the HRA capital programme for 2014/15.

1. Capital Programme 2014-15

- 1.1 This report is produced in support of the Council's corporate governance process, which in turn is designed to support/augment the Council's overall/corporate delivery of all of its obligations in terms of the Single Outcome agreement.
- 1.2 The Council's Capital Programme was approved at Highland Council on 27 June 2013, and reflected £10m over-programming. Over-programming represents the difference between the capital programme agreed, and the funding in place. It reflects a plan to set a higher level of programme, on the basis that some degree of slippage in the year is to be expected, which would bring the programme down to the funded level. Over-programming has been introduced to avoid issues experienced in past years where slippage resulted in the Council underspending its capital programme.
- 1.3 The summary of capital expenditure against current programme and estimated outturn is included in **Appendix A**. The "Budget" column is that approved by the Highland Council on 27 June 2013, amended to include the 2013/14 underspend of £2.511m.

2. Expenditure

- 2.1 After 3 months of the financial year end the gross expenditure is £1.418m representing 10.5% of the 2014/15 programmed figure.

3. Income

- 3.1 After 3 months of the financial year the gross income is £0.126m representing 12.4% of the 2014/15 programmed figure.

4. Progress on Capital Projects

- 4.1 Progress on capital projects is as reported in the notes column on **Appendix A**.

5. Estimated Outturn

- 5.1 The projected outturns for expenditure and income are £13.467m and £1.016m respectively leading to a balanced programme.

6. Major Issues and Variances

- 6.1 At present there are no major issues or variances.

7. HRA Capital Programme 2014-15

- 7.1 The HRA capital programme reflects the Council's commitment to meet the Scottish Housing Quality Standard (SHQS), to ensure that properties are adapted to meet the changing needs of tenants, and the Council house building programme.

- 7.2 The mainstream HRA Capital Programme 2013/15 was approved by the Finance, Housing and Resources (FHR) Committee on 3 October 2012, subsequently updated for revised cost estimates, and approved by the FHR Committee on 9 October 2013. Allowing for the overspend in 2013/14 the remaining budget to fund SHQS work, adaptations, and other improvements to existing housing is £43.070m. It is recommended that the mainstream HRA capital budget for 2014/15 is £32.540m.

- 7.3 The Council house building programme was approved by the FHR Committee on 30 January 2013, and further amended at the Highland Council meeting on 7 March 2013, giving an overall target of 688 new Council houses by 2017. The total programme cost is estimated to be of the order of £92m. To allow progression and continuation of the programme, it is recommended that the Council house building element of the HRA capital programme for 2014/15 is £18.994m.

8. Net Expenditure

- 8.1 After 3 months of the financial year end the net expenditure is £7.067m representing 13.7% of the 2014/15 programmed figure.

9. Progress on Programme

- 9.1 Progress on capital projects is as reported in the notes column on **Appendix B**.

10. Estimated Outturn

- 10.1 The projected outturn for net expenditure is £51.534m leading to a balanced programme.

11. Major Issues and Variances

- 11.1 At present there are no major issues or variances.

12. Implications

12.1 Resource implications are discussed in the report.

12.2 There are no legal, equalities, climate change/carbon clever, risk, Gaelic and rural implications arising as a direct result of this report.

Recommendations

Members are invited to approve:

- (i) the capital expenditure monitoring position for the period 1 April 2014 to 30 June 2014; and
- (ii) the HRA Capital Programme budget of £51.534m for 2014/15, comprising £32.540m for the mainstream programme and £18.994m for Council house building.

Designation: Director of Community Services

Date: 7 August 2014

Author: Mike Mitchell, Service Finance Manager

Background Papers: Monitoring Statements 30/06/14 and the Highland Council Financial Ledger

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2014 TO 30TH JUNE 2014

SERVICE: COMMUNITY SERVICES

Project Description	BUDGET			YEAR TO DATE ACTUAL			ESTIMATED OUTTURN			Variance	COMMENTS
	A	B	C	D	E	F	G	H	I	J	G
	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 £000	
ROADS AND BRIDGES											
Structural Road Works											
Road Structural Capital Works	3,210	0	3,210	525	0	525	3,210	0	3,210	0	Works ongoing.
Road Surface Dressing Capital	1,500	0	1,500	447	(2)	445	1,500	0	1,500	0	Works ongoing.
Bridges, Retaining Walls & Culverts	350	0	350	49	0	49	350	0	350	0	Works ongoing.
Area Minor Capital Works											
Area Minor Works - Traffic Calming	75	0	75	1	0	1	75	0	75	0	Works ongoing.
Timber Extraction	140	0	140	0	0	0	140	0	140	0	Various schemes currently under discussion.
ACTIVE TRAVEL											
Cycling, Walking & Safer Streets	611	(416)	195	69	(11)	58	611	(416)	195	0	Works ongoing.
20mph Zones	100	0	100	0	0	0	100	0	100	0	Designs in progress.
Bus Shelters	132	0	132	3	0	3	132	0	132	0	Developing bus shelter programme to be discussed with Wards.
Traffic Management Improvements	0	0	0	8	0	8	0	0	0	0	Designs in progress.
LIGHTING											
Structural Lighting Works	500	0	500	95	0	95	500	0	500	0	Works ongoing.
FERRIES AND HARBOURS											
Harbours General Structural Works	334	0	334	0	0	0	334	0	334	0	Schemes approved at Harbour Management Board - to be progressed.
Pontoons	200	(100)	100	5	0	5	200	(100)	100	0	Installations to be complete by March 2015.
Kinlochbervie Sea Tanker Berth	1,000	(500)	500	0	0	0	1,000	(500)	500	0	
ENVIRONMENTAL HEALTH											
Contaminated Land	107	0	107	16	0	16	107	0	107	0	Works on-going.
COMMUNITY WORKS											
Burials and Cremations											
Burial Ground Extension - Portree	100	0	100	0	0	0	100	0	100	0	Design work ongoing. Works to be undertaken in 2015.
Burial Ground Extension - Tain	180	0	180	2	0	2	180	0	180	0	Forecast completion in 2014/15 financial year.
Burial Ground Extension - Nairn	920	0	920	4	0	4	920	0	920	0	Design work ongoing. SI (ground water monitoring) ongoing. Contract works expected summer 2014. Land purchase agreed.
Burial Ground Acharacle	140	0	140	12	0	12	140	0	140	0	Contract to be awarded.
Burial Ground Ullapool	0	0	0	8	0	8	0	0	0	0	No design work instructed to or started by the PDU in Dingwall.
Public Toilets											
Public Conveniences - Invergordon	0	0	0	38	0	38	0	0	0	0	Works complete.
Parks and Play Areas - Development											
Play Areas	281	0	281	58	(48)	10	281	0	281	0	Programmes under development by Areas.
Depots											
Depots - Health & Safety	150	0	150	0	0	0	150	0	150	0	
VEHICLES & PLANT											
Vehicle & Plant Purchases	3,309	0	3,309	78	(65)	13	3,309	0	3,309	0	£2.3m already committed for 2014/15.
HOUSING (NON HRA)											
Travelling People Sites	128	0	128	0	0	0	128	0	128	0	
OVERALL TOTAL	13,467	(1,016)	12,451	1,418	(126)	1,292	13,467	(1,016)	12,451	0	

MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 JUNE 2014

Project Number	Project Title	Number Of Houses	Budget 2014/15	Spend in current year to date	estimated outturn 2014/15	Variance	Comments
Projects approved in 2012/13							
Energy Efficient							
HCA0286	Electric warm air to gas	150	528,000	£86,728	528,000	-	works near completion
HCA0287	Milnafua gas heating	199	1,850,000	£474,758	1,850,000	-	works recently started on site
HCC0422	Badenoch/Lochaber/Inverness heating	106	1,045,000	£25,246	1,045,000	-	works to start on site imminently
HCC0423	Gas Inverness	65	566,000	£0	566,000	-	works to start on site imminently
HCC0319	Inverness gas heating	163	44,000	£30,468	44,000	-	works near completion
HCC0318	Ballifeary gas heating	114	47,000	£46,569	47,000	-	works near completion
HCC0236	Inverness gas warm air replacements	202	480,000	£290,713	480,000	-	works near completion
HCC0425	Heating upgrade to biomass	30	107,400	£85,520	107,400	-	works complete on site
HCC0237	Badenoch & Strathspey heating replacements	140	300,000	£264,254	300,000	-	works near completion
HCC0424	Heating upgrade from electric storage	179	1,873,000	£0	1,873,000	-	works to start on site imminently
HCC0232 & HCC0498	Inverness, Nairn & Beaully windows and doors	subject to survey	1,341,100	£0	1,341,100	-	tender documents being reviewed
Total			£8,181,500	£1,304,257	£8,181,500	£0	
2013/15 Projects							
Equipment and Adaptations							
Equipment and adaptations North Area			424,000	-£15,362	424,000	-	-
Equipment and adaptations South Area			560,000	-£14,308	560,000	-	-
Total			£984,000	-£29,671	£984,000	£0	
Energy Efficient							
HCA0370	Roof Covering Broadford and Kyle	44	482,000	£0	482,000	-	works to start on site imminently
HCA0371	Roof Covering Brora and Thurso	53	760,000	£9,416	760,000	-	works to start on site imminently
HCA0382	Window and Door Replacement Allan Square Cromarty	0	57,000	£0	57,000	-	works recently started on site
HCA0332	Electric/Solid fuel to gas Ross-shire	218	714,000	£3,633	714,000	-	tender documents being reviewed
HCA0338	Electric/solid fuel Heating Replacements Easter Ross	228	500,000	£0	500,000	-	works recently started on site
HCA0333	Electric/solid fuel heating replacements Wester Ross	417	2,800,000	£0	2,800,000	-	surveys in progress
HCA0334	Solid fuel/electric heating replacements Skye & Lochalsh	106	850,000	£0	850,000	-	surveys in progress
HCA0340	Heating Replacements Skye & Lochalsh/Caithness/Sutherland	234	500,000	£0	500,000	-	surveys in progress
HCA0337	Electric/solid fuel Heating Replacements Caithness	165	500,000	£0	500,000	-	surveys in progress
HCA0336	Electric Heating Replacements Sutherland	189	1,750,000	£0	1,750,000	-	surveys in progress
HCA0335	Solid fuel Heating Replacements Sutherland	370	3,000,000	£0	3,000,000	-	surveys in progress
HCC0459	Electric Heating Replacements – Badenoch & Strathspey/Nairn	168	1,200,000	£0	1,200,000	-	surveys in progress
HCC0497	Inverness installation of gas heating	216	300,000	£0	300,000	-	surveys in progress
HCC0460	Inverness and Nairn installation of gas heating	114	1,200,000	£24,768	1,200,000	-	works to start on site imminently
HCC0461	Electric Heating Replacements - Inverness-shire	141	650,000	£0	650,000	-	surveys in progress
HCC0462	Electric Heating Replacements – Lochaber	278	2,500,000	£0	2,500,000	-	works to start on site imminently
HCC0463	Solid fuel Heating Replacements - South Highland	179	500,000	£0	500,000	-	surveys in progress

MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 JUNE 2014

Project Number	Project Title	Number Of Houses	Budget 2014/15	Spend in current year to date	estimated outturn 2014/15	Variance	Comments
new project	External wall insulation - north area	subject to survey	0	£0	-	-	designs in progress
HCC0464	External wall insulation - south area	subject to survey	0	£0	-	-	designs in progress
HCC0474	Glendoe Terrace renovation phase 3 – subject to further tenant consultation and feasibility studies	11	427,800	£175,229	427,800	-	works recently started on site
	Housing Managed Spend - North		250,000	£25,301	250,000	-	
	Housing Managed Spend - South		250,000	£72,730	250,000	-	
	TOTAL		£19,190,800	311,077	19,190,800	-	
	Free from Serious Disrepair						
HCA0376	Roof replacement works - North Area (est. 100 addresses)	150 (subject to survey)	451,300	£0	451,300	-	surveys in progress
	Housing Managed Spend - North		0	£4,873	-	-	
	Housing Managed Spend - South		0	-£3,044	-	-	
	TOTAL		£451,300	£1,829	£451,300	£0	
	Modern Facilities and Services						
HCA0324	Bathroom upgrade/replacement	302	500,000	£140,597	500,000	-	works complete on site
HCA0373	Bathroom upgrade/replacement - Milnafua	0	432,000	£0	432,000	-	works recently started on site
HCC0467	Bathroom upgrade/replacement	331	795,400	£120,476	795,400	-	works near completion
HCC0468	Kitchen upgrade/replacement	322	818,500	£114,079	818,500	-	works near completion
	Housing Managed Spend - North		250,000	£38,517	250,000	-	
	Housing Managed Spend - South		250,000	-£7,956	250,000	-	
	TOTAL		£3,045,900	£405,714	£3,045,900	£0	
	Structural And Environmental Works						
	Housing Managed Spend - North		0	£9,497	-	-	
	Housing Managed Spend - South		0	£1,917	-	-	
	Stock condition survey						
	Stock condition survey		0	£0	-	-	
	Tenant Liason Officers		47,000	£12,459	47,000	-	
	TOTAL for 2013/15 Projects		23,719,000	£712,822	23,719,000	-	
	Retention/defects costs outstanding spend to carry forward		£639,200	£10,484	639,200	-	-
	OVERALL TOTAL SHQS SPEND		£32,539,700	£2,027,563	£32,539,700	£0	
	NEW BUILDS						
HR515	CHB - Dingwall North Tulloch Castle	12	£878,000	£150,610	878,000	-	works recently started on site
HR518	CHB - Gairloch, Achtercairn	8	£20,000	£0	20,000	-	works complete on site
HR513	CHB - Inverness Burnside	12	£30,000	£0	30,000	-	works complete on site
HR514	CHB - Inverness St Valery Place	20	£50,000	£0	50,000	-	works complete on site
HR524	CHB - Lochyside	6	£13,000	£0	13,000	-	works complete on site
	R4 total:	58	£991,000	£150,610	991,000	0	
HR564	CHB 5 - Alness, Kendal Crescent	12	£400,000	£3,920	400,000	-	tender documents issued
HR553	CHB 5 - Alness, Riverside	8	£13,000	£0	13,000	-	works complete on site

MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 JUNE 2014

Project Number	Project Title	Number Of Houses	Budget 2014/15	Spend in current year to date	estimated outturn 2014/15	Variance	Comments
HR534	CHB 5 - Ardersier, Nairn Road	8	£38,000	£17,805	38,000	-	works complete on site
HR533	CHB 5 - Aviemore, former community centre	20	£1,240,000	£284,957	1,240,000	-	works near completion
HR573	CHB 5 - Aviemore, former community centre	21	£200,000	£0	200,000	-	
HR547	CHB 5 - Balmacara, former dairy	8	£870,000	£0	870,000	-	works to start on site imminently
HR535	CHB 5 - Beaully, Simpsons	8	£506,000	£3,120	506,000	-	works recently started on site
HR549	CHB 5 - Boat of Garten	8	£300,000	£0	300,000	-	tender documents being reviewed
HR566	CHB 5 - Broadford, Broadford House	6	£59,000	£20,032	59,000	-	tender documents issued
HR572	CHB 5 - Broadford, Former Fish Factory		£435,000	£3,621	435,000		
HR545	CHB 5 - Conon Bridge, Braes of Conon	26	£504,000	£450,568	504,000	-	works near completion
HR556	CHB 5 - Dingwall, Craigwood		£37,000	£1,500	37,000		
HR548	CHB 5 - Dornoch, Deans Park	6	£11,000	£10,120	11,000	-	works near completion
HR540	CHB 5 - Fort William, former Angus Centre	11	£1,625,000	£0	1,625,000	-	works to start on site imminently
HR575	CHB 5 - Fort William, Whisky		£0	£2,010	0		
HR576	CHB 5 - Fort William, Belhaven		£0	£1,460	0		
HR568	CHB 5 - Glenborodale		£120,000	£5,555	120,000		
HR558	CHB 5 - Grantown on Spey, Garth	6	£0	£0	0	-	designs in progress
HR529	CHB 5 - Invergordon Clyde Street	8	£0	£0	0	-	tender documents being reviewed
HR568	CHB 5 - Invergordon, Flemingway P2	6	£1,319,000	£43,323	1,319,000	-	works recently started on site
HR528	CHB 5 - Inverloch (distillery)	15	£1,434,000	£119,425	1,434,000	-	works recently started on site
HR551	CHB 5 - Inverness, Balloan Road	16	£1,897,000	£96,918	1,897,000	-	works recently started on site
HR561	CHB 5 - Inverness, Balloch	8	£255,000	£183,045	255,000	-	works near completion
HR560	CHB 5 - Inverness, Caulfield Road	6	£25,000	£0	25,000	-	tender documents being reviewed
HR567	CHB 5 - Inverness, Church Street	7	£27,000	£0	27,000	-	tender documents issued
HR559	CHB 5 - Inverness, Craigton Avenue	16	£80,000	£0	80,000	-	designs in progress
HR523	CHB 5 - Inverness, Former Jolly Drover	10	£313,000	£290,792	313,000	-	works near completion
HR562	CHB 5 - Inverness, Glendoe Terrace	15	£1,486,000	£262,891	1,486,000	-	works recently started on site
HR531	CHB 5 - Inverness, Huntly House	16	£450,000	£0	450,000	-	tender documents issued
HR536	CHB 5 - Inverness, Milton of Leys P1	22	£1,043,000	£933,621	1,043,000	-	works near completion
HR537	CHB 5 - Inverness, Parks Farm	14	£581,000	£581,214	581,000	-	works near completion
HR538	CHB 5 - Inverness, Westercraigs P1	12	£385,000	£101,831	385,000	-	works recently started on site
HR554	CHB 5 - Inverness, Woodside	11	£24,000	£0	24,000	-	works complete on site
HR530	CHB 5 - Lochcarron, Kirkton Gardens	6	£192,000	£265,159	192,000	-	works recently started on site
HR542	CHB 5 - Nairn, former bus garage	16	£526,000	£392,282	526,000	-	works near completion
HR541	CHB 5 - Nairn, Lochloy	6	£472,000	£6,572	472,000	-	works recently started on site
HR565	CHB 5 - Portree, Home Farm	4	£128,000	£99,746	128,000	-	works near completion
HR544	CHB 5 - Tain, Jackson Drive, P2	8	£30,000	£608	30,000	-	works complete on site
HR526	CHB 5 - Ullapool Hotel	11	£978,000	£324,337	978,000	-	works near completion
	R5 Total	381	£18,003,000	£4,506,430	18,003,000	-	
	additional new builds to achieve target						
	TOTAL NEW BUILD SPEND	£439	£18,994,000	£4,657,040	18,994,000	-	

HR850 New Build 1 Bed Accommodation £381,938

TOTAL SPEND £51,533,700 £7,066,541 £51,533,700

MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 JUNE 2014

Project Number	Project Title	Number Of Houses	Budget 2014/15	Spend in current year to date	estimated outturn 2014/15	Variance	Comments
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MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 JUNE 2014

Capital Receipts 2014/2015

	Funding Budget £'000	Actual to 31/05/2014 £'000	Estimated Outturn £'000	Estimated Variance £'000
Mainstream Investment Programme				
Useable Capital Receipts	1,279	381	1,279	0
Contribution to Individual Properties	0	0	0	0
Borrowing	26,936	1,647	26,936	0
Capital from Current Revenue	4,325	0	4,325	0
Total For Mainstream Investment Programme	32,540	2,028	32,540	0
New Council House Build Programme				
Government Grant	8,594	0	8,594	0
HRA Balances	0	0	0	0
Contribution from other services	0	0	0	0
sale of LIFT properties	0	0	0	0
Landbank	1,980	0	1,980	0
Borrowing	8,420	4,657	8,420	0
Total For New Council House Build Programm	18,994	4,657	18,994	0
Borrowing	0	382	0	0
Total For New 1 Bed Accommodation	0	382	0	0
Balance to C/F to 2015/2016				
GROSS FUNDING	51,534	7,067	51,534	0