

The Highland Council
Community Services Committee
6 November 2014

Agenda Item	6
Report No	COM 32/14

Capital Expenditure Monitoring – 1 April 2014 to 30 September 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 September 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 6 months of the financial year, the gross expenditure is £4.457m representing 33.1% of the 2014/15 programmed figure.

3. Income

- 3.1 After 6 months of the financial year, the gross income is £0.314m representing 30.9% 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 £12.467m and £0.516m respectively leading to an underspend of £0.500m.
- 5.2 As previously reported to the CS Committee, the Service expected to deliver a balanced capital programme for the year to 31 March 2015. The Kinlochbervie Sea Tanker Berth scheme will not be progressed this financial year. This project is wholly dependent on third party funding, and is now part of the Harbour's Business Plan currently under development. The Service is now anticipating an underspend for this financial year.

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. The CS Committee on 12 August 2014 approved the mainstream HRA capital budget for 2014/15 as £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, the CS Committee on 12 August 2014 approved the Council house building element of the HRA capital programme for 2014/15 as £18.994m.

8. Net Expenditure

- 8.1 After 6 months of the financial year, the net expenditure is £19.297m representing 37.4% 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 £53.489m leading to an overspend of £1.955m.
- 10.2 The overspend is in the Council house building element of the HRA capital programme and is due to projects progressing in advance of previously predicted timetables.

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 the capital expenditure monitoring position for the period 1 April 2014 to 30 September 2014.

Designation: Director of Community Services

Date: 23 October 2014

Author: Mike Mitchell, Service Finance Manager

Background Papers: Monitoring Statements 30/09/14 and the Highland Council Financial Ledger

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

SERVICE: COMMUNITY SERVICES

Project Description	BUDGET			YEAR TO DATE ACTUAL			ESTIMATED OUTTURN			Variance	COMMENTS G
	A	B	C	D	E	F	G	H	I	J	
	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	1,009	0	1,009	3,210	0	3,210	0	Works ongoing in all Areas.
Road Surface Dressing Capital	1,500	0	1,500	980	(2)	978	1,500	0	1,500	0	Works ongoing in all Areas.
Bridges, Retaining Walls & Culverts	350	0	350	69	0	69	350	0	350	0	Works ongoing.
Area Minor Capital Works											
Area Minor Works - Traffic Calming	75	0	75	3	0	3	63	0	63	(12)	Works ongoing.
Timber Extraction	140	0	140	16	0	16	140	0	140	0	Various schemes currently under discussion.
ACTIVE TRAVEL											
Cycling, Walking & Safer Streets	611	(416)	195	201	(28)	173	611	(416)	195	0	Works ongoing - at design, tender stage and currently underway.
20mph Zones	100	0	100	0	0	0	100	0	100	0	Designs in progress.
Bus Shelters	132	0	132	8	0	8	57	0	57	(75)	Developing bus shelter programme to be discussed with Wards. Shelter supplier ceased Scottish operations. Tender process underway for new supplier.
Traffic Management Improvements	0	0	0	12	0	12	12	0	12	12	Designs in progress for Munloch and Fortrose.
LIGHTING											
Structural Lighting Works	500	0	500	211	0	211	500	0	500	0	Works ongoing in all Areas. Funding allocated to replacement of old columns & defected cabling. LED replacements underway in C&S and R&S, remaining funds will be spent in I and N,B&L by the end of the year.
FERRIES AND HARBOURS											
Harbours General Structural Works	334	0	334	9	0	9	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	0	0	0	(500)	Dependent on third party funding.
ENVIRONMENTAL HEALTH											
Contaminated Land	107	0	107	49	0	49	107	0	107	0	Works on-going, allocation will be fully spent by the end of the year.
COMMUNITY WORKS											
Burials and Cremations											
Burial Ground Extension - Portree	100	0	100	1	0	1	100	0	100	0	Design work ongoing. Works to be undertaken in 2015.
Burial Ground Extension - Tain	180	0	180	14	0	14	230	0	230	50	Contract works complete. £4k of retention due September 2015
Burial Ground Extension - Nairn	920	0	920	23	0	23	830	0	830	(90)	Design work ongoing. SI (ground water monitoring) ongoing. Contract works expected December 2014. Land purchase and SHETL diversions November 2014.
Burial Ground Acharacle	140	0	140	63	0	63	140	0	140	0	Tenders returned. Awaiting land, planning consent and SSE diversion(instructed). Site start November 2014.
Burial Ground Ullapool	0	0	0	9	0	9	10	0	10	10	Preparatory work.
Burial Ground Extension - Kilvean	0	0	0	4	0	4	5	0	5	5	Preparatory work.
Inverness Crematorium - Replacement Cremators	0	0	0	2	0	2	25	0	25	25	Preparatory work for replacement in 2015/16.
Public Toilets											
Public Conveniences - Invergordon	0	0	0	38	0	38	40	0	40	40	Works complete.
Parks and Play Areas - Development											
Play Areas	281	0	281	64	(48)	16	281	0	281	0	Programmes under development by Areas.
Depots											
Depots - Health & Safety	150	0	150	6	0	6	150	0	150	0	Depot infrastructure currently under review.
VEHICLES & PLANT											
Vehicle & Plant Purchases	3,309	0	3,309	1,661	(236)	1,425	3,269	0	3,269	(40)	£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	4,457	(314)	4,143	12,392	(516)	11,876	(575)	

MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 SEPTEMBER 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	£370,115	528,000	-	works near completion
HCA0287	Milnafua gas heating	199	1,850,000	£1,329,730	1,850,000	-	works near completion
HCC0422	Badenoch/Lochaber/Inverness heating	106	1,045,000	£36,933	1,045,000	-	works to start on site imminently
HCC0423	Gas Inverness	65	566,000	£17,083	566,000	-	works near completion
HCC0319	Inverness gas heating	163	44,000	£69,725	44,000	-	works near completion
HCC0318	Ballifeary gas heating	114	47,000	£58,345	47,000	-	works near completion
HCC0236	Inverness gas warm air replacements	202	480,000	£706,194	480,000	-	works near completion
HCC0425	Heating upgrade to biomass	30	107,400	£93,365	107,400	-	works complete on site
HCC0237	Badenoch & Strathspey heating replacements	140	300,000	£306,563	300,000	-	works near completion
HCC0424	Heating upgrade from electric storage	179	1,873,000	£71,455	1,873,000	-	works to start on site imminently
HCC0232 & HCC0498	Inverness, Nairn & Beaully windows and doors	subject to survey	1,341,100	£8,258	1,341,100	-	tender documents being reviewed
Total			£8,181,500	£3,067,766	£8,181,500	£0	
2013/15 Projects							
Equipment and Adaptations							
Equipment and adaptations North Area			424,000	£212,779	424,000	-	works ongoing
Equipment and adaptations South Area			560,000	£31,392	560,000	-	works ongoing
Total			£984,000	£244,171	£984,000	£0	
Energy Efficient							
HCA0370	Roof Covering Broadford and Kyle	44	482,000	£87,656	482,000	-	works to start on site imminently
HCA0371	Roof Covering Brora and Thurso	53	760,000	£260,864	760,000	-	works to start on site imminently
HCA0382	Window and Door Replacement Allan Square Cromarty	0	57,000	£0	57,000	-	works to start on site imminently
HCA0332	Electric/Solid fuel to gas Ross-shire	218	714,000	£67,220	714,000	-	works recently started on site
HCA0338	Electric/solid fuel Heating Replacements Easter Ross	228	500,000	£42,826	500,000	-	review of heating options
HCA0333	Electric/solid fuel heating replacements Wester Ross	417	2,800,000	£33,420	2,800,000	-	works to start on site imminently
HCA0334	Solid fuel/electric heating replacements Skye & Lochalsh	106	850,000	£19,965	850,000	-	works recently started on site
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	£28,419	500,000	-	review of heating options
HCA0336	Electric Heating Replacements Sutherland	189	1,750,000	£40,227	1,750,000	-	works to start on site imminently
HCA0335	Solid fuel Heating Replacements Sutherland	370	3,000,000	£62,271	3,000,000	-	works to start on site imminently
HCC0459	Electric Heating Replacements – Badenoch & Strathspey/Nairn	168	1,200,000	£34,799	1,200,000	-	designs in progress
HCC0497	Inverness installation of gas heating	216	300,000	£0	300,000	-	tender documents being reviewed
HCC0460	Inverness and Nairn installation of gas heating	114	1,200,000	£45,160	1,200,000	-	works recently started on site
HCC0461	Electric Heating Replacements - Inverness-shire	141	650,000	£0	650,000	-	works to start on site imminently
HCC0462	Electric Heating Replacements – Lochaber	278	2,500,000	£114,667	2,500,000	-	tender documents being reviewed
HCC0463	Solid fuel Heating Replacements - South Highland	179	500,000	£73,747	500,000	-	designs in progress
new project	External wall insulation - north area	subject to survey	0	£0	-	-	designs in progress

MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 SEPTEMBER 2014

Project Number	Project Title	Number Of Houses	Budget 2014/15	Spend in current year to date	estimated outturn 2014/15	Variance	Comments
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	£245,204	427,800	-	works recently started on site
	Housing Managed Spend - North		250,000	£49,953	250,000	-	works ongoing
	Housing Managed Spend - South		250,000	£102,602	250,000	-	works ongoing
	TOTAL		£19,190,800	£1,309,000	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	£35,716	-	-	
	Housing Managed Spend - South		0	£73,258	-	-	
	TOTAL		£451,300	£108,974	£451,300	£0	
	Modern Facilities and Services						
HCA0324	Bathroom upgrade/replacement	302	500,000	£366,063	500,000	-	works complete on site
HCA0373	Bathroom upgrade/replacement - Milnafua		432,000	£397,749	432,000	-	works near completion
HCC0467	Bathroom upgrade/replacement	331	795,400	£272,470	795,400	-	works near completion
HCC0468	Kitchen upgrade/replacement	322	818,500	£321,558	818,500	-	works near completion
HCC0381	Wester ross & Skye Bathroom Refurb Prog	150	603,000	£304,513	603,000	-	-
	Housing Managed Spend - North		250,000	£202,062	250,000	-	works ongoing
	Housing Managed Spend - South		250,000	£49,418	250,000	-	works ongoing
	TOTAL		£3,648,900	£1,913,833	£3,648,900	£0	
	Structural And Environmental Works						
	Housing Managed Spend - North		0	£13,608	-	-	
	Housing Managed Spend - South		0	£14,979	-	-	
	Stock condition survey						
	Stock condition survey		0	£0	-	-	
	Tenant Liason Officers		47,000	£12,459	47,000	-	
	TOTAL for 2013/15 Projects		24,322,000	£3,617,024	24,322,000	-	
	Retention/defects costs outstanding spend to carry forward		£36,200	£308,920	36,200	-	-
	OVERALL TOTAL SHQS SPEND		£32,539,700	£6,993,710	£32,539,700	£0	
	NEW BUILDS						
HR515	CHB - Dingwall North Tulloch Castle	12	£878,000	£480,423	878,000	-	works recently started on site
HR518	CHB - Gairloch, Achtercairn	8	£20,000	£0	20,000	-	works complete on site
HR505	CHB - Inverness Assynt	6	£0	£43,207	43,207	43,207	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	£5,473	50,000	-	works complete on site
HR524	CHB - Lochside	6	£13,000	£0	13,000	-	works complete on site
HR527	CHB - Round 4 Conon Bridge P	10	£0	£20,555	50,000	50,000	works recently started on site
	R4 total:	74	£991,000	£549,658	£1,084,207	£93,207	
HR564	CHB 5 - Alness, Kendal Crescent	12	£400,000	£81,920	400,000	-	tender documents being reviewed
HR584	CHB 5 - Alness, Kendal Pods	8	£0	£0	100,000	100,000	tender documents being reviewed

MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 SEPTEMBER 2014

Project Number	Project Title	Number Of Houses	Budget 2014/15	Spend in current year to date	estimated outturn 2014/15	Variance	Comments
HR553	CHB 5 - Alness, Riverside	8	£13,000	£0	13,000	-	works complete on site
HR534	CHB 5 - Ardersier, Nairn Road	8	£38,000	£21,948	38,000	-	works complete on site
HR533	CHB 5 - Aviemore, former community centre	20	£1,240,000	£603,528	1,240,000	-	works near completion
HR573	CHB 5 - Aviemore, former community centre	21	£200,000	£13,846	100,000	- 100,000	designs in progress
HR547	CHB 5 - Balmacara, former dairy	8	£870,000	£0	420,000	- 450,000	works to start on site imminently
HR535	CHB 5 - Beauly, Simpsons	8	£506,000	£120,720	842,364	336,364	works recently started on site
HR549	CHB 5 - Boat of Garten	8	£300,000	£0	150,000	- 150,000	tender documents being reviewed
HR566	CHB 5 - Broadford, Broadford House	6	£59,000	£20,032	20,032	- 38,968	designs in progress
HR572	CHB 5 - Broadford, Former Fish Factory	13	£435,000	£104,611	335,000	- 100,000	designs in progress
HR545	CHB 5 - Conon Bridge, Braes of Conon	26	£504,000	£664,232	700,000	196,000	works complete on site
HR556	CHB 5 - Dingwall, Craigwood	8	£37,000	£1,500	37,000	-	tender documents being reviewed
HR548	CHB 5 - Dornoch, Deans Park	6	£11,000	£10,120	11,000	-	works complete on site
HR582	CHB 5 - Dornoch, Greener Homes	2	£0	£60,496	189,000	189,000	works recently started on site
HR540	CHB 5 - Fort William, former Angus Centre	11	£1,625,000	£585,966	1,625,000	-	works recently started on site
HR575	CHB 5 - Fort William, Whisky	12	£0	£0	0	-	
HR576	CHB 5 - Fort William, Belhaven	13	£0	£44,235	0	-	
HR568	CHB 5 - Glenborodale	2	£120,000	£12,996	120,000	-	designs in progress
HR558	CHB 5 - Grantown on Spey, Garth	6	£0	£0	0	-	designs in progress
HR529	CHB 5 - Invergordon Clyde Street	8	£0	£9	0	-	
HR568	CHB 5 - Invergordon, Flemingway P2	6	£1,319,000	£804,648	1,319,000	-	works recently started on site
HR528	CHB 5 - Inverlochy (distillery)	15	£1,434,000	£727,922	1,434,000	-	works recently started on site
HR583	CHB 5 - Inverness, Academy Street	14	£0	£0	621,703	621,703	works to start on site imminently
HR551	CHB 5 - Inverness, Balloan Road	16	£1,897,000	£727,310	1,897,000	-	works recently started on site
HR561	CHB 5 - Inverness, Balloch	8	£255,000	£214,592	255,000	-	works complete on site
HR560	CHB 5 - Inverness, Caulfield Road	6	£25,000	£25,000	25,000	-	tender documents being reviewed
HR567	CHB 5 - Inverness, Church Street	7	£27,000	£0	27,000	-	tender documents being reviewed
HR559	CHB 5 - Inverness, Craigton Avenue	16	£80,000	£88,820	120,000	40,000	designs in progress
HR523	CHB 5 - Inverness, Former Jolly Drover	10	£313,000	£461,921	500,000	187,000	works complete on site
HR562	CHB 5 - Inverness, Glendoe Terrace	15	£1,486,000	£1,094,872	1,395,000	- 91,000	works near completion
HR531	CHB 5 - Inverness, Huntly House	16	£450,000	-£8,380	300,000	- 150,000	tender documents issued
HR536	CHB 5 - Inverness, Milton of Leys P1	22	£1,043,000	£1,188,942	1,250,000	207,000	works complete on site
HR537	CHB 5 - Inverness, Parks Farm	14	£581,000	£820,853	900,000	319,000	works complete on site
HR569	CHB R5 - Inverness, Slackbuie P2	6	£0	£18,462	40,000	40,000	tender documents being reviewed
HR538	CHB 5 - Inverness, Westercraigs P1	12	£385,000	£180,596	406,594	21,594	works recently started on site
HR570	CHB R5 - Inverness, Wester Inshes	8	£0	£18,462	20,000	20,000	designs in progress
HR554	CHB 5 - Inverness, Woodside	11	£24,000	£0	24,000	-	works complete on site
HR574	CHB 5 - Inverness, Woodside Mews	16	£0	£36,538	60,000	60,000	tender documents being reviewed
HR539	CHB 5 - Kirkhill, Mansefield	2	£0	£4,193	5,000	5,000	works complete on site
HR530	CHB 5 - Lochcarron, Kirkton Gardens	6	£192,000	£408,507	500,000	308,000	works complete on site
HR578	CHB 5 - Muir of Ord	6	£0	£674	0	-	
HR542	CHB 5 - Nairn, former bus garage	16	£526,000	£738,209	750,000	224,000	works near completion
HR541	CHB 5 - Nairn, Lochloy	6	£472,000	£458,494	472,000	-	works recently started on site
HR565	CHB 5 - Portree, Home Farm	4	£128,000	£189,051	195,000	67,000	works complete on site
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	£753,087	978,000	-	works near completion
	R5 Total	491	£18,003,000	£11,299,539	19,864,693	1,861,693	
	additional new builds to achieve target						
	TOTAL NEW BUILD SPEND	£565	£18,994,000	£11,849,197	£20,948,900	£1,954,900	

MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 SEPTEMBER 2014

Project Number	Project Title	Number Of Houses	Budget 2014/15	Spend in current year to date	estimated outturn 2014/15	Variance	Comments
HR850	New Build 1 Bed Accommodation			£453,967			
	TOTAL SPEND		£51,533,700	£19,296,874	£53,488,600		

MONITORING STATEMENT OF CAPITAL PROGRAMMES TO 30 SEPTEMBER 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	987	1,279	0
Contribution to Individual Properties	0	0	0	0
Borrowing	26,936	6,007	26,936	0
Capital from Current Revenue	4,325	0	4,325	0
Total For Mainstream Investment Programme	32,540	6,994	32,540	0
New Council House Build Programme				
Government Grant	8,594	5,794	9,030	436
HRA Balances	0	0	0	0
Contribution from other services	0	0	0	0
sale of LIFT properties	0	221	221	221
Landbank	1,980	75	1,980	0
Borrowing	8,420	5,759	9,718	1,298
Total For New Council House Build Programm	18,994	11,849	20,949	1,955
Borrowing	0	454	0	0
Total For New 1 Bed Accommodation	0	454	0	0
Balance to C/F to 2015/2016				
GROSS FUNDING	51,534	19,297	53,489	1,955