

The Highland Council

Planning, Development & Infrastructure Committee

18 February 2015

Agenda Item	6
Report No	PDI 3/15

Capital Expenditure Monitoring – 1 April 2014 to 31 December 2014

Report by Director of Development & Infrastructure

Summary

This report invites Members to approve the capital expenditure monitoring position for the period from 1 April 2014 to 31 December 2014.

1. Background

- 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 £2.844m.
- 1.4 A contribution of £0.150m towards the estimated cost of £0.763m of the Highland Science Skills Academy (part of the joint HIE/UHI facility on the Inverness Campus site), was approved at Resources Committee on 27 August 2014. The capital programme has been increased to reflect the contribution towards the project.

2. Expenditure

- 2.1 After 9 months of the financial year, the gross expenditure is £30.844m representing 72.2% of the 2014/15 programmed figure.

3. Income

- 3.1 After 9 months of the financial year, the gross income is £4.493m representing 314.0% of the 2014/15 programmed figure. Included in the gross income is a sum of £2.817m in respect of the Vacant & Derelict Land Fund (VDLF).

4. Progress on Capital Projects

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

4.2 Any over and under spends highlighted on **Appendix A** will be carried forward, and adjusted in the 2015/16 capital programme.

5. Estimated Outturn

5.1 The projected outturns for expenditure and income are £44.201m and £2.326m respectively leading to an overspend of £0.607m.

6. Major Issues and Variances

6.1 This report covers the period to 31 December 2014, however Members will be aware of the storm event which took place in January, and potentially this may have an impact on the financial outturn for 2014/15. Newhall Bridge on the B9163 Black Isle road was damaged beyond repair. A replacement structure is required, and the initial cost estimate is of the order of £0.500m. It is proposed that a replacement bridge is included in the capital programme for 2015/16. In the short term a temporary bridge is to be put in place.

7. Capital Programme Delivery

7.1 The capital programme, in terms of Infrastructure build, is delivered in terms of design and site supervision, by a combination of internal Project Design Unit staff, agency workers and external consultants. The use of consultants and agency workers is determined by the workload demands of the capital programme and availability of internal staff. It is the intention to reduce reliance on agency staff and consultants, and the associated additional costs, by using and developing a pool of Highland Council relief staff, who will be used on an "as and when" basis, much as supply teachers in schools. Such relief staff will predominantly be used in site supervision, where programmed scheme delivery and workload causes significant peaks and troughs and it is not practical to employ staffing levels to cater for the peaks. It is traditional in Civil Engineering for site staff to be employed on such a basis. This proposal provides speed and flexibility in recruitment and offers best value to the Council and has been developed in conjunction with Human Resources.

7.2 Inverness West Link Update

A report on the West Link and also Sports Facilities - Inverness West will be taken to full Council on the 12 March 2015. These reports will be a full update on progress made and will seek approval to include the revised costs in the Council's capital programme.

Costs for the West Link will be considered at Full Council on the 12 March 2015, and will be reported at £36.6m at December 2014 prices, this being an inflation increase from the cost reported in September 2013 of £34.4m.

Due to the extended construction programme, with works anticipated to be complete in 2020/21 and applying forecast construction inflation rates over this period an allocation in the capital programme of £43.35m will be recommended.

The West Link also allows consideration of enhanced sports facilities and further details on these projects will be reported to Full Council on 12 March.

8. Vacant & Derelict Land Fund 2015/16 Grant

8.1 On the 8 December 2014 the Highland Council received a provisional offer of £1,534,380 VDLF grant for 2015/16 subject to the submission and approval of a Delivery Plan. The key objectives of the 2015/16 fund are to:

- tackle long term vacant and derelict land;
- stimulate economic growth and job creation; and
- promote environmental justice and improved quality of life, with a particular focus on innovation in temporary and longer term greening techniques.

For Members' information, long term vacant and derelict land is generally defined as a site that has featured on the Scottish Vacant and Derelict Land Survey for a minimum of ten years.

8.2 The Scottish Government has requested that the Council submits its Draft Delivery Plan by the 27 February 2015, with feedback to be provided April/May. Ministerial approval of the Delivery Plan is expected by the end of June 2015.

8.3 As in previous years, a small departmental project team has been set up to undertake an assessment of the sites included in the Scottish Vacant and Derelict Land Survey (SVDLS) 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 2015/16 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.

8.4 In order to submit the Draft Delivery Plan by the deadline date of the 27 February 2015, it is recommended that delegated powers are given to the Director of Development and Infrastructure, in consultation with the Chair and Vice Chair of the Planning, Development and Infrastructure Committee, to agree the detail of the Delivery Plan.

9. Implications

9.1 Resource implications are discussed in the report.

9.2 There are no legal, equality, climate change/Carbon Clever, risk, Gaelic or 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 31 December 2014;
- agree delegated powers to the Director of Development & Infrastructure, in consultation with the Chair, and Vice Chair, of the Planning, Development and Infrastructure Committee, to agree the detail of the 2015/16 VDLF Draft Delivery Plan and submit to the Scottish Government; and
- approve the utilisation and development of a pool of Highland Council relief staff, to allow the reduction in the use of agency staff and consultants.

Designation: Director of Development & Infrastructure

Date: 6 February 2015

Author: Mike Mitchell, Service Finance Manager

Background Papers: Monitoring Statements 31/12/14 and the Highland Council Financial Ledger

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2014 TO 31ST DECEMBER 2014

SERVICE: DEVELOPMENT & INFRASTRUCTURE 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	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure	Gross Expenditure	Income	Net Expenditure	Column I minus Column C	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
ROADS AND BRIDGES											
Major Road Improvements											
The Inverness West Link	476	0	476	587	0	587	750	0	750	274	Following a decision of the Council to adopt Option 6 as the preferred option, detailed design work by Consultants Capita Symonds is now being completed. Members wishes that the recreational areas at Torvean and Ness-side be developed and enhanced on the back of the Inverness West Link have been progressed with a Planning in Principle Application progressed for Torvean Golf Course and Sports Hub. A Ground Investigation Contract let to Holequest Ltd has been completed for the West Link. Full Council meeting on 5th September gave approval for issue of Planning Application and CPO, with Planning Application issued on 18th October and CPO on 15th November 2013. Planning Permission was granted at the South Planning Applications Committee meeting on 8 April 2014. The Compulsory Purchase Order, for the land required for the project, is currently being progressed with the Reporters Office now holding the relevant papers and making preparations for a PLI or Hearing in February 2015. 2 Objectors remain from the 4 Objectors submitting objections. Road Orders required for the Stage 1 construction to proceed were published on 12th September 2014 and 6 objections have been received relative to the Footpath Order and are being addressed. The Footpath Order was republished on 3rd December as a 'Made' order.
West Link - Sports Hub	0	0	0	45	0	45	45	0	45	45	Members wishes that the recreational areas at Torvean and Ness-side be developed and enhanced on the back of the Inverness West Link have been progressed with a Planning in Principle Application granted at the South Planning Applications Committee meeting on 8 April 2014 for Torvean Golf Course, Sports Hub and Parkland. An outline design layout for a double 3G artificial pitch and a grass pitch and a 10 room changing facility building has been prepared and costed.
West Link - Torvean Golf Course	0	0	0	319	0	319	360	0	360	360	Detailed plans for a new 18 hole golf course, clubhouse and maintenance facility are being progressed in readiness for a detailed planning (Matters Specified in Conditions) application. A ground investigation has been carried out.
West Link - Highland Rugby Club	0	0	0	49	0	49	49	0	49	49	Detailed plans for an IRB standard artificial pitch, regrading of two grass pitches and a clubhouse and 8 room changing facility are being progressed, together with associated fencing, car and bus parking. The planning process for an application has commenced and a Public Display of the proposals is to be held on 27th January 2015 at the Inverness Sports Centre.
Inshes Junction Phase 1 - Culloden Rd Improvement	35	0	35	22	0	22	35	0	35	0	Works completed in July 2013. Fully funded by Developer's Contributions. £24K Retention paid. Additional signing required - estimated £1,500.
Inshes Junction Phase 2 - Improvements West of Inshes	500	0	500	89	0	89	150	0	150	(350)	Design work ongoing. Work being coordinated with Transport Scotland and their work on the East Link, now entitled A9/A96 Connectivity Study with a public exhibition held jointly in late May and early June 2014. Flood alleviation for the Dell Burn part of the project assessment works. Fully funded by Developer's Contributions - £175K. Transport Scotland have advised that they expect to select a preferred route in early 2015.
Kinnairdie Link Road, Dingwall - Phase 1	176	0	176	61	0	61	76	0	76	(100)	Design work ongoing, planning application submitted, objections are being considered, issues raised by Network Rail regarding level crossings which are being looked into as is land access for the works. Flooding issues also being addressed to ensure that where opportunities arise flood mitigation can be provided. £150K Funded by Developer's Contributions.
Stromeferry Rockface	90	0	90	0	0	0	90	0	90	0	Preparation of contract for 2015 maintenance works ongoing.

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	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
River Ness Flood Prevention - Tidal Section (Incl St	13,573	0	13,573	11,610	(214)	11,396	16,400	0	16,400	2,827	Both Phase 1 and Phase 2 contracts underway, including streetscape element. Increased spend more in line with project profile.
South West Inverness Storm Water Relief	0	0	0	19	0	19	19	0	19	19	Works complete.
Flood Prevention Orders											
Acharacle Flood Prevention	325	0	325	273	(0)	273	325	0	325	0	Construction works complete. Retention £4K.
River Enrick Flood Prevention, Drumnadrochit	50	0	50	4	0	4	20	0	20	(30)	Development of flood defences within field progressing as well as Kilmichael Road raising.
Dell Burn, Inverness Flood Study	20	0	20	0	0	0	20	0	20	0	Design work ongoing.
River Lochy - Caol Flood Scheme	75	0	75	29	0	29	75	0	75	0	Design work ongoing on Land & Utilities. JBA appointed to re-assess flood mapping and finalise flood levels for various return periods. Report received in September 2014. Scheme development ongoing.
Mill Burn Flood Prevention	20	0	20	0	0	0	20	0	20	0	Ongoing assessment of survey results and scheme options. Progressing construction consents.
Smithton / Culloden Flood Alleviation	720	0	720	212	0	212	580	0	580	(140)	Contract for Phase 3B awarded and to be completed by March 2015. Planning of Phase 4 ongoing.
Feabuie (Near Balloch) Flood Alleviation	20	0	20	27	0	27	27	0	27	7	Design work ongoing.
Balmacaan - Drumnadrochit - Flood Alleviation	0	0	0	1	0	1	15	0	15	15	Design work ongoing.
Blairninch - Strathpeffer - Flooding	0	0	0	11	0	11	11	0	11	11	Design work ongoing.
WASTE MANAGEMENT											
Landfill Extensions											
Landfill Capacity Extensions - Ph B & C Seater - Ce	1,400	0	1,400	1,040	0	1,040	1,150	0	1,150	(250)	Works in progress for development of cell 10, completion in December 2014. Design in progress for welfare facilities to be completed by summer 2015. Underspend committed to welfare facilities.
Landfill Restorations											
Croftaugh Remedial Works to Landfill Site	20	0	20	12	0	12	20	0	20	0	Site investigations programmed. Work to commence before the end of the year.
FERRIES AND HARBOURS											
Nether Lochaber Slipway	0	0	0	2	0	2	10	0	10	10	Scheme Complete. Possible remaining land costs.
Sconser Ferry Terminal	30	(500)	(470)	42	(329)	(287)	30	(500)	(470)	0	Construction works now complete and fully operational. ERDF grant to be received.
Parks and Play Areas - Development											
Inshes Park (Phases 1 to 3)	50	0	50	50	0	50	50	0	50	0	Drainage works carried out on Play Equipment Area - £34K. Work Complete. Balance of £13K paid to community association for park furniture.
STRATEGIC ASSET MANAGEMENT											
Health & Safety & Statutory Compliance	2,706	0	2,706	2,729	0	2,729	3,989	0	3,989	1,283	Urgent additional health & safety and compliance works required across the Council's property portfolio. Additional spend met from slippage on the Kingussie project.
Starter Business Units Inverness	1,119	0	1,119	598	0	598	1,519	0	1,519	400	The overall funding requirement for new industrial units Phase 2 is £1,458,770, funded by prudential borrowing of £886,862 (repaid through rental stream), and ERDF grant funding of £571,908. The units are on site and due for completion in May 2015.
Wick Office	3,634	0	3,634	2,726	188	2,914	3,634	0	3,634	0	Project progressing, due for completion this financial year.
Dingwall Office Rationalisation	443	0	443	491	0	491	491	0	491	48	Rationalisation of office space is ongoing.
Fort William Office Rationalisation	1,801	0	1,801	47	0	47	1,019	0	1,019	(782)	Negotiations ongoing on Fort William lease agreements. Purchase of Osprey House, Alness approved by Council to be funded by underspend on this project this financial year.
Kingussie Office Rationalisation	1,994	0	1,994	221	0	221	350	0	350	(1,644)	Proceeding with necessary land purchase and planning application process.
Energy Management	1,989	(20)	1,969	2,420	(20)	2,400	2,444	(165)	2,279	310	Budget on track to fully spend by end of the financial year. Any overspend will be met from slippage on the Fort William project.

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HOUSING (NON HRA)											
National Housing Trust Advances	3,470	0	3,470	2,219	0	2,219	3,470	0	3,470	0	Commitments indicate spend will be achieved in current year.
Private Sector Housing Grants	2,722	0	2,722	1,238	(4)	1,234	2,722	0	2,722	0	Commitments indicate spend will be achieved in current year.
PLANNING & DEVELOPMENT											
Town & Countryside Regeneration	1,286	0	1,286	188	(52)	136	657	(91)	566	(720)	Delays with town regeneration in Nairn and Wick; underspend on Chanonry Point - work to be tendered; Ballachulish project funding secured, scheme to be completed in 2015/16.
Highland Science Skills Academy	150	0	150	150	0	150	150	0	150	0	Contribution towards the project from the Capital Discretionary Fund.
Vacant & Derelict Land Fund	0	0	0	463	(2,817)	(2,354)	0	0	0	0	Grant Funded. Projects deliverability currently under review.
Glen Brittle Footbridge Replacement	0	0	0	0	0	0	10	0	10	10	Community access critical, works to be undertaken in 2015.
OVERALL TOTAL	42,699	(1,431)	41,268	30,844	(4,493)	26,351	44,201	(2,326)	41,875	607	