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| Agenda Item | 6 |
| Report No | EDI 02/19 |

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 31 January 2019

Report Title: Capital Expenditure Monitoring Report

Report By: Director of Development and Infrastructure

1. Purpose/Executive Summary

- 1.1 This report invites Members to approve the capital expenditure monitoring position for the period from 1 April 2018 to 31 December 2018 for the Care and Learning, Community Services and Development and Infrastructure elements of the Council's approved capital programme, and the Housing Revenue Account (HRA) capital programme.
- 1.2 This report also invites Members to approve an additional budget allocation of £2.185m for rock stabilisation works at Stromeferry; and £0.925m for stabilisation works as a result of a landslip at Kinloch Hourn, both of which will be funded by reprofiling projects from within the Council's overall capital programme.
- 1.3 This report also invites Members to approve the formation of a Cross Party Options Selection Group to consider the recommendation to a future EDI Committee of the preferred long term solution for a bypass at Stromeferry.
- 1.4 This report also asks Members to note the position on the outstanding Loan Stock due to the Council from Inverness Airport Business Park Ltd (IABP). The report outlines the current position, the outcome of the review of the company's 2017/18 Annual Accounts, other developments that have occurred during 2017/18, the company's Repayment Intentions, the extended repayment timescale that is now proposed and the risks for the Council.

2. Recommendations

- 2.1 Members are invited to approve:
 - (i) the capital expenditure monitoring position for the period 1 April 2018 to 31 December 2018;
 - (ii) an additional budget allocation of £2.185m for rock stabilisation works at Stromeferry;
 - (iii) a budget allocation of £0.925m for stabilisation works at the Kinloch Hourn landslip; and
 - (iv) the formation of a Cross Party Options Selection Group to consider the recommendation of the preferred long term solution for a bypass at Stromeferry.
- 2.2 Members are asked to note the outcome of the assessment of IABP's 2017/18 Annual Accounts and the implications for repayment of the Council's outstanding Loan Stock.

3. Background

- 3.1 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.

4. Capital Programme 2018/19

- 4.1 The summary of capital expenditure against current programme and estimated outturns for Care and Learning, Community Services, and Development and Infrastructure are included in **Appendices 1, 3 and 4** respectively. The 'Revised Net Budget' column for all 3 Services is that approved by the Highland Council on 7 March 2018, amended to include the 2017/18 outturn carried forward position.

5. Care and Learning

- 5.1 The Revised Net Budget for 2018/19 is £43.593m after adjusting for the 2017/18 carried forward position of £23.849m.
- 5.2 After 9 months of the financial year, the net expenditure, after adjusting for the specific grant of £10.4m for the Early Learning and Childcare (ELC) building programme, is £21.092m representing 48.4% of the 2018/19 programmed figure. The projected outturn for net expenditure is £35.643m leading to a net variance of £7.950m. The net variance is represented by accelerated expenditure of £1m and slippage of £8.950m. The acceleration and slippage will be carried forward to the 2019/20 capital programme.
- 5.3 £4.5m of the slippage is in relation to the ELC building programme. Expenditure incurred on this programme is set against the specific grant first as it is time-critical. Slippage of £2m on Alness Academy and £1m on the School Estate Improvement Programme account for the bulk of the remainder of the slippage.
- 5.4 Progress on capital projects is as reported in the notes column on **Appendix 1**.
- 5.5 **Appendix 2** provides Members with whole of life project information for individual projects with a budget of greater than £1m. There are six projects, all forecasting a balanced position. This is to be expected given the approval of the new capital programme in March 2018.
- 5.6 An update on major projects is included at **Appendix 6**.

6. Community Services

- 6.1 The Revised Net Budget for 2018/19 is £19.774m after adjusting for the 2017/18 carried forward position of £1.591m. On reviewing the carried forward position, additional budget of £1.5m became available, and in line with the Council's March meeting recommendation of any project savings be directed to roads, the additional £1.5m was allocated to roads structural works.
- 6.2 After 9 months of the financial year the net expenditure is £13.184m representing 66.7% of the 2018/19 programmed figure. The projected outturn for net expenditure is £18.761m leading to a variance £1.013m, arising from slippage in some projects.
- 6.3 Progress on capital projects is as reported in the notes column on **Appendix 3**.

6.4 At present there are no major issues or variances.

7. Development and Infrastructure

7.1 The Revised Net Budget for 2018/19 is £23.480m after adjusting for the 2017/18 carried forward position of £4.095m.

7.2 After 9 months of the financial year the net expenditure is £23.275m, representing 99.1% of the 2018/19 programmed figure. The projected outturn for net expenditure is £29.837m leading to a net variance £6.357m. The net variance is represented by accelerated expenditure of £8.342m and slippage of £1.985m. The acceleration and slippage will be carried forward to the 2019/20 capital programme.

7.3 £3.656m of the accelerated expenditure is in relation to flood schemes, with 80% grant funded from the Scottish Government. The remainder of the accelerated expenditure is made up of £2.715m for emergency property works and property rationalisation in Dingwall and Inverness, and £1.258m on major road schemes.

7.4 Progress on capital projects is as reported in the notes column on **Appendix 4**.

7.5 **Appendix 5** provides Members with whole of life project information for individual projects with a budget of greater than £1m. There are twelve projects, eleven of which forecasting a balanced position. This is to be expected given the approval of the new capital programme in March 2018. There is one project, Fort William Office Rationalisation, predicting an overall overspend of £0.353m (3.5%).

7.6 An update on major projects is included at **Appendix 6** and additional Development and Infrastructure programme information can be found below:

7.7 **A890 Stromeferry Bypass/Rock Stabilisation**

7.7.1 The 2018 annual inspection report identified 4 very high risk rock slope areas. Detailed consideration has been given to the stabilisation works, the methods of construction and the associated traffic management. Two of the very high risk areas require similar stabilisation measures to that just completed. The two other slopes require upslope catch fencing measures.

7.7.2 It is proposed to undertake stabilisation to two slopes in autumn 2019 and, at the same time, undertake the ground investigation works required to design the upslope catch fencing. Please note that traffic management required for these works will require the construction of a road onto rail bypass and also three total weekend closures. It is proposed that the two upslope catch fencing solutions will be undertaken in Spring 2020 using 20 minute all red traffic management – which has been successfully used in the past.

7.7.3 The budget estimate for these very high risk slopes is £2.7m. It is proposed that, following budget allocation, public consultations shall be undertaken regarding the nature and timing of the works.

7.7.4 **It is recommended that Members allocate capital funding of £1.9m in 2019/20 and £0.8m in 2020/21 to the Stromeferry Rockface Stabilisation line noting that the current allocation in 2020/21 is £0.515m. The increase in funding will have to be met by reprofiling projects from within the Council's overall capital programme.**

7.7.5 Feedback from Transport Scotland with regard to the STAG report on the long term solution is anticipated. An approach to the Cabinet Secretary for Transport, Infrastructure and Connectivity was made, who confirmed the matter as a local road and as such the responsibility of Highland Council, suggesting that an approach be made to the Scottish Futures Trust. It is recognised that selection of the preferred route is the next step in the progression of a long term solution.

7.7.6 **It is recommended that Members agree to the formation of a Cross Party Options Selection Group to consider the recommendation to a future EDI committee of the preferred long term solution. It is proposed that the group comprise:-**

- **4 ward members**
 - **Biz Campbell**
 - **Ian Cockburn**
 - **Alexander MacInnes**
 - **Derek MacLeod**
- **Chair and two Vice Chairs of Environment Development and Infrastructure**
 - **Allan Henderson**
 - **Hugh Morrison**
 - **Trish Robertson**
- **Chair and Vice Chair of Corporate Resources**
 - **Alistair Mackinnon**
 - **Mathew Reiss**

7.8 **Kinloch Hourn Landslip**

7.8.1 On Monday 10 November, a landslip occurred near the Loch Quoich Dam, this severed the transmission lines, closed the road, and material was deposited into the dam spillway forcing power station operations to be temporarily halted. Power was lost to the Western Isles and parts of Skye, the road was rendered unpassable. The slope was assessed as being high risk with likely rock falls of blocks in excess of 100 tonnes.

Video of the slip can be seen at <https://youtu.be/CkLIP533wV0>

7.8.2 Working relations were quickly established between the Highland Council, Scottish Hydro Electric Transmission Limited (SHETL) and SSE Generation (SSE(G)), access to the site restricted and affected properties contacted. SHETL quickly restored power – initially with backfeed and generator, but a more permanent ‘temporary’ link has been established through the area. SHETL funded the investigation works initially and provided access via an argo cat arrangement, with the Council taking over responsibility when power was re-established.

7.8.3 The proposal is to allow the slope to ‘stabilise’ further through natural processes for some 6 weeks, during this period the Council shall maintain a monitoring role and site presence, whilst also maintaining the argo cat access arrangements. The road serves few properties, but allows access to SSE(G) infrastructure, dams and hydro schemes. It is used by many tourists – walkers and cyclists. It is also the access road for a number of private hydro schemes.

7.8.4 It is currently anticipated that the budget estimate to allow the road to be re-opened will be of the order of £0.925m. Discussions will be held with both SHETL and SSE(G)

with regard to cost sharing the works – as this will allow the road to be reopened but will afford protection to both the power lines and also the generation infrastructure. Legal have been approached to determine the liability to the parties – namely the Highland Council, SHETL, SSE(G) and the landowners

7.8.5 It is recommended that Members allocate capital funding of £0.350m in 2018/19 and £0.575m in 2019/20, on the understanding that this amount may be reduced by any contributions obtained from SHETL/SSE(G). The additional funding will have to be met by reprofiling projects from within the Council's overall capital programme.

7.9 Inverness Airport Business Park Ltd

7.9.1 As has been previously reported the Council entered into a Loan Stock Instrument for £1,175,000 Unsecured Loan Stock 2010/2015 with Inverness Airport Business Park Ltd ('IABP') on 16 May 2005. Under the Loan Stock Instrument IABP can exercise a right to defer the repayments due to be made to the Council in May 2010 and in May 2015. IABP have exercised this right on both repayment dates so that the full amount of Loan Stock due to the Council currently remains outstanding.

7.9.2 Outcome of the Council's Review of IABP 2017/18 Annual Accounts:
Overall the company is in a slightly stronger financial position as at 31 March 2018 when compared to its position as at 31 March 2017. However the company still does not have sufficient liquidity in their Accounts to make repayment to the Council. Consequently there would be no benefit from commissioning the independent assessment of IABP's financial ability to make repayment of the Loan Stock.

Proposed Repayment Profile of Loan Stock

7.9.3 In 2016 IABP advised that repayment of the HIE Loans were the first priority, followed by the Highland Council Loan Stock.

7.9.4 Based on this 5 year financial forecast, IABP forecast repayment of the original HIE debt by 2020/21, and proposing commencement of the Council's Loan Stock repayment from the following financial year. IABP's aspiration is that the same repayment profile of around £100k per annum from March 2022 onwards, but with these payments starting to re-pay the Loan Stock from this date onwards.

7.9.5 The risks around this repayment profile include:

- I. the uncertainty on when repayment will be made to the Council as the current dates are already well into the future and are dependent on current and future market conditions;
- II. future funding requirements may come to light which could alter the Loan Stock repayment. IABP have said it will liaise with the Council if this situation should occur; and
- III. the assumptions underlying this repayment profile may be overly pessimistic which could accelerate the repayment of the loan stock,

7.9.6 Under the terms of the Loan Stock Instrument, IABP shall not pay any dividends to its shareholders from the date on which written notice to defer the second repayment date is made until such time as the balance of the Stock has been redeemed.

7.9.7 IABP advises that the repayment of the Loan Stock is not in doubt. There is uncertainty over the timing of repayment based on market conditions and speed of development but IABP states that should be seen in the context of what the Loan Stock has already achieved and the future benefits for the Council.

7.9.4 Current Developments.

Commercial developments at the Airport Business Park are beginning to gather pace. A new hotel development is currently under construction with an opening date expected to be around the end of 2019. Negotiations are ongoing with a number of other potential tenants in a wide range of sectors. The pipeline of potential enquiries is also encouraging, and while challenges remain, there is general optimism that the Business Park will begin to generate significant revenues in the not too distant future.

8. HRA Capital Programme

- 8.1 The HRA capital programme reflects the Council's commitment to maintain and improve the housing stock, to ensure that properties are adapted to meet the changing needs of tenants, and the Council house building programme.
- 8.2 The mainstream HRA Capital Programme 2018/19 was approved by the Care, Learning and Housing Committee on 25 January 2018, amended to include £7.152m of the 2017/18 underspend to allow completion of the 2017/18 capital programme. The mainstream HRA capital budget for 2018/19 is £20.754m.
- 8.3 Highland's Strategic Housing Investment Plan 2018 to 2023 was approved by the Environment, Development and Infrastructure Committee on 8 November 2017. To allow progression of the programme, the Council house building element of the HRA capital programme for 2018/19 is £30.682m.
- 8.4 The capital programme summary is included in **Appendix 7**. It shows net expenditure to 31 December 2018 of £27.834m of which £9.854m relates to mainstream HRA Capital programme expenditure and £17.980m relates to Council house building.
- 8.5 The projected outturn for net expenditure is £43.322m leading to a net variance of £8.114m. The net variance comprises net slippage of £4.010m and a net overspend of £0.007m on the mainstream element of the programme and net slippage of £4.243m and an overspend of £0.132m in the Council house building programme.
- 8.6 The principal reason for the slippage on the mainstream element is the prioritisation of Project Management resources on completing the outstanding 2017/18 works, including retendering of several projects to provide value for money. The mainstream HRA Capital Programme continues to be reported at a project level to Area Committees / Ward Business Meetings. The slippage on the Council house building element is a combination of delays in statutory consents, and high tender returns resulting in retendering delays.

9. Implications

- 9.1 Resource - Resource implications are discussed in the report.
- 9.2 Legal, Community (Equality, Poverty and Rural), Climate Change / Carbon Clever, Gaelic – there are no known implications arising as a direct result of this report.
- 9.3 Risk - Risk implications to the budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future Committees.

Designation: Director of Development and Infrastructure

Date: 21 January 2019

Authors: Mike Mitchell, Services Finance Manager
Robert Campbell, Estate Strategy Manager
Colin Howell, Head of Infrastructure
Finlay Macdonald, Head of Property Services
David Goldie, Head of Housing & Building Maintenance

Background Papers: Monitoring statements 31/12/18 and the Highland Council
Financial Ledger

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST DECEMBER 2018

SERVICE: CARE AND LEARNING

| Project Description | Actual Net Year to Date | Revised Net Budget | Year End Estimated Net Out-Turn | Year End Net Variance | (Slippage)/ Acceleration Net | Anticipated Year-End (Under/Over) | Comments |
|---|-------------------------|--------------------|---------------------------------|-----------------------|------------------------------|-----------------------------------|--|
| | £000 | £000 | £000 | £000 | £000 | £000 | |
| Community and Leisure Facilities | | | | | | | |
| Community and Leisure Facilities | 9 | 361 | 161 | (200) | (200) | 0 | Various projects. |
| Legacy Projects | 88 | 305 | 155 | (150) | (150) | 0 | Various retentions/commitments. |
| Sub-Totals | 97 | 666 | 316 | (350) | (350) | 0 | |
| Secondary School Programme | | | | | | | |
| Alness Academy | 3,336 | 9,000 | 7,000 | (2,000) | (2,000) | 0 | Works progressing on site. |
| Inverness High School | 3,469 | 4,500 | 4,500 | 0 | 0 | 0 | Work progressing on site; initial phase handed over. |
| Inverness Royal Academy | 328 | 1,056 | 1,056 | 0 | 0 | 0 | External works being completed. |
| Wick Community Campus | 169 | 1,258 | 1,258 | 0 | 0 | 0 | External works being completed. |
| Legacy Projects | 56 | 250 | 250 | 0 | 0 | 0 | Various retentions/commitments. |
| Sub-Totals | 7,358 | 16,064 | 14,064 | (2,000) | (2,000) | 0 | |
| Primary School Programme | | | | | | | |
| Merkinch Primary | 2,892 | 4,500 | 4,000 | (500) | (500) | 0 | Advanced works progressing on site. |
| Milton of Leys Primary | 0 | 350 | 100 | (250) | (250) | 0 | Design work commenced. |
| Ness Castle Primary | 7 | 103 | 103 | 0 | 0 | 0 | Design work commenced. |
| Smithton Primary | 2,385 | 1,778 | 2,778 | 1,000 | 1,000 | 0 | Phase 2 on site. |
| Strontian Primary | 42 | 0 | 60 | 60 | 0 | 60 | New building handed over. |
| Legacy Projects | 1,017 | 2,843 | 2,283 | (560) | (500) | (60) | Various retentions/commitments. |
| Sub-Totals | 6,343 | 9,574 | 9,324 | (250) | (250) | 0 | |

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST DECEMBER 2018

SERVICE: CARE AND LEARNING

| Project Description | Actual Net Year to Date | Revised Net Budget | Year End Estimated Net Out-Turn | Year End Net Variance | (Slippage)/ Acceleration Net | Anticipated Year-End (Under/Over) | Comments |
|---|-------------------------|--------------------|---------------------------------|-----------------------|------------------------------|-----------------------------------|--|
| | £000 | £000 | £000 | £000 | £000 | £000 | |
| Health & Social Care Programme | | | | | | | |
| Adult Services (NHS) | 167 | 1,000 | 500 | (500) | (500) | 0 | Various projects. |
| Children's Services/Out of Authority | 751 | 650 | 900 | 250 | 250 | 0 | Various projects. |
| Legacy Projects | 21 | 100 | 100 | 0 | 0 | 0 | Various retentions/commitments. |
| Sub-Totals | 939 | 1,750 | 1,500 | (250) | (250) | 0 | |
| School Estate Management | | | | | | | |
| Early Learning and Childcare | (9,475) | 4,500 | 0 | (4,500) | (4,500) | 0 | Various projects - £10.4m of SG capital grant shown as income. |
| Free School Meals | 216 | 1,000 | 750 | (250) | (250) | 0 | Various projects completed; works progressing at Dalneigh. |
| Modular Units | 1,410 | 1,030 | 1,780 | 750 | 750 | 0 | Various projects. |
| School Estate Improvement Programme | 4,714 | 8,804 | 7,804 | (1,000) | (1,000) | 0 | Various projects. |
| SSER | 15 | 205 | 105 | (100) | (100) | 0 | Developing proposals for future bid to Scottish Government. |
| Sub-Totals | (3,120) | 15,539 | 10,439 | (5,100) | (5,100) | 0 | |
| Overall Totals | 11,617 | 43,593 | 35,643 | (7,950) | (7,950) | 0 | |

MONITORING OF CAPITAL EXPENDITURE - PROJECTS OVER £1M AS AT 31ST DECEMBER 2018

SERVICE: CARE AND LEARNING

| Project Description | Approved Budget March 2018 | Current Approved Budget | Total Project Spend to Date | Forecast Total Project Spend | Forecast End of Project Variance | Project Completion Dates | |
|---|-------------------------------|----------------------------|--------------------------------|---------------------------------|-------------------------------------|--|--|
| | £000 | £000 | £000 | £000 | £000 | Planned at March 2018 | Current Estimate |
| Secondary Schools Programme | | | | | | | |
| Inverness High School - Refurbishment | 14,000 | 14,000 | 6,741 | 14,000 | 0 | Mar-20 | Mar-20 |
| Alness Academy - New School | 35,000 | 37,373 | 4,798 | 37,373 | 0 | Building - Mar. 2020; External Works - Dec. 2020 | Building - Mar. 2020; External Works - Mar. 2021 |
| Primary Schools Programme | | | | | | | |
| Merkinch Primary - Extension/Refurbishment & Community Facilities* | 18,500 | 18,500 | 3,512 | 18,500 | 0 | Building - Mar. 2020; External Works - TBC | Building - Mar. 2020; External Works - TBC |
| Milton of Leys Primary - Nursery Annexe* | 1,500 | 1,500 | 0 | 1,500 | 0 | Mar-20 | Mar-20 |
| Ness Castle - New School* | 12,353 | 12,353 | 7 | 12,353 | 0 | Aug-21 | Aug-21 |
| Smithton Primary - Extension/Refurbishment* | 4,250 | 4,250 | 2,607 | 4,250 | 0 | Oct-19 | Oct-19 |
| Overall Totals | 85,603 | 87,976 | 17,665 | 87,976 | 0 | | |

* Scottish Government Funding for Early Learning and Childcare Expansion Not Included

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST DECEMBER 2018

SERVICE: COMMUNITY SERVICES

| Project Description | Actual Net | Revised Net | Year End | Year End | (Slippage)/ | Anticipated | COMMENTS |
|---|---------------|---------------|---------------|----------------|----------------|--------------|--|
| | Year to Date | Net Budget | Estimated Net | Net | Acceleration | Year End | |
| | £000 | £000 | Outturn | Variance | Net | (Under)/Over | |
| | | | £000 | £000 | £000 | £000 | |
| ROADS AND BRIDGES | | | | | | | |
| Structural Road Works | | | | | | | |
| Road Structural Capital Works | 3,664 | 5,930 | 5,930 | 0 | 0 | 0 | Works progressing in all Areas. |
| Road Surface Dressing Capital | 1,689 | 2,740 | 2,740 | 0 | 0 | 0 | Works progressing in all Areas. |
| Bridges, Retaining Walls & Culverts | 45 | 680 | 320 | (360) | (360) | 0 | Designs progressing. |
| Area Minor Capital Works | | | | | | | |
| Timber Extraction | 814 | 650 | 650 | 0 | 0 | 0 | Schemes identified, STTS grant confirmed. |
| ACTIVE TRAVEL | | | | | | | |
| Car Parking - Portree | 25 | 0 | 25 | 25 | 0 | 25 | Improvement works required. |
| Car Parking - Fort Augustus | 64 | 0 | 75 | 75 | 0 | 75 | Improvement works required. |
| Car Parking - Fort William | 26 | 0 | 30 | 30 | 0 | 30 | Improvement works required. |
| Car Parking - Equipment | 106 | 0 | 106 | 106 | 0 | 106 | Equipment required for DPE roll-out and new machines. |
| Cycling, Walking & Safer Streets | 148 | 0 | 0 | 0 | 0 | 0 | Expenditure fully funded by Transport Scotland grant. |
| 20mph Zones | 16 | 68 | 20 | (48) | (48) | 0 | Budget transferred from D&I as road safety function now with CS. |
| Bus Shelters | 15 | 0 | 0 | 0 | 0 | 0 | Expenditure to be met by Developers Contributions |
| Traffic Management Improvements | 13 | 250 | 50 | (200) | (200) | 0 | Budget allocation is match funding for ERDF transport project as part of Scotland's 8th City - The Smart City. |
| LIGHTING | | | | | | | |
| Structural Lighting Works | 2,497 | 3,605 | 3,605 | 0 | 0 | 0 | Works ongoing in all Areas. Funding allocated to replacement of old columns & defected cabling. LED replacements ongoing in all areas. Additional investment of £2m per annum linked to revenue saving on electricity costs. |
| FERRIES AND HARBOURS | | | | | | | |
| Harbours General Structural Works | 209 | 563 | 428 | (135) | (100) | (35) | Programme of works identified. |
| Emergency Works - Nairn Harbour | 23 | 0 | 30 | 30 | 0 | 30 | Works to be completed this financial year. |
| Lochinver Ice Plant | (47) | 0 | 5 | 5 | 0 | 5 | Works complete. |
| Chilling of Fish Market - Kinlochbervie | 349 | 0 | 0 | 0 | 0 | 0 | Works complete. European fisheries grant awaited. |
| COMMUNITY WORKS | | | | | | | |
| Burials and Cremations | | | | | | | |
| Burial Ground Extension - General | 0 | 370 | 0 | (370) | (305) | (65) | Phase 1 works complete. |
| Burial Ground Extension - Portree | 7 | 10 | 10 | 0 | 0 | 0 | Works complete. |
| Burial Ground Extension - Nairn | 0 | 50 | 30 | (20) | 0 | (20) | Works complete. |
| Burial Ground Fodderty | 13 | 20 | 20 | 0 | 0 | 0 | Works complete. |
| Burial Ground Dores | 1 | 40 | 40 | 0 | 0 | 0 | Design work ongoing. |
| Burial Ground Kilvean | 6 | 50 | 50 | 0 | 0 | 0 | Design work ongoing. |
| Burial Ground Alness | 1 | 0 | 5 | 5 | 0 | 5 | |
| Burial Ground Dornoch | 2 | 0 | 5 | 5 | 0 | 5 | |
| Inverness Crematorium - Replacement Cremators | 55 | 0 | 75 | 75 | 0 | 75 | Final costs for works at the Crematorium. |
| War Memorials | 134 | 0 | 0 | 0 | 0 | 0 | Programme of works underway in conjunction with Community groups - fully funded by capital discretionary budget. |
| Parks and Play Areas - Development | | | | | | | |
| Play Areas | 0 | 0 | 0 | 0 | 0 | 0 | No longer a budget, spend to be met from Community donations. |
| Depots | | | | | | | |
| Depots - Health & Safety | 35 | 303 | 303 | 0 | 0 | 0 | Budget to be used when required to comply with health & safety issues. |
| VEHICLES & PLANT | | | | | | | |
| Vehicle & Plant Purchases | 3,138 | 4,327 | 4,009 | (318) | 0 | (318) | Budget fully committed for 2018/19. Underspend utilised to cover other CS overspends. |
| HOUSING (NON HRA) | | | | | | | |
| Travelling People Sites | 136 | 118 | 200 | 82 | 0 | 82 | Budget fully committed for 2018/19. |
| OVERALL TOTAL | 13,184 | 19,774 | 18,761 | (1,013) | (1,013) | 0 | |

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST DECEMBER 2018

SERVICE: DEVELOPMENT & INFRASTRUCTURE SERVICES

| Project Description | Actual Net | Revised Net | Year End | Year End | (Slippage)/ | Anticipated | COMMENTS |
|--|--------------|-------------|---------------|----------|--------------|--------------|---|
| | Year to Date | Net Budget | Estimated Net | Net | Acceleration | Year End | |
| | £000 | £000 | Outturn | Variance | Net | (Under)/Over | |
| | | | £000 | £000 | £000 | £000 | |
| ROADS AND BRIDGES | | | | | | | |
| Major Road Improvements | | | | | | | |
| The Inverness West Link | 1,518 | 795 | 1,600 | 805 | 805 | 0 | |
| Inshes Roundabout | 830 | 572 | 950 | 378 | 378 | 0 | |
| Development Infrastructure, Dingwall | 49 | 0 | 75 | 75 | 75 | 0 | |
| B851/B862 South Loch Ness Road Improvements | 166 | 206 | 206 | 0 | 0 | 0 | Minor scheme improvements progressing |
| Stromeferry Rockface | 1,263 | 1,288 | 1,288 | 0 | 0 | 0 | Works started 3rd September. Complete 23rd November |
| A890 Balnacra to Lair | 5 | 0 | 5 | 5 | 0 | 5 | No longer on the capital programme. No further work anticipated. |
| Knoydart Landslip - Inverie - Soldiers Rock | 110 | 62 | 115 | 53 | 0 | 53 | Works finished but still some costs incl retention to come through |
| Minor Road Improvements | | | | | | | |
| Crask Junction | 0 | 250 | 100 | (150) | (150) | 0 | Expected tree clearance Feb-19; Construction Mar-19 into 19/20 |
| Other Minor Schemes | 34 | 0 | 40 | 40 | 0 | 40 | |
| Major Bridge Works | | | | | | | |
| A862 Muir of Ord Railway Bridge | 53 | 0 | 55 | 55 | 0 | 55 | Works complete - in maintenance |
| B863 Invercoe Bridge, Lochaber | 12 | 150 | 25 | (125) | 0 | (125) | Design near complete, works expected to start in 2020 |
| B9090 White Bridge | 1,123 | 1,854 | 1,854 | 0 | 0 | 0 | |
| Newhall Bridge (January Storms 2015) | 176 | 255 | 255 | 0 | 0 | 0 | Works complete. Quick Bridge units to be purchased for emergency stock, replacing those incorporated permanently in Newhall Bridge. |
| Lifeline Bridges | | | | | | | |
| B8007 Glenmore Bridge - Lifeline Bridges | 21 | 0 | 21 | 21 | 0 | 21 | Land issues nearing resolution |
| ACTIVE TRAVEL | | | | | | | |
| Green & Active Travel Improvements | (10) | 0 | 0 | 0 | 0 | 0 | Fully funded by Sustrans. |
| Community Links PLUS | 163 | 107 | 220 | 113 | 113 | 0 | Various schemes progressing. Sustrans funded. |
| Cycling, Walking & Safer Streets | 29 | 0 | 0 | 0 | 0 | 0 | Grant funding of £0.320m from SG. Schemes progressing. |
| LEISURE FACILITIES | | | | | | | |
| Torvean Golf Course | 3,834 | 4,255 | 4,255 | 0 | 0 | 0 | |
| FLOOD PREVENTION | | | | | | | |
| Flood Prevention Schemes | | | | | | | |
| River Ness Flood Prevention - Tidal Section (Incl Streetscaping) | 175 | 338 | 545 | 207 | 207 | 0 | Awaiting final compensation recommendations from DV |
| Smithton / Culloden Flood Alleviation | 2,140 | 1,987 | 4,793 | 2,806 | 2,806 | 0 | |
| Major Flood Schemes | | | | | | | |
| River Enrick FPW / NFMS | 60 | 69 | 458 | 389 | 389 | 0 | WSP preparing publication documents |
| Caol FPW | 99 | 115 | 576 | 461 | 461 | 0 | |
| Mill Burn FPS | 41 | 180 | 94 | (86) | (86) | 0 | Study ongoing (modelling). Underspend predicted due to late start |
| Conon Bridge Flood Defence Improvements | 48 | 206 | 89 | (117) | (117) | 0 | Study ongoing. Expecting GI and design development later this year |
| River Gynack FPS / NFMS | 24 | 0 | 65 | 65 | 65 | 0 | Study not yet commissioned. Additional spend against Diversion Channel needed |
| River Peffery - FPS / NFMS | 135 | 185 | 244 | 59 | 59 | 0 | Study ongoing with Jacobs. Expected preferred solution by end of 2019. |
| Golspie - FPS / NFMS | 70 | 219 | 82 | (137) | (137) | 0 | Study ongoing with AECOM. Expected preferred solution by end of 2019. |
| Auldearn Burn - FPS / NFMS | 4 | 0 | 6 | 6 | 6 | 0 | Internal Modelling ongoing |
| Kirkhill Watercourse Diversion | 2 | 52 | 2 | (50) | (50) | 0 | Scheme complete. |
| River Thurso FPS | 49 | 214 | 84 | (130) | (130) | 0 | Study ongoing with AECOM. Some delay due to modelling issues. |
| Risk Management Plans | 67 | 155 | 155 | 0 | 0 | 0 | Study ongoing |
| Inverness SWMP/ICS | 5 | 26 | 26 | 0 | 0 | 0 | Study with Scottish Water consultants ongoing |
| Newtonmore SWMP | 2 | 26 | 2 | (24) | (24) | 0 | Study ongoing |
| Halkirk SWMP | 2 | 0 | 2 | 2 | 2 | 0 | Study ongoing |

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST DECEMBER 2018

SERVICE: DEVELOPMENT & INFRASTRUCTURE SERVICES

| Project Description | Actual Net | Revised Net | Year End | Year End | (Slippage)/ | Anticipated | COMMENTS |
|---|--------------|-------------|---------------|----------|--------------|--------------|---|
| | Year to Date | Net Budget | Estimated Net | Net | Acceleration | Year End | |
| | £000 | £000 | Outturn | Variance | Net | (Under)/Over | |
| | | | £000 | £000 | £000 | £000 | |
| WASTE MANAGEMENT | | | | | | | |
| Landfill Extensions | | | | | | | |
| Landfill Restorations | | | | | | | |
| Seater Landfill Restoration Programme | 929 | 1,097 | 1,097 | 0 | 0 | 0 | Capping works to continue 2019 |
| Waste Management Strategy | | | | | | | |
| Residual Waste Management Facility | 180 | 0 | 261 | 261 | 261 | 0 | |
| Plant, Infrastructure & Banks | 132 | 1,361 | 500 | (861) | (687) | (174) | Waste treatment works at Seater landfill site complete |
| | | | | | | | |
| FERRIES AND HARBOURS | | | | | | | |
| Uig Ferry Terminal and Link Span | 865 | 0 | 0 | 0 | 0 | 0 | |
| | | | | | | | |
| PARKS AND PLAY AREAS - DEVELOPMENT | | | | | | | |
| Inshes Park (Phases 1 to 3) | 230 | 0 | 0 | 0 | 0 | 0 | Fully funded by developer contributions and grants. Phase 2 works complete, Phase 3 design in preparation. |
| | | | | | | | |
| STRATEGIC ASSET MANAGEMENT | | | | | | | |
| Health & Safety | | | | | | | |
| Health & Safety | 567 | 0 | 600 | 600 | 600 | 0 | Spend to be met from other property budget lines below. |
| Engineering Compliance | 1,171 | 928 | 2,030 | 1,102 | 1,102 | 0 | Works ongoing and programme of works nearing 100% completion. Outturn figure includes a % of the Health & Safety works. |
| Property Structures and Fabric | 535 | 1,030 | 1,030 | 0 | 0 | 0 | Works ongoing but resource issues for providing Briefs and statutory consent timescales may result in programme slippage. |
| Property Security | 26 | 175 | 175 | 0 | 0 | 0 | Works ongoing. |
| Water Management | 119 | 206 | 231 | 25 | 25 | 0 | Works ongoing. |
| Fire Safety | 274 | 206 | 493 | 287 | 287 | 0 | Works ongoing and programme of works nearing 100% completion. Outturn figure includes a % of the Health & Safety works. |
| Asbestos Removal | 117 | 72 | 130 | 58 | 58 | 0 | Works ongoing. |
| Energy Management | 804 | 1,236 | 1,342 | 106 | 106 | 0 | Works ongoing. Culloden Academy rewire project (DIP16046) sits under Engineering Budget |
| Office Rationalisation | | | | | | | |
| Wick Office | 37 | 0 | 40 | 40 | 0 | 40 | Retentions |
| Dingwall Office Rationalisation | 132 | 543 | 693 | 150 | 150 | 0 | Ongoing |
| Upper Bridge Street, Inverness - Phase 1 | 0 | 0 | 387 | 387 | 387 | 0 | Works to commence end of January |
| Granttown Courthouse Project | 3 | 0 | 3 | 3 | 0 | 3 | Retentions |
| Kinmylies Relocation | 149 | 108 | 165 | 57 | 0 | 57 | Complete |
| Ullapool Service Point | 36 | 70 | 68 | (2) | 0 | (2) | Complete |
| Fort William Office Rationalisation | 1,580 | 737 | 737 | 0 | 0 | 0 | Further funding due. |
| Solar PVs | 45 | 250 | 250 | 0 | 0 | 0 | |
| Starter Business Units Inverness | 4 | 0 | 4 | 4 | 0 | 4 | |
| | | | | | | | |
| HOUSING (NON HRA) | | | | | | | |
| Private Sector Housing Grants | 1,335 | 0 | 0 | 0 | 0 | 0 | Fully funded by specific grant. |

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST DECEMBER 2018

SERVICE: DEVELOPMENT & INFRASTRUCTURE SERVICES

| Project Description | Actual Net | Revised Net | Year End | Year End | (Slippage)/ | Anticipated | COMMENTS |
|--|---------------|---------------|---------------|--------------|--------------|--------------|---|
| | Year to Date | Net Budget | Estimated Net | Net | Acceleration | Year End | |
| | £000 | £000 | Outturn | Variance | Net | (Under)/Over | |
| | | | £000 | £000 | £000 | £000 | |
| PLANNING & DEVELOPMENT | | | | | | | |
| Town & Countryside Regeneration | 0 | 175 | 175 | 0 | 0 | 0 | |
| Storr Visitor Management | 0 | 89 | 89 | 0 | 0 | 0 | Ongoing. Spend will occur later in the year. Part of larger project being developed. Further budget may be required. |
| Storr Car Park | 33 | 0 | 0 | 0 | 0 | 0 | External funding approved. There will be a THC figure to be allocated to this budget. Match funding. |
| Nairn High Street | 22 | 130 | 130 | 0 | 0 | 0 | Pedestrian crossing on High Street and pathway on King Street progressing. |
| Fairy Pools (Glen Brittle) | (250) | 100 | 100 | 0 | 0 | 0 | SG grant funding received. Also £100k donation from THC promised to OATS. |
| Inverness Townscape Heritage | 154 | 300 | 300 | 0 | 0 | 0 | Part of the overall Inverness heritage project. |
| Dell of Spey | 10 | 110 | 20 | (90) | (90) | 0 | Ongoing. Lighting design still to be procured. Works unlikely to proceed until after April 19. |
| Approaching Inverness | 0 | 1 | 4 | 3 | 0 | 3 | Replacement trees required due to adverse weather conditions. Ongoing maintenance due until March 2023. |
| Visitor Management | | | | | | | |
| Wester Ross Visitor Hubs | 6 | 139 | 40 | (99) | (99) | 0 | Original shelter designs omitted. Project now to upgrade existing shelter at Achnasheen and design & install information signs within standard housings. 3 of 4 sites to be installed by April. Currently identifying locations for potential additional information signs. Decision to be made as to whether remaining budget to be spent on additional sign locations or to be diverted to new related project within Wester Ross. £15K is committed to match fund community led Russian Arctic Convoy Project - local group still to submit HLF grant bid. |
| Pictish Trail | 1 | 27 | 3 | (24) | (24) | 0 | Funding application submitted to Heritage Lottery Fund (£10K) for reduced project in partnership with HLH. Funding received from Museums Galleries Scotland (£5K). Project expected to proceed mid February, with small spend predicted before year end. Budget committed. |
| Misc Assets, Bridges & Structures | | | | | | | |
| Assets, Bridges and Structures | 7 | 116 | 116 | 0 | 0 | 0 | Review underway of miscellaneous assets. |
| Glen Nevis Footbridge | 14 | 0 | 20 | 20 | 0 | 20 | Almost complete with all grant monies reclaimed. There are outstanding legal fees for a land purchase, and a field requires reinstatement. |
| Soldiers Bridge | (2) | 0 | 0 | 0 | 0 | 0 | Further grant claim will recover all costs. Physical project complete, funding and internal costs need finalising along with H&S file. |
| Green Networks, Core Paths & Long Distance Routes | | | | | | | |
| Green Infrastructure | 1 | 146 | 55 | (91) | (91) | 0 | Pathworks to Carnac Point and majority of signage complete this financial year. Merkinch Local Nature Reserve- board walk path has now received Sustrans Design Stage funding of up to £20K. Full scope of work awaiting outcome of Housing/ flood control dev. Slippage to be carried forward. |
| Long Distance Routes | 36 | 81 | 81 | 0 | 0 | 0 | Contractor has withdrawn from Phase 2, seeking new contractor & hope to keep within timescale and budget of £40K+ |
| Ardersier Path | 2 | 50 | 50 | 0 | 0 | 0 | Currently at tender. Works expected to be complete by end of March 19. Additional LEADER funding grant received. |
| Other Grant Funded Schemes | | | | | | | |
| Vacant & Derelict Land Fund and Regeneration Fund | (3,186) | 0 | 0 | 0 | 0 | 0 | Carried forward, schemes under development. |
| Carbon Clever | 28 | 431 | 131 | (300) | (300) | 0 | Fully committed. |
| City Deal Projects | 4,798 | 0 | 0 | 0 | 0 | 0 | Grant funding will cover all expenditure. |
| Smart City - Digital Projects | 32 | 0 | 0 | 0 | 0 | 0 | ERDF scheme ongoing. |
| | | | | | | | |
| OVERALL TOTAL | 23,275 | 23,480 | 29,837 | 6,357 | 6,357 | 0 | |

MONITORING OF CAPITAL EXPENDITURE - Projects Over £1m

SERVICE: DEVELOPMENT & INFRASTRUCTURE SERVICES

| Project Description | Approved Budget March 2018 | Current Approved Budget | Total Project Spend to Date | Forecast Total Project Spend | Forecast End of Project Variance | Project Completion Dates | |
|---------------------------------------|-------------------------------|-------------------------|-----------------------------|------------------------------|----------------------------------|--------------------------|------------------|
| | £000 | £000 | £000 | £000 | £000 | Planned at March 2018 | Current Estimate |
| ROADS AND BRIDGES | | | | | | | |
| Major Road Improvements | | | | | | | |
| The Inverness West Link | 15,914 | 15,914 | 1,518 | 15,914 | 0 | Mar 2021 | Mar 2021 |
| Inshes Roundabout | 7,260 | 7,260 | 830 | 7,260 | 0 | Mar 2021 | Mar 2021 |
| Stromeferry Rockface | 2,318 | 2,318 | 1,263 | 2,318 | 0 | Mar 2023 | Mar 2023 |
| Major Bridge Works | | | | | | | |
| B9090 White Bridge, Cawdor | 3,502 | 3,502 | 1,123 | 3,502 | 0 | Mar 2020 | Mar 2020 |
| ACTIVE TRAVEL | | | | | | | |
| Inverness City Active Travel Network | 6,595 | 6,595 | 163 | 6,595 | 0 | Mar 2021 | Mar 2021 |
| LEISURE FACILITIES | | | | | | | |
| Torvean Golf Course | 12,350 | 12,350 | 11,791 | 12,350 | 0 | Mar 2019 | Mar 2019 |
| FLOOD PREVENTION | | | | | | | |
| Flood Prevention Schemes | | | | | | | |
| Smithton / Culloden Flood Alleviation | 14,885 | 14,885 | 2,140 | 14,885 | 0 | Mar 2020 | Mar 2020 |
| Caol Flood Prevention | 8,858 | 8,858 | 99 | 8,858 | 0 | Mar 2021 | Mar 2021 |
| River Enrick Flood Prevention | 3,111 | 3,111 | 60 | 3,111 | 0 | Mar 2021 | Mar 2021 |
| FERRIES AND HARBOURS | | | | | | | |
| Uig Ferry Redevelopment | 30,294 | 30,294 | 2,064 | 30,294 | 0 | Aug 2020 | Aug 2022 |
| WASTE MANAGEMENT | | | | | | | |
| Residual Waste Management Facility | 6,595 | 6,595 | 180 | 6,595 | 0 | May 2021 | May 2021 |
| STRATEGIC ASSET MANAGEMENT | | | | | | | |
| Fort William Office Rationalisation | 10,111 | 10,111 | 10,346 | 10,464 | 353 | Jun 2018 | Jun 2018 |
| OVERALL TOTAL | 121,793 | 121,793 | 31,577 | 122,146 | 353 | | |

Projects Update

Alness Academy

Work is progressing well on site following the formal award of the contract in November 2018 and is on programme. Foundation works are well advanced and the steel frame is under construction. However, the expenditure profile for the construction payments is running behind the original profile provided by the contractor. This has resulted in an estimated under-spend of approximately £2m for the current financial year. It should be noted that this is wholly a cash-flow issue that does not affect the overall funding position across the 5-year capital programme and that the variance will be carried forward to the next financial year.

The Council is working with the Scottish Futures Trust (SFT) on a joint Construction Quality Initiative Programme to ensure that the specified building and engineering standards are achieved. This was one of the key lessons learned from completed projects across Scotland.

Inverness High School

The first phase of works of the refurbishment programme was completed in November with 14 classrooms handed over along with offices and a new biomass energy centre. This has been a challenging project due to some of the issues encountered with the existing structure, but a high quality of refurbishment work is being achieved. Works have continued into the next phase of the programme which will meet the key funding criteria set by the SFT to significantly improve the condition and suitability of the whole building by March 2020.

Merkinch Primary School

Advanced works are progressing on site in order to meet the key programme target dates set by the SFT. The final cost submission will be received from the contractor in February and requires to be approved by the end of that month. There has been regular liaison with the contractor as tender information for the individual work packages has become available.

Following an appraisal of the various structural options, it has been agreed to use a Cross-Laminated Timber panel construction, partially due to the challenging programme. These panels are fabricated off site and this approach provides various benefits, including reduced site construction time and achieving an earlier weathertight envelope.

Ness Castle Primary School

Following a review of the procurement options available, the Council has appointed Kier Construction as design and build contractor through the Scottish Procurement Alliance framework. Kier has worked successfully with the Council in the past, notably on the award winning Caol Campus, and is currently building the new Alness Academy. The early appointment of the contractor will ensure that there is full collaboration on key improvement measures (such as alternative construction methods, compliance with space and cost metrics, and early supply chain engagement) and that the budget and programme targets are achieved.

An interview process for potential lead architects subsequently took place involving both Kier and Council staff. Stallan-Brand was selected by the panel, having previously worked with a number of other local authorities on new schools, including Glasgow City, Scottish Borders and South Lanarkshire. They have worked successfully together with Kier in the past, particularly in South Lanarkshire. Both will be challenged to assist us in achieving our ambitions, meet our target improvement measures, and to deliver a quality school within the approved budget and programme.

Early Learning and Childcare Expansion Programme (1,140 Hours) / Deshar Primary School

The capital investment linked to the above programme is progressing, as previously reported to the Care, Learning and Housing Committee. Reports will be provided to Members at Ward level from February onwards.

The Council was approached in May 2018 following discussions between parents and community representatives regarding a potential joint initiative at Deshar Primary School in Boat of Garten to provide a new nursery building. Community representatives were prepared to initiate a programme of fundraising, subject to the Council agreeing in principle to support the initiative and to work with the community on this. The Director of Care and Learning confirmed in July that the Council would be keen to work with the community to look at a range of issues including forward planning and roll projections for local schools, to scope out accommodation options and space, and also to examine options for ownership, use and governance in relation to the accommodation.

Some minor improvements have recently been undertaken to increase the capacity of the existing nursery within the main school building from 10 to 16. The long term roll projections indicate that the optimum capacity would be 24, and there are significant issues with the suitability of the current accommodation and the quality of service that can be provided there. Although the capital grant allocation from the Scottish Government is primarily aimed at ensuring that the additional capacity required to support the expansion in service provision is in place by August 2020, there is some flexibility within the overall allocation to deliver improvements that would address the most significant condition and suitability matters in existing accommodation.

Officials have been working with the community group on the various issues identified above, and the fundraising programme is well advanced. Ward Members were briefed recently on the current position and have agreed on the proposed way forward, as follows:

- there will be engagement with both the Parent Council and Community Council to seek formal support for the proposed initiative;
- a drop-in event will be held in Boat of Garten to allow the wider community to view and comment on the proposals;
- officers will continue to work with the fundraising group on the remaining matters;

- some of the lessons identified from the recently completed community led new build project at Strontian Primary School will be implemented on this project; and
- an update on progress will be provided to a future meeting of the appropriate Committee to seek approval for the agreed way forward and the associated governance.

Inverness West Link and Associated Sports Facilities

West Link Stage 2 - (additional swing bridge, and associated road infrastructure including an additional roundabout on the A82 and the realignment of General Booth Road), tenders have been invited with a tender return in February - on programme.

Tree felling within the stage 2 construction area, including on the golf course, will commence in February – with the Golf Club vacating holes 1 to 4 on 18 February, to allow the felling to be completed prior to the start of the nesting season.

Works on Stage 2 are programmed to start in May/June such that sufficient work can progress to allow swing bridge construction during the canal closure period over the winter of 2019/20.

Torvean Golf Course - The clubhouse and maintenance buildings are on programme for occupation in spring. Transitioning arrangements for the course and clubhouse have been agreed with the golf club, where they take responsibility for the new course from 1 March 2019, noting that it is their intention to play the new course in full from 8 July.

Inshes Roundabout

Transport Scotland has now completed its traffic model for the East Link – with this having been extended to include the scope of the Inshes Junction improvements, the outputs from this model have been shared with the Council.

The traffic model demonstrates that the draft layout operates effectively at the design date of 2038. Work will now commence on optimising the layout to provide maximum traffic capacity given constraints of topography and funding.

Design and consultation work is ongoing for early delivery of a new access to the Police Scotland Station that will give flexibility for construction of the main Inshes Junction when the optimum layout has been established.

The access to Beechwood House is being revisited.

Development Infrastructure Dingwall

Traffic modelling work has demonstrated that with some improvement measures, the current residential development moratorium in Dingwall may be lifted to allow some development to be considered. Traffic modelling is being refined to establish areas of potential development and development numbers. A paper will be taken to the Ross and Cromarty Area Committee on 30 January, noting that if this report is

approved it will become a material consideration for relevant planning applications and pre-application advice.

Smithton/Culloden Flood Protection Scheme

Following the award of the last phase of the Smithton and Culloden Flood Protection Scheme to Morrison Construction, works commenced on site on 2 July and are progressing very well. The contract period extends to March 2020 but Morrison's are hopeful that the works will be completed in 2019.

Although the works are constructed within residential areas, few issues have arisen during construction to date.

Caol Flood Protection Scheme

Following the publication of the Flood Protection Scheme (to obtain the necessary construction consents), one objection was received.

Members at the August EDI approved the preliminary decision to confirm the proposed scheme together with the draft planning conditions.

Following this decision, the objector was notified and the matter referred to Scottish Ministers. Scottish Ministers have decided not to 'call in' the decision, and as such it is necessary for the Council to hold a hearing. A reporter has been appointed and the hearing is scheduled for 28 February.

Following the hearing the reporter will provide his report with his recommendations.

No programme for the delivery of the construction phase can be finalised until the outcome of the Hearing is known.

Inverness City Active Travel Network (ICATN)

Arrangements for the ICATN Programme Manager role are now in place for a secondment of an officer from HITRANS. This arrangement will be for the duration of the Project (3 years). Ongoing dialogue with Transport Scotland and Sustrans about interventions at Raigmore Interchange. Planning application submitted for the proposed new Raigmore Ramp that will enable a new connection to the Inverness Campus site. Consultants have carried out engagement for the Riverside Way and a report will be taken to the City of Inverness Committee. Upgrade to the national cycle network route at Smithton well progressed, with a replacement bridge procured, and the construction programme being finalised. A Household Travel Survey undertaken by Sustrans and a report will be taken to a future City Committee.

B9090 White Bridge, Cawdor.

The contract has been awarded to R J Macleod's and they started on site on 3 September. Scottish Water mains diversion works have been very protracted and this has delayed the construction – discussions are ongoing to recover the associated delay costs.

The weathering steel bridge beams were lifted into place on 21 January.

Works are programmed to be complete in June.

Uig Ferry Terminal Upgrade

A steering group has been established which involves the Highland Council, Comhairle nan Eilean Siar, CALMAC, Caledonian Marine Assets Ltd (CMAL) and Transport Scotland to coordinate both the vessel design and delivery and also consider what works are deemed desirable at the three ferry terminals.

The Scottish Government will determine the funding in the annual budget for 2019/20, it is anticipated that funding to allow works to commence in 2019 at Uig will be announced.

The publication of the Harbour Revision Order and also the Marine Licence application will be submitted early in the New Year, this follows lengthy public consultations and also discussions with the consenting bodies regarding the details of the applications. Following publication an objection period will then follow.

Adverts seeking interested contractors (coordinating with the proposed works at Lochmaddy and Tarbert) will also be sought early in the New Year to ensure that the tenders are targeted towards experienced and competent contractors.

Works are anticipated to commence in September 2019.

Part of the proposals for Uig include the replacement of the linkspan, this coupled with the revised roundhead construction will require a closure/outage of Uig ferry terminal. Consideration of both the duration of the outage and also the timing is being reviewed in the light of the proposed works, construction weather risk and exposure, traffic numbers plus alternative arrangements strategy. It is anticipated that the steering group will review and make a recommendation for consideration by this committee – such that a clear communication plan can be put into operation, the earliest outage opportunity will be in 2020.

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST DECEMBER 2018

SERVICE: HOUSING REVENUE ACCOUNT

| Project Description | Actual Net | Revised Net | Year End | Year End | (Slippage)/ | Anticipated | COMMENTS |
|--|---------------|---------------|---------------|----------------|----------------|--------------|---|
| | Year to Date | Net Budget | Estimated Net | Net | Acceleration | Year End | |
| | £000 | £000 | Outturn | Variance | Net | (Under)/Over | |
| | | | £000 | £000 | £000 | £000 | |
| Capital Programme 2018/19 | | | | | | | |
| Equipment and Adaptations | 561 | 1,016 | 1,124 | 108 | 108 | 0 | Works ongoing in all Areas. |
| Major Component Replacement | 1,146 | 2,418 | 1,992 | (426) | (426) | 0 | Works ongoing in all Areas, slippage carried forward. |
| Heating/Energy Efficiency | 2,632 | 4,962 | 3,759 | (1,203) | (1,106) | (97) | Works ongoing in all Areas, slippage carried forward. |
| External Fabric (Major Component Replacement) | 1,158 | 4,831 | 3,069 | (1,762) | (1,807) | 45 | Works ongoing in all Areas, slippage carried forward. |
| External Fabric (Environmental Improvements) | 231 | 991 | 803 | (188) | (188) | 0 | Works ongoing in all Areas, slippage carried forward. |
| Total 2018/19 Programme | 5,728 | 14,218 | 10,747 | (3,471) | (3,419) | (52) | |
| Capital Programme 2017/18 Carried Forward | | | | | | | |
| Major Component Replacement | 6 | 100 | 20 | (80) | 0 | (80) | Works to complete this financial year, slight underspend. |
| Heating/Energy Efficiency | 959 | 1,579 | 1,280 | (299) | (349) | 50 | Works to complete this financial year, underspend due to lower prices. |
| External Fabric (Major Component Replacement) | 2,254 | 2,828 | 2,486 | (342) | (103) | (239) | Works to complete this financial year. Underspend due to tenders returned less than budget. |
| External Fabric (Environmental Improvements) | 8 | 59 | 10 | (49) | (56) | 7 | Works to complete this financial year. |
| Healthy, Safe and Secure | 266 | 451 | 384 | (67) | (67) | 0 | Works to complete this financial year. |
| Retentions | 633 | 1,519 | 1,824 | 305 | (16) | 321 | Works to complete this financial year. Overspend due to finalisation on a heating contract. |
| Total 2017/18 Programme | 4,126 | 6,536 | 6,004 | (532) | (591) | 59 | |
| Total Mainstream Programme | 9,854 | 20,754 | 16,751 | (4,003) | (4,010) | 7 | |
| Council House Building Capital Programme | | | | | | | |
| New Council House Buildings | 17,086 | 29,372 | 25,101 | (4,271) | (4,403) | 132 | Works ongoing in all Areas, slippage carried forward. |
| Individual House Purchases | 894 | 1,310 | 1,470 | 160 | 160 | 0 | |
| One-Bed Accommodation | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Council Building Programme | 17,980 | 30,682 | 26,571 | (4,111) | (4,243) | 132 | |
| OVERALL TOTAL | 27,834 | 51,436 | 43,322 | (8,114) | (8,253) | 139 | |

| Funding | Actual Net | Revised Net | Year End | Year End |
|------------------------------|---------------|---------------|---------------|----------------|
| | Year to Date | Net Budget | Estimated Net | Net |
| | £000 | £000 | Outturn | Variance |
| | | | £000 | £000 |
| Investment Programme | | | | |
| Useable Capital Receipts | 422 | 0 | 700 | 700 |
| RHI Income | 237 | 0 | 289 | 289 |
| Sale of LIFT Properties | 243 | 1,742 | 1,754 | 12 |
| Government Grant | 4,004 | 13,194 | 10,440 | (2,754) |
| Landbank | 0 | 1,162 | 990 | (172) |
| Borrowing | 22,928 | 30,690 | 24,481 | (6,209) |
| Capital from Current Revenue | 0 | 4,648 | 4,668 | 20 |
| GROSS FUNDING | 27,834 | 51,436 | 43,322 | (8,114) |