

Agenda Item	6
Report No	EDI 22/19

HIGHLAND COUNCIL

Committee: Environment, Development and Infrastructure

Date: 16 May 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 near final monitoring position for the year ended 31 March 2019 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 the Autumn/Winter 12 week outage at Uig, allowing CALMAC to finalise the alternative carrying arrangements and to ensure that such ferry provisions are well communicated to the communities and travelling public.

2. Recommendations

- 2.1 Members are invited to approve:
 - (i) the capital expenditure near final monitoring position for the year ended 31 March 2019; and
 - (ii) the Autumn/Winter 12 week outage at Uig.

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.

4. Capital Programme 2018/19

- 4.1 The summary of capital expenditure against current programme and the near final 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 The near final outturn for net expenditure is £34.662m, representing 79.5% of the 2018/19 programmed figure, leading to a net variance of £8.931m. The net variance is represented by slippage of £11.475m and accelerated expenditure of £2.544m. 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 £1.4m on Alness Academy and £2.8m 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 £19.910m after adjusting for the 2017/18 carried forward position of £1.591m, and an additional budget of £0.136m to cover expenditure incurred to date on the war memorials situated throughout the Highland area. 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 The near final outturn for net expenditure is £18.338m, representing 92.1% of the 2018/19 programmed figure, leading to a net variance of £1.572m. The net variance is represented by slippage of £2.023m and accelerated spend on vehicle and plant purchases of £0.541m. The slippage and acceleration on projects will be carried forward to the 2019/20 capital programme.

6.3 Progress on capital projects is as reported in the notes column on **Appendix 3**.

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. The budget has been increased to match expenditure totalling £5.980m on self-funding projects, Local Full Fibre Network (£1.787m) and the purchase of Bridge Street premises in Inverness (£4.193m).

7.2 The near final outturn for net expenditure is £33.749m representing 114.6% of the 2018/19 programmed figure, leading to a net variance of £4.289m. The net variance is represented by slippage £4.474m and accelerated expenditure of £8.763m. The acceleration and slippage will be carried forward to the 2019/20 capital programme.

7.3 £1.511m 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 £3.516m for emergency property works and property rationalisation in Dingwall and Inverness; £0.723m developing the new Torvean Golf Course; £1.178m design works of Uig Ferry Terminal; £0.322m on preparatory designs of the Residual Waste Management Facility; and £1.420m on major road and bridge 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 £0.364m (3.6%).

7.6 An update on major projects is included at **Appendix 6**.

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 March 2019 of £41.952m of which £16.534m relates to mainstream HRA Capital programme expenditure and £25.418m relates to Council house building.

8.5 The near final outturn for net expenditure is £41.952m leading to a net variance of £9.484m. The net variance comprises net slippage of £5.780m and a net overspend

of £1.560m on the mainstream element of the programme and net slippage of £5.207m and an underspend of £0.057m 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 & Infrastructure

Date: 13 May 2019

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Background Papers: Monitoring statements 31/3/19 and the Highland Council
Financial Ledger

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST MARCH 2019

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	101	361	101	(260)	(260)	0	Various projects.
Legacy Projects	126	305	126	(179)	(179)	0	Various retentions/commitments.
Sub-Totals	227	666	227	(439)	(439)	0	
Secondary School Programme							
Alness Academy	7,639	9,000	7,639	(1,361)	(1,361)	0	Works progressing on site.
Inverness High School	4,797	4,500	4,797	297	297	0	Work progressing on site; initial phase handed over.
Inverness Royal Academy	643	1,056	643	(413)	(413)	0	External works being completed.
Wick Community Campus	2,021	1,258	2,021	763	0	763	External works being completed.
Legacy Projects	84	250	84	(166)	0	(166)	Various retentions/commitments.
Sub-Totals	15,184	16,064	15,184	(880)	(1,477)	597	
Primary School Programme							
Merkinch Primary	4,358	4,500	4,358	(142)	(142)	0	Advanced works progressing on site.
Milton of Leys Primary	(31)	350	(31)	(381)	(381)	0	Design work commenced.
Ness Castle Primary	319	103	319	216	216	0	Design work commenced.
Smithton Primary	3,096	1,778	3,096	1,318	1,318	0	Phase 2 on site.
Strontian Primary	73	0	73	73	0	73	New building handed over.
Legacy Projects	1,852	2,843	1,852	(991)	(321)	(670)	Various retentions/commitments.
Sub-Totals	9,667	9,574	9,667	93	690	(597)	

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST MARCH 2019

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)	338	1,000	338	(662)	(662)	0	Various projects.
Children's Services/Out of Authority	874	650	874	224	224	0	Various projects.
Legacy Projects	56	100	56	(44)	(44)	0	Various retentions/commitments.
Sub-Totals	1,268	1,750	1,268	(482)	(482)	0	
School Estate Management							
Early Learning and Childcare	0	4,500	0	(4,500)	(4,500)	0	Various projects - £10.4m of SG received, £9.579m carried forward
Free School Meals	679	1,000	679	(321)	(321)	0	Various projects completed; works progressing at Dalneigh..
Modular Units	1,519	1,030	1,519	489	489	0	Various projects.
School Estate Improvement Programme	6,022	8,804	6,022	(2,782)	(2,782)	0	Various projects.
SSER	96	205	96	(109)	(109)	0	Developing proposals for future bid to Scottish Government.
Sub-Totals	8,316	15,539	8,316	(7,223)	(7,223)	0	
Overall Totals	34,662	43,593	34,662	(8,931)	(8,931)	0	

MONITORING OF CAPITAL EXPENDITURE - PROJECTS OVER £1M AS AT 31ST MARCH 2019

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	8,069	14,000	0	Mar-20	Mar-20
Alness Academy - New School	35,000	37,373	9,101	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	4,978	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	319	12,353	0	Aug-21	Aug-21
Smithton Primary - Extension/Refurbishment*	4,250	4,250	295	4,250	0	Oct-19	Oct-19
Overall Totals	85,603	87,976	22,762	87,976	0		

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

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST MARCH 2019

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	6,926	5,930	6,926	996	996	0	
Road Surface Dressing Capital	1,712	2,740	1,712	(1,028)	(1,028)	0	
Bridges, Retaining Walls & Culverts	87	680	87	(593)	(593)	0	
Area Minor Capital Works							
Timber Extraction	768	650	768	118	118	0	
ACTIVE TRAVEL							
Car Parking - Portree	26	0	26	26	0	26	Improvement works required.
Car Parking - Fort Augustus	73	0	73	73	0	73	Improvement works required.
Car Parking - Fort William	26	0	26	26	0	26	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	5	0	5	5	0	5	
20mph Zones	41	68	41	(27)	(22)	(5)	Budget transferred from D&I as road safety function now with CS.
Bus Shelters	15	0	15	15	0	15	
Traffic Management Improvements	1	250	1	(249)	(250)	1	Budget allocation is match funding for ERDF transport project as part of Scotland's 8th City - The Smart City. Project to be completed by November 2019.
LIGHTING							
Structural Lighting Works	3,167	3,605	3,167	(438)	(438)	0	Works ongoing in all Areas. Funding allocated to replacement of old columns & defected cabling. LED replacements ongoing in all areas.
FERRIES AND HARBOURS							
Harbours General Structural Works	250	563	250	(313)	(210)	(103)	Slippage carried forward to 2019/20.
Emergency Works - Nairn Harbour	23	0	23	23	0	23	Works complete.
Lochinver Ice Plant	(47)	0	(47)	(47)	0	(47)	Works complete.
Chilling of Fish Market - Kinlochbervie	127	0	127	127	0	127	Works complete.
COMMUNITY WORKS							
Burials and Cremations							
Burial Ground Extension - General	0	370	0	(370)	(308)	(62)	
Burial Ground Extension - Portree	9	10	9	(1)	(1)	0	Phase 1 works complete.
Burial Ground Extension - Nairn	1	50	1	(49)	(49)	0	Works complete.
Burial Ground Fodderty	14	20	14	(6)	(6)	0	Works complete.
Burial Ground Dores	6	40	6	(34)	(34)	0	Design work ongoing.
Burial Ground Kilvean	6	50	6	(44)	(44)	0	Design work ongoing.
Burial Ground Alness	5	0	5	5	0	5	
Burial Ground Dornoch	2	0	2	2	0	2	
Inverness Crematorium - Replacement Cremators	55	0	55	55	0	55	Final costs for works at the Crematorium.
War Memorials	136	136	136	0	0	0	Programme of works complete 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. Match funding received through Community donations.
Depots							
Depots - Health & Safety	149	303	149	(154)	(154)	0	Budget to be used when required to comply with health & safety issues.
VEHICLES & PLANT							
Vehicle & Plant Purchases	4,394	4,327	4,394	67	451	(384)	As in previous years, this budget has been utilised to cover other CS overspends.
HOUSING (NON HRA)							
Travelling People Sites	255	118	255	137	0	137	Additional improvement works at Newtonmore and Longman sites.
OVERALL TOTAL	18,338	19,910	18,338	(1,572)	(1,572)	0	

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST MARCH 2019

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	£000	£000	Net	(Under)/Over	
					£000	£000	
ROADS AND BRIDGES							
Major Road Improvements							
The Inverness West Link	1,229	795	1,229	434	434	0	
Inshes Roundabout	534	572	534	(38)	(38)	0	
Development Infrastructure, Dingwall	56	0	56	56	56	0	
B851/B862 South Loch Ness Road Improvements	234	206	234	28	28	0	
Stromeferry Rockface	1,434	1,288	1,434	146	146	0	Minor scheme improvements progressing
A890 Balnacra to Lair	5	0	5	5	0	5	Works started 3rd September. Complete 23rd November
Knoydart Landslip - Inverie - Soldiers Rock	110	62	110	48	0	48	No longer on the capital programme. No further work anticipated.
Kinloch Hourn Landslip	148	0	148	148	148	0	Works complete
Minor Road Improvements							
Crask Junction	48	250	48	(202)	(202)	0	Expected tree clearance Feb-19; Construction Mar-19 into 19/20
Other Minor Schemes	23	0	23	23	0	23	
Major Bridge Works							
A862 Muir of Ord Railway Bridge	73	0	73	73	0	73	Works complete - in maintenance
B863 Invercoe Bridge, Lochaber	12	150	12	(138)	0	(138)	Design near complete
B9090 White Bridge	2,331	1,854	2,331	477	477	0	
Newhall Bridge (January Storms 2015)	177	255	177	(78)	0	(78)	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	53	0	53	53	0	53	Land issues nearing resolution
ACTIVE TRAVEL							
Green & Active Travel Improvements	(5)	0	(6)	(6)	0	(6)	Fully funded by SUSTRANS.
Community Links PLUS	116	107	116	9	9	0	Various schemes progressing. SUSTRANS funded.
Cycling, Walking & Safer Streets	122	0	122	122	122	0	Grant funding due from SUSTRANS.
LEISURE FACILITIES							
Torvean Golf Course	4,978	4,255	4,978	723	723	0	
FLOOD PREVENTION							
Flood Prevention Schemes							
River Ness Flood Prevention - Tidal Section (Incl Streetscaping)	206	338	206	(132)	(132)	0	Awaiting final compensation recommendations from DV.
Smithton / Culloden Flood Alleviation	3,362	1,987	3,362	1,375	1,375	0	
Major Flood Schemes							
River Enrick FPW / NFMS	131	69	131	62	62	0	WSP preparing publication documents.
Caol FPW	189	115	189	74	74	0	
Mill Burn FPS	69	180	69	(111)	(111)	0	Study ongoing (modelling). Underspend predicted due to late start.
Conon Bridge Flood Defence Improvements	53	206	53	(153)	(153)	0	Study ongoing. Expecting GI and design development later this year.
River Gynack FPS / NFMS	27	0	27	27	0	27	
River Peffery - FPS / NFMS	165	185	165	(20)	(20)	0	Study ongoing with Jacobs. Expected preferred solution by end of 2019.
Golspie - FPS / NFMS	107	219	107	(112)	(100)	(12)	Study ongoing with AECOM. Expected preferred solution by end of 2019.
Auldearn Burn - FPS / NFMS	4	0	4	4	0	4	Internal Modelling ongoing.
Kirkhill Watercourse Diversion	3	52	3	(49)	0	(49)	Scheme complete.
River Thurso FPS	69	214	69	(145)	(120)	(25)	Study ongoing with AECOM. Some delay due to modelling issues.
Risk Management Plans	182	155	182	27	0	27	Study ongoing.
Inverness SWMP/ICS	20	26	20	(6)	(6)	0	Study with Scottish Water consultants ongoing.
Newtonmore SWMP	3	26	3	(23)	(23)	0	Study ongoing.
Halkirk SWMP	2	0	2	2	0	2	Study ongoing.

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST MARCH 2019

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	959	1,097	959	(138)	(138)	0	Capping works to continuing
Waste Management Strategy							
Residual Waste Management Facility	322	0	322	322	322	0	
Plant, Infrastructure & Banks	222	1,361	222	(1,139)	(968)	(171)	Waste treatment works at Seater landfill site complete
FERRIES AND HARBOURS							
Uig Ferry Terminal and Link Span	1,178	0	1,178	1,178	1,178	0	
Sconser Ferry Terminal	19	0	19	19	0	19	
PARKS AND PLAY AREAS - DEVELOPMENT							
Inshes Park (Phases 1 to 3)	0	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	860	0	860	860	860	0	Spend to be met from other property budget lines below.
Engineering Compliance	1,618	670	1,618	948	948	0	Works ongoing and programme of works nearing 100% completion. Outturn figure includes a % of the Health & Safety works.
Catering & FM Compliance	0	258	0	(258)	(258)	0	
Property Structures and Fabric	713	1,030	713	(317)	(317)	0	Works ongoing but resource issues for providing Briefs and statutory consent timescales have resulted in programme slippage.
Property Security	167	175	167	(8)	(8)	0	Works ongoing.
Water Management	277	206	277	71	71	0	Works ongoing.
Fire Safety	473	206	473	267	267	0	Works ongoing and programme of works nearing 100% completion. Outturn figure includes a % of the Health & Safety works.
Asbestos Removal	144	72	144	72	72	0	Works ongoing.
Energy Management	1,207	1,236	1,207	(29)	(29)	0	Works ongoing. Culloden Academy rewire project (DIP16046) sits under Engineering Budget
Office Rationalisation							
Wick Office	42	0	42	42	0	42	Retentions.
Dingwall Office Rationalisation	374	543	374	(169)	(169)	0	Ongoing.
Upper Bridge Street, Inverness - Phase 1	317	0	317	317	317	0	Works ongoing.
Grantown Courthouse Project	5	0	5	5	0	5	Retentions.
Kinmylies Relocation	149	108	149	41	0	41	Complete.
Ullapool Service Point	93	70	93	23	0	23	Complete.
Fort William Office Rationalisation	1,709	737	1,709	972	972	0	Further funding due.
Inverness Office Rationalisation	9	0	9	9	9	0	
Solar PVs	10	250	10	(240)	(240)	0	Schemes progressing.
Starter Business Units Inverness	5	0	5	5	0	5	
HOUSING (NON HRA)							
Private Sector Housing Grants	1,823	0	0	0	0	0	Fully funded by specific grant.

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST MARCH 2019

SERVICE: DEVELOPMENT & INFRASTRUCTURE SERVICES

Project Description	Actual Net Year to Date	Revised Net Budget	Year End Estimated Net Outturn	Year End Net Variance	(Slippage)/ Acceleration Net	Anticipated Year End (Under)/Over	COMMENTS
	£000	£000	£000	£000	£000	£000	
PLANNING & DEVELOPMENT							
Town & Countryside Regeneration	0	175	0	(175)	(175)	0	
Storr Visitor Management	0	89	0	(89)	(89)	0	Ongoing. Spend will occur later in the year. Part of larger project being developed. Further budget may be required.
Storr Car Park	82	0	82	82	82	0	External funding approved. There will be a THC figure to be allocated to this budget. Match funding.
Nairn High Street	35	130	35	(95)	(95)	0	Pedestrian crossing on High Street and pathway on King Street progressing.
Fairy Pools (Glen Brittle)	0	100	0	(100)	(100)	0	SG grant funding received. Also £100k donation from THC promised to OATS.
Inverness Townscape Heritage	262	300	262	(38)	(38)	0	Part of the overall Inverness heritage project.
Dell of Spey	10	110	10	(100)	(100)	0	Ongoing. Lighting design still to be procured. Works to proceed in 2019/20.
Approaching Inverness	3	1	3	2	0	2	
Visitor Management							
Wester Ross Visitor Hubs	15	139	15	(124)	(124)	0	Original shelter designs committed. 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	1	(26)	(26)	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	11	116	11	(105)	(105)	0	Review underway of miscellaneous assets.
Glen Nevis Footbridge	14	0	14	14	0	14	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	(2)	(2)	0	(2)	
Green Networks, Core Paths & Long Distance Routes							
Green Infrastructure	51	146	51	(95)	(95)	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	36	(45)	(45)	0	Contractor has withdrawn from Phase 2, seeking new contractor & hope to keep within timescale and budget of £40K+.
Ardersier Path	3	50	3	(47)	(47)	0	Currently at tender. Works expected to be undertaken 2019/20. Additional LEADER funding grant received.
Other Grant Funded Schemes							
Vacant & Derelict Land Fund and Regeneration Fund	0	0	0	0	0	0	Carried forward, schemes under development.
Carbon Clever	28	431	28	(403)	(403)	0	Fully committed. £300k for Inverness rail station project.
City Deal Projects	70	0	68	68	0	68	Wifi project now complete. Castle Tower project final expenditure.
Smart City - Digital Projects	12	0	11	11	11	0	ERDF scheme ongoing.
SELF FUNDING PROJECTS							
Local Full Fibre Network	1,787	1,787	1,787				
Bridge Street Acquisition, Inverness	4,193	4,193	4,193	0	0	0	Purchase price to be funded through shop/office rentals stream and City Region Deal grant of £1.5m.
OVERALL TOTAL	35,576	29,460	33,749	4,289	4,289	0	

MONITORING OF CAPITAL EXPENDITURE - Projects Over £1m

SERVICE: DEVELOPMENT & INFRASTRUCTURE SERVICES

Project Description	Approved Budget March 2018 £000	Current Approved Budget £000	Total Project Spend to Date £000	Forecast Total Project Spend £000	Forecast End of Project Variance £000	Project Completion Dates	
						Planned at March 2018	Current Estimate
ROADS AND BRIDGES							
Major Road Improvements							
The Inverness West Link	15,914	15,914	1,229	15,914	0	Mar 2021	Mar 2021
Inshes Roundabout	7,260	7,260	534	7,260	0	Mar 2021	Mar 2021
Stromeferry Rockface	2,318	2,318	1,434	2,318	0	Mar 2023	Mar 2023
Major Bridge Works							
B9090 White Bridge, Cawdor	3,502	3,502	2,331	3,502	0	Mar 2020	Mar 2020
ACTIVE TRAVEL							
Inverness City Active Travel Network	6,595	6,595	116	6,595	0	Mar 2021	Mar 2021
LEISURE FACILITIES							
Torvean Golf Course	12,350	12,350	12,935	12,350	0	Mar 2019	Jul 2019
FLOOD PREVENTION							
Flood Prevention Schemes							
Smithton / Culloden Flood Alleviation	14,885	14,885	3,362	14,885	0	Mar 2020	Mar 2020
Caol Flood Prevention	8,858	8,858	189	8,858	0	Mar 2021	Mar 2021
River Enrick Flood Prevention	3,111	3,111	131	3,111	0	Mar 2021	Mar 2021
FERRIES AND HARBOURS							
Uig Ferry Redevelopment	30,294	30,294	2,377	30,294	0	Aug 2020	Aug 2022
WASTE MANAGEMENT							
Residual Waste Management Facility	6,595	6,595	322	6,595	0	May 2021	May 2021
STRATEGIC ASSET MANAGEMENT							
Fort William Office Rationalisation	10,111	10,111	10,475	10,475	364	Jun 2018	Jun 2018
OVERALL TOTAL	121,793	121,793	35,435	122,157	364		

Projects Update

Alness Academy

Work is progressing well on site and remains on programme. The foundations and steel structure have been completed and the installation of the roof and external wall components is underway. With regard to the expenditure profile for the construction payments, the position has improved from that reported in January. The final under-spend for 2018/19 was £1.36m compared to an estimate of £2m in January. 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

Following the handover of the first phase of refurbished areas in November, the next phase has now been occupied. This includes new classrooms for English, Modern Languages, Maths and some space for Art and PSE.

Despite some of the issues with the existing structure that have been encountered, a high quality of refurbishment work is being achieved. We were able to report in the 2019 School Core Facts return to the Scottish Government that the overall condition rating for the campus has already improved from “C” to “B”. This means that the key funding condition set by the Scottish Government to significantly improve the condition and suitability of the whole building by March 2020 has been partially met ahead of schedule. Work is continuing on the remaining phases of work to further improve the condition and to improve the suitability rating of the school (in particular with regard to accessibility) by the end of the project.

Merkinch Primary School

The project at Merkinch has proved to be challenging for a variety of reasons:

- Constructing the new building on the existing site adjacent to a live school.
- A relatively complex phasing and decanting programme.
- Adverse ground conditions.
- Planning requirements due to the status of the adjacent listed building.

A contract was let for enabling works and subsequent advanced work packages to allow an early start on site. The final Construction Delivery Agreement (CDA) for the project was signed off in April, and the total project cost has been contained within the approved funding. The early engagement of the contractor allowed the project

team to work closely with the contractor to look at alternative construction methods to help reduce the build time on site (in particular the use of a Cross-Laminated Timber frame). There has also been an extensive period of value engineering to ensure that the total cost of the various work packages is kept within budget.

Unfortunately, there has been a delay to the programme for the reasons outline below:

- The Scottish Water drainage invert levels on Telford Road were higher than shown on their records and the on-site manhole invert levels were higher than the site investigation records. As a result, the designed drainage installation could not get a gravity outfall to the sewer and a redesign was required.
- Time taken to conclude the most cost and programme effective solution between parties, including getting approval from Scottish Water on the preferred option.
- The drainage works were on the critical path of the construction programme and this impacted on the commencement of the substructure works for the new building.

Occupation of the new building was originally programmed to take place over the Easter holiday period in 2020. The revised programme is based on occupation of the building taking place during w/c 1st June (the Monday is an in-service day but a further 1 or 2 day school closure may also be required).

The timber frame is currently being erected on site which, along with the conclusion of the CDA, means that two significant project milestones have been achieved.

Ness Castle Primary School

Concept design options are currently being assessed and it is proposed that the Stakeholder Group will be established in June. As this is classed as a major planning development, a drop-in event will also be held in June to allow members of the public to view and make comment on the proposals.

Wick Community Campus

The Council approved a recommendation at a meeting on 29th August 2018 to resolve a dispute with Hub North Scotland (Wick) Limited (DBFM Co) resulting in a payment of £1.610m. Consequently there is now an overspend of £0.763m on the project with the likelihood of further expenditure required to complete the works. This is expected to be of the order of £0.5m.

Scholl Estate Investment Programme

A report seeking approval to allocate the generic capital budgets for schools over the next three financial years will be presented to the Care, Learning and Housing Committee meeting on 29th May. The establishment of a multi-year investment programme will enable the early allocation of internal resources, a potential reduction

in lead-in times on future projects, improved efficiency in the procurement of contractors and bundling of projects, and more time to consider the most appropriate and cost-effective construction methods and approaches. It will also provide clarity to stakeholders and communities in terms of likely timescales and outcomes, and help to manage expectations.

The proposed programme will be linked to the Early Learning and Childcare (ELC) capital programme that will take place over the same period, to allow the benefits of combined investment to be maximised and achieve economies of scale where possible. A number of proposals are inextricably linked to the ELC programme and approval is essential to ensure the Council can meet the Scottish Government deadline for the increased ELC provision to be in place by August 2020.

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), the contract has been awarded to RJ Macleods, and meetings are to be held to establish the start date and exact programme. It is anticipated that works will commence late May/June and be complete by December 2020 – in accordance with the original programme and on budget.

All tree felling associated with Stage 2 is now complete, with no problems encountered.

The construction of the Control Tower building (to operate the two swing bridges and variable message signs indicating traffic routing) is being undertaken by Compass and works have commenced. The building will be completed in the coming months—and the main road construction contractor will then install all the necessary control gear.

In anticipation of the construction works commencing, a community liaison meeting was convened and will run through the remaining construction phases, these were very successful in both informing the community and being a forum for any issues that arose during the construction phase.

Torvean Golf Course - The Golf Club vacated holes 1 to 4 to allow the tree felling operations to be carried out – agreement with the Club has been reached for a staged migration to the new course – with the full course being played from July. The clubhouse and maintenance buildings are complete and have been handed over to the Golf Club who are moving out of the old club house to facilitate its demolition. This has occurred ahead of programme – and will allow the earlier demolition of the clubhouse which may give the roadworks contractor more flexibility during the construction of Stage 2.

Inshes Roundabout

Transport Scotland have now completed their 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 Council has instructed the consultant to undertake further modelling work at Inshes Junction to further optimise the layout and consider differing access arrangements. The traffic impacts of the do nothing scenario has also been instructed, so that the benefits of the scheme can be better understood and communicated.

Design work will now commence on optimising the layout to provide maximum traffic capacity having regard for the constraints of topography and funding, this will facilitate the development of the necessary construction consents and land agreements.

Meetings have been held with retail interests regarding changes to access to the existing retail park and also the Dell of Inshes development that has planning permission and these discussions have been productive.

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. A paper was taken to the Ross and Cromarty Area Committee on the 30 January, this report was approved and thus the modelling will become a material consideration for relevant planning applications and pre-application advice. Various traffic interventions were considered and a phased implementation agreed at this committee. Works on junction improvements and signalling will commence later this year.

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 the 2 July 2018 and are progressing very well. The contract period extends to March 2020 but Morrisons 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 decided not to 'call in' the decision, and as such it was necessary for the Council to hold a hearing.

A hearing took place on the 28 March and the reporter will provide his report with his recommendations, noting that he is awaiting the outcome of the decision on Caol Link Road in the Local Development Plan Review – the decision of which is imminent.

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

Drumnadrochit Flood Protection Scheme

For flood alleviation works the consenting process and the powers of access to the required land is to promote a formal Flood Scheme, the formal Flood Scheme for Drumnadrochit has been promoted, advertised and the objection period has now passed. No objections were received however SEPA has indicated that they wish to formally comment. It is anticipated that following clarification on the representation from SEPA that the scheme can now be recommended for confirmation and referral to Scottish Ministers to confirm deemed planning consent. This will allow finalisation of the design and programming of the construction phase. Noting that 80% grant funding has been obtained from Scottish Government.

Inverness City Active Travel Network

Work on all phases of the Community Links PLUS project are underway with some phases more advanced than others. A tender exercise is underway to appoint consultants to lead on the design and community / business engagement for the Millburn Road Corridor and Abban Street phases. It is hoped that an appointment will be made for this during the summer months. The Riverside Way project continues to progress. The next steps will see the 20mph speed limit being applied to various sections.

After discussions with Transport Scotland and Sustrans the brief for the Raigmore Interchange phase of the project has been significantly altered to potentially include full signalisation of all arms of the junction. The next steps are currently being progressed and will include some traffic modelling of the interchange so the full impact of introducing signals can be measured.

Planning permission has been granted for the Raigmore Active Travel link and the detailed designs / materials that will be used for the construction are currently being finalised. It is expected that the construction contract will be out to tender during the summer with a view to completion later this year. The upgrade to the NCN route at Smithton has now been completed with the route set to re-open later this month. An event will be planned to coincide with the opening of the replacement bridge.

B9090 White Bridge, Cawdor.

The contract was awarded to R J Macleod's and they started on site on the 3 September 2018.

The weathering steel bridge beams were successfully lifted into place and the deck cast, waterproofed and surfaced, along with the approach roads. Consultations have been held with local members and the community over tie-in works and diversion routes, and whilst disruptive have been accepted and well received, influenced by the obvious progress visible on site

Works are programmed to be complete in June.

A890 Stromferry Bypass/Rock Stabilisation

Following the approval at the EDI committee in January for funding to the 4 areas of very high risk, design works are progressing and works are scheduled to commence on two of the slopes in October, the remaining 2 slopes will be undertaken next financial year as advised and approved at the last EDI committee.

Design work has identified that it is likely that the works will be undertaken with traffic management during the day with night time closures. A public event was held on the 24 April to provide information and seek details of timings and any events that should be considered – prior to finalising the construction contract.

The proposals have generally been well received from the communities who have a well-developed communication process.

In terms of a long term route selection the first meeting of the cross party working group has been held and the actions arising were:-

- i. that the Leader write to Transport Scotland and the Transport Minister stressing the need for a Strategic Road Network Review and for funding to be made available;
- ii. a Communication and Consultation plan be prepared for consideration at the next meeting of the Working Group;
- iii. with a view to being open and transparent, the presentation and report be placed on the Council's website, recognising the minutes would be appended to the papers for the next Environment, Development and Infrastructure Committee;
- iv. to remove the online option of improving the A890 which included a 1.8km bypass of the rock fall area by means of a viaduct;
- v. information be compiled summarising the differences between the two remaining options;
- vi. in relation to a potential VFM Workshop, officers draw up weightings for the various factors for consideration at the Working Group's next meeting; and
- vii. not to invite HITRANS to present their road/rail sharing option at this stage to the Working Group.

The next meeting of the working group will be established when the actions above have been completed, the distillation of the STAG information being a significant piece of work.

Uig Ferry Terminal Upgrade

A steering group has been established which involves 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.

Scottish Government will determine the funding noting that the full works budget with no phasing was contained in the approved Scottish Government budget. Due to the scale of the works, with the total cost of all three terminals being over £50M, additional Scottish Government governance controls are needed, with approval being sought from the Investment Decision Making (IDM) Board. Following the first meeting of the IDM Board in March 2019 the scope of works and budgets were accepted but queries were raised on project management and risk, and papers are being prepared to provide additional information – with the next IDM board at the end of May.

The publication of the Harbour Revision Order and also the Marine Licence application for Uig has been submitted and the objection period has now passed. One 'objection' has been received from SEPA – who are requesting additional information largely in respect of flood risk. It is anticipated that following provision of additional information – that this objection will be resolved – allowing confirmation of the licenses and harbour revision order, enabling works to commence.

Adverts seeking interested contractors (coordinating with the proposed works at Lochmaddy and Tarbert) have been undertaken and the tender list is in the process of being established to ensure that the contractors selected have the necessary experience and are in a sufficient financial position to undertake the works.

Tenders for the 'civils' works for the three ports will be invited in the coming weeks.

Works are anticipated to commence in September/October 2019, but contract award is predicated on the confirmation of the construction consents and funding confirmation from Scottish Government.

Discussions are ongoing with Transport Scotland over the allocation of risk, cost out-turn and grant allocation. Grant allocation will only be established following tender return.

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. It has now been established that to allow the works to be completed an outage (no ferry service) from Uig will be required for some 12 weeks. Detailed

assessment of the optimum timing of the closure period has been undertaken by the steering group following analysis by CALMAC on alternative provision capacity and carrying numbers. Due to the impact on the travelling public to the Western Isles - Comhairle nan Eilean Siar have undertaken consultations with stakeholders and have considered the mitigation measures and have expressed a preference for an Autumn/Winter closure. The Scottish Government IDM board have reviewed and have provided a clear steer that the Autumn/Winter Closure is strongly preferred. At the steering group meeting on the 16 April – discussions were held and the recommendation to identify the Autumn/Winter closure was supported. Noting the caveats above and the advanced works necessary to facilitate the outer cell construction, the earliest closure would be Autumn/Winter 2020.

Members are recommended to approve the Autumn/Winter 12 week outage at Uig, allowing CALMAC to finalise the alternative carrying arrangements and ensure that such ferry provisions are well communicated to the communities and travelling public.

Kinloch Hourn Landslip

On Monday the 10th 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. Power was re-established and generation also commenced following essential works – but these were insufficient to allow the road to become passable.

EDI committee in January approved the budget for slope stabilisation and road restoration and works have progressed to allow the route to become passable to traffic on the 19 April, available for the Easter weekend. Works are progressing to complete the outstanding works and allow final surfacing works to the road.

Discussions are ongoing with Scottish Hydro Electric Transmission Limited (SHETL) and SSE Generation (SSE(G)) over financial contributions to the works.

Local Full Fibre Network

In 2017 the Department for Digital, Media, Culture and Sport (DCMS) launched a challenge fund that encouraged public sector organisations to work with suppliers to expand fibre infrastructure. It is in wave 2 of this challenge fund (March 2018) that Highland partners submitted a bid for £4.3m to connect 152 public sector buildings in Fort William, Inverness, Thurso and Wick to new full fibre, gigabit capable networks.

Senior executives from each of the partners (listed below) signed the Highlands bid. The bid set out the number of sites each organisation was committing to the project and set out the principals regarding the financial model to be used.

Partners

- Highlands and Islands Enterprise
- University of the Highlands and Islands
- NHS Highland
- Highland Council
- Scottish Natural Heritage

Since securing funds from the challenge fund, the project has been working to confirm the procurement vehicle to be used. The initiation set out in the bid application was to use the SWAN framework and this was considered against going through an OJEU procurement process. This was confirmed at the December LFFN governance board, made up of representatives from all partners.

An order form valued at £7.149m, was signed with Capita on 31st January 2019 and all parties are now working to plan and initiate the project. With the project securing a 20 year network right of use for each of the 152 sites connected, the balance of funding required (£7.149m minus DCMS £4.3m = £2.849m) will come from upfront contributions in lieu of network savings to be realised during the right of use period. During this period, sites will not pay network charges.

Funding for the project is coming from 2 sources:

- DCMS grant through the Local Full Fibre Network (LFFN) challenge fund: £4.3m
- Contributions from partners in lieu of savings that will be realised during the 20 year right of use period as sites connected will not have to pay network charges: £2.849m

The cost of the order form raised with Capita under the SWAN framework for the LFFN project is £7.149m. As Lead Partner the Council incurs the full £7.149m capital cost against which the Council will be reimbursed by the Government grant, named partner contributions and our own savings leading to a cost neutral position. The first instalment of £1.787m was paid in May 2019 and accrued to the 2018/19 financial year.

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2018 TO 31ST MARCH 2019

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	1,154	1,016	1,154	138	0	138	Additional works undertaken by building maintenance resulted in an overspend.
Major Component Replacement	2,545	2,418	2,545	127	(541)	668	Additional works undertaken by building maintenance resulted in an overspend. Slippage carried forward on major projects.
Heating/Energy Efficiency	4,568	4,962	4,568	(394)	(1,618)	1,224	Additional works undertaken by building maintenance resulted in an overspend. Slippage carried forward on major projects.
External Fabric (Major Component Replacement)	2,486	4,831	2,486	(2,345)	(2,082)	(263)	Slippage due to prioritising completion of the 2017/18 programme.
External Fabric (Environmental Improvements)	297	991	297	(694)	(674)	(20)	Slippage carried forward.
Total 2018/19 Programme	11,050	14,218	11,050	(3,168)	(4,915)	1,747	
Capital Programme 2017/18 Carried Forward							
Major Component Replacement	7	100	7	(93)	0	(93)	Works complete with a slight underspend.
Heating/Energy Efficiency	989	1,579	989	(590)	(642)	52	Slippage carried forward.
External Fabric (Major Component Replacement)	2,350	2,828	2,350	(478)	(105)	(373)	Works complete. Underspend due to tenders returned less than budget.
External Fabric (Environmental Improvements)	12	59	12	(47)	(54)	7	
Healthy, Safe and Secure	387	451	387	(64)	(64)	0	
Retentions	1,739	1,519	1,739	220	0	220	Works complete. Overspend due to finalisation on a heating contract.
Total 2017/18 Programme	5,484	6,536	5,484	(1,052)	(865)	(187)	
Total Mainstream Programme	16,534	20,754	16,534	(4,220)	(5,780)	1,560	
Council House Building Capital Programme							
New Council House Buildings	24,018	29,372	24,018	(5,354)	(5,297)	(57)	Slippage carried forward.
Individual House Purchases	1,379	1,310	1,379	69	69	0	Slippage carried forward.
One-Bed Accommodation	21	0	21	21	21	0	
Total Council Building Programme	25,418	30,682	25,418	(5,264)	(5,207)	(57)	
OVERALL TOTAL	41,952	51,436	41,952	(9,484)	(10,987)	1,503	

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	725	0	725	725
RHI Income	296	0	296	296
Sale of LIFT Properties	2,215	1,742	2,215	473
Government Grant	7,579	13,194	7,579	(5,615)
Landbank	876	1,162	876	(286)
Borrowing	27,488	30,690	27,488	(3,202)
Capital from Current Revenue	2,773	4,648	2,773	(1,875)
GROSS FUNDING	41,952	51,436	41,952	(9,484)