

Agenda Item	16b.
Report No	CIA/46/21

THE HIGHLAND COUNCIL

Committee: City of Inverness Area Committee

Date: 18 November 2021

Report Title: Inverness Common Good Fund
Capital Projects Update Report

Report By: Executive Chief Officer Infrastructure and Environment
Executive Chief Officer Communities and Place

1. Purpose/Executive Summary

1.1 This report details the current status of capital projects for the Inverness Common Good Fund.

2. Recommendations

2.1 Members are asked to:

- i. Scrutinise the current status of capital projects; and
- ii. Note the adjustments being made to the allocations within the Victorian Market, Market Hall and Fish Market Refurbishment project.

3. Implications

3.1 Resource implications – The projects are resourced from the agreed budget approved at City of Inverness Area Committee held on 18 February 2021. The project updates confirm the budget status. All projects remain fully funded and on budget.

3.2 Legal implications- The application of funds will fall within the competency guidelines set out both in statute and in common law in relation to Common Good Funds. Additionally, through the governance being implied by the Finance Service, funds will remain compliant with all financial regulations.

3.3 Community (Equality, Poverty, Rural and Island) impacts – None

3.4 Climate Change / Carbon Clever implications– None

3.5 Risk implications – The impact of Covid 19 is referred to within the report and continues to be a risk to project delivery timescales and costs.

3.6 Gaelic implications – None

4. Introduction

4.1 This report provides project status information and financial progress for current key capital projects funded by the Inverness Common Good Fund, as of 6 August 2021.

5. Capital Programme Update

5.1 The current status of each individual project is summarised below with allocated budgets shown within **Appendix 1**.

5.2 Conservation of External Fabric Phase 3, Town House, Inverness

The project is now complete and in the 12 months defects period.

5.3 Work was progressing well and on programme up until lockdown March 2020. The Contractor stopped work 23 March 2020 and resumed on site on 15 June 2020 to prepare the site ready for the contractor workforce returning on 29 June 2020. This equated to 10 weeks delay on site. The completion, under normal circumstances, would have been 27 November 2020 but after work recommenced on site certain restrictions remained and not all the work force could return to work on that date. Work has commenced on agreeing a final account which include all costs associated with COVID disruptions and implications.

5.4 It was agreed at a previous committee to proceed with full replacement of elevation 3B on Castle Street. At the time it was hoped that this could be undertaken using the contingencies that remained in the contract. Since this decision was taken the remaining contingencies were required to be used for further additional items on the project. The cost of the rebuilding of elevation 3B and loss & expense claims due to covid put the project over its original tendered amount but due to additional funding from HES of £400k we have been able to contain the cost to the Common Good Fund within the original figures.

5.5	Agreed Total Common Good Funding	£3,204,000
	Additional HES Funding	£ 400,000
	Revised Total Budget	£3,604,000
	Anticipated Final Account	£3,545,402

5.6 The remaining budget of £58,598 will reduce the draw down from Common Good Fund reserves.

5.7 Victorian Market, Academy Street Entrance Upgrade

The project is now complete and in the defects period. The project was delivered on budget.

5.8	Agreed Total Common Good Funding	£20,148
	Third Party Funding	£30,256
	Total Project Costs	£50,404
	Anticipated Final Account	£50,404

5.9 Victorian Market, Market Hall & Fish Market Refurbishment

The contract acceptance was issued along with a notice to quit for the remaining traders with the tenants vacating in January 2021. The project commenced on site and an initial completion date was set for Friday 14 January 2022. Due to the delays reported below the revised completion date has been set as Friday 16 April 2022.

5.10 The project has been hit by delays and additional costs due to the following reasons.

- Unknown services being found during demolition.
- Additional work to existing concrete floor.
- Removal of loose render
- Loss & expense claim from contractor due to delays

The above costs have been provisionally agreed and as reported at the previous Committee, these costs have been contained within the project contingencies.

5.11 It must be noted that this now leaves the contract with no further sum within the contingency budget.

5.12 To mitigate the risk of further additional costs being required to complete the contract, a sum of **£50k** will need to be set aside for the contingency budget. This will ensure that the contract continues to be managed in-line with usual project management guidelines for building contracts. The Project Manager will continue to monitor contract spend closely and the Inverness City Area Manager will be kept informed all additional costs. These will be reported to future meetings of the Committee.

5.13 Members also need to be aware of a Scottish Water issue with the incoming water main. After exposing the incoming water main from the Union Street entrance, it has been found to be the incorrect size for the new development.

5.14 This will result in a new water main needing to be installed from Church Street through Market Lane. The initial costs estimate received to carry out this work is **£115k**, however this does not include the need for overnight working to accommodate the operating hours of the pubs on Market Lane.

5.15 The concern of officers when undertaking this work will be the unknown condition of existing services when the excavation of Market Lane commences.

5.16 It is assumed that the existing services in the lane (drainage, gas, BT) may need to be replaced or altered.

5.17 All reasonably practicable steps will be taken to ensure that any costs contributions legally entitled to be received from adjoining proprietors who have an interest in Market Lane will be pursued.

5.18 It is known from previous maintenance work undertaken over the past several years that there are drainage issues in this area, which have resulted in localised repairs being required. This leads officers to assume replacement of the drainage system may be necessary while the full area is exposed.

5.19 The existing lane surface is currently lock block and the decision will need to be made as to whether the lock block is re-laid or renewed with Caithness stone to match the existing city streetscape surfaces. Appropriate consultation will take place in this regard and if necessary, reported to Committee.

- 5.20 The cost to replace/alter existing services and replace with Caithness stone could result in the costs being as high as **£250k**. The design team are currently drawing up plans to be issued to the contractor to get updated costs which will be reported to the Inverness City Area Manager as soon as they are received.
- 5.21 The award of Town Centre Funding grant allocation was originally envisaged to reduce the capital cost to the Common Good fund but due to the additional works the £250k will be required to be offset against the additional costs. The award was made at CIAC on 21st November 2019.
- 5.22 Officers will monitor closely, noting that firm plans are in place to ensure that the operation of the Market will be unaffected by the works programme. In the event of evaluated impacts showing that the operational areas of the Market have been materially detrimentally affected, then a report will be taken to the CIAC in this regard.
- 5.23
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|---|------------|
| Agreed Total Common Good Funding | £1,635,339 |
| Current Anticipated Final Account | £1,635,339 |
| Potential Anticipated Final Account | £1,935,339 |
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| Town Centre Funding | £ 250,000 |
| Current Anticipated Cost to Common Good | £1,385,339 |
| Potential Anticipated Cost to Common Good | £1,685,339 |

6. Governance

- 6.1 These projects are funded by the Inverness Common Good Fund and monthly Contract Monitoring reports will be issued to the Inverness City Area Manager, in line with governance arrangements.
- 6.2 Any further requests for additional funding or new initiatives requiring funding will be brought to subsequent meetings of this committee for approval. The next update will be provided at the February meeting of this Committee

Designation: Executive Chief Officer, Infrastructure and Environment
Executive Chief Officer, Communities and Place

Date: 4 November 2021

Author: David Haas, Inverness City Area Manager

Background Papers:

APPENDIX 1
MONITORING STATEMENT 2021/22
INVERNESS COMMON GOOD FUND PROJECT SPEND
FOR PERIOD ENDING SEPT 2122

	ACTUAL	ANNUAL	ESTIMATED	ESTIMATED
	YEAR TO DATE	BUDGET	OUTTURN	VARIANCE
	£000	£000	£001	£000
PROJECT SPEND				
Town House Refurbishment - Phase 3	172	400	250	(150)
Bowling Clubs	43	42	43	1
Town House - Civic Floor	40	40	40	0
Whin Park Improvement Works	13	13	13	0
Victorian Market - Market Hall Improvements	299	1435	1485	50
Compensation Payments - Victorian Market	0	34	34	0
TOTAL TO BE FUNDED FROM RESERVES	567	1964	1865	(99)