

Agenda Item	8
Report No	HP/24/21

THE HIGHLAND COUNCIL

Committee: Housing and Property

Date: 15 December 2021

Report Title: Property Capital Monitoring Statement and Progress Update

Report By: Executive Chief Officer, Housing and Property

1. Purpose/Executive Summary

- 1.1 This report provides Members with the reported position for the second quarter of the 2021/22 financial year to the end of September.
- 1.2 The report also updates Members on progress with the Education and Strategic Asset Management projects in the General Fund Capital Programme and advises on the status of each project.

2. Recommendations

- 2.1 Members are asked to:
 - i. **NOTE** the financial position for the 2021/22 financial year as of 30 September 2021, and the estimated year-end forecast.
 - ii. **NOTE** the progress made with the Education and Strategic Asset Management projects in the Council's capital programme.

3. Implications

- 3.1 **Resource:** The expenditure on the individual projects and programmes of work is being managed within the overall funding allocation in the reprofiled Capital Programme approved by the Council in January 2021, and the additional funding confirmed in September 2021 for the five priority schools' projects.
- 3.2 **Legal:** The contents of this report and the annual accounts aim to satisfy the requirement of Sections 6 and 7 of the CIPFA Financial Management Code - 'Monitoring Financial Performance' and 'External Financial Reporting'. Also, the capital investment outlined in the report supports the Council's efforts to meet its statutory obligations to maintain compliance of buildings, manage school roll pressures and deliver the Early Learning and Childcare expansion programme.

- 3.3 **Community (Equality, Poverty, Rural and Island):** The report details continuing investment across all geographic areas of the Council's estate. The capital investment programme will make a significant contribution to the economic recovery across Highland communities over the coming years.
- 3.4 **Climate Change/Carbon Clever:** The continuing investment will help meet Council and Scottish Government objectives in relation to energy efficiency and climate change.
- 3.5 **Risk:** Risk implications to the budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future meetings of this Committee. All risk matters are managed on both individual projects and across programmes of work.
- 3.6 **Gaelic:** The capital programme includes substantial investment to support the delivery and expansion of Gaelic Medium Education.

4. Capital Programme 2021/22

- 4.1 The capital programme summary is included in **Appendix 1**. It shows net expenditure to the end of September of £11.360M, a relatively low net amount due to the high level of income received for the Early Learning and Childcare programme. The estimated outturn position shows a net underspend of £12.707M, mainly due to delays on projects during the period of the pandemic. However, all the delayed projects are being progressed and the underspend will be carried forward and largely expended in 2022/23.
- 4.2 As previously reported, the pandemic continues to impact on the construction industry with projects facing supply chain issues, additional site measures, and delays to project timescales. There are other pressures in the industry that are exacerbating this position, both locally and nationally. These include the demand for construction materials outstripping supply, longer lead in times for deliveries, difficulty in filling some staff shortages, and sharp increases in the cost of certain materials.
- 4.3 A report to the Council meeting in September highlighted that an increased allowance to cover the associated risk of these inflationary factors would be included in the budgets for potential new projects to be considered as part of the review of the capital programme. Officers will continue to monitor the position and will arrange to discuss this further with colleagues in the Scottish Futures Trust regarding the new build projects included in the Learning Estate Investment Programme. Also, the early engagement of contractors for major projects will allow officers to consider potential measures to mitigate the impact, such as in the choice of materials and components.
- 4.4 Despite these pressures, further progress has been made since the meeting of this Committee in September, with more contracts awarded and projects completed. **Appendix 2** lists all the Education projects that are currently being progressed, while **Appendix 3** lists all the Strategic Asset Management projects. There are also comments on each of the individual project lines in **Appendix 1** and this now includes the generic lines for Community & Leisure Facilities and Health & Social Care which were not previously reported to this Committee. The report to the next meeting in February will include updates on the individual projects funded from these budget headings.
- 4.5 **Major Education Projects:** The page on the Council website (link below) has been updated to provide further information and regular updates on the major new build and

extension projects being taken forward, including minutes of Stakeholder Group meetings.

https://www.highland.gov.uk/info/878/schools/845/school_estate_management

Links will also be added to the webpage to showcase completed projects and it is proposed that this will be demonstrated during this agenda item at the Committee meeting. The demonstration will highlight the recently completed Merkinch Primary School and Family Centre project that won the following national awards at the Learning Places Scotland ceremony in November:

- Innovation in Delivering a Sustainable Learning Space: This award recognises sustainability practice across all levels of decision making in existing and new build learning spaces to support improved performance of the key spaces, and more user driven sustainable behaviours.
- Innovation in Delivering Value: This award recognises innovation that has helped contribute to value, experiential for users, monetary and/or collaborative ways of working in the design of learning spaces.

4.6 The report to the June meeting of this Committee saw the introduction of a colour coding system of four risk categories to reflect the current programme status of each of the capital projects. The risk categories are baselined on the status of the individual projects in January 2021 (i.e., when the reprofiled capital programme was approved) and are as follows:

Blue	Work completed
Green	On programme
Amber	Possible risk of delay
Red	Probable risk of delay

4.7 It had been intended that a similar colour coding system would be used in the reporting of cost variances in individual project budgets, baselined against the revised capital programme that was due to be reported to the Council meeting in October. As the revised capital programme will now be reported to the Council meeting in December, it is proposed that this approach will be adopted for future reports to this Committee from February onwards.

Designation: Executive Chief Officer, Housing and Property

Authors: Finlay MacDonald, Head of Property and Facilities Management
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Date: 26 November 2021

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2021 TO 30TH SEPTEMBER 2021

SERVICE: PROPERTY & HOUSING

Project Description	Actual Net	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	COMMENTS
	Year to Date	Reprofiled Budget	Actual Expenditure	Actual Income	Estimated Outturn	Acceleration / (Slippage)	Overspend / (Underspend)	
	£000	£000	£000	£000	£000	£000	£000	
COMMUNITY AND LEISURE FACILITIES								
Community and Leisure Facilities	122	678	122	0	678	0	0	Various projects
SCHOOLS								
Alness Academy	1,592	4,881	1,592	0	4,881	0	0	Building operational; Phase 2 (demolition/external works) ongoing
Charleston Academy	83	727	83	0	227	(500)	0	Masterplan design completed
Culloden Academy	1,787	2,766	1,787	0	2,766	0	0	Additional funding approved
Inverness High School	175	346	175	0	346	0	0	Project complete
Lochaber High Flood Damage	31	(710)	31	0	40	750	0	Project complete
Merkinch Primary	261	384	261	0	384	0	0	School operational; kitchen/dining in former building now complete
Ness Castle Primary	1,288	4,041	1,288	0	4,041	0	0	On site; due to open in August 2022
Park Primary - Fire Reinstatement	1,071	514	1,071	0	1,264	750	0	Works at Invergordon Academy complete
Tain 3 to 18 Campus - LEIP Phase 1	761	1,470	761	0	970	(500)	0	Stage 3 design underway
Broadford Primary - LEIP Phase 2	22	258	27	(5)	258	0	0	Design underway
Nairn Academy - LEIP Phase 2	9	515	9	0	515	0	0	Design underway
Beaully Primary - New Project	5	250	5	0	250	0	0	Design underway; stakeholder group now established
Dunvegan Primary - New Project	56	250	56	0	250	0	0	Design underway
Park Primary - New Project	0	250	0	0	250	0	0	Design underway; stakeholder group now established
St Clement's - New Project	20	100	20	0	100	0	0	Design underway; stakeholder group now established
Legacy Projects	702	0	702	0	1,500	1,500	0	Various retentions, including Hub legacy projects
Early Learning and Childcare/School Estate Improvement Programme	1,330	29,639	15,993	(14,663)	19,639	(10,000)	0	Various projects (see Appendix 2)
HEALTH & SOCIAL CARE PROGRAMME								
Adult Services (NHS)	161	3,157	246	(85)	657	(2,500)	0	Various projects
Children's Services/Out of Authority	93	80	93	0	180	100	0	Various projects
STRATEGIC ASSET MANAGEMENT								
Health & Safety	647	0	647	0	0	0	0	No Budget. Spend to be met from Property budgets below.
Engineering Compliance	88	1,065	88	0	1,128	63	0	Works ongoing
Catering & FM Compliance	35	703	35	0	300	(403)	0	Works ongoing
Property Structures and Fabric	232	2,449	232	0	1,173	(1,276)	0	Works ongoing
Property Security	60	305	60	0	575	270	0	Works ongoing
Water Management	17	346	17	0	172	(174)	0	Works ongoing
Fire Safety	0	(81)	0	0	907	988	0	Works ongoing and accelerated
Asbestos Removal	13	100	13	0	106	6	0	Works ongoing
Energy Management	60	1,302	60	0	560	(742)	0	Works ongoing
Rose Street Car Park Solar PVs	24	13	25	(1)	25	12	0	
Depots - Health & Safety	0	586	0	0	200	(386)	0	Works ongoing
Office Rationalisation	122	815	122	0	150	(665)	0	
HOUSING (NON HRA)								
Private Sector Housing Grants	707	2,423	748	(41)	2,423	0	0	Fully funded by specific grant.
Travelling People Sites	(214)	236	12	(226)	236	0	0	Design works and resident consultation being progressed in line with Scottish Government site guidance.
OVERALL TOTAL	11,360	59,858	26,381	(15,021)	47,151	(12,707)	0	

Appendix 2 – Education Projects

	Property	Project Works	Status	Progress Comments
Major Projects				
Completed Since August				
1	Merkinch Primary/ Family Centre - Phase 2	Refurbishment of Main Building and External Works	Blue	Completed October 2021
At Construction Stage				
2	Alness Academy - Phase 2	Demolition of School/External Works	Amber	To be complete by February 2022
3	Ness Castle	New Primary School	Green	To open in August 2022
At Pre-Construction Stage				
4	Beaully Primary	New School Building	Green	To open in 2024
5	Broadford Primary	New School Building	Green	To open in 2025
6	Charleston Academy	Extension/Refurbishment	Green	Development masterplan completed
7	Culloden Academy	Extension/Refurbishment	Green	Development masterplan completed
8	Dunvegan Primary	New School Building	Green	To open in 2024
9	Nairn Academy	New School Building	Green	To open in 2025
10	Park Primary	New School Building	Green	To open in 2024
11	St Clement's	New School Building	Green	To open in 2025, subject to statutory consultation
12	Tain 3-18 Campus	New School Building	Green	To open in 2024
Other Projects				
Completed Since August				
13	Abernethy Primary	Demolition of Redundant Wing/Internal Alterations	Blue	Work complete
14	Arisaig Primary	Nursery Unit	Blue	Work complete
15	Avoch Primary	Nursery Extension & Refurbishment	Blue	Work complete
16	Bridgend Primary	Nursery Unit	Blue	Work complete
17	Bun-Sgoil Ghàidhlig Loch Abar	Two-Classroom Extension	Blue	Work complete

18	Bun-Sgoil Shlèite	Nursery Unit	Blue	Work complete
19	Coulhill Primary	Nursery Unit	Blue	Work complete
20	Croy Primary	Modular Classroom Unit, Internal Alterations	Blue	Work complete
21	Kyle Primary	Nursery Unit	Blue	Work complete
22	Miller Academy Primary	Nursery Unit	Blue	Work complete
23	Park Primary	Modular Classroom Units and Internal Alterations	Blue	Work complete
24	Plockton High	ASN Extension & Refurbishment	Blue	Work complete
25	Raigmore Primary	Nursery Unit	Blue	Work complete
26	Reay Primary	Nursery Unit	Blue	Work complete
At Construction Stage				
27	Ardgour Primary	Nursery Unit	Green	On site
28	Ben Wyvis Primary	Nursery/Classroom Extension and Alterations	Amber	On site
29	Crown Primary	Conversion of Church Hall to Nursery	Amber	On site
30	Culloden Academy	Advance Works	Amber	Complete apart from final set of toilets
31	Gairloch Primary	Nursery Alterations & Extension	Green	On site
32	Glenurquhart Primary	Nursery Alterations	Amber	On site
33	Hilton Primary	Nursery Unit	Green	On site
34	Milton of Leys Primary	Nursery Annexe	Green	On site
35	Shieldaig Primary	Refurbishment/Conversion of House	Amber	On site
At Pre-Construction Stage				
36	Cannich Bridge Primary	Internal Alterations	Green	At design stage
37	Cradlehall Primary	Internal Alterations/Demolition of House	Green	At design stage
38	Daviot Primary	Replacement of Modular Unit	Green	At tender stage
39	Dingwall Primary	Nursery Annexe	Red	Alternative scheme being considered
40	Farr High	Replacement of Modular Units	Green	At tender stage

41	Fortrose Academy	Internal Alterations	Green	At design stage
42	Grantown Primary	Kitchen Extension and Internal Alterations	Amber	At design stage
43	Invergordon Academy	Refurbishment of Toilets	Green	At design stage
44	Inverness Royal Academy	Outdoor Dining Areas	Green	At tender stage
45	Kiltearn Primary	Extension/Refurbishment	Amber	At design stage
46	Kinmylies Primary	Nursery Annexe	Amber	At design stage
47	Mallaig High	Resurfacing of Synthetic Playing Field	Green	At design stage
48	Park Primary	Demolition of Main Building	Green	At design stage
49	Rum Primary	Demolition of House	Green	At design stage
50	Strathconon Primary	Extension/Refurbishment	Amber	At design stage
51	Thurso High	Improvements to Access and Parking	Green	At design stage
52	Tomnacross Primary	Conversion of Upper Floor of House	Green	At design stage
53	Wick High	Improvements to Reception and Dining Area	Green	At design stage

Appendix 3 – Strategic Asset Management Projects

	Property	Project Works	Status	Progress Comments
Fire Safety				
Projects Completed				
1	Lochcarron Primary School	Upgrade Fire Alarm and Detection System	Blue	Works Complete
2	Strathconon Primary School	Upgrade Fire Alarm and Detection System	Blue	Works Complete
Projects at Pre-Construction Stage				
3	Nairn Academy	Fire Safety Work to Structure & Fabric	Green	Specification Stage
4	Tain Royal Academy	Fire Safety Work to Structure & Fabric	Green	Specification Stage
5	Averon Centre	Upgrade Fire Alarm and Detection System	Green	Specification Stage
Projects at Construction Stage				
6	Various Sites	Future Fire Risk Assessment Works	Green	Works ongoing
7	Gledfield Primary School	Upgrade Fire Alarm and Detection System	Green	Works ongoing
8	Rogart Primary School	Upgrade Fire Alarm and Detection System	Green	Works ongoing
9	Golspie Primary School	Upgrade Fire Alarm and Detection System	Green	Works ongoing
10	Durness Primary School	Upgrade Fire Alarm and Detection System	Green	Works ongoing
11	Kinlochbervie Primary School/High School	Upgrade Fire Alarm and Detection System	Green	Works ongoing
12	Helmsdale Primary School	Upgrade Fire Alarm and Detection System	Green	Works ongoing
Water Management				
Projects Completed				
13	Invergordon Leisure Centre	Water Safety Upgrade Works	Blue	Works complete
Projects at Pre-Construction Stage				
14	Kilmuir Primary School	Water Safety Upgrade Works	Green	Specification Stage
15	Drakies Primary School	Replacement of incoming water main	Amber	Specification Stage
16	Elgin Residence, Portree	New Sprinkler Tank	Green	Specification Stage
Projects at Construction Stage				
17	Highland Wide	Water Risk Assessments	Green	Works ongoing

Engineering Compliance				
Projects Completed				
18	Balblair Depot	Switchgear Upgrade	Blue	Complete
Projects at Pre-Construction Stage				
19	Charleston Academy	Gas installation upgrade works	Green	Specification Stage
20	Helmsdale Primary School	Heating upgrade works. Partial replacement of heating pipework	Green	In Design
21	Helmsdale Primary School	Upgrade of Electrical System	Green	Specification Stage
22	Miller Academy Primary School	Upgrade of Electrical System	Green	Specification Stage
23	Tarradale Primary School	Boiler Replacement	Green	Specification Stage
24	Thrumster Primary School	Switchgear Upgrade	Green	Specification Stage
25	Struan Primary School	Switchgear Upgrade	Green	Specification Stage
26	Tigh na Sgire	Switchgear Upgrade	Green	Contract Awarded
27	Library Support Unit	Heating Plant Upgrade	Green	In Design
28	Millbank Primary School	Heating Plant Upgrade	Green	Specification Stage
29	Various Sites	BMS Control Upgrades	Green	Tender Stage
30	Various Sites	Underground heating pipework replacements	Green	Specification Stage
Projects at Construction Stage				
31	Gairloch High School	Gas storage upgrade works	Green	Works ongoing
32	Kyle Primary School	Switchgear Upgrade	Green	Works ongoing
33	Kinlochbervie High/Primary School	Gas storage upgrade works	Green	Works ongoing
34	Grantown Grammar School	New Boiler	Green	Works ongoing
Structure and Fabric				
Projects Completed				
35	Dornoch Primary School	Roof Refurbishment	Blue	Complete
36	Holm Primary School	Roof Refurbishment	Blue	Complete
37	Plockton High School	Window replacement and associated works Phase 1	Blue	Complete
Projects at Pre-Construction Stage				
38	Banavie Primary School	Pitched Metal Roof Replacements and associated works Phase 1.	Green	Tender Stage

39	Dingwall Town Hall	Replacement of roof vents.	Green	In Design
40	Dalneigh Primary School	Roof Replacement and associated works	Green	Tender Stage
41	Glenelg Primary School	Replacement Skylights, rain screening and associated works	Green	Specification Stage
42	Grantown Grammar School	Roof Replacements and associated works	Green	Specification Stage
43	Obsdale Primary School	Window/Door Replacements	Green	In Design
44	Coulhill Primary School	Window/Door Replacements	Green	In Design
45	Kingussie High School	Water Tank Rainscreen and associated works.	Green	Specification Stage
46	Lochaber High School	Roof Replacements and associated works Phase 1	Green	Tender Stage
47	Invergordon Academy	Roof Refurbishment	Green	Specification Stage
48	Marybank Primary School	Canteen Roof Refurbishment	Green	Specification Stage
49	Plockton High School - Residence	Roof Refurbishment and associated works Phase 1 (Link Roof)	Green	Specification Stage
50	South Lodge Primary School	Toilet Refurbishment	Green	In Design
51	South Lodge Primary School	Roof Replacements and associated works Phase 1	Green	Specification Stage
52	Tarradale Primary School	Roof Replacement Phase 2	Green	Specification Stage
Projects at Construction Stage				
53	Highland Wide - Various Properties	Intrusive Cavity Surveys & Remedial Works	Green	Survey works ongoing
54	Highland Wide Properties	Various Sites - Component Failure	Green	Works ongoing
55	Dornoch Primary School	Stonework and Lintel repairs to Primary School Phase 2.	Green	Works ongoing
Security				
Projects Completed				
56	Highland Wide - Security Improvements	Highland Wide - Security Improvements	Blue	Various sites complete
Projects at Pre-Construction Stage				
57	Lochaber High School	Security Works - Police Scotland	Amber	Specification Stage
58	HQ	Security Works - Phase 2	Green	Specification Stage
Projects at Construction Stage				
59	Highland Wide - Security Improvements	Various sites	Green	On site
60	Nairn Academy	Security Works - Police Scotland	Green	On site
61	Kingussie High School	Security Works - Police Scotland	Green	On site

Catering & FM Compliance				
Facilities Management Equipment				
Projects Completed				
62	Schools	Purchase of Gutter & high-level cleaning equipment	Blue	Complete
63	Schools	Purchase of Battery Grounds Equipment – mowers, strimmers, hedge cutters	Blue	Complete
Projects at Pre-Construction Stage				
64	Schools	Purchase of Access Equipment – MEWPS	Green	Specification Stage
65	Secondary Schools	Provision of Tractors for grounds maintenance	Green	Specification Stage
66	Service Requirement	Purchase of Trailers	Green	Specification Stage
Projects at Construction Stage				
67	Nairn Academy & Charles Kennedy Building	Storage Containers	Green	Orders placed
68	Schools & Offices	Purchase of Pressure Washers & Window Cleaning Equipment	Green	Orders placed
69	School & Offices	Winter gritting equipment/accessories	Green	Orders placed
Catering Equipment				
Projects Completed				
70	Schools	Cashless catering rollout	Blue	Complete
71	Schools	Installation of dishwashers to 10 schools	Blue	Complete
72	Inverloch Primary School	Upgrade of servery & kitchen	Blue	Complete
73	Sheildaig Primary School	Kitchen upgrade phase 1&2	Blue	Complete
74	Schools	Upgrade of cooking equipment to 5 schools	Blue	Complete
Projects at Pre-Construction Stage				
75	Kingussie High School	Installation of extraction canopy and roof repairs	Green	In design
76	Sheildaig Primary School	Kitchen upgrade phase 3	Green	Specification stage
77	Secondary Schools	Upgrade online payment system	Green	Specification stage
78	Primary School Production Kitchens	Network connectivity works	Green	Specification stage
79	Duncan Forbes Primary School	Upgrade kitchen inc extraction canopy	Green	In design
Projects at Construction Stage				
80	Secondary Schools	Allergen equipment and provision of printers	Green	Order placed

Energy Works				
Projects at Construction Stage				
81	Energy Works	SMART Cities Programme - Installation of remote engineering monitoring equipment	Green	Works ongoing
82	Energy Works	Vlan & Building Management Systems – Essential upgrade works	Green	Works ongoing
83	Energy Works	LED Lighting	Green	Works ongoing
Condition Surveys				
84	Condition Surveys Phase 1	Depots, Workshops and Some Public Conveniences	Green	Surveys ongoing