

Agenda Item	7
Report No	HP/05/22

THE HIGHLAND COUNCIL

Committee: Housing and Property

Date: 3 February 2022

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 third quarter of the 2021/22 financial year to the end of December.
- 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.
- 1.3 Unfortunately, the demonstration of the updated webpages referred to at 4.5 did not take place at the Committee meeting in December due to staff absences. This item has therefore been carried forward to this report.

2. Recommendations

- 2.1 Members are asked to:
 - i. **NOTE** the financial position for the 2021/22 financial year as of 31st December 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 allocations in the revised Capital Programme approved by the Council in December 2021.
- 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 December 2021 of £26.034M. This is a relatively low net amount due to the high level of income received for the Early Learning and Childcare programme (£14.661M) in the current financial year. Also, a capital grant of £900K of Gaelic funding has recently been received from the Scottish Government for the two-classroom extension at Bun-Sgoil Ghàidhlig Loch Abar (£650K) that was completed last year, and the new primary school building at Dunvegan (£250K funding) that is at design stage.
- 4.2 The estimated outturn position shows a net underspend of £14.892M, which is largely due to the accounting of the income referred to in 4.1, and the delays on projects that have been experienced 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.
- 4.3 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.
- 4.4 Reports to Council meetings in 2021 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 are continuing to monitor the position and remain in dialogue 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 December, with more contracts awarded and projects completed. 71 projects have now been completed as part of the Early Learning and Childcare expansion programme, many of which also included other essential improvements to school buildings. **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.

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 meeting of this Committee in June 2021 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 There has been some discussion at previous meetings of this Committee regarding the format of the capital monitoring statement (as included at **Appendix 1**) and the reporting of estimated final project costs in relation to the approved budgets. It is intended that reports to this Committee from the June meeting onwards will include this information in line with an agreed corporate approach to the monitoring and reporting of whole life project costs.

Designation: Executive Chief Officer, Housing and Property

Authors: Finlay MacDonald, Head of Property and Facilities Management
Robert Campbell, Estate Strategy Manager
Neil Jaffrey, Principal Project Manager

Date: 26 January 2022

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2021 TO 31ST DECEMBER 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	Actual	Actual	Estimated	Acceleration/	Overspend/	
	£000	Budget	Expenditure	Income	Outturn	(Slippage)	(Underspend)	
		£000	£000	£000	£000	£000	£000	
COMMUNITY AND LEISURE FACILITIES								
Community and Leisure Facilities	159	678	159	0	428	(250)	0	Various projects
SCHOOLS								
Alness Academy	2,575	4,881	2,575	0	4,881	0	0	Building operational; Phase 2 (demolition/external works) ongoing
Charleston Academy	119	727	119	0	227	(500)	0	Masterplan design completed
Culloch Academy	2,635	2,766	2,635	0	2,766	0	0	Additional funding approved
Inverness High School	328	346	328	0	346	0	0	Project complete
Lochaber High Flood Damage	51	(710)	51	0	90	800	0	
Merkinch Primary	276	384	276	0	384	0	0	School operational
Ness Castle Primary	3,521	4,041	3,521	0	4,041	0	0	On site
Park Primary - Fire Reinstatement	1,964	514	1,964	0	2,014	1,500	0	Works at Invergordon Academy ongoing
Tain 3 to 18 Campus - LEIP Phase 1	1,352	1,470	1,352	0	1,470	0	0	Stage 3 design underway
Broadford Primary - LEIP Phase 2	48	258	53	(5)	258	0	0	Design underway
Nairn Academy - LEIP Phase 2	33	515	33	0	265	(250)	0	Design underway
Beaully Primary - New Project	36	250	36	0	100	(150)	0	Replacement school approved
Dunvegan Primary - New Project	(138)	250	112	(250)	0	(250)	0	Replacement school approved
Park Primary - New Project	0	250	0	0	100	(150)	0	Replacement school approved
St Clement's - New Project	33	100	33	0	100	0	0	Replacement school approved
Legacy Projects	798	0	798	0	1,500	1,500	0	Various retentions, including Hub legacy projects
Early Learning and Childcare/School Estate Improvement Programme	8,165	29,639	23,540	(15,375)	17,139	(12,500)	0	Various projects (see Appendix 3)
HEALTH & SOCIAL CARE PROGRAMME								
Adult Services (NHS)	196	3,157	281	(85)	657	(2,500)	0	Various projects
Children's Services/Out of Authority	131	80	131	0	180	100	0	Various projects
STRATEGIC ASSET MANAGEMENT								
Health & Safety	1,130	0	1,130	0	0	0	0	No Budget. Spend to be met from Property budgets below.
Engineering Compliance	315	1,065	315	0	1,128	63	0	Works ongoing
Catering & FM Compliance	96	703	96	0	300	(403)	0	Works ongoing
Property Structures and Fabric	540	2,449	540	0	1,173	(1,276)	0	Works ongoing
Property Security	330	305	330	0	575	270	0	Works ongoing
Water Management	165	346	165	0	172	(174)	0	Works ongoing
Fire Safety	0	(81)	0	0	907	988	0	Works ongoing and accelerated
Asbestos Removal	58	100	58	0	106	6	0	Works ongoing
Energy Management	122	1,302	122	0	560	(742)	0	Works ongoing
Rose Street Car Park Solar PVs	20	13	39	(19)	40	27	0	
Depots - Health & Safety	0	586	0	0	200	(386)	0	Works ongoing
Office Rationalisation	157	815	157	0	200	(615)	0	
HOUSING (NON HRA)								
Private Sector Housing Grants	1,022	2,423	1,100	(78)	2,423	0	0	Fully funded by specific grant.
Travelling People Sites	(203)	236	23	(226)	236	0	0	Design works and resident consultation being progressed in line with Scottish Government site guidance.
OVERALL TOTAL	26,034	59,858	42,072	(16,038)	44,966	(14,892)	0	

Appendix 2 – Education Projects

	Property	Project Works	Status	Progress Comments
Major Projects				
At Construction Stage				
1	Alness Academy - Phase 2	Demolition of School/External Works	Amber	To be complete by February 2022
2	Culloden Academy	Advance Works	Amber	Toilets and outdoor shelters all complete
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	Planning process underway
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	Park Primary	Demolition of Main Building	Green	To open in 2024
12	St Clement's	New School Building	Green	To open in 2025, subject to statutory consultation
13	Tain 3-18 Campus	New School Building	Green	To open in 2024
Other Projects				
Completed				
14	Gairloch Primary	Nursery Alterations & Extension	Blue	Work complete
15	Glenurquhart Primary	Gaelic Nursery Alterations	Blue	Work complete
16	Shieldaig Primary	Refurbishment/Conversion of House	Blue	Work complete
At Construction Stage				
17	Ardgour Primary	Nursery Unit	Green	On site

18	Ben Wyvis Primary	Nursery/Classroom Extension and Alterations	Amber	On site
19	Crown Primary	Conversion of Church Hall to Nursery	Amber	On site
20	Daviot Primary	Replacement of Modular Unit	Green	Contract awarded
21	Farr High	Replacement of Modular Units	Amber	Contract awarded
22	Hilton Primary	Nursery Unit	Green	On site
23	Inverness Royal Academy	Outdoor Dining Areas	Green	On site
24	Milton of Leys Primary	Nursery Annexe	Green	On site
At Pre-Construction Stage				
25	Cannich Bridge Primary	Internal Alterations	Green	At design stage
26	Cradlehall Primary	Internal Alterations/Demolition of House	Green	At design stage
27	Dingwall Primary	Nursery Annexe	Red	Alternative scheme being considered
28	Fortrose Academy	Internal Alterations	Green	At design stage
29	Grantown Primary	Kitchen Extension and Internal Alterations	Amber	At design stage
30	Invergordon Academy	Refurbishment of Toilets	Green	At design stage
31	Kiltearn Primary	Extension/Refurbishment	Amber	At design stage
32	Kinmylies Primary	Nursery Annexe	Amber	At design stage
33	Mallaig High	Resurfacing of Synthetic Playing Field	Green	At design stage
34	Rum Primary	Demolition of House	Green	At design stage
35	Strathconon Primary	Extension/Refurbishment	Amber	At design stage
36	Thurso High	Improvements to Access and Parking	Green	At design stage
37	Tomnacross Primary	Conversion of Upper Floor of House	Green	At design stage
38	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	Gledfield Primary School	Upgrade Fire Alarm and Detection System	Blue	Works Complete
2	Rogart Primary School	Upgrade Fire Alarm and Detection System	Blue	Works Complete
3	Helmsdale Primary School	Upgrade Fire Alarm and Detection System	Blue	Works Complete
Projects at Pre-Construction Stage				
4	Nairn Academy	Fire Safety Work to Structure & Fabric	Green	Specification Stage
5	Tain Royal Academy	Fire Safety Work to Structure & Fabric	Green	Specification Stage
6	Averon Centre	Upgrade Fire Alarm and Detection System	Green	Specification Stage
Projects at Construction Stage				
7	Various Sites	Future Fire Risk Assessment Works	Green	Works ongoing
8	Golspie Primary School	Upgrade Fire Alarm and Detection System	Green	Works ongoing
9	Durness Primary School	Upgrade Fire Alarm and Detection System	Green	Works ongoing
10	Kinlochbervie Primary School/High School	Upgrade Fire Alarm and Detection System	Green	Works ongoing
Water Management				
Projects Completed				
11	Invergordon Leisure Centre	Water Safety Upgrade Works	Blue	Works complete
Projects at Pre-Construction Stage				
12	Kilmuir Primary School	Water Safety Upgrade Works	Green	Specification Stage
13	Drakies Primary School	Replacement of incoming water main	Amber	Specification Stage
14	Elgin Hostel	New Sprinkler Tank	Green	Specification Stage
Projects at Construction Stage				
15	Highland Wide	Water Risk Assessments	Green	Works ongoing
Engineering Compliance				

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

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

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

78	Secondary Schools	Allergen equipment and provision of printers	Green	Order placed
Energy Works				
Projects at Construction Stage				
79	Energy Works	SMART Cities Programme - Installation of remote engineering monitoring equipment	Green	Works ongoing
80	Energy Works	Vlan & Building Management Systems – Essential upgrade works	Green	Works ongoing
81	Energy Works	LED Lighting	Green	Works ongoing
Condition Surveys				
82	Condition Surveys Phase 1	Depots, Workshops and Some Public Conveniences	Green	Surveys ongoing