

Agenda Item	6
Report No	CP/3/23

THE HIGHLAND COUNCIL

Committee: Communities and Place Committee

Date: 23 February 2023

Report Title: Capital Budget Monitoring Report: 2022/23 outturn Quarter 3

Report By: Executive Chief Officer, Communities and Place

1. Purpose/Executive Summary

- 1.1 This report provides Members with the 22/23 outturn forecast for the Communities and Place Service as at the end of Quarter 3.
- 1.2 Actual expenditure to the end of Quarter 3 is £8.913m (56% of annual budget).
- 1.3 There are a range of capital projects being taken forward by the Service in respect of Waste Management; Bereavement Services; Community Spaces; Vehicles & Plant and Public Conveniences. The remainder of this report discusses the projects overall supported by information in the Appendices.

2. Recommendations

- 2.1 Members are asked to:
 - i. Note the forecasted capital outturn for the Communities and Place Service for 22/23 as at Quarter 3;
 - ii. Approve the Play Park funding distribution proposals as detailed at 4.9; and
 - iii. Note the current forecasts for the major projects in the Communities and Place Service

3. Implications

- 3.1 Resource implications - these are described throughout the report in discussing the latest budget position and forecasted outturns.
- 3.2 Legal implications - The contents of this report supports the requirement of Sections 6 and 7 of the CIPFA Financial Management Code- '*Monitoring financial performance*' and '*External financial reporting*'.

- 3.3 Community (Equality, Poverty, Rural and Island) implications: there are no specific implications arising from this report.
- 3.4 Climate Change implications: the decarbonisation of fleet and plant will help to reduce carbon emissions as will the ongoing review of waste management such as route optimisation and recycling rates.
- 3.5 Risk - Risk implications to the capital budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future Committees and The Highland Council. The costs for the major projects in particular are a major high risk of being higher than original estimates (and is discussed in more detail at section 5).
- 3.6 Gaelic implications: there are no Gaelic implications arising from this report.

4. 22/23 Capital budget – forecast outturn as at Quarter 2

- 4.1 The capital programme budget for the Communities and Place Service for 22/23 is £15.813m. Further detail is reported at **Appendix 1**. Slippage of £4.6m is forecasted at year end with the main reasons attributable to Fleet, the Waste project at Fort William transfer station that is not required to be delivered until 2024 and burial ground extensions that are not to complete until into 2024 / 2025.
- 4.2 As previously reported, delivery timelines are becoming increasingly challenging especially in relation to Fleet. In particular the supply of Heavy Goods Vehicles is still suffering from the delays caused by the Covid Pandemic coupled with a global disruption to the semiconductor industry at the time. Additionally, we are experiencing delays in build including with the chassis and body suppliers resulting in delays to order fulfilment with delivery of up to 18 months for the largest vehicles.
- 4.3 Significant commitments have, of course, been made. Of the current year's budget (£4.48m), £4.3m is committed at Q3. We will spend a minimum of £1.9m this financial year and we have ordered and committed to a further £2.23M in 23/24 and £0.22m in 24/25, paid for from the 2022/23 budget / slippage. We are continually working with suppliers and where possible we aim to accelerate progress to minimise the risk of having aged vehicles in the fleet. For example, picking up on another organisations cancelled order, where this is appropriate for our needs. Section 5 also discusses these challenges overall for all of the Service's major capital projects (those over £5m).
- 4.4 Final costs relating to the construction of the Inverness Waste Transfer Station are forecasted at £1.089m over original budget, primarily attributable to significant costs of materials of £0.787m and associated overheads.
- 4.5 A Project Board is overseeing the various projects in Bereavement Services and discussions with respective Ward Members including provision of progress updates to at Ward Business Meetings / Area Committees will take place until project completion. Officers are progressing the various projects through site identification, investigation and purchase, and design, planning and delivery of the new burial ground. The projects are to address sites that are estimated to be at capacity in late 2024 / into 2025.

- 4.6 Within Public Conveniences, the budget of £0.333m supports a number of projects to enhance the existing public toilets through a series of upgrades, installation of low energy equipment, refurbishments, installing CCTV, and making the service more sustainable through the provision of installing charging systems.
- 4.7 In relation to Play Parks, this Committee on 17 August 22 considered a comprehensive report on Play Park funding. This report included that The Scottish Government made a manifesto commitment to renew playparks across Scotland, so that all children have access to quality play in their own community, backed by £60 million over the period of the Parliament. It was reported to this Committee on 16 November 22 that the Scottish Government have since advised the distribution of this fund for the remaining 3 years to 2025/26 and that today's Committee would consider proposals for the distribution of this specific funding.
- 4.8 The table below details The Highland Council funding from 23/24 to 25/26. This is in addition to funding already distributed of £0.234m (21/22) and £0.245m (22/23) arising from our share of the £5m Scottish Government funding for each of these 2 years.

Year	THC funding	Scottish Government funding
23/24	£0.488m	£10m
24/25	£0.732m	£15m
25/26	£1.219m	£25m

Thus, the overall total of Scottish Government Play Parks funding is £60m for the period 21/22 to 25/26, with £2.918m for The Highland Council.

- 4.9 The table below proposes the allocation for 23/24 to 25/26 for each area and follows the allocation formulae that Members agreed for 21/22 and 22/23. That is, a combination of backlog maintenance and Scottish Government criteria (93% based on the 0-14 year old population and 7% on rurality).

Area Committee	2023/24	2024/25	2025/26	Total: 23/24 to 25/26
Badenoch and Strathspey	£17,810	£27,620	£47,200	£92,631
Black Isle	£16,134	£25,020	£42,756	£83,909
Caithness	£47,582	£73,789	£126,097	£247,467
City of Inverness	£135,363	£209,919	£358,726	£704,007
Dingwall and Seaforth	£15,385	£23,860	£40,773	£80,018
Easter Ross	£44,695	£69,313	£118,448	£232,456
Isle of Skye and Raasay	£15,657	£24,281	£41,493	£81,430
Lochaber	£80,088	£124,200	£212,242	£416,530
Nairnshire	£16,169	£25,075	£42,850	£84,093
Sutherland	£26,126	£40,516	£69,236	£135,878
Wester Ross, Strathpeffer and Lochalsh	£27,991	£43,409	£74,180	£145,580
Total*	£443,000	£687,000	£1,174,000	£2,304,000

*excludes £45k per annum pertaining to Play Park Officer post

4.10 The Playpark Officer post has been recruited to and work is underway to support the engagement and evaluation of plans and ensure they involve children and young people. Officers continue to work with members to prioritise how the area funding is spent. Members are reminded that there are some procurement-related challenges in respect of availability and delivery of play equipment.

5. 22/23 Capital budget – major projects to 2036/37

5.1 **Appendix 2** provides details to 2036/37 for the “major projects” which are those over £5m. The Council’s Capital Programme as approved in December 2021 extends to 2036/37 and reflective of the size and/or delivery timelines into the future, the information reported in this Appendix is to the end of the project i.e. over its *whole life*. For example, Vehicles and Plant purchases (including large good vehicles) including the replacement of Fleet to support the Council’s approach to Net Zero.

5.2 In relation to costs, the 3 major projects in the Communities and Place Service are reported to be red (major risk). That is, the actual costs estimated through to 2037 (ie. for the whole life of the project) are now very likely to be higher than the original cost estimates for reasons including the major increase in material costs. The matters pertaining to the construction of the Inverness Waste Transfer Station are also discussed earlier at 4.2.

5.3 Current estimates for both timing (performance against delivery timelines) and scope (the project’s aims and objectives) are on track (green) with one exception. The exception is in respect of *timing* for Vehicle and Plant Purchases which is red. This is attributable to the increased lead in time from ordering and delivery for large goods vehicles.

5.4 As part of mitigation, we will for example keep the fleet replacement programme under constant review and monitor the impact of vehicle availability and cost (market and running costs) and any changes to the way Roads and Waste Services operate in relation to their fleet requirements.

Designation: Executive Chief Officer, Communities and Place

Date: 31 January 2023

Author: Executive Chief Officer, Communities and Place and
Finance Business Partner (Capital)

MONITORING OF CAPITAL EXPENDITURE - TO 31ST DECEMBER 2022 (Q3)

SERVICE: COMMUNITIES & PLACE

Project Description	BUDGET	ACTUALS			ESTIMATES			VARIANCE		
	2022/23 Budget (incl. carry forward from prior year)	2022/23 Actual Expenditure	2022/23 Actual Income	2022/23 Actual Net Year to Date	2022/23 Estimated Expenditure	2022/23 Estimated Income	2022/23 Estimated Outturn	2022/23 Variance Est. Outturn v Budget	2022/23 Acceleration / (Slippage)	2022/23 Overspend / (Underspend)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
WASTE MANAGEMENT										
Landfill Restorations										
Landfill Restoration Programme	72	33	0	33	160	0	160	88	88	0
Waste Management Strategy										
Green Energy Hub (Earmarked Fund)	0	35	0	35	202	0	202	202	202	0
Residual Waste Management Facility - Longman	5,430	6,343	0	6,343	6,519	0	6,519	1,089	1,089	0
Plant, Infrastructure & Banks (includes Granish & FW WTS)	2,092	255	0	255	629	0	629	(1,463)	(1,463)	0
Household Waste Recycling Centre office/welfare facilities	20	13	0	13	20	0	20	0	0	0
Household Wheeled Bin Replacements - Green Bins	30	0	0	0	0	0	0	(30)	(30)	0
Skye Portree WTS access road improvement	50	17	0	17	50	0	50	0	0	0
Mechanical Street Sweepers	147	0	0	0	82	0	82	(65)	(65)	0
BEREAVEMENT SERVICES										
Burials and Cremations										
Burial Ground Portree	504	9	0	9	75	0	75	(429)	(429)	0
Burial Ground Kilmorack	150	0	0	0	0	0	0	(150)	(150)	0
Burial Ground Chapelhill	(9)	8	0	8	75	0	75	84	84	0
Burial Ground Glen Nevis	523	5	0	5	8	0	8	(515)	(515)	0
Burial Ground Dores	304	0	0	0	0	0	0	(304)	(304)	0
Burial Ground Canisbay	(0)	3	0	3	25	0	25	25	25	0
Burial Ground Kilvean	48	212	0	212	234	0	234	186	186	0
Burial Ground Alness	480	7	0	7	100	0	100	(380)	(380)	0
Burial Ground Dornoch	326	7	0	7	150	0	150	(176)	(176)	0
Burial Ground Daviot	(82)	0	0	0	0	(82)	(82)	0	0	0
Burial Ground Kiltarlity	(2)	2	0	2	2	0	2	4	4	0
Burial Grounds Ext General	0	26	0	26	100	0	100	100	100	0
Crematorium Works	20	28	0	28	30	0	30	10	10	0
War Memorials	21	2	0	2	20	0	20	(1)	(1)	0
COMMUNITY SPACES										
Parks and Play Areas - Development										
Play Areas	477	289	(267)	22	744	(267)	477	0	0	0
VEHICLES & PLANT										
Vehicle & Plant Purchases	4,883	1,547	(97)	1,450	2,060	(145)	1,915	(2,968)	(2,968)	0
PUBLIC CONVENIENCES										
Glenmore PC	(3)	27	(60)	(33)	120	(60)	60	63	63	0
Glencoe PC Improvements	0	5	0	5	110	(83)	27	27	27	0
Visitor Management Upgrades - Public Convenience	333	7	0	7	333	0	333	0	0	0
Wick PC Refurbishment	0	33	0	33	150	(150)	0	0	0	0
OVERALL TOTAL	15,813	8,913	(424)	8,489	11,998	(787)	11,211	(4,602)	(4,602)	0

THE HIGHLAND COUNCIL													
CAPITAL MAJOR PROJECT WHOLE LIFE REPORTING - Q3													
SERVICE: COMMUNITIES & PLACE													
Project Description	WHOLE LIFE BUDGET TO 2036/37			ACTUALS TO DATE 22/23 Q3			FORECAST TO END OF PROJECT			PROJECT ASSESSMENT			COMMENTS
	LIFE BUDGET EXPENDITURE	LIFE BUDGET INCOME	LIFE BUDGET NET	ACTUAL EXPENDITURE TO DATE	ACTUAL INCOME TO DATE	ACTUAL NET TO DATE	FORECAST EXPENDITURE	FORECAST INCOME	FORECAST NET	COST	TIMING	SCOPE	COMMENTS
	£000	£000	£000	£000	£000	£000	£000	£000	£000				
Landfill Restoration Programme	9,302		9,302	7,163		7,163	9,302		9,302	R	G	G	The landfill restoration programmes profiled spend includes £160k in 22/23, £1.012m in 23/24 and £1.0m in 24/25, this is reflected in the overall forecast expenditure. However rising costs may impact on these forecasts. Some restoration cost may be delayed if capacity in Seater is used for authorised landfilling beyond 2025. Spend in 22/23 has been increased to accommodate SEPA requirements to provide additional leachate management activities at Seater via the installation of temporary capping (brought forward from 23/24 forecast spend). The Inverness WTS project forecast outturn remains £14.028m. We are experiencing increased costs across all areas of vehicles and plant. The availability of materials and components used in manufacturing processes, the impact of inflation, Brexit and Covid, all affect the price and availability of vehicles and plant. The lead in time between ordering and delivery of a large goods vehicle is in the region of 18 months. We will keep the fleet replacement programme under review and monitor the impact of vehicle availability and cost (market and running costs) and any changes to the way Roads and Waste services operate in relation to their fleet requirements.
Residual Waste Management Facility - Longman Project	13,102		13,102	13,809		13,809	14,028		14,028	R	G	G	
Vehicle & Plant Purchases (incl. Large Goods Vehs)	38,906		38,906	5,290	-2,017	3,273	40,923	-2,017	38,906	R	R	G	