

The Highland Council

Agenda Item	6.
Report No	CP/3/25

Committee: Communities and Place

Date: 30 January 2025

Report Title: Capital Monitoring Report Q3 2024/25

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

- 1.1 This report provides Members with the Capital budget outturn forecast for the Communities and Place Service for 2024/25 as at the end of Q3.
- 1.2 The forecasted outturn for 2024/25 is a net expenditure of £8.657m against a budget of £12.81m
- 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. **SCRUTINISE and NOTE** the forecasted capital outturn for the Communities and Place Service for 2024/25 as at Q3; and
 - ii. **SCRUTINISE and NOTE** the current forecast for the major project for the Communities and Place Service for 2024/25.

3 Implications

- 3.1 **Resource** - Resource implications are discussed in the report. There are ongoing issues with inflation and supply issues that continue to put pressure on individual projects, or ongoing programmes of work. This is being regularly monitored and adjustments made where appropriate.
- 3.2 **Legal** - The contents of this report support the requirement of Sections 6 and 7 of the CIPFA Financial Management Code- 'Monitoring financial performance' and 'External financial reporting.'

- 3.3 **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.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – there are no specific implications arising from this report.
- 3.5 **Gaelic** - there are no specific implications arising from this report.

4. Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children’s Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is a monitoring and report and therefore an impact assessment is not required.

5. 2024/25 Capital Budget – Forecast Outturn Q3

- 5.1 The Capital Programme budget for 2024/25 is £12.81m. Further detail is reported in **Appendix 1** including a forecasted spend of £15.164m and net expenditure of £8.657m.

The main reasons for the forecast variance are attributable to the Waste project at Fort William transfer station that will be completed in 2025/26, the Landfill Restoration Programme, Play Parks, and burial grounds extensions that are not to complete until into 2025/26.

- 5.2 **Fort William Waste Transfer Station** – this project forms a key part of the future waste strategy and will be delivered over financial year 2024/25. The planning application has been approved and the construction contract award was issued to the preferred contractor Clark Contracts Limited. Work will commence on site during January 2025 with an anticipated completion of July 2025. The underspent budget from 2023/24 will reprofile into 2024/25 to allow the project to remain fully funded through to completion by the end of the financial year.
- 5.3 **Landfill Restoration** – some capping work to seal landfill sites that have been utilised at Seater and Granish is not suitable to be undertaken during the winter period. Planned capping of two cells at Seater Landfill is not expected to commence until Spring 2025 and therefore this budget will require to carry into 2025/26
- 5.4 **Bereavement Services** – a Project Board is overseeing the delivery of the capital programme in respect of new burial grounds, extensions to existing burial grounds and upgrades to the Crematorium. There are challenges in some areas of Highland to identify appropriate sites that are both suitable for development and affordable. A number of sites originally expected to advance in 2024/25 will now progress across 2025/26 and beyond through the 5-year capital programme approved in September 2023. Priority sites are determined using up to date information regarding capacity.

Work continues in the meantime to plan ahead to identify potential sites and to test their appropriateness for future construction so that work can commence as and when necessary. As detailed in previous reports to the Committee, a number of burial ground projects have been progressed including Canisbay, Fort William, Portree, Dunvegan, Kiltvean and the crematorium cremator replacement project.

- 5.5 **Play Parks** – the renewal of play parks is funded by a five-year programme of funding from the Scottish Government. The overall governance for the play parks capital budget is delivered by Area Committees. The underspend for 2023/24 will reprofile into 2024/25. Officers continue to work with Members to prioritise how the area funding is spent and to drive delivery of the selected projects.
- 5.6 **Fleet** – The budget is on target this year. The budget was adjusted to accommodate an overspend in 2023/24 due to extra chassis' being delivered early. There is no significant risk, and the team are working to develop the Capital Programme for 2025/26 with a view to commencing procurement of this in the new year.
- 5.7 Public conveniences had a budget of £0.176m and secured £0.615m of match funding. Projects completed included refurbishment works at Kinlochbervie, Lochinver, Rhiconich, Scourie, Whin Park Inverness and Wick Whitechapel.

6. 2024/25 Capital Budget – Major Projects to 2036/37

- 6.1 **Appendix 2** provides details for the “major projects” which are those over £5m and will be updated as part of the ongoing review of the Council’s Capital Programme into future years.
- 6.2 As reported to this Committee, an application was successfully submitted to Zero Waste Scotland (ZWS) for £6.5m of capital funding towards a range of related works for waste management service collection changes across Highland. Additional funding associated with three specific items – (i) an increased level of spend for Portree waste transfer station in 2025/26 (ii) an additional food waste collection vehicle; and (iii) additional expenditure on commercial waste bins requires a final decision by the ZWS Project Board.

Designation: Assistant Chief Executive - Place

Date: 12 January 2025

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Appendices: Appendix 1 – Monitoring of Capital Expenditure Q3 2024/25
Appendix 2 – Major Project

MONITORING OF CAPITAL EXPENDITURE - Q3 2024/25

SERVICE: COMMUNITIES & PLACE

Project Description	BUDGET	ACTUALS TO DATE Q3			FORECASTS			VARIANCE			COMMENTS
	2024/25 Capital Budget	2024/25 Actual Expenditure	2024/25 Actual Income	2024/25 Actual Net Year to Date	2024/25 Forecast Expenditure	2024/25 Forecast Income	2024/25 Forecast Outturn	2024/25 Variance Forecast Outturn v Budget	2024/25 To Reprofit to Next Financial Year	2024/25 Overspend / (Underspend)	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
WASTE MANAGEMENT											
Landfill Restorations											
Landfill Restoration Programme	1,239	223	0	223	250	0	250	(989)	(989)	0	The planned capping of cells 9 & 10 at Sealer is not expected to commence until Spring 2025 and therefore this budget will require to carry into 25/26.
Long Term Waste Strategy											
Green Energy Hub (Earmarked Fund)	0	0	0	0	0	0	0	0	0	0	No further work to progress on an EMI plant at Longman for the time being. A review of waste earmarked balances is currently ongoing with the intention to reallocate £200k from Green Energy Hub reserve to fund Plant, Infrastructure & Banks.
Waste Transfer Stations											
Longman Waste Transfer Station	137	212	(75)	137	233	(96)	137	0	0	0	The expenditure this financial year is primarily the contractor retention payment along with some minor additional improvement works including automating the roller doors and installing a weighbridge intercom system. The expenditure incurred above the approved budget will be funded from waste earmarked balances.
Fort William Waste Transfer Station	3,548	129	0	129	1,250	0	1,250	(2,298)	(2,298)	(9)	The land lease has been agreed and a contractor appointed. Due to delays finalising the lease the spend profile has changed with the balance to fall in 25/26. The expected completion date is July 2025.
Aviemore Granish Waste Transfer Station	0	9	0	9	9	0	9	9	0	9	Work on leachate plant at Granish. Nothing further expected.
Infrastructure & Banks											
Wheeled Bin Replacements - Household/Commercial	50	0	0	0	50	0	50	0	0	0	Budget expected to be fully used this financial year to fund replacement of household and commercial waste bins.
Household Waste Recycling Centre Facilities	11	7	0	7	11	0	11	0	0	0	Improvements to staff facilities at Brora Recycling Centre.
Plant, Infrastructure & Banks	37	143	(67)	76	373	(336)	37	0	0	0	Generally a minimum budget of £200k per annum is required to fund the annual replacement/upgrades of waste plant and infrastructure. A review of waste earmarked balances is currently ongoing with the intention to reallocate £200k from Green Energy Hub reserve to fund Plant, Infrastructure & Banks. The forecast expenditure this year also includes £108k to fund skips & trailers which is being funded by the service revenue budget savings and earmarked balances. There is also spend of £250k to replace two compactors. The additional expenditure incurred above the approved budget & other funding sources mentioned will be funded from waste earmarked balances.
Recycling Improvement Fund											
RIF Capital Projects	0	3,152	(1,473)	1,679	4,492	(4,492)	0	0	0	0	Roll out of new bin-stream kerbside recycling service, including modifications to Portree and Cathness Waste Transfer Stations to support the changes. Project funded primarily by Zero Waste Scotland through the Scottish Government's Recycling Improvement Fund. £4.27m of the forecast spend this FY will be funded by ZWS. Any expenditure not covered by this funding source will be funded from waste earmarked balances.
BEREAVEMENT SERVICES											
Burials and Cremations											
Crematorium Inverness	50	71	0	71	368	0	368	318	318	0	Contract has been awarded and initial payment to contractor due by March 2025.
Burial Ground Aithes	350	3	0	3	350	0	350	0	0	0	Work progressing to identify most appropriate site from the options available and then final decision to be made and land purchase agreed.
Burial Ground Canisbay	215	259	0	259	259	0	259	44	44	0	Extension complete. Will provide 80+ years capacity. Retention payment due Aug 2025 (£4k)
Burial Ground Doris	303	0	0	0	90	0	90	(213)	(213)	0	Project is linked with the housing development. Project works for the cemetery will begin once joint access road is complete.
Burial Ground Dunvegan	274	0	0	0	50	0	50	(224)	(224)	0	Land purchase concluded. Planning permission granted and tender to process in January.
Burial Ground Glen Nevis	508	12	0	12	200	0	200	(308)	(308)	0	Land purchase is progressing with Forestry Scotland. Remaining budget to carry over to fund works for completion in 25/26.
Burial Ground Kilmoreack	30	1	0	1	30	0	30	0	0	0	Full budget to be spent this FY.
Burial Ground Mount Vernon Thurso	180	2	0	2	100	0	100	(80)	(80)	0	Land purchase expected to complete 24/25. Remaining budget to carry forward for works in 25/26.
Burial Ground Portree	505	70	0	70	400	0	400	(105)	(105)	0	Design complete and planning approved. Spend on Portree this financial year expected to be £400k with other £250k in 25/26. This will cover our design, payments to utilities and a proportion of the payments to the Contractor.
Burial Ground Reay	120	0	0	0	30	0	30	(90)	(90)	0	Land investigation ongoing. Expect main work to fall in 25/26.
Burial Grounds General	256	132	0	132	372	0	372	116	116	0	Budget used to fund small projects and support longer term planning of future major projects.
War Memorials	19	0	0	0	5	0	5	(14)	(14)	0	Budget to cover capital works across War Memorials as necessary. Small level of spend expected with balance to carry over to 25/26.
Memorial Safety	39	6	0	6	10	0	10	(29)	(29)	0	Memorial safety inspection programme is in place, over 9,000 memorials have been inspected and 300+ made safe. Any balance unspent to carry over to fund further inspections, including those planned at Tomnahurich, Rogart and Cawdor.
COMMUNITY SPACES											
Play Areas	1,603	485	(690)	(205)	1,800	(944)	856	(747)	(747)	0	Meetings progressing with all Area Committees to identify priorities and finalise plans to spend their play area allocations. It is expected that a sizeable level of orders will be placed with suppliers shortly. A significant portion of this budget is expected to be committed this financial year. Income primarily reflects contributions from community groups towards play park improvements.
Naim Beach Access Platform	0	0	4	4	0	0	0	0	0	0	No further work expected at present.
VEHICLES & PLANT											
Vehicle & Plant Purchases	1,694	2,595	(206)	2,389	2,548	(590)	1,958	264	264	0	Total spend this FY is forecast to be £2.5m (some revenue costs are to be coded out in Q4). There are 9 conversions in the pipeline but have been delayed to 25/26. As such no further spend beyond this level anticipated for 24/25. Expected income this FY includes £250k from the sale of old fleet and a £340k contribution from the insurance fund in respect of 5 vehicles written off.
Amenities Plant & Equipment	521	327	0	327	521	0	521	0	0	0	Budget to be spent on robomowers and roboliners for Amenities. Includes virement from Nature Restoration Fund of £143k towards purchases. Full budget to be spent this FY.
Mechanical Street Sweepers/Waste Plant & Vehicles	200	0	0	0	175	0	175	(25)	(25)	0	New sweeper for Naim to be purchased this FY. The remaining balance to carry into 25/26 to contribute towards next years purchases.
Waste Shredders*	1,000	0	0	0	1,000	0	1,000	0	0	0	Purchase of two shredders to shred bulky waste and subsequently deliver to Energy from Waste facilities. The budget will be committed this financial year. It is expected the shredders will be delivered and in operation by the end of the financial year but it could fall into April (25/26 FY). Planning at the moment for full spend in 24/25.
PUBLIC CONVENIENCES											
PC Upgrades	(76)	171	(3)	168	188	(49)	139	215	136	79	All forecast spend from previous commitments including final retentions due across completed projects. Income includes final RTIF amounts for Lochinver & Kinlochberrie and balance of PBPB funds. The £79k overspend figure reflects the excess spend above the approved 5 year capital budget level.
OVERALL TOTAL	12,813	8,009	(2,510)	5,499	15,164	(6,507)	8,657	(4,156)	(4,235)	79	

*Project budgets are either wholly or partly self-funded (ie from income generated or savings).

CAPITAL MAJOR PROJECT WHOLE LIFE REPORTING - 2024/25 Q3

SERVICE: COMMUNITIES & PLACE

Project Description	WHOLE LIFE BUDGET			ACTUALS TO DATE 24/25 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				
Recycling Improvement Fund (RIF)	6,980	-6,980	0	5,217	-3,538	1,679	6,980	-6,980	0	G	G	G	