

Agenda Item	9
Report No	CP/39/21

## THE HIGHLAND COUNCIL

**Committee:** Communities and Place Committee

**Date:** 10 November 2021

**Report Title:** Communities & Place Capital Monitoring – Quarter 2 2021/22

**Report By:** Executive Chief Officer - Communities and Place

### 1. Purpose/Executive Summary

- 1.1 This report provides Members with reported position for the second Quarter (Q2) ended 30 September 2021 of the 2021/22 financial year.
- 1.2 Net spend on capital projects in the period to 30 September 2021 totalled £4.540m.
- 1.3 Given the fact Covid is still having an impact and based on present expenditure trends a balanced position for the year end is forecast.

### 2. Recommendations

- 2.1 Members are asked to:
  - i. Consider the financial position as at 30 September 2021 and note the estimated year end forecast.

### 3. Implications

- 3.1 Resource - Resource implications are discussed in the report.
- 3.2 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. The potential risks associated with waste transfer station projects are detailed in this report. As noted below and described in a separate report to this Committee on waste projects updates, work is being undertaken to develop a detailed project plan for the development of a green energy hub at the Longman site in Inverness. This will provide Members with the information they need to consider how best to proceed and with costs, benefits and

risks transparent. Such development will have a significant impact on the Council's resources, bearing in mind current arrangements for waste disposal cost around £11m annually including £8m on landfill tax, and both capital and revenue options will be explored as part of the development plan work.

- 3.3 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'.
- 3.4 Waste infrastructure developments, as noted in the waste projects update reported separately to this Committee meeting, support the Council's legal duties around our waste facilities, our landfill sites and our arrangements for processing and disposing of materials. Currently the most significant legal/regulatory issue that the Council faces is the ban on landfilling our waste as introduced through the Waste Management (Scotland) Regulations 2012. There is to be full compliance by the end of 2025. Work is underway for both an interim and long-term solution to ensure the Council complies with this ban. Both solutions have resource implications. As noted in the waste projects update report, the revenue cost of the interim solution will be known by early 2022 for the period 2023-27. The costs of a long-term solution of an EfW plant will be quantified through the project plan work and reported to Members at various decision points. Currently there is no provision in the capital programme for an EfW plant or green energy hub.
- 3.5 There are no new specific equality, climate change rural or Gaelic implications arising as a direct result of this report.

#### **4. Capital Programme 2021/22**

- 4.1 **Appendix 1** provides a summary of the reprofiled current year budgets and spend and income for the period to 30 September 2021. The reprofiled budget was approved at Highland Council in January 2021, and after adjusting for the 2020/21 carried forward position the net budget is £15.887m. The net actual figures provided reflect the net project expenditure, i.e. project costs incurred less project-specific income received.
- 4.2 After 6 months of the financial year the net expenditure is £4.540m representing 28.6% of the 2021/22 programmed figure. The estimated outturn position shows a net expenditure of £15.887m. Given the fact Covid is still having an impact and based on present expenditure trends a balanced position for the year end is forecast.
- 4.3 Progress on capital projects is as reported in the notes column on **Appendix 1**.

#### **5. Potential Project Issues**

- 5.1 Longman Waste Transfer Station – risk of increased cost due to unforeseen work relating to protected species on site (badgers) and increased prices for steel as a consequence of the Covid pandemic. A resolution to the piling issue, as previously reported, has been found. The current cost estimates are constantly under review at the monthly project board meetings and any significant movement will be reported to future meetings of this Committee. Any increase will be subject to negotiations with the contractor as part of the routine contract dialogue.
- 5.2 Fort William Waste Transfer Station – currently provision for £1.8m in the capital budget and Project Design Unit believe this should be sufficient if straight forward, but there is a risk around land decontamination as reported for Q1, potentially adding a further £0.5m of costs.

## **6. Additional Capital Investment Strategic Partnership Priority 1 – Green Energy Hub**

- 6.1 As reported to the Council's September Committee reference was made in both the "Future Highlands – Health and Prosperity Strategic Partnership Plan" and the "Medium Term Financial Plan – Update" of project development as part of the masterplan for the Longman, Inverness site with approval of an allowance of £2.8m to secure a range of professional expertise covering legal, technical, financial, procurement, insurance, engineering, architectural, ecological requirements as well as public and partner engagement.
- 6.2 This level of detail is required to enable further Member decision-making and to take the project forward in stages to proceed with a green energy hub, developed to provide the long term solution to the Council's residual waste through an energy from waste plant with further benefits arising from combining heat and power output to enable electricity generation, district heating, electric vehicle charging for fleet, the creation of a new, modern and first-class depot servicing a range of operations and scope for hydrogen production. The hub would serve Council operations and with scope for partner operations and be of interest to high energy using business, including other fleet operators.
- 6.3 This project development would be over a four-year period with decision points for Members during that period, initially on planning by year 2. The allowance for this project development does not commit the Council to agreeing this development or the scale of this development on this site, but it provides the route map and information for Members to be able to make that decision with the costs, benefits and risks transparent. Such development will have a significant impact on the Council's resources, bearing in mind current arrangements for waste disposal cost around £11m annually including £8m on landfill tax, and both capital and revenue options will be explored as part of the development plan work.

Designation: Executive Chief Officer – Communities and Place

Date: 25 October 2021

Author: Mike Mitchell, Services Finance Manager

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

## SERVICE: COMMUNITIES &amp; PLACE

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	
<b>WASTE MANAGEMENT</b>								
Landfill Extensions								
Landfill Restorations								
Landfill Restoration Programme	357	623	357	0	623	0	0	The contractual capping work is substantially complete, gas well and gas works is scheduled to commence Oct/Nov and completed within the calendar year
<b>Waste Management Strategy</b>								
Residual Waste Management Facility	1,139	9,262	1,139	0	9,262	0	0	On site construction is progressing, including an achieved engineered piling solution The contractor's latest programme indicates a completion date of 15th February 2023
Plant, Infrastructure & Banks	882	2,091	882	0	2,091	0	0	Granish waste transfer station - contractual works are substantially complete, other minor work such as Interior lighting will be complete by November and clarification on fire fighting control is still to be agreed.
<b>BEREAVEMENT SERVICES</b>								
Burials and Cremations								
Burial Ground Portree	0	153	0	0	103	(50)	0	Project Design Unit investigating to establish if test digs carried out prior to the development of Phase 1 cover the area now to be developed as Phase 2.
Burial Ground Kilmorack	1	41	1	0	41	0	0	Test digs completed in the zone already proposed for extension. Discussions with landowner to consider additional land to avoid high voltage cable on site.
Burial Ground Glen Nevis	1	141	1	0	141	0	0	Test digs complete on nearby site. This land was found to be unsuitable due to the large deposits of peat and the obvious waterlogging issues. Landowners of a strip of land adjacent to a new housing development above the Plantation housing estate are being approached for permission to carry out test digs.
Burial Ground Dores	2	100	2	0	100	0	0	Design complete. Negotiations with landowner are at an advanced stage. All outstanding issues resolved.
Burial Ground Kilvean	0	50	0	0	50	0	0	Contract awarded for last phase. Contractor scheduled to be on site early November 2021
Burial Ground Alness	2	181	2	0	131	(50)	0	Test digs complete, Soil analysis sent to SEPA, response encouraging. Project Design Unit to carryout surveys and detailed design proposals to determine the area of land required to futureproof the development. Once this survey is complete, Estates Surveyor will negotiate land purchase for the landowner.
Burial Ground Dornoch	2	127	2	0	127	0	0	Project Design Unit to organise test digs.
Burial Ground Daviot	60	0	60	0	100	100	0	Design/development complete. Project design Unit to draw up an as built set of drawings to ensue accurate record keeping. Contract due on site 3rd week in October to install fencing and gates.
War Memorials	1	12	1	0	12	0	0	Various small works ongoing. Work is very much temperature dependant through the winter months.
<b>COMMUNITY SPACES</b>								
<b>Parks and Play Areas - Development</b>								
Play Areas	1	0	14	(13)	0	0	0	Income from Lochbroom Community Council
<b>VEHICLES &amp; PLANT</b>								
Vehicle & Plant Purchases	2,092	3,106	2,130	(38)	3,106	0	0	Progressing purchases, including £1m of extra roads equipment.
<b>OVERALL TOTAL</b>	<b>4,540</b>	<b>15,887</b>	<b>4,591</b>	<b>(51)</b>	<b>15,887</b>	<b>0</b>	<b>0</b>	