

<b>Agenda Item</b>	<b>9</b>
<b>Report No</b>	<b>ECI/44/2021</b>

## THE HIGHLAND COUNCIL

**Committee:** Economy and Infrastructure

**Date:** 2 December 2021

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

**Report By:** Executive Chief Officer Infrastructure, Environment & Economy

### 1. Purpose/Executive Summary

- 1.1 This report provides members with reported position for the second quarter 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 £11.878m.
- 1.3 Given this is the second quarter of the financial year, the fact Covid is still having an impact and based on present expenditure trends, a slight net acceleration of £0.297m for the year end is forecast.

### 2. Recommendations

- 2.1 Members are asked to 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 budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future Committees.
- 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 There are no specific equality, climate change/Carbon Clever, 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 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 £39.039m. The year-to-date actual figures provided reflect the net project expenditure, i.e., project costs incurred less project-specific income received.
- 4.2 Overall, there has been a net expenditure of £11.878m for the 6 months to 30 September 2021 representing 30.4% of the 2021/22 programmed figure. This reflects the fact that significant project income has been received but that there have been delays in incurring costs. For the period £24.921m of gross expenditure has been incurred. Of the project income received funding streams relate to active travel, timber transport, European funding, City-Region deal funding, town centre funding, regeneration funding and vacant and derelict land funding. These funding streams will be offset against specific project costs as they are incurred.
- 4.2 The estimated outturn position shows a net expenditure of £39.336m. Given this is the second quarter of the financial year, the fact Covid is still having an impact and based on present expenditure trends, a slight net acceleration of £0.297m for the year end is forecast.
- 4.3 Progress on capital projects is as reported in the notes column on **Appendix 1**.
- 4.4 An update on major projects is included at **Appendix 2**.

Designation: Executive Chief Officer Infrastructure, Environment & Economy

Date: 12 November 2021

Author: Mike Mitchell, Services Finance Manager

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

## SERVICE: INFRASTRUCTURE &amp; ENVIRONMENT

Project Description	Actual Net Year to Date	2021/22 Reprofiled Budget	2021/22 Actual Expenditure	2021/22 Actual Income	2021/22 Estimated Outturn	2021/22 Acceleration / (Slippage)	2021/22 Overspend / (Underspend)	COMMENTS
	£000	£000	£000	£000	£000	£000	£000	
<b>ROADS AND BRIDGES</b>								
<b>Structural Road Works</b>								
Road Structural Capital Works	5,410	14,787	5,513	(103)	14,787	0	0	Works progressing in all Areas.
Road Surface Dressing Capital	2,451	3,540	2,451	0	3,540	0	0	Works progressing in all Areas.
Bridges, Retaining Walls & Culverts	235	1,081	243	(8)	838	(243)	0	Torbreck bridge completed. Ness Bridge design tender price over budget about to re-tender. Torrdaroch Bridge progressing. Works planned at Ledmore, and Knockan, all high priority repair works with designs progressing.
<b>Area Minor Capital Works</b>								
Timber Extraction	284	499	403	(119)	499	0	0	Works have progressed for all schemes with first scheme completed, all works programmed for completion by end of Feb 2022.
<b>Major Road Improvements</b>								
The Inverness West Link	1,205	694	1,205	0	1,600	906	0	Developers contributions in future years will meet expenditure incurred in 2021/22 and 2022/23 financial years.
Inshes Roundabout	199	51	199	0	250	199	0	Consultation on Options now complete, Committee report on 18th of November. Proceed with planning and detailed design.
Development Infrastructure, Dingwall	20	485	20	0	485	0	0	20 limit extent revised and now permanent.
B851/B862 South Loch Ness Road Improvements	75	190	75	0	190	0	0	Works progressing as and when required.
Stromeferry Rockface	47	1,015	47	0	900	(115)	0	Phase 12 works on site to install new catch fencing at two locatoins. Work complete by December 2021.
<b>Minor Road Improvements</b>								
Other Minor Schemes	4	0	14	(10)	50	50	0	
<b>Major Bridge Works</b>								
B863 Invercoe Bridge, Lochaber	14	2,515	14	0	2,415	(100)	0	Construction contract awarded, construction to start November 2021.
A862 Muir of Ord Railway Bridge	3	2	3	0	2	0	0	Complete. Final land transaction completed in August 2021.
B9090 White Bridge	1	84	1	0	84	0	0	Final land issues to be resolved - negotiation continuing. Repairs of old bridge expected 2022..
Dulsie Bridge	0	22	0	0	22	0	0	Monitoring continues, design not started. Scope of design to be decided following monitoring.
Ruthven (Spey) Bridge	6	0	6	0	0	0	0	Repairs to movement joints - on site 2022.
Naver Bridge	70	362	70	0	362	0	0	Consultant (Fairhurst) appointed for design phase, preliminary design work, surveys and investigations underway, construction start 2024 - note construction route to planned spaceport.
<b>Lifeline Bridges</b>								
B8007 Glenmore Bridge - Lifeline Bridges	0	20	0	0	20	0	0	Land issues still outstanding to be resolved. Ground investigation expected 2022.
A884 Acharn Bridge - Lifeline Bridges	0	0	0	0	50	50	0	Design commenced August 2021 (1 yr earlier than previously planned)
A884 Achnagavin Bridge - Lifeline Bridges	0	0	0	0	50	50	0	Design commenced August 2021 (1 yr earlier than previously planned)
A831 Comar Refurbishment - Lifeline Bridges	0	56	0	0	56	0	0	Land issues nearing resolution. Design to commence 2021/22
<b>ACTIVE TRAVEL</b>								
Car Parking - Portree	57	(44)	57	0	(44)	0	0	Complete. PDU finalising all claims.
Car Parking - Fort Augustus	0	10	0	0	10	0	0	Complete. (Developer to complete snagging).
Car Parking - Inverness Lorry Park	24	145	24	0	145	0	0	Works for completion this financial year. PDU issuing tender pre Q3 to be completed this financial year.
Cycling, Walking & Safer Streets	104	(28)	275	(171)	(28)	0	0	Expenditure fully funded by Transport Scotland grant.
20mph Zones	(2)	19	2	(4)	19	0	0	
Traffic Management Improvements	22	(43)	22	0	(43)	0	0	Remainder of budget allocation as match funding for ERDF transport project as part of Scotland's 8th City - The Smart City. Project to be completed this financial year.

Community Links PLUS	231	0	719	(488)	0	0	0	Fully funded by Sustrans. Works progressing on all phases. Raigmore Ramp construction finalised Nov-21. Riverside Way progressing to detailed design, and Millburn Road procurement in partnership with Bus Partnership Fund for STAG process on active travel and bus provision.
Bridge at Lochloy, Nairn	36	0	94	(58)	0	0	0	Developer contributions of circa £600k have been received for construction, to be match funded via Sustrans. Negative feedback received from Community has meant this project is currently on hold.
Bus Priority Rapid Development Fund	226	0	225	1	0	0	0	Fully funded by Transport Scotland. Rose Street bus gate was completed in July 2021. Raigmore bus gate subject to planning consent, is to be delivered through Bus Partnership Fund.
Accessing Inverness	23	0	33	(10)	0	0	0	This project has now been badged as Places for Everyone: Academy Street. Project Manager has been appointed and engagement commenced with BID and other key stakeholders. Design (up to £800k) fully funded by Sustrans.
Aviemore Active Travel Path	(96)	0	0	(96)	0	0	0	Path design has been completed. Discussions with Network Rail are underway to determine extents of path in to new Hospital site, utilising the railway underpass.
Spaces for People	54	(8)	499	(445)	(8)	0	0	Fully funded by Transport Scotland. Some funding has been carried forward to enable the 20mph schemes to be made permanent whilst also designing a future permanent one-way system around Inverness Castle.
<b>LIGHTING</b>								
Structural Lighting Works	880	2,807	880	0	2,307	(500)	0	Essential lighting works including LED enabling and LED delivery ongoing. Slippage due to delays in deliveries due to world-wide semi-conductor supply issues. Replacement communications mast committed. Upgrade/refurbishment of existing radio mast portfolio ongoing. Essential traffic signal works ongoing. Essential CCTV works ongoing.
<b>FLOOD RISK MANAGEMENT</b>								
<b>Flood Protection Schemes</b>								
River Ness Flood Prevention - Tidal Section (Incl Streetscaping)	94	0	94	0	94	94	0	Flood scheme works complete – negotiations have now concluded regarding final compensation claims. No further compensation claims anticipated.
Smithton / Culloden Flood Alleviation	22	2,723	29	(7)	127	(2,596)	0	Main Flood Scheme works complete. Maintenance period ongoing and some compensation claims. Value does not take into account any Scot. Gov. payments/refunds.
River Enrick FPW / NFMS	1,139	727	1,139	0	3,100	2,373	0	Scheme under construction. Due to be completed Spring 2022.
Caol FPW	987	2,936	1,000	(13)	2,936	0	0	Works on site and proceeding to programme. Completion 2023.
<b>Flood Studies</b>								
Mill Burn FPS	0	62	0	0	62	0	0	Preferred Options submitted to SEPA for national prioritisation. Awaiting Scot. Gov. decision on grant funding (linked to prioritisation) which is not anticipated until early 2022. Potential for small scale improvement works at Millburn Court.
Conon Bridge Flood Defence Improvements	29	665	29	0	665	0	0	Tender awarded and works due to start on 8 <sup>th</sup> November.
River Gynack FPS / NFMS	0	54	0	0	54	0	0	Expected to spend this financial year.
River Peffery - FPS / NFMS	6	0	6	0	10	10	0	Preferred Options submitted to SEPA for national prioritisation. Awaiting Scot. Gov. decision on grant funding (linked to prioritisation) which is not anticipated until early 2022.
Golspie FPS / NFMS	0	40	0	0	40	0	0	Scheme on hold awaiting Scottish Government grant funding decision - Underspend required for budget for 21-22 to undertake exiting sea wall assessment.
River Nairn & Auldearn Burn FPS	2	143	2	0	143	0	0	Expected to spend this financial year.
Risk Management Plans	120	96	120	0	250	154	0	This budget only has enough allowance for Planning whereas the work on this code is for Planning, Local Flood Risk Management Strategies, Local Flood Risk Management Plans, Lead Local Authority Forums, Local Advisory Groups, Local Plan District meetings, SCOTS, Flooding Incidents and general responses. A budget request to increase to £0.25m per annum has been included in the capital programme review.
Flood Improvement Works Knockbain Burn, Dingwall	8	239	8	0	239	0	0	Coarse Debris screen works commenced on site (Oct 2021). Expected to spend this financial year. Unsure of works by Structures team on other screen.
Scalesburn, Wick	2	0	2	0	5	5	0	
Surface Water Management Plans	26	84	26	0	50	(34)	0	Working on an overall SWMP with individual chapter to cover each area. SWMP started for each area. Ongoing into next financial year.

<b>FERRIES AND HARBOURS</b>								
Uig Ferry Terminal and Link Span	129	230	132	(3)	230	0	0	
Harbours General Structural Works - H&S	(22)	86	9	(31)	86	0	0	Programme of works identified.
Travel Hoist Finger Jetty Construction	9	500	9	0	500	0	0	Committed, construction starts Jan 2022.
Portree Structural Inspection	13	25	13	0	25	0	0	Inspections ongoing.
Lochinver Structural Inspection	13	50	13	0	50	0	0	Inspections ongoing.
Corran Ferry	3	300	3	0	300	0	0	Steering system replacement on MV Maid of Glencoul £0.250m; and urgent improvement works to Ardgour slipway £0.050m.
<b>LEISURE FACILITIES</b>								
<b>Parks and Play Areas - Development</b>								
Inshes Park (Phases 1 to 3)	166	204	299	(133)	204	0	0	Civils works complete. Planting in phases 2 and 3 planned.
<b>PLANNING &amp; DEVELOPMENT</b>								
<b>Town &amp; Countryside Regeneration</b>								
Storr Car Park	0	234	0	0	153	(81)	0	
Nairn High Street	29	(297)	49	(20)	(297)	0	0	Complete. Income received to match expenditure in 2020/21.
Inverness Townscape Heritage	0	56	0	0	56	0	0	Carry forward from previous year.
Visitor Management	46	0	67	(21)	75	75	0	Complete. Part of the overall Inverness heritage project.
Wester Ross Visitor Hubs	0	89	0	0	89	0	0	Remaining funds available for match funding other Wester Ross tourist information type projects, including an information panel at Gairloch Beach Toilet
Storr Visitor Management	0	93	0	0	93	0	0	Budget committed.
<b>Misc Assets, Bridges &amp; Structures</b>								
Assets, Bridges & Structures	0	57	0	0	57	0	0	PDU undertaking a review of miscellaneous assets. Funds required for non-road structures.
<b>Green Networks, Core Paths &amp; Long Distance Routes</b>								
Green Infrastructure	17	101	22	(5)	101	0	0	Ongoing design works for Merkinch Nature Reserve(MLNR) active travel route. Awaiting Sustrans Stage 3-4 design application result for continued 100% design funding. Construction Stage programmed for 2022/23. Construction stage match funding based on £0.1m THC capital. (Also have ICGF & HCCF construction stage match funding already in place).
Ardersier Path	0	26	0	0	26	0	0	Carry forward from previous year.
Long Distance Routes	1	16	1	0	16	0	0	Carry forward from previous year.
<b>Other Grant Funded Schemes</b>								
Vacant & Derelict Land Fund and Regeneration Fund	(3,445)	0	1,037	(4,482)	0	0	0	Grant carried forward, schemes under development.
Town Centre Fund	(1,472)	0	1,145	(2,617)	0	0	0	Grant carried forward, schemes under development.
Place Based Investment Programme	(1,963)	0	0	(1,963)	0	0	0	
Carbon Clever	0	103	0	0	103	0	0	Fully committed, project progressing.
Inverness Rail Station	0	52	0	0	52	0	0	Joint project with Network Rail / HITRANS. HC committed to £0.3m over 2 years commencing 2021/22.
City Deal Projects	1,220	0	1,854	(634)	0	0	0	Projects progressing.
Electric Vehicle Infrastructure	(30)	0	90	(120)	0	0	0	Fully committed, various projects progressing.
Smart City - Digital Projects	90	250	90	0	250	0	0	Projects progressing.
<b>CAPITAL CONTRIBUTIONS</b>								
Inverness Castle	1,586	800	556	1,030	800	0	0	Part of the City Deal suite of projects.
<b>SELF FUNDING PROJECTS</b>								
Longman Campus Site	16	34	16	0	34	0	0	Carry forward from previous year.
Local Full Fibre Network	483	0	2,986	(2,503)	0	0	0	Project costs recovered from Department of Digital, Culture, Media & Sport of UK Government.
LED Programme for Buildings - SALIX Funded	971	0	981	(10)	0	0	0	Programme of works progressing.
<b>OVERALL TOTAL</b>	<b>11,878</b>	<b>39,039</b>	<b>24,921</b>	<b>(13,043)</b>	<b>39,336</b>	<b>297</b>	<b>0</b>	

## Projects Update

### West Link

Works on the West Link are now complete.

West Link Stage 2, which includes the roundabouts on the A82 and the new swing bridge is to be adopted by Transport Scotland – who will be responsible for this section as the Roads Authority, with Scottish Canals operating the swing bridges from the new control tower. To facilitate that handover, West Link Stage 2 is now in the formal maintenance period – where the Council will be responsible for the road maintenance for the next two years and the landscaping for the next 5 years. Discussions are well advanced with Transport Scotland over the formal handover in due course.

The swing bridge, after some commissioning issues, (predominantly the sensitivity of the sensors), has performed exceptionally reliably. There were some maintenance works and further commissioning checks that have recently been undertaken, this was programmed for when the canal was closed to traffic.

The West Link project has delivered major transformation for the city and region. The route has provided a new, more direct crossing of the River Ness for existing city neighbourhoods, as well as supporting the transport needs of Ness Castle, a major expansion area.

Across the project area active travel connectivity has been expanded and enhanced, with a network of shared paths, road crossings and new desire line connections all contributing to support people to choose walking, wheeling or cycling to get around. Stage 2 of the project has also served as a catalyst for a broad range of community and commercial opportunity. The new crossing of the Caledonian Canal has enabled the delivery of a new city park.

Land immediately adjacent to the canal is recognised as a key destination and asset for the city and, as such, an updated development brief has identified this land for commercial development to establish a new, attractive destination in the city. This will add to the range of destination offers in the city and will provide capital receipts from land transactions. To the north, the former golf course land has also been unlocked for redevelopment potential as additional greenspace, with scope to deliver residential development and a school, should the school estate strategy identify the need.

### Inshes Junction

Following the change to the hierarchy of travel – with the aspiration of more sustainable travel modes – layouts have been developed that have been considered at the City of Inverness Area Committee and also allowed the consultation exercise to commence – to determine public views on the proposals. Notwithstanding the need for the consultation to be virtual – and via a Highland Council consultation portal, over 1,000 representations have been made to date.

Due to the level of interest and the recognised limitations on virtual consultations the consultation period was extended with the aim of facilitating face to face consultations but with ongoing high levels of covid transmissions – this opportunity has not

materialised.

A paper will be taken to the next City of Inverness Area Committee on the 18 November to recommend that Committee determine the preferred option based on the consultations to date. The vast majority of the representations were opposition to the link from Drakies Estate to the Eagle Roundabout – so the recommendation to Committee is that this element should not be included in the preferred option.

Should Committee determine a preferred option then the scheme will be developed to allow the required statutory consents to progress.

Dialogue is also continuing with Transport Scotland over the integration of the Inshes Junction scheme with the proposed A9/A96 Smithton to Inshes Scheme.

Inshes Junction forms a key infrastructure element of the Local Development Plan. It is recognized that to realise additional development - both residential and commercial, will require this necessary infrastructure investment – and the works will act as a catalyst for development and growth in the area.

Inshes Junction forms part of the Highland Council's commitment to the City and Region Deal.

### **Invercoe Bridge**

The contract for Invercoe bridge replacement – the letter on intent (in accordance with EU legislation due to the scale of the project) has been issued – with a formal award date of the 13<sup>th</sup> November.

All land access has now been agreed, however discussions over compensation amounts are still continuing.

Inaugural meeting is scheduled for 15 November – where a start date and planned completion date will be established and will be shared with the local members, the local community and affected landowners.

### **Naver Bridge**

The proposal at Naver Bridge is the construction of a new bridge and approach roads to bypass the existing bridge and allow for its demolition.

A professional services contract has been tendered and awarded to consultants Fairhursts – through a quality and price evaluation, and they commenced design in April.

Feasibility design is reaching a conclusion on the optimum form (a three-span structure) and route alignment. This has allowed the progression of the design this will determine the required land take and the progression of the necessary consents is ongoing and this will include planning, marine licence and also the associated environmental consents.

The scheme will require land, and consultations with landowners over access is progressing well. Negotiations in respect of the in-river investigations are ongoing.

The ground investigation to inform the design is underway, and land-based site works will be completed by the end of November.

Works are on programme to commence in Spring of 2023 for completion in Spring 2025 – to align with the approved budget programme.

### **Drumnadrochit Flood Protection Scheme**

A contract was tendered and awarded to RJ McLeod such that the design works could develop in parallel with construction to aid in the delivery time of the project. The works to be undertaken by RJ McLeod involves three distinct sections. A flood wall at Kilmichael, a flood bund behind the post office and flood walls downstream of the A82 bridge.

Works are progressing well.

The piling works at Kilmichael are now complete and the associated wall construction in underway.

The flood bund through the field is c50% complete.

The works downstream of the A82 are more complex but again progressing well. All piling works are complete and the associated concreting work are well advanced – cladding works will progress in the near future. The works involve access to homeowners land – and associated accommodation works are also progressing.

All works are programmed to be complete by early Summer of 2022.

### **Caol Flood Scheme**

Caol Flood Scheme near Fort William provides 2Km of direct flood defence to provide 1:200 year level of protection from flooding to more than 300 properties and business. The scheme will provide an increased level of protection against tidal flooding from Loch Linnhe and flooding from the River Lochy.

The works were tendered and were awarded to R J Macleod who commenced in May 2021.

A community liaison group has been established and is working well to provide information to the community and also as a means of raising any issues and concerns. The community liaison is further augmented with monthly updates and letter drops.

Works are progressing well, and the project is on budget and also programme. The statutory undertakers work necessary are progressing well, and the secondary drainage, seepage/storage and pumping systems are well advanced. Initial earthworks have progressed with arisings being processed for re-use.

Major Works in terms of import and bunding works and the necessary piling works are programmed to commence in Spring of next year.

Works are planned to be complete in Autumn of 2022.

## **Uig Ferry Terminal**

Following Committee approval at the special meeting of the Economy and Infrastructure Committee on the 8 July 2021, approval was obtained to accept the grant award offer and award the contract.

The contract for the main civil infrastructure works at Uig Ferry Terminal has been awarded to RJ McLeod (Contractors) Limited and works are programmed to commence on the 15 November for completion in Summer of 2023.

The tender for the new terminal Building will be issued in November 2021, with works dovetailed with the main civils works.

The new vessel, MV Hull 802 for the Skye Triangle route is now expected to be delivered between April 2023 to July 2023; and deployed to the route following completion of sea trials. The main civil infrastructure works at Uig Ferry Terminal are planned to be complete in Summer 2023.