

Agenda Item	8.
Report No	CP/11/22

THE HIGHLAND COUNCIL

Committee: Communities and Place Committee

Date: 17 August 2022

Report Title: Capital Budget Monitoring Report: 2021/22 outturn and 2022/23 Quarter 1

Report By: Executive Chief Officer - Communities and Place

1. Purpose/Executive Summary

- 1.1 This report provides Members with the final Capital budget outturn position for the Communities and Place Service for 21/22, and the 22/23 outturn forecast as at the end of Quarter 1.
- 1.2 In 21/22, net spend on capital projects was £10.657m against a budget of £16.121m thus £5.464m budget is carried forward into 22/23.
- 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.
- 1.4 Members are reminded that the Council's latest Capital Plan was approved by The Highland Council on 9 December 21 (item 9). The report - *Medium Term Financial Plan- Capital Strategy and Capital Programme to 2036/37* – can be found [here](#). It is intended that an update report on the Council's overall Capital Programme is presented to The Highland Council on 22 September 22.

2. Recommendations

- 2.1 Members are asked to note:
 - i. the capital outturn position for the Communities and Place Service for 21/22
 - ii. the forecasted capital outturn for the Communities and Place Service for 22/23 as at Quarter 1
 - iii. 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 replacement of Fleet including large good vehicles will help to reduce carbon emissions as will the ongoing review of waste management 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 6).
- 3.6 Gaelic implications: there are no Gaelic implications arising from this report.

4. 21/22 Capital Programme outturn

- 4.1 **Appendix 1** provides, per project, budget, actual expenditure, actual income and the resulting net position at year end for 21/22.
- 4.2 Against a budget of £16.121m, total expenditure was £12.704m (79%). With income of £2.047m (predominantly vehicles and fleet), this resulted in a net year end position of £5.464m underspend which is carried forward to the 22/23.
- 4.3 Further detail per project is reported at **Appendix 1** and includes individual comments.
- 4.4 Members also asked to note that today's agenda also includes more detailed reports on Playpark Funding (item 9) and Waste Management (item 11).

5. 22/23 Capital budget – forecast outturn as at Quarter 1

- 5.1 The capital programme budget for 22/23 is £15.813m. Further detail is reported at **Appendix 2**. It includes actual expenditure of £2.6m (16% of annual budget) for Quarter 1. An underspend of £0.877m is forecasted to year end although it should be noted that the main reason for this underspend is attributable to the Waste project at Fort William transfer station that is not required to be delivered until 23/24.
- 5.2 Costs relating to the construction of the Inverness Waste Transfer Station are currently forecasted to be as high as £0.950m over original budget primarily attributable to significant costs of materials of £0.647m and associated overheads.
- 5.3 In addition to the updates reported separately to today's agenda in relation to Playparks (Item 9) and Waste Management (Item 11), the intention is to bring updates

to Members on the Burial Ground extension projects through respective Ward Business Meetings / Area Committees during 2022/23 onwards. £3m has already been committed for the replacement of Fleet but as is discussed in more detail in section 6, later delivery timelines are becoming increasingly challenging. Within Public Conveniences, partnership working with Cairngorms National Park is supporting the project at Glenmore. Moreover, as part of the Visitor Management upgrade programme, the budget of £0.333m will support a number of projects to enhance the existing public toilets through a series of upgrades, refurbishments, installing CCTV, and making the service more sustainable through the provision of installing charging systems.

6. 22/23 Capital budget – major projects to 2036/37

- 6.1 Appendix 3 provides details to 2036/37 for the “major projects” which are those over £5m. As reported at 1.4, the Council’s Capital Programme 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 ie. 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.
- 6.2 Current estimates for both timing (performance against delivery timelines) and scope (the project’s aims and objectives) for the 3 major projects in the Communities and Place Service are on track (green) with one exception. The exception is in respect of *timing* for Vehicle and Plant Purchases which is amber (at risk). This is attributable to the increased lead in time from ordering and delivery for large goods vehicles.
- 6.3 In relation to costs, all 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 5.2.
- 6.4 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. Capital updates for projects across all Services will support the ongoing review of the Council’s overall Capital Programme which, as reported at 1.4, will be presented to The Highland Council on 22 September 22.

Designation: Executive Chief Officer, Communities and Place

Date: 8 August 2022

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

MONITORING OF CAPITAL EXPENDITURE – 1ST APRIL 2021 TO 31ST MARCH 2022

SERVICE: COMMUNITIES & PLACE

Project Description	BUDGET	ACTUAL			VARIANCE			COMMENTS
	2021/22 Budget	2021/22 Actual Expenditure	2021/22 Actual Income	2021/22 Actual Net Year to Date	2021/22 Variance Actual v Budget	2021/22 Acceleration / (Slippage)	2021/22 Overspend / (Underspend)	
	£000	£000	£000	£000	£000	£000	£000	
WASTE MANAGEMENT								
Landfill Restorations								
Landfill Restoration Programme	623	952	0	951	328	328		Granish (Aviemore) & Seater (Caithness) Landfill sites restoration.
Waste Management Strategy								
Residual Waste Management Facility	9,262	6,407	0	6,407	(2,855)	(2,855)		The actual in year spend is £6,407m reflecting the reported slippage of £2,855m. The construction project is on track for completion in Jan 2023. The projected final spend is 14,028m.
Plant, Infrastructure & Banks (includes Granish & Fw'WTS)	2,091	1,338	0	1,338	(753)	(753)		The in year expenditure is Granish – £1,117m, Fw' – £52K and replacement skips £168k. The total is £1,338m. This reflects an overall slippage of £753k against which is mostly Fw' WTS.
BEREAVEMENT SERVICES								
Burials and Cremations								
Burial Ground Portree	153	10	0	10	(143)	(143)		Work including data analysis and project planning being developed with delivery planned from 22/23.
Burial Ground Kilmorack	41	4	0	4	(37)	(37)		Work including data analysis and project planning being developed with delivery planned from 22/23.
Burial Ground Chapelhill	0	9	0	9	9	9		Work including data analysis and project planning being developed with delivery planned from 22/23.
Burial Ground Glen Nevis	141	4	0	4	(137)	(137)		Work including data analysis and project planning being developed with delivery planned from 22/23.
Burial Ground Dores	100	2	0	2	(98)	(98)		Work including data analysis and project planning being developed with delivery planned from 22/23.
Burial Ground Kilvean	50	2	0	2	(48)	(48)		Work including data analysis and project planning being developed with delivery planned from 22/23.
Burial Ground Alness	181	10	0	10	(171)	(171)		Work including data analysis and project planning being developed with delivery planned from 22/23.
Burial Ground Dornoch	127	7	0	7	(120)	(120)		Work including data analysis and project planning being developed with delivery planned from 22/23.
Burial Ground Daviot	0	82	0	82	82	82		Work including data analysis and project planning being developed with delivery planned from 22/23.
Burial Ground Kiltarlity	0	2	0	2	2	2		Work including data analysis and project planning being developed with delivery planned from 22/23.
Burial Grounds Ext General	0	10	(10)	0	0	0		One-off expenditure for essential works
Crematorium Works	0	1	(1)	0	0	0		One-off expenditure for essential works
War Memorials	12	1	0	1	(11)	(11)		Further work on War Memorials to be undertaken during 22/23.
COMMUNITY SPACES								
Parks and Play Areas - Development								
Play Areas	234	118	(116)	2	(232)	(232)		The SG Funded Play Areas Capital the Budget for 21-22 was £234K of which £1400 was spent so the net Budget to roll forward is £232,600. Funding £234k was received in 21/22 through GCG.
VEHICLES & PLANT								
Vehicle & Plant Purchases	3,106	3,743	(1,920)	1,823	(1,283)	(1,283)		Funding was reprofiled to support accelerated spend.
PUBLIC CONVENIENCES								
Glenmore PC	0	3	0	3	3	3		
OVERALL TOTAL	16,121	12,704	(2,047)	10,657	(5,464)	(5,464)	0	

Appendix 2

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2022 TO 30 JUNE 2022 (Q1)

SERVICE: COMMUNITIES & PLACE					ESTIMATES			VARIANCE		
Project Description	BUDGET	ACTUALS			Enter as positive	Enter as negative				
	2022/23 Approved	2022/23 Actual	2022/23 Actual	2022/23 Actual Net	2022/23 Estimated	2022/23 Estimated	2022/23 Estimated	2022/23 Variance	2022/23 Acceleration /	2022/23 Overspend /
	Budget	Expenditure	Income	Year to Date	Expenditure	Income	Outturn	Est. Outturn v Budget	(Slippage)	(Underspend)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
WASTE MANAGEMENT										
Landfill Restorations										
Landfill Restoration Programme	72	31	0	31	72	0	72	0	0	0
Waste Management Strategy										
Green Energy Hub (Earmarked Fund)	0	15	0	15	405	0	405	405	405	0
Residual Waste Management Facility	5,430	1,936	0	1,936	6,380	0	6,380	950	950	0
Plant, Infrastructure & Banks (includes Granish & FW WTS)	2,092	125	0	125	730	0	730	(1,362)	(1,362)	0
Household Waste Recycling Centre office/welfare facilities	20	0	0	0	20	0	20	0	0	0
Household Wheeled Bin Replacements - Green Bins	30	0	0	0	30	0	30	0	0	0
Skye Portree WTS access road improvement	50	0	0	0	50	0	50	0	0	0
Mechanical Street Sweepers	147	0	0	0	147	0	147	0	0	0
BEREAVEMENT SERVICES										
Burials and Cremations										
Burial Ground Portree	504	0	0	0	49	0	49	(455)	(455)	0
Burial Ground Kilmorack	150	0	0	0	75	0	75	(75)	(75)	0
Burial Ground Chapelhill	(9)	3	0	3	3	0	3	12	12	0
Burial Ground Glen Nevis	523	0	0	0	50	0	50	(473)	(473)	0
Burial Ground Dores	304	0	0	0	125	0	125	(179)	(179)	0
Burial Ground Canisbay	(0)	2	0	2	22	0	22	22	22	0
Burial Ground Kilvean	48	77	0	77	77	0	77	29	29	0
Burial Ground Alness	480	1	0	1	200	0	200	(280)	(280)	0
Burial Ground Dornoch	326	1	0	1	326	0	326	(0)	0	0
Burial Ground Daviot	(82)	0	0	0	0	0	0	82	82	0
Burial Ground Kiltarlity	(2)	1	0	1	103	0	103	105	105	0
Burial Grounds Ext General	0	14	0	14	200	0	200	200	200	0
Crematorium Works	20	0	0	0	88	0	88	68	68	0
War Memorials	21	0	0	0	21	0	21	(0)	0	0
COMMUNITY SPACES										
Parks and Play Areas - Development										
Play Areas	477	34	(171)	(136)	477	0	477	0	0	0
VEHICLES & PLANT										
Vehicle & Plant Purchases	4,883	348	(11)	337	4,883	0	4,883	0	0	0
PUBLIC CONVENIENCES										
Glenmore PC	(3)	12	0	12	120	(60)	60	63	63	0
Visitor Management Upgrades - Public Convenience	333	0	0	0	333	0	333	0	0	0
OVERALL TOTAL	15,813	2,600	(182)	2,418	14,986	(60)	14,926	(887)	(887)	0

Appendix 3

CAPITAL MAJOR PROJECT WHOLE LIFE REPORTING													
SERVICE: COMMUNITIES & PLACE		WHOLE LIFE BUDGET TO 2036/37			ACTUALS TO DATE			FORECAST TO END OF PROJECT			PROJECT ASSESSMENT		
Project Description	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	8,189		8,189	6,048	-0	6,048	8,548		8,548	R	G	G	The landfill restoration programmes profiled spend includes £400k in 22/23, £1.1m in 23/24 and £1m in 24/25, this is reflected in the overall forecast expenditure. Some restoration cost may be delayed if capacity in Seater is used for authorised landfilling beyond 2025.
Residual Waste Management Facility - Longman Project	13,110		13,110	8,343		8,343	14,028		14,028	R	G	G	The Inverness WTS project is on course to be completed in Jan 2023, the forecast outturn remains steady at £14.028m.
Vehicle & Plant Purchases (incl. Large Goods Vehs)	38,906		38,906	4,091	-1,931	2,160	38,906		38,906	R	A	G	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 month. 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.