

Agenda Item	5.b
Report No	RES/11/22

THE HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 8th September 2022

Report Title: Corporate Capital Monitoring report for 2021/22 and Q1 2022/23

Report By: Head of Corporate Finance

1. Purpose/Executive Summary

- 1.1 This report provides Members with the final corporate capital monitoring statement for the 2021/22 financial year which presents the actual outturn position, and the Corporate capital monitoring statement for the first quarter of the 2022/23 financial year to 30th June 2022, which presents a summary of the actual spend together with a forecast 2022/23 year end outturn position.
- 1.2 Net spend on capital projects in 2021/22 totalled £91.431m for the General Fund against a net budget figure of £118.227m, thus a net budget of £26.796m is carried forward into 2022/23. Net spend on capital projects for the Housing Revenue Account (HRA) in 2021/22 totalled £62.840m against a net budget figure of £78.128m. Slippage of £13.777m is carried forward into 2022/23. This report also highlights how the 2021/22 capital expenditure was funded.
- 1.3 The forecast outturn for the General Fund for 2022/23 totals £138.122m against a net budget of £148.195m. The forecast outturn for the HRA for 2022/23 totals £50.133m against a net budget of £54.236m. This report also highlights how the planned capital expenditure for 2022/23 will be funded.
- 1.4 This report also makes Members aware of the monitoring process in respect of the Council's major projects in the General Fund Capital Programme.
- 1.5 Members are reminded that the Council's latest capital plan was approved by The Highland Council on 9th December 2021 (item 9). The report – *Medium Term Financial Plan – Capital Strategy and Capital Programme to 2036/37* – can be found at the link below. Due to challenging economic and market conditions Members have acknowledged the need to review the programme and the associated work is underway.

https://www.highland.gov.uk/download/meetings/id/79295/9_medium_term_financial_plan_-_capital_strategy_and_capital_programme_to_203637

2. Recommendations

2.1 Members are asked to:

- i. Note the final position for the 2021/22 financial year.
- ii. Note the position for Q1 2022/23 and the estimated year end forecast.
- iii. Note the progress made with the monitoring of major capital projects.
- iv. Note the level of borrowing used to fund capital expenditure.
- v. Note the challenges affecting the affordability of the capital programme.

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 capital programme spend against budget for financial year 2021/22. The reprofiled budget was approved at Highland Council in December 2021, supplemented by additional allocations of funding from the Scottish Government after this date. The 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 £91.431m for the year, which reflects project expenditure of £143.763m and project-specific income of £52.332m. The budget for the year was £118.227m and therefore the underspend carried forward into 2022/23 totals a net expenditure budget of £26.796m. The underspend is primarily in respect of delays in incurring costs as a result of the impact of the pandemic. Of the project income received the largest element was for the Early Learning and Childcare programme (£14.661m). Other funding streams relate to active travel, timber transport, European funding, City-Region deal funding, town centre funding, Gaelic funding, regeneration funding and vacant and derelict land funding.

4.3 Individual project spend will form the basis of the capital reports to Strategic Committees.

5. Capital Programme Q1 2022/23

5.1 **Appendix 2** provides a summary of the capital programme budgets, spend and income for Q1 of financial year 2022/23, along with the estimated outturn position forecast for the end of the financial year. The actual figures provided reflect the net project expenditure, i.e. project costs incurred less project-specific income received. The budget for 2022/23 is £148.195m after adjusting for the net underspend carried forward from 2021/22 of £26.796m.

- 5.2 Overall there has been a net expenditure of £31.632m for Q1, which reflects 21% of the annual budget.
- 5.3 The estimated outturn position shows a net expenditure of £138.122m which results in an estimated underspend against budget of £10.073m. As this is the first quarter of the financial year, the estimated outturn will continue to be monitored closely given the challenging economic and market conditions, including an extraordinary rise in the price of materials. The impact of the challenging economic environment on the capital programme is discussed further in section 9.
- 5.4 Individual project spend will form the basis of the capital reports to Strategic Committees.

6. Major Capital Projects

- 6.1 From Q1 2022/23 a new capital monitoring statement has been presented to Strategic Committees which provides a more detailed analysis of the financial position of the major capital projects included within the Council's General Fund Capital Programme. Capital projects that have commenced or are due to commence in this financial year and that have an actual or estimated gross expenditure exceeding £5m over the life of the project are considered to be relevant major projects and will be reported on. The major projects monitoring statement will continue to be reported to future Strategic Committees as appropriate.
- 6.2 The reporting of major projects provides an estimated outturn over the entire life of each major project, spanning multiple financial years where relevant. The estimated outturn is presented alongside the whole life budget, as per the approved Capital Programme, and the actual expenditure incurred and project-specific income received to date. The estimated outturn will be reviewed on a regular basis and any changes will be reported to future Strategic Committees.
- 6.3 In addition to the presentation of financial information, the report also includes a regular review of each project's **cost, scope and timing** as follows:
- **Cost** – is the project still expected to be delivered on budget?
 - **Scope** – is the project still expected to achieve its intended outcomes?
 - **Timing** – is the project still on track to be delivered by its original timescale?

A **Red, Amber, Green** (RAG) rating is given to each of the above elements for each project, along with a brief commentary to support the rating and to explain any specific issues facing each project. The rating system applies as follows:

- **Green** – the project is still on track to deliver as intended.
- **Amber** – there is some concern the project will not deliver as intended.
- **Red** – there are major concerns the project will not deliver as intended.

The focus on major projects ensures an enhanced level of reporting over projects that are considered to be of the highest risk to the Council, in terms of affordability or service delivery. This type of reporting will provide the opportunity for key issues to be flagged to Members at an early stage, allowing action to be taken as appropriate.

- 6.4 The reporting of major projects to other Strategic Committees has taken place and links to those papers are provided below:

- **Communities & Place Committee:**
https://www.highland.gov.uk/download/meetings/id/80295/item_8_capital_budget_monitoring_report_202122_outturn_and_202223_quarter_1
- **Housing & Property Committee:**
https://www.highland.gov.uk/download/meetings/id/80364/item_8_property_capital_monitoring_statement_and_progress_update
- **Economy & Infrastructure Committee:**
https://www.highland.gov.uk/download/meetings/id/80331/item_8_capital_monitoring_%E2%80%93_quarter_1_202223

6.5 **Appendix 3** provides a summary of the major project reporting. The following projects have been rated Red for the assessment of their expected cost which highlights there are major concerns that the projects will deliver within their approved budget:

- **Landfill Restoration Programme** - the landfill restoration programme's profiled spend includes £400k in 22/23, £1.1m in 23/24 and £1m in 24/25. Some restoration cost may be delayed if capacity in Seater is used for authorised landfilling beyond 2025. Rising costs create a high degree of uncertainty about the future forecast outturn.
- **Residual Waste Management Facility** - the Inverness WTS project is on course to be completed in Jan 2023. The forecast outturn remains steady at £14.028m but rising costs create major uncertainty.
- **Vehicles & Plant Purchases** - 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. The fleet replacement programme will be kept under review which will 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.

6.6 A number of projects listed on **Appendix 3** have been rated Amber for cost, timing and/or scope, noting that there are some concerns regarding their ability to deliver as intended. This is primarily a result of the uncertainty around future price increases, the availability of materials and contractors and the shortage of labour. Given the wider uncertainties around the capital programme a number of projects in their very early stages have been ranked as 'tbc'. For these projects it is very difficult to give a clear assessment at this stage however there is significant cost risk across all these projects.

7. HRA Capital Programme 2021/22 and Q1 2022/23

7.1 **Appendix 4** presents the final outturn figures for the HRA Capital Programme for 2021/22. It reports a final outturn figure of £62.840m against a budget of £78.128m. Against the total programme there is slippage of £17.737m, of which £13.777m is slippage against the mainstream programme.

7.2 **Appendix 5** presents the actual spend for Q1 of 2022/23 and the anticipated outturn for the full financial year. The Q1 spend is £7.836m, equating to 14% of the annual budget

of £54.236m. The anticipated outturn for 2022/23 is £50.133m which would result in a projected slippage of £4.103m.

- 7.3 Progress against the HRA Capital Programme continues to be affected by the long-term impact of Covid, along with the issues hitting the construction industry including rising prices and labour and material shortages. These issues are likely to result in ongoing delays, however the Council remains committed to carrying out the agreed programme and contractual discussions are ongoing to accelerate works where possible.

8. Funding of the Capital Programme

- 8.1 **Appendix 1(a)** presents how the General Fund capital expenditure incurred in 2021/22 was funded. Borrowing makes up the largest source of funding with £65.753m, amounting to 72% of total capital expenditure. The other major source of funding was the General Capital Grant received from the Scottish Government of £25.246m.
- 8.2 **Appendix 4(a)** presents how the HRA capital expenditure incurred in 2021/22 was funded. Borrowing makes up the largest source of funding with £45.295m, amounting to 72% of total capital expenditure. The other major sources of funding include the Scottish Government Grant of £9.969m, Landbank sales of £3.570m and LIFT Property sales of £2.356m.
- 8.3 **Appendix 2(a)** presents how the General Fund capital expenditure expected to be incurred in 2022/23 will be funded. Borrowing continues to be the largest source of funding with £101.328m forecast, amounting to 73% of forecast capital expenditure. The General Capital Grant (which includes specific elements in relation to flood schemes) is expected to be £36.726m.
- 8.4 **Appendix 5(a)** presents how the HRA capital expenditure expected to be incurred in 2022/23 will be funded. Borrowing continues to be the largest source of funding with £29.164m forecast, amounting to 58% of forecast capital expenditure. The other major sources of funding include the Scottish Government Grant of £17.000m and Landbank sales of £2.500m.
- 8.5 The level of borrowing required to support capital investment presents an ongoing challenge to the Council's financial sustainability. The repayment of borrowing (principal and interest) that is used to fund capital expenditure incurred today creates a future revenue budget commitment over the entirety of the anticipated lifespan of the new asset. For long life assets such as schools and other buildings, the repayment of borrowing for those projects will create a revenue budget commitment for up to the next 60 years. Additional borrowing will increase the Council's overall debt position and will accrue substantial interest charges. Although interest rates have risen quickly over the past year from historically low levels, further rises are predicted this financial year which will continue to add additional strain on future revenue budgets.

9. Capital Programme Review

- 9.1 The current capital programme to 2036/37 was approved by The Highland Council in December 2021. Since approval of that programme there has been a significant and unprecedented change in the market conditions and the overall economic environment in which the capital programme operates. The situation continues to decline and the following are the main factors that are impacting on the delivery and affordability of the current programme:

- General inflation/tender cost indices – rising oil and gas prices; material and labour shortages; the impact of various socio-economic factors and worldwide events; manufacturing and distribution constraints; local, national and worldwide demand.
- Extraordinary increases in costs of certain products and materials.
- Local supply chain – limited number of sub-contractors in Highland for certain types of work or sizes of projects.
- Central belt supply chain – already busy so further inflated cost of working on Highland projects, effectively a higher cost location factor.
- Risk management – contractors, sub-contractors and suppliers are all factoring in additional risk allowances to cover any further increases, particularly for projects with a longer construction period, thus exacerbating the overall position.
- More stringent design and energy performance standards; this includes the adoption of the Passivhaus design principles for new build schools, and the requirement to work towards ambitious targets in relation to achieving Net Zero Emissions and a reduction in Construction Embedded Carbon.

9.2 In June 2022 Members acknowledged the need to review the capital programme due to the reasons noted above and work in this regard is underway. The highly uncertain outlook for the Council's revenue budget position, which section 8 illustrates as being the principal source of funding for capital investment, is a further significant factor that will impact on the capital programme review. It is highly likely that the overall affordability envelope for capital may have to reduce from the current programmed level due to funding challenges.

Designation: Head of Corporate Finance

Date: 24th August 2022

Authors: Edward Foster, Head of Corporate Finance; Darryl Urquhart, Principal Accountant

Background papers:

https://www.highland.gov.uk/download/meetings/id/80362/item_6_housing_revenue_account_hra_capital_monitoring_outturn_report_for_202122_and_quarter_1_monitoring_report_to_30_june_2022

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

SERVICE: GENERAL FUND

Project Description	BUDGET	ACTUAL			VARIANCE		
	2021/22 Reprofiled 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
COMMUNITY AND LEISURE FACILITIES	678	249	0	249	(429)	(429)	0
SCHOOLS	45,681	49,877	(16,058)	33,819	(11,862)	(11,862)	0
HEALTH & SOCIAL CARE PROGRAMME	3,237	516	(81)	435	(2,802)	(2,802)	0
ICT	1,258	4,215	(99)	4,116	2,858	2,858	0
ROADS AND BRIDGES	26,521	24,645	(3,254)	21,391	(5,130)	(5,160)	30
ACTIVE TRAVEL	51	7,011	(6,965)	46	(5)	(5)	0
LIGHTING	2,807	2,107	(527)	1,580	(1,227)	(1,227)	0
FLOOD PREVENTION	7,769	10,194	(461)	9,733	1,964	1,887	77
WASTE MANAGEMENT	11,976	8,697	0	8,697	(3,279)	(3,279)	0
FERRIES AND HARBOURS	1,191	3,891	(4,330)	(439)	(1,630)	(1,653)	23
BEREAVEMENT SERVICES	805	144	(11)	133	(672)	(672)	0
LEISURE FACILITIES	204	594	(298)	296	92	92	0
COMMUNITY SPACES	234	118	(116)	2	(232)	(232)	0
PUBLIC CONVENIENCES	0	3	0	3	3	3	0
STRATEGIC ASSET MANAGEMENT	7,927	5,143	(116)	5,027	(2,900)	(2,900)	0
VEHICLES & PLANT	3,106	3,743	(1,920)	1,823	(1,283)	(1,283)	0
PLANNING & DEVELOPMENT	1,104	12,094	(11,569)	525	(579)	(546)	(33)
CAPITAL CONTRIBUTIONS	800	1,513	(1,513)	0	(800)	(800)	0
CAPITAL DISCRETIONARY FUND	512	433	0	433	(79)	(79)	0
SELF FUNDING PROJECTS	(293)	7,047	(4,563)	2,484	2,777	2,859	(82)
HOUSING (NON HRA)	2,659	1,529	(451)	1,078	(1,581)	(1,581)	0
OVERALL TOTAL	118,227	143,763	(52,332)	91,431	(26,796)	(26,811)	15

FUNDING OF CAPITAL EXPENDITURE - 1ST APRIL 2021 TO 31ST MARCH 2022

SERVICE: GENERAL FUND

Funding	2021/22 Reprofiled Budget	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
General Capital Grant	25,246	25,246	0	0	0
Capital Receipts	432	432	0	0	0
Borrowing	92,549	65,753	(26,796)	(26,811)	15
TOTAL FUNDING	118,227	91,431	(26,796)	(26,811)	15

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

SERVICE: GENERAL FUND

Project Description	BUDGET	ACTUAL			ESTIMATES			VARIANCE		
	2022/23 Reprofiled Budget	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 Estimate v Budget	2022/23 Acceleration / (Slippage)	2022/23 Overspend / (Underspend)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
COMMUNITY AND LEISURE FACILITIES	1,947	63	0	63	1,372	0	1,372	(575)	(575)	0
SCHOOLS	44,806	6,472	(25)	6,447	43,669	(25)	43,644	(1,162)	(1,162)	0
HEALTH & SOCIAL CARE PROGRAMME	7,303	25	(4)	21	1,903	0	1,903	(5,400)	(5,400)	0
ICT	4,172	2,935	0	2,935	4,172	0	4,172	0	0	0
ROADS AND BRIDGES	33,710	6,298	(862)	5,436	31,086	(862)	30,224	(3,486)	(3,488)	2
ACTIVE TRAVEL	1,989	299	584	883	2,148	(1,061)	1,087	(902)	(894)	(8)
LIGHTING, CCTV & RADIO MASTS	2,402	402	0	402	2,155	(20)	2,135	(267)	(267)	0
FLOOD PREVENTION	(249)	1,724	(99)	1,625	2,786	(99)	2,687	2,936	2,936	0
WASTE MANAGEMENT	7,841	2,107	0	2,107	7,834	0	7,834	(7)	(7)	0
FERRIES AND HARBOURS	19,116	4,716	4,287	9,003	44,345	(25,148)	19,197	81	81	0
BEREAVEMENT SERVICES	2,282	99	0	99	1,339	0	1,339	(943)	(943)	0
LEISURE FACILITIES	(91)	14	(114)	(100)	71	0	71	162	162	0
COMMUNITY SPACES	477	34	(171)	(137)	477	0	477	0	0	0
PUBLIC CONVENIENCES	330	12	0	12	453	(60)	393	63	63	0
STRATEGIC ASSET MANAGEMENT	14,234	831	0	831	12,006	0	12,006	(2,228)	(2,228)	0
VEHICLES & PLANT	4,883	348	(11)	337	4,883	0	4,883	0	0	0
PLANNING & DEVELOPMENT	1,322	1,548	(3,198)	(1,650)	2,996	(3,363)	(367)	(1,689)	(1,689)	0
CAPITAL CONTRIBUTIONS	800	475	2,592	3,067	800	0	800	0	0	0
CAPITAL DISCRETIONARY FUND	79	0	0	0	79	0	79	0	0	0
SELF FUNDING PROJECTS	(2,778)	130	(437)	(307)	1,003	(437)	566	3,344	3,344	0
HOUSING (NON HRA)	3,620	571	(13)	558	3,620	0	3,620	0	0	0
OVERALL TOTAL	148,195	29,103	2,529	31,632	169,197	(31,075)	138,122	(10,073)	(10,067)	(6)

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

SERVICE: GENERAL FUND

Funding	2022/23 Reprofiled Budget	2022/23 Actual Net Year to Date	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
General Capital Grant	36,726	9,182	36,726	0	0	0
Capital Receipts	68	68	68	0	0	0
Borrowing	111,401	22,382	101,328	(10,073)	(10,067)	(6)
TOTAL FUNDING	148,195	31,632	138,122	(10,073)	(10,067)	(6)

CAPITAL MAJOR PROJECT WHOLE LIFE REPORTING

CORPORATE RESOURCES COMMITTEE

Project Description	WHOLE LIFE BUDGET TO 2039/27			ACTUALS TO DATE			FORECAST TO END OF PROJECT			PROJECT ASSESSMENT			COMMENTS
	LIFE BUDGET EXPENDITURE 000	LIFE BUDGET INCOME 000	LIFE BUDGET NET 000	ACTUAL EXPENDITURE TO DATE 000	ACTUAL INCOME TO DATE 000	ACTUAL NET TO DATE 000	FORECAST EXPENDITURE 000	FORECAST INCOME 000	FORECAST NET 000	COST	TMNG	SCOPE	
ICT Transformation/Cloud/Chromebooks (incl Central Management Information Systems Replacement)	50,368		50,368	7,150	-99	7,052	50,467	-99	50,368	G	G	G	Currently forecasting cost, timing and scope of ICT all on track. An options appraisal for the future of the Data Centre may result in a change to the scope for future years. Dependency on global supply and pricing of ICT equipment which could have a negative impact on cost and timing.
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 K00N in 2023, G1 in 2024 and G1m in 2025. This is reflected in the overall forecast expenditure. Some restoration cost may be delayed if capacity in Taster is used for authorised landfill beyond 2025.
Residual Waste Management Facility - Longman Project	12,043		12,043	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 Vels)	38,906		38,906	4,091	-1,931	2,160	38,906		38,906	R	A	G	Increased costs across all areas of vehicles and plant. The availability of materials and components used in manufacturing processes, the impact of inflation. Break 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. The fleet replacement programme will be kept under review and monitor the impact of vehicle availability and cost (purchase and running costs) and any changes to the way Roads and Waste services operate in relation to their fleet requirements.
Road Structural Capital Works (incl VRS, Weather Stations, Road Signposting, minor works (non-PDU) and additional £10m roads capital)	122,748		122,748	15,623	-1,211	14,412	122,748		122,748	A	A	A	This budget includes various capital works related to the road asset which will be impacted by the rising cost of materials and labour. Subject to inflation. Programmes will be adjusted to take account of the cost increases which may result in a reduction of renewal of assets in certain cases.
Road Surface Dressing Capital	36,140		36,140	4,118		4,118	36,140		36,140	A	A	A	The surface dressing programme budget will be impacted by the rising cost of materials and labour, linked to inflation. Programmes will be adjusted to take account of the cost increases which may result in a reduction of adjustment of programmed works.
Bridges, Retaining Walls & Culverts	8,141		8,141	449	-8	441	8,141		8,141	G	A	A	Rolling programme. Amount of work and priorities vary with time.
Timber Extraction (STTS - Strategic Timber Transport Scheme)	11,950	-2,025	9,925	4,716	-2,317	2,399				G	G	G	Programme application will be lodged summer 22.
The Inverness Wood Link	39,453	-9,056	30,397	40,133	-862	39,271				G	G	G	Works to begin small orders from Feb 19 August 22. Annual inspection Autumn 22.
Waters Rejuvenation	8,233	-7,448	785	1,760	-6	1,754	9,500	-2,000	7,500	G	A	G	Contract awarded July 2021. Construction works ongoing. Completion programmed for November 2023.
WSSO (Wastewater) Potable Water Treatment	6,288		6,288	4,174		4,174	6,288		6,288	G	G	G	Construction work underway. Due for completion March 2023. Cost remains green as this is a lump sum contract. Note that budget increased due to award of Local Bridge Maintenance Funding - any excess unspent on Inverness may be used to fund other bridge projects.
B83 Invercoe Bridge, Lochaber	10,446		10,446	3,933		3,933	7,813		7,813	G	G	G	About to commence detailed design stage. Tender for construction contract Dec 2022, est. start on site May 2023, est. completion Dec 2024. Amber status on price due to a number of project and design risks, including inflation.
Newer Bridge	7,095		7,095	662		662	6,797		6,797	A	G	G	Project Officer recruitment underway. Initial AT capital programme to be produced and agreed at March 2023 committee.
Active Travel Transformation (Highland) - match funding	11,550		11,550				11,550		11,550	G	G	G	This budget includes the rolling programme of replacement of end of life assets within the control of the lighting section to include lighting columns, underground cabling, traffic signals, pedestrian crossings. There are also significant material cost increases which create another major budget pressure.
Structural Lighting Works	8,790		8,790	2,509	-527	1,982	10,017		10,017	A	A	A	Works underway completion Summer 23.
Capit Ferry	7,439	-3,193	4,246	6,600	-513	6,087	14,834	-11,867	2,967	G	G	G	Contract awarded July 2021. Construction works ongoing. Completion programmed for November 2023.
Big Ferry Terminal and Link Span	63,437	-38,065	25,372	12,460	-43	12,418	63,994	-63,994		G	A	A	Construction work underway. Due for completion March 2023. Cost remains green as this is a lump sum contract. Note that budget increased due to award of Local Bridge Maintenance Funding - any excess unspent on Inverness may be used to fund other bridge projects.
Inverness Castle	32,782	-22,200	10,582	1,988	1,078	3,067	35,905	-24,523	11,382	G	G	G	Contract let on programme, estimated completion Spring 2025.
John Paul Court Highlands Theatre Redevelopment - match funding	14,386	-11,194	3,192				13,385	-11,194	2,191	A	G	G	Project still in its infancy. Rising costs noted as a potential risk as much higher than when CBC was completed in 2021.
Orness Academy	37,683	-3,703	33,980	36,093		36,093	37,383	-2,100	35,283	G	G	G	New building operational from October 2020, phase 2 works completed in 2022.
Charleston Academy	16,010	-164	15,846	742		742	TBC	TBC	TBC	TBC	TBC	TBC	Works complete.
Clackmannon Academy	19,218	-1,001	18,217	4,669		4,669	TBC	TBC	TBC	TBC	TBC	TBC	Works complete.
Inverness High School	19,795		19,795	16,453		16,453	16,799		16,799	G	G	G	Works complete.
Nairn Academy	42,165	-25	42,140	543	-20	523	TBC	TBC	TBC	TBC	TBC	TBC	New building operational from October 2020.
Blackburn Primary - LEIP	20,259	-1,000	19,259	20,028		20,028	20,209	-1,000	19,209	G	G	G	New building to be operational in October 2022.
Ness Castle Primary Ph 1	14,866	-2,068	12,798	10,832		10,832	14,868	-2,068	12,794	G	A	G	
Leik Primary School	13,000		13,000	27		27	TBC	TBC	TBC	TBC	TBC	TBC	
St Clements School	13,000		13,000	66		66	TBC	TBC	TBC	TBC	TBC	TBC	
Beauly Primary School	12,000		12,000	36		36	TBC	TBC	TBC	TBC	TBC	TBC	
Benvegan Primary School	12,250	-260	11,990	256	-200	56	TBC	TBC	TBC	TBC	TBC	TBC	
Blackfoot Primary - new school - LEIP	14,193	-5	14,188	177	-10	167	TBC	TBC	TBC	TBC	TBC	TBC	
Chan 148 Canaan - LEIP	46,783		46,783	3,904		3,904	TBC	TBC	TBC	TBC	TBC	TBC	Approval to proceed to award contract of Council meeting in June.

	Actual	Revised	Year End	Year End	(Slippage)/	
	Net	Net	Net	Net	Acceleration	Year End
Project Description	Year to Date	Budget	Outturn	Variance	Net	(Under)/Over
	£000	£000	£000	£000	£000	£000
Capital Programme 2021/22						
Equipment and Adaptations	903	1,552	903	(649)	(649)	
Major Component Replacement	2,702	3,333	2,702	(631)	(672)	41
Heating/Energy Efficiency	6,780	12,330	6,780	(5,550)	(5,651)	100
External Fabric (Major Component Replacement)	4,963	8,833	4,963	(3,870)	(5,003)	1,133
External Fabric (Environmental Improvements)	595	1,909	595	(1,314)	(1,320)	7
Healthy, Safe and Secure	1,899	1,761	1,899	138	(482)	620
Retentions	18	0	18	18	0	18
Total 2021/22 Programme	17,860	29,718	17,860	(11,858)	(13,777)	1,919
Insurance Works	77	0	77	77	0	77
Total 2021/22 Programme	17,937	29,718	17,937	(11,781)	(13,777)	1,996
Council House Building Capital Programme						
New Council House Buildings	40,895	45,700	40,895	(4,805)	(5,258)	453
Individual House Purchases	4,008	2,710	4,008	1,298	1,298	0
Total Council Building Programme	44,903	48,410	44,903	(3,507)	(3,960)	453
OVERALL TOTAL	62,840	78,128	62,840	(15,288)	(17,737)	2,449

	Actual	Revised	Year End	Year End
	Net	Net	Net	Net
Funding	Year to Date	Budget	Outturn	Variance
	£000	£000	£000	£000
Investment Programme				
Useable Capital Receipts	133	0	133	133
RHI Income	349	150	349	199
Sale of LIFT Properties	2,356	540	2,356	1,816
Government Grant	9,969	14,000	9,969	(4,031)
Landbank	3,570	2,000	3,570	1,570
Evergreen Infrastructure Loan Fund	728	0	728	728
Contribution to Individual Property/VDLF	440	0	440	440
Borrowing	45,295	61,438	45,295	(16,143)
GROSS FUNDING	62,840	78,128	62,840	(15,288)

Project Description	Actual Net Year to Date	Revised Net Budget	Year End Estimated Net Outturn	Year End Estimated Net Variance	Net
	£000	£000	£000	£000	£000
Capital Programme 2022/23					
Equipment and Adaptations	270	1,440	1,440	0	0
Major Component Replacement	713	1,878	1,678	(200)	(200)
Heating/Energy Efficiency	818	9,281	6,322	(2,959)	(2,959)
External Fabric (Major Component Replacement)	510	6,969	5,805	(1,164)	(1,164)
External Fabric (Environmental Improvements)	81	1,356	1,356	0	0
Healthy, Safe and Secure	101	552	772	220	220
Total 2022/23 Programme	2,493	21,476	17,373	(4,103)	(4,103)
Council House Building Capital Programme					
New Council House Buildings	4,384	29,508	29,508	0	0
Individual House Purchases	959	3,252	3,252	0	0
Total Council Building Programme	5,343	32,760	32,760	0	0
OVERALL TOTAL	7,836	54,236	50,133	(4,103)	(4,103)

	Actual	Revised	Year End	Year End
	Net	Net	Estimated Net	Estimated Net
Funding	Year to Date	Budget	Outturn	Variance
	£000	£000	£000	£000
Investment Programme				
Useable Capital Receipts	6	0	6	6
RHI Income	29	0	50	50
Government Grant	2,646	17,000	17,000	0
Landbank	0	2,500	2,500	0
Evergreen Infrastructure Loan Fund	0	1,413	1,413	0
Borrowing	5,155	33,323	29,164	(4,159)
GROSS FUNDING	7,836	54,236	50,133	(4,103)