

Agenda Item	6.
Report No	CP/20/22

THE HIGHLAND COUNCIL

Committee: Communities and Place Committee

Date: 16 November 2022

Report Title: Capital Budget Monitoring Report: 2022/23 outturn Quarter 2

Report By: Executive Chief Officer - Communities and Place

1. Purpose/Executive Summary

- 1.1 This report provides Members with the 22/23 outturn forecast for the Communities and Place Service as at the end of Quarter 2.
- 1.2 Actual expenditure to the end of Quarter 2 is £7.184m (45% of annual budget).
- 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 note:
 - i. the forecasted capital outturn for the Communities and Place Service for 22/23 as at Quarter 2
 - ii. 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 decarbonisation of fleet and plant will help to reduce carbon emissions as will the ongoing review of waste management such as route optimisation 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 5).
- 3.6 Gaelic implications: there are no Gaelic implications arising from this report.

4. 22/23 Capital budget – forecast outturn as at Quarter 2

- 4.1 The capital programme budget for the Communities and Place Service for 22/23 is £15.813m. Further detail is reported at **Appendix 1**. It includes actual expenditure of £7.184m (45% of annual budget) for Quarter 2 compared to £2.810m spend (16%) as at Quarter 1. Slippage of £1.023m is forecasted at year end although it should be noted that the main reason is attributable to the Waste project at Fort William transfer station that is not required to be delivered until 23/24.
- 4.2 Costs relating to the construction of the Inverness Waste Transfer Station are currently forecasted to be as high as £1.089m over original budget, primarily attributable to significant costs of materials of £0.787m and forecasted associated overheads.
- 4.3 £3m has already been committed for the replacement of Fleet but as is discussed in more detail in section 5, delivery timelines are becoming increasingly challenging. Within Public Conveniences, partnership working with Cairngorms National Park is supporting the project at Glenmore (this is also reported in more detail to today's agenda at item 8). The budget of £0.333m will support a number of projects to enhance the existing public toilets through a series of upgrades, installation of low energy equipment, refurbishments, installing CCTV, and making the service more sustainable through the provision of installing charging systems. A Project Board is overseeing the various projects in Bereavement Services and discussions with respective Ward Members including provision of progress updates will take place at Ward Business Meetings / Area Committees during 2022/23 and until project completion.
- 4.4 In relation to Play Parks, this Committee on 17 August 22 considered a comprehensive report on Play Park funding. This report included that The Scottish Government made a manifesto commitment to renew playparks across Scotland, so that all children have access to quality play in their own community, backed by £60 million over the period of the Parliament. At that time, Councils had been advised of the distribution of this fund for 21/22 and 22/23. As agreed at this Committee on 17 August 22, the Council would write to the Scottish Government seeking to accelerate the distribution of play park funding. On 31 August 22, the Scottish Government advised the distribution of this fund for the remaining 3 years to 2025/26. The table below refers.

Year	THC funding	Total Scottish Government funding
21/22	£0.234m	£5m
22/23	£0.245m*	£5m
23/24	£0.488m	£10m
24/25	£0.732m	£15m
25/26	£1.219m	£25m
Total	£2.918m	£60m

*minor change in allocation criteria

Notification of the multi-year settlement is welcome and can support and enable efficiencies of scale and to support planning and procurement processes. As overall capital budget allocations have been set, the Scottish Government have advised that they are unable to accelerate this particular funding any further. Proposals for the distribution of Highland Council funding from 23/24 will be taken to the 23 February 2023 Communities and Place Committee for consideration.

5. 22/23 Capital budget – major projects to 2036/37

- 5.1 **Appendix 2** provides details to 2036/37 for the “major projects” which are those over £5m. The Council’s Capital Programme as approved in December 2021 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 i.e. 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.
- 5.2 In relation to costs, the 3 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 4.2.
- 5.3 Current estimates for both timing (performance against delivery timelines) and scope (the project’s aims and objectives) are on track (green) with one exception. The exception is in respect of *timing* for Vehicle and Plant Purchases which is red. This is attributable to the increased lead in time from ordering and delivery for large goods vehicles.
- 5.4 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.

Designation: Executive Chief Officer, Communities and Place

Date: 2 November 22

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

MONITORING OF CAPITAL EXPENDITURE - 1ST JULY 2022 TO 30 SEPTEMBER 2022 (Q2)

SERVICE: COMMUNITIES & PLACE

Project Description	BUDGET	ACTUALS			ESTIMATES			VARIANCE		
	2022/23 Budget (incl. carry forward from prior year)	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 Est. Outturn v Budget	2022/23 Acceleration / (Slippage)	2022/23 Overspend / (Underspend)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
WASTE MANAGEMENT										
Landfill Restorations										
Landfill Restoration Programme	72	26	0	26	72	0	72	0	0	0
Waste Management Strategy										
Green Energy Hub (Earmarked Fund)	0	22	0	22	555	0	555	555	555	0
Residual Waste Management Facility	5,430	5,074	0	5,074	6,519	0	6,519	1,089	1,089	0
Plant, Infrastructure & Banks (includes Granish & FW WTS)	2,092	236	0	236	600	0	600	(1,492)	(1,492)	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	2	0	2	75	0	75	(429)	(429)	0
Burial Ground Kilmorack	150	0	0	0	50	0	50	(100)	(100)	0
Burial Ground Chapelhill	(9)	3	0	3	75	0	75	84	84	0
Burial Ground Glen Nevis	523	0	0	0	35	0	35	(488)	(488)	0
Burial Ground Dores	304	0	0	0	100	0	100	(204)	(204)	0
Burial Ground Canisbay	(0)	2	0	2	25	0	25	25	25	0
Burial Ground Kilvean	48	77	0	77	234	0	234	186	186	0
Burial Ground Alness	480	1	0	1	100	0	100	(380)	(380)	0
Burial Ground Dornoch	326	1	0	1	150	0	150	(176)	(176)	0
Burial Ground Daviot	(82)	0	0	0	0	0	0	82	82	0
Burial Ground Kiltarlity	(2)	2	0	2	50	0	50	52	52	0
Burial Grounds Ext General	0	16	0	16	100	0	100	100	100	0
Crematorium Works	20	13	0	13	30	0	30	10	10	0
War Memorials	21	2	0	2	20	0	20	(1)	(1)	0
COMMUNITY SPACES										
Parks and Play Areas - Development										
Play Areas	477	127	(167)	(40)	644	(167)	477	0	0	0
VEHICLES & PLANT										
Vehicle & Plant Purchases	4,883	1,541	(80)	1,461	4,883	0	4,883	0	0	0
PUBLIC CONVENIENCES										
Glenmore PC	(3)	21	(60)	(39)	120	(60)	60	63	63	0
Visitor Management Upgrades - Public Convenience	333	1	0	1	333	0	333	0	0	0
Wick PC Refurbishment	0	17	0	17	150	(150)	0	0	0	0
OVERALL TOTAL	15,813	7,184	(307)	6,877	15,167	(377)	14,790	(1,023)	(1,023)	0

CAPITAL MAJOR PROJECT WHOLE LIFE REPORTING

SERVICE: COMMUNITIES & PLACE

Project Description	WHOLE LIFE BUDGET TO 2036/37			ACTUALS TO DATE 22/23 Q2			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				
Landfill Restoration Programme	9,302		9,302	7,156		7,156	9,302		9,302	R	G	G	The landfill restoration programmes profiled spend includes £72k in 22/23, £1.1m in 23/24 and £1m in 24/25, this is reflected in the overall forecast expenditure. However rising costs may impact on these forecasts. Some restoration cost may be delayed if capacity in Seater is used for authorised landfilling beyond 2025.
Residual Waste Management Facility - Longman Project	13,102		13,102	12,539		12,539	14,028		14,028	R	G	G	The Inverness WTS project is on course to be completed in Nov 2022, the forecast outturn remains £14.028m.
Vehicle & Plant Purchases (incl. Large Goods Vechs)	38,906		38,906	5,284	-2,000	3,284	40,906	-2,000	38,906	R	R	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 months. 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.