

# **ECONOMY AND INFRASTRUCTURE COMMITTEE**

## **BULLETIN ITEM**

**Subject:** Inverness and Highland City Region Deal

**Date:** 2 February 2022

**ECO:** Infrastructure, Environment and Economy

### **1. Purpose/Executive Summary**

- 1.1 The purpose of this Committee Bulletin is to update Members on the good progress being made in the Inverness and Highland City Region Deal and highlight actions being taken to remedy issues arising within projects.

The Annual Conversation with senior Scottish and UK Governments and The Highland Council was held on 23 November. All parties recognised the good progress of many projects despite the covid impacts but recognised there had been significant delays to some projects resulting in reduced spend for the year. The key projects discussed were Digital, Castle and Longman remediation and the meeting agreed action plans to assist the progress of these.

### **2. Project Summaries**

#### **2.1 Affordable Housing**

In Quarter 3 a total of 25 units have been completed at Culloden West (10) and Slackbuie (15). There were 25 approvals and 23 new on site starts. During 2021/22, 47 units have been completed with 35 approvals and 41 new starts on site.

#### **2.2 Northern Innovation Hub**

An interim review of the projects has concluded the programme is largely on track and in line with objectives and benefits. A revision of some projects proposes some change of emphasis and delivery mechanisms. A Programme Amendment Paper was approved by the HIE Board in November which has been shared with the CRD Programme Manager and Government counterparts. A formal change request and spend profile change is being prepared to seek permission to adapt some of the projects, whilst maintaining the same outcomes as per the Business Case.

The Food & Drink TechHub Options appraisal and full business case for preferred option are under development for agreement.

### **2.3 Inverness Castle**

Over 2000 people, mainly Highland residents, enjoyed free tours of Castlehill from 1 October to 18 December 2021 and gave an opportunity for people living in and visiting the area to look behind the hoardings to find out more about what has happened so far and what is yet to come. Stakeholder engagement continues as far as possible within the COVID restrictions. Plans continue to be developed to restart face to face engagement and to initiate a schools' engagement programme at an appropriate time (potentially in 2022). A programme of media relations continues, with regular releases being issued to keep stakeholders up to date with project developments

The main construction contract is currently going through the tender process, following the extension of the tender period in response to requests from several contractors. The extension requests arose from the complexity of the project, issues with gaining specialist sub-contractor quotations and material costs. Following submission of the tenders, the Council's independent Quantity Surveyors carried out a tender appraisal.

Due to the impacts of both Brexit and COVID-19, the current construction market is very volatile, with material prices very high and significant material and labour shortages. The tenders submitted were complex and significantly over the original budget and an extensive renegotiation has taken place with contractors to manage costs.

A report outlining recommendations regarding the acceptance of a contractor's bid along with proposals in respect of the project's funding is being compiled for consideration ahead of the tenders acceptance date of 31 January 2022. Work continues to explore and apply for additional sources of funding. The Full Business Case for City Region deal Approval is under development, with a first draft due to be submitted by 17 January 2022.

The application for £7.5m to the Levelling Up Fund to develop a Wastewater Heat Recovery Centre that will allow Phases 1 and 2 of the Castlehill project to operate on a net zero carbon footprint was successful.

### **2.4 Land Remediation Longman**

The formal application for partial surrender of the waste licence has been submitted to SEPA, however there were delays in obtaining a response. Following the intervention of the Scottish Government and subsequent meetings we received a letter from SEPA confirming that SEPA are minded to grant this partial surrender, subject to consultation with Nature Scotland and Highland Council Planning Department and a final site visit. We anticipate receiving the formal notification by the end of January.

### **2.5 UHI - Life Sciences Innovation Centre**

Construction work on the Centre is well underway on site. Value engineering opportunities are still being explored. Full cleansing of the planning condition and the Building Warrant stage 3 are not yet complete.

Risks around the materials and components supply chain remain a concern in terms of future impact on costs and programme.

Delays in getting invoices for the design and construction, and the delay in start of construction, caused an underclaim of around £2m this financial year. The project needs to carry this over to 2022/23 to complete the construction (Autumn 2022).

## 2.6 **Science Skills Academy (STEM)**

Newton Activities are fully operational at the Thurso, Fort William, Dingwall and Inverness Pop-Up Newton Rooms. They have been heavily booked and well received by pupils and teachers.

Between August and mid-November, the Pop-Up Newton Room toured Skye and Lochalsh, hiring community venues across the area including Portree, Achmore, Staffin, Dunvegan and Sleat. Every P6-S2 pupil from the Plockton and Portree associated school groups (ASGs) visited the Pop-Up Newton Room.

The SSA is continuing to deliver the Robotics & Mathematics Newton Module to P6-P7 pupils and the Renewable Energy Newton Module to S1 and S2 pupils.

The Sustainable Biofuels (S2) and Health Science (P6-7) Newton Modules are now being delivered across the Highland Newton Room Network, with excellent feedback from pupils and teachers.

The development of a new Space (Rockets and Satellites) Newton Module has commenced, in collaboration with Glasgow Science Centre, and is expected to be trialled with students in early 2022.

### **COP26**

In response to the Scottish Government's desire to ensure that COP26 was an inclusive event that showcased activity across Scotland, the SSA created educational materials to highlight the climate emergency and COP26 including a Peatlands and Climate Change Mini Newton Module and a Climate Emergency Animation to introduce the topic of climate change with a focus on COP26.

## 2.7 **Innovative Assisted Living (Fit Home)**

The Technology Pilot is progressing well to now cover trials for people leaving institutional care. Working in close collaboration with the individual institutions the trials will explore how the technology might help address challenges of exploitation, inexperience of independent living and learned behaviours that adversely impact sustaining tenancies.

Construction of homes continues to recover from covid impacts with tenders to be agreed on the Nairn site this quarter.

## 2.8 **Digital**

It was anticipated that the R100 North Contract would be the vehicle through which the City-Region Deal funds would be used to increase broadband coverage within Highland. However, this route is now not an option. Discussions are underway involving HIE, THC and both SG and UKG to investigate use of the UKG's Project Gigabit contractual procedures to achieve the project's original aims.

A series of constructive all stakeholder meetings are progressing to determine how both the Deal and Gigabit funding can be best used to support residents and businesses in the Highlands. R100 build plan was published in September 2021 though further announcements by Openreach and other operators further complicates the work of this project. The project will shortly propose a number of packages of work to extend broadband coverage in highland areas. These will then be tested with the market and government counterparts to determine viability from a funding and deliverability perspective.

## **2.9 Air Access**

It is already clear that the longer-term impacts of the Covid pandemic on all operators will be significant and will require all levels of government and the industry to work together to identify how air services might develop. A short-term focus is securing a sustainable air service for Wick. Though not CRD funded it is noted that work has commenced on construction of a Rail Station at Inverness Airport. In advance of this HITRANS has funded the upgrade of the active travel route to the Airport Terminal. The Station is expected to open to passengers in December 2022.

## **2.10 Transport Infrastructure - West Link (Highland Council)**

All major works were completed, and bridge opened to traffic. A benefits analysis will now be conducted for project closure.

## **2.11 Transport Infrastructure - East Link (Transport Scotland)**

The A9/A96 Inshes to Smithton Link Road scheme is located in the vicinity of the East Inverness development area and is a key component to the development of the area. Progress of the scheme will depend on the level and nature of formal representation received in response to the published draft Orders and whether a Public Local Inquiry will be required to consider objections made and not withdrawn. Construction of the scheme itself can only commence if the scheme is approved under the relevant statutory procedures and thereafter a programme for its delivery can be set. A further meeting with Transport Scotland is being sought to determine how this can be progressed and meet the overall deal delivery timescale.

## **2.12 Transport Infrastructure - Inshes Junction (Highland Council)**

Proprietary works on Inshes 3 lanes over overbridge is complete and Beechwood access is now complete.

The public consultation on the latest Inshes Phase 2 proposals closed in October and the results and recommendations were reported to City Committee in November. Members gave approval to move forward with the detailed design and statutory consents for the signalised roundabout option to improve the traffic management within the signalised arterial corridor. A planning submission will be made for the scheme in 2022 and this will include a new access from Old Perth Road into the northern end of the Drakies Estate at Drumossie Avenue, a new access to Police HQ from Sir Walter Scott Drive and a new access from Culloden Road into the Inshes Retail development. In addition, there will be alterations to the existing road corridor from the A9 to the Fluke Roundabout.

## 2.13 **Transport Infrastructure - Longman Junction (Transport Scotland)**

Progress of the scheme will depend on the level and nature of formal representation received in response to the published draft Orders and whether a Public Local Inquiry will be required to consider objections made and not withdrawn. Construction of the scheme itself can only commence if the scheme is approved under the relevant statutory procedures and thereafter a programme for its delivery can be set. A further meeting with Transport Scotland is being sought to determine how this can be progressed and meet the overall deal delivery timescale.

Designation: Executive Chief Officer Infrastructure, Environment & Economy

Date: 12 January 2022

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