

Agenda Item	6
Report No	HP/24/25

The Highland Council

Committee: Housing and Property

Date: 13 August 2025

Report Title: Property Capital Monitoring Statement and Progress Update

Report By: Assistant Chief Executive – Place

1 Purpose/Executive Summary

1.1 This report advises on the capital monitoring position at the end of the 2024/25 financial year and the position at the end of the first quarter of the 2025/26 financial year for the budgets in the General Fund Capital Programme that are managed by the Property teams in the Place Service.

2 Recommendations

2.1 The Committee are invited to **scrutinise** and **approve**:-

- i. the final capital budget position for the 2024/25 financial year; and
- ii. the capital budget position, including project progress at the end of the first quarter of the 2025/26 financial year, the estimated year-end position and the main financial variances outlined in the report.

3 Implications

3.1 **Resource** - The expenditure on the individual projects and programmes of work is managed within the funding allocations included in the consolidated Highland Investment Plan (HIP) outlined in the update report approved in May 2025; this combined the previous five-year capital programme (2024/25 to 2028/29) that was approved in September 2023 with the capital investment decisions that have been made by the Council over the previous 12 months. The May 2025 report also set out the approach to managing the known or emerging cost pressures in 2025/26 that must be accommodated within the agreed capital funding and affordability envelope.

3.2 **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'. Also, the capital investment outlined in the report supports the Council's efforts to meet its statutory obligations to maintain compliance of buildings, manage school roll and accommodation pressures and complete the delivery of the Early Learning and Childcare expansion programme.

- 3.3 **Risk** - Risk implications to the budget position and budget assumptions will be kept under regular review and any risks identified reported to future meetings of this Committee. All risk matters are managed on both individual projects and across programmes of work.
- 3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** - No further risks at this stage other than those highlighted in this report.
- 3.5 **Gaelic** - The Capital Programme includes investment to support the delivery and expansion of Gaelic Medium Education.

4 Impacts

- 4.1 In Highland, all policies, strategies, or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is an update report and therefore an impact assessment is not required.

5 Capital Programme Monitoring

- 5.1 **Appendix 1** sets out the position at the end of the 2024/25 financial year which is a variance of – **£22.621m**; this compares to the estimated position at the end of December 2025 which was a variance of – **£19.550m**. The difference of **£3.071m** between these figures is mainly due to the timing of transactions within individual projects or budget headings. For example, a contractor payment of approximately £2.6m for the Tain Campus project that was processed early in April, and therefore accounted for in 2025/26, would have largely offset the increased variance if it had been processed in 2024/25.
- 5.2 Members will recall from the Highland Investment Plan (HIP) update report in May 2025 that there were expected to be a number of underlying cost pressures and project cost revisions required across the programme to take account of inflationary and other cost factors impacting on project budgets. Given the need to ensure that the HIP remained within the overall budget and affordability parameters agreed by Council, it was agreed that Officers would progress actions to achieve this; this work is ongoing and will be informed by the year end forecasts set out within this report which may result in some revisions to individual project budgets and profiles, which will be reflected in future reports to Members with an update provided in the report to the next meeting of this Committee in November 2025.
- 5.3 **Appendix 2** sets out the position at the end of June 2025 and the projected final position at the end of this financial year. The total net budget for 2025/26 is **£77.731m** with the forecast final position being net expenditure of **£79.307m**, a positive (ahead of budget) variance of **£1.576m**. This is in line with the approach set out in Paragraphs 3.1 and 5.2 of this report and reflects the additional approved expenditure on the Nairn Academy project, which is progressing well on site, along with the estimated increase of expenditure on projects funded through the School Estate Improvement Programme and Property Estate Asset Management budget headings.

- 5.4 **Appendix 3** provides information on the whole life cost of the major projects that are underway along with a RAG assessment of the key project elements of cost, time and scope. Regarding progress on the Tain Campus project, the Council will be deferring occupation of the new building until later this year, not immediately after the October holidays as previously planned. This will ensure that this high-quality building is completed to the required standard and will deliver the anticipated benefits and outcomes, and stakeholders will continue to be kept updated. Also, tenders have been received for the Broadford Primary project, and stakeholders will be updated on progress early in the new school session.
- 5.5 **Appendix 4** summarises the initial budget allocations for 2025/26 for the HIP Phase 1 projects that were approved in March 2025. Work is progressing on finalising the procurement arrangements, the scope of each project, and the project budgets and expenditure profiles. These will all be confirmed in the HIP progress update report that will be presented to the Council meeting in October 2025, which will also set out the next steps for these projects. The report will also identify the recommended first batch of other priority projects to be taken forward from the available funding, comprising initial investment in some depots, offices, and community, leisure and sports facilities.
- 5.6 **School Estate Improvement Programme** - The programme of works is progressing with continued investment in essential improvements to school buildings, including meeting the Council's obligations to address immediate roll pressures and suitability issues, and adaptations for pupils with specific needs. Work is underway to determine the known priorities over the coming years that can be delivered within the available funding envelope and in line with the approach set out in Paragraph 5.2. An update on the projects being taken forward will be provided to the next meeting of this Committee in November.
- 5.7 **Property Estate Asset Management** - The programme of works is progressing with continued investment to maintain statutory compliance and carry out improvements to the condition of the building fabric and engineering installations in the various properties in the General Fund estate. Again, work is underway to determine the known priorities over the coming years and an update on the projects being taken forward will be provided to the next meeting of this Committee in November.

6 Housing (Non HRA) Gypsy Traveller Sites

- 6.1 Housing and Building Maintenance have been successful in securing Scottish Government funding to transform Longman Park into a "great place to live and bring up children." This will improve and future proof the services on offer to the tenants at the site (rented from Inverness' Common Good Fund). Phase 1 consisting of five modular accommodation units was handed over in early December 2024 with families signed up and moved in before Christmas. Construction of Phase 2 consisting of eight accommodation units have commenced and is due for completion by December 2025. Phase 3 of the works are programmed to start concurrently with the later stages of Phase 2 and are due to complete by Summer 2026. The residents have been actively involved in helping to draw up the design plans - making sure that their needs and preferences inform the improvements. Tenants of Phase 1 have provided positive feedback regarding the quality of their new housing. This close working and active engagement will continue.

6.2 The capital budget for Highland Gypsy Traveller sites has been carried forward from previous years to provide the required match funding. This project will help deliver the Council's 'Fairer Highland' commitments and is one of a small number of Scottish demonstrator projects.

Designation: Assistant Chief Executive - Place

Date: 29 July 2025

Authors: Finlay MacDonald, Chief Officer Property and Assets
Robert Campbell, Service Lead - Capital Planning & Estate Strategy
Rory MacLeod, Service Lead - Housing Investment & Building Maintenance

Background Papers: None

Appendices: Appendix 1: Monitoring of Capital Expenditure – Q4 2024/25
Appendix 2: Monitoring of Capital Expenditure – Q1 2025/26
Appendix 3: Capital Major Project Whole Life Reporting – Q1 2025/26
Appendix 4: HIP Phase 1 Projects – Monitoring of Capital Expenditure – Q4 2024/25

MONITORING OF CAPITAL EXPENDITURE Q4 NEAR FINAL 2024/25

SERVICE: PROPERTY & HOUSING

Project Description	BUDGET	ACTUALS TO DATE Q4 NEAR FINAL			VARIANCE		
	2024/25 Capital Budget	2024/25 Actual Expenditure	2024/25 Actual Income	2024/25 Actual Net Year to Date	2024/25 Variance Forecast Outturn v Budget	2024/25 Reprofile to Next Financial Year	2024/25 Overspend/ (Underspend)
	£000	£000	£000	£000	£000	£000	£000
COMMUNITY & LEISURE FACILITIES							
Inverness Leisure Centre & Aquadome	23	48	0	48	25	0	25
HLH Properties - Life Cycle Investment	421	219	(5)	214	(207)	(182)	(25)
Community & Leisure Facilities	107	1	0	1	(106)	(106)	0
SCHOOLS							
Major Projects							
Beauly Primary	256	1,026	0	1,026	770	200	570
Charleston Academy	626	392	0	392	(234)	(234)	0
Cullooden Academy	2,003	1,507	0	1,507	(496)	(496)	0
Dunvegan Primary	1,100	1,325	0	1,325	225	100	125
Ness Castle Primary	482	959	0	959	477	0	477
Park Primary	50	6	0	6	(44)	(44)	0
St Clements	259	303	0	303	44	44	0
Plockton Residence	300	0	0	0	(300)	(300)	0
New Tornagrain Primary	0	238	(238)	0	0	0	0
LEIP Projects							
Tain 3-18 Campus	44,549	30,847	(847)	30,000	(14,549)	(14,549)	0
Nairn Academy	14,479	13,927	0	13,927	(552)	(552)	0
Broadford Primary	8,019	932	(187)	745	(7,274)	(7,274)	0
Estate Management							
School Estate Improvements / ELC	6,714	7,490	(970)	6,520	(194)	(194)	0
Free School Meals	1,959	0	0	0	(1,959)	(1,959)	0
Remote Schools Housing Accommodation	182	6	0	6	(176)	(176)	0
E&L Residential Properties	194	43	0	43	(151)	(151)	0
HEALTH & SOCIAL CARE PROGRAMME							
Adult Services (NHS)	808	309	(4)	305	(503)	(503)	0
Children's Services/Out of Authority	197	62	(62)	0	(197)	(197)	0
PROPERTY ESTATE ASSET MANAGEMENT							
Engineering Compliance	650	702	0	702	52	52	0
Catering & FM Compliance	300	65	0	65	(235)	(235)	0
Property Structures and Fabric	2,250	2,821	(98)	2,723	473	473	0
Property Security	400	672	0	672	272	272	0
Property Surveys	250	197	0	197	(53)	(53)	0
Council Property Estate Annual Improvements	500	1,202	(351)	851	351	351	0
Water Management	250	278	0	278	28	28	0
Fire Safety	200	382	0	382	182	182	0
Asbestos Removal	50	147	0	147	97	97	0
Energy Management	650	1,458	(458)	1,000	350	350	0
Depots - Health & Safety	563	669	0	669	106	106	0
Property Rationalisation	150	661	(226)	435	285	285	0
Portree Demonstrator Project	99	318	(318)	0	(99)	(99)	0
Caithness Demonstrator Project	0	91	(91)	0	0	0	0
Property Capital Multiplier Impact	0	1,806	0	1,806	1,806	1,806	0
HOUSING (NON HRA)							
Private Sector Housing Grants	1,974	2,182	(77)	2,105	131	131	0
Travelling People Sites - Longman Park Redevelopment	966	2,160	(2,160)	0	(966)	(966)	0
Travelling People Sites - General	0	21	(21)	0	0	0	0
OVERALL TOTALS	91,980	75,472	(6,113)	69,359	(22,621)	(23,793)	1,172

Project Description	BUDGET	ACTUALS TO DATE Q1			FORECASTS TO END OF 25/26			VARIANCE			COMMENTS
	2025/26 Capital Budget	2025/26 Actual Expenditure	2025/26 Actual Income	2025/26 Actual Net Year to Date	2025/26 Forecast Expenditure	2025/26 Forecast Income	2025/26 Forecast Outturn	2025/26 Variance Forecast Outturn v Budget	25/26 Reprofile to Next Financial Year	2025/26 Overspend/ (Underspend) Completed Projects	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
COMMUNITY & LEISURE FACILITIES											
HLH Properties - Life Cycle Investment	440	0	0	0	440	0	440	0	0	0	Various projects including Inverness Leisure and Queens Park.
Community & Leisure Facilities	270	0	0	0	270	0	270	0	0	0	Various projects.
LEARNING ESTATE											
Tain 3-18 Campus (LEIP Phase 1)	14,624	5,421	0	5,421	13,824	0	13,824	(800)	(800)	0	Construction work ongoing, underspend will carry forward to 26/27.
Broadford Primary (LEIP Phase 2)	16,447	59	(599)	(540)	7,648	0	7,648	(8,799)	(8,799)	0	Project at tender stage, underspend will carry to 26/27.
Nairn Academy (LEIP Phase 2)	26,277	2,969	0	2,969	31,582	0	31,582	5,305	5,305	0	Construction work ongoing, additional funding approved in June 2024.
New Tornagrain Primary	0	20	0	20	250	(250)	0	0	0	0	Design in progress, developer contributions will cover 25/26 spend.
Legacy Projects	1,108	673	0	673	1,108	0	1,108	0	0	0	Various commitments and retentions.
School Estate Improvement Programme	6,927	2,100	(205)	1,895	9,427	0	9,427	2,500	2,500	0	Various essential works; approval in May 2025 to accelerate in 25/26.
Residential Properties	708	0	0	0	208	0	208	(500)	(500)	0	Design of staff housing in Rum ongoing.
HEALTH & SOCIAL CARE PROGRAMME											
Adult Services (NHS)	883	42	0	42	883	0	883	0	0	0	Various essential works.
Children's Services/Out of Authority	329	0	(31)	(31)	360	(31)	329	0	0	0	Various essential works.
Moss Park Care Home Purchase	807	807	0	807	807	0	807	0	0	0	Additional funding approved for purchase of building.
PROPERTY ESTATE ASSET MANAGEMENT											
Property Estate Improvement Programme	6,744	944	0	944	9,244	0	9,244	2,500	2,500	0	Various essential works; approval in May 2025 to accelerate in 25/26.
Portree Demonstrator Project	99	46	(482)	(436)	581	(482)	99	0	0	0	At tender stage, £800K of funding from Scottish Government.
Caithness Demonstrator Project	0	2	(324)	(322)	324	(324)	0	0	0	0	Various works funded from Scottish Government grant.
HOUSING (NON HRA)											
Private Sector Housing Grants	2,338	349	(36)	313	2,374	(36)	2,338	0	0	0	Spend has been accelerated from future years to meet demand.
Travelling People Sites - Longman Park Redevelopment	1,100	462	(1,775)	(1,314)	2,875	(1,775)	1,100	0	0	0	See update in Appendix 3.
Travelling People Sites - General	0	0	(60)	(60)	0	0	0	0	0	0	£60k of income related to income deferred from 24/25.
OTHERS											
Carry forward from 24/25	(1,370)	0	0	0	0	0	0	1,370	1,370	0	Rebasing of individual project budgets required to offset this.
OVERALL TOTALS	77,731	13,891	(3,511)	10,380	82,205	(2,898)	79,307	1,576	1,576	0	

Project Description	WHOLE LIFE BUDGET			ACTUALS TO DATE			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	
	£000	£000	£000	£000	£000	£000	£000	£000	£000				
Tain 3-18 Campus	72,275	-800	71,475	62,119	-847	61,272	72,275	-847	71,428	G	R	G	Occupation of the new building until later this year to ensure that this high-quality building is completed to the required standard.
Nairn Academy	67,051	-20	67,031	20,666	-20	20,646	67,051	-20	67,031	G	G	G	Work progressing on site and new building programmed to be operational from August 2026.
Broadford Primary	21,010	-604	20,406	1,910	-791	1,119	21,010	-791	20,219	G	A	G	At tender stage.
Longman Park TPS	7,654	-6,554	1,100	4,948	-6,261	-1,313	9,429	-8,329	1,100	A	R	A	Additional THC reserves funding of £320k has been required to provide temporary accommodation for residents on-site during works which was not part of additional plan. Original completion date was July 2025 now forecast to be Spring 2026 but hopeful some of this delay can be clawed back. Phase 1 handed over. Phase 2 works currently being programmed.

Project Description	BUDGET	ACTUALS TO DATE Q1			FORECASTS TO END OF 25/26			VARIANCE			COMMENTS
	2025/26 Capital Budget	2025/26 Actual Expenditure	2025/26 Actual Income	2025/26 Actual Net Year to Date	2025/26 Forecast Expenditure	2025/26 Forecast Income	2025/26 Forecast Outturn	2025/26 Variance Forecast Outturn v Budget	25/26 Reprofile to Next Financial Year	2025/26 Overspend/ (Underspend) Completed Projects	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Highland Investment Plan											Procurement approach, project scope, project budget and expenditure profile to be confirmed in HIP update report to Council meeting in October
Beaully	3,000	0	0	0	3,000	0	3,000	0	0	0	Procurement approach, project scope, project budget and expenditure profile to be confirmed in HIP update report to Council meeting in October
Charleston	1,000	0	0	0	1,000	0	1,000	0	0	0	Procurement approach, project scope, project budget and expenditure profile to be confirmed in HIP update report to Council meeting in October
Dingwall	2,000	0	0	0	2,000	0	2,000	0	0	0	Procurement approach, project scope, project budget and expenditure profile to be confirmed in HIP update report to Council meeting in October
Dunvegan	4,000	0	0	0	1,000	0	1,000	(3,000)	(3,000)	0	Project to be delivered in sequence with Broadford project; stakeholders will be updated on progress early in the new school session.
Fortrose	2,000	0	0	0	2,000	0	2,000	0	0	0	Procurement approach, project scope, project budget and expenditure profile to be confirmed in HIP update report to Council meeting in October
Inverness High	2,000	0	0	0	2,000	0	2,000	0	0	0	Procurement approach, project scope, project budget and expenditure profile to be confirmed in HIP update report to Council meeting in October
Thurso	1,000	0	0	0	1,000	0	1,000	0	0	0	Procurement approach, project scope, project budget and expenditure profile to be confirmed in HIP update report to Council meeting in October
Programme Contingency	1,000	0	0	0	0	0	0	(1,000)	(1,000)	0	Contingency unlikely to be required in 2025/26
Other Priority Projects	9,330	0	0	0	3,000	0	3,000	(6,330)	(6,330)	0	Recommended first batch of priority projects to be set out in HIP update report for approval at Council meeting in October.
OVERALL TOTALS	25,330	0	0	0	15,000	0	15,000	(10,330)	(10,330)	0	