

The Highland Council

Agenda Item	7b
Report No	RES/23/25

Committee: Corporate Resources

Date: 28 August 2025

Report Title: Corporate Capital Monitoring report for 2024/25 Out-turn and Quarter 1 2025/26

Report By: Chief Officer – Corporate Finance

1. Purpose/Executive Summary

- 1.1 Members will recall that the summarised near final outturn position was initially reported to the full Council meeting in June 2025. This report provides Members with the near final (subject to audit) corporate capital monitoring statement for the 2024/25 financial year and the corporate capital monitoring statement for the first quarter of the 2025/26 financial year to 30th June 2025, which presents a summary of the actual spend together with a forecast 2025/26 year-end outturn position.
- 1.2 The Consolidated Highland Investment Plan (Consolidated HIP) was outlined in the report presented to Council in May 2025 which highlighted how the pre-existing 5-year General Fund Capital Programme (2023/24 to 2028/29) and the Highland Investment Plan have been combined to now form the Consolidated HIP.
- 1.3 Net spend on capital projects in 2024/25 totalled £123.440m for the Consolidated HIP against a net budget figure of £156.303m, thus reflecting a net underspend of £32.863m. Net spend on capital projects for the Housing Revenue Account (HRA) in 2024/25 totalled £60.842m against a net budget figure of £69.750m, thus reflecting a net underspend of £8.908m. This report also highlights how 2024/25 capital expenditure was funded. Adjustments are in turn made to the 2025/26 budgets to reflect carry forward from 2024/25.
- 1.4 Net spend on capital projects to the end of Q1 2025/26 totalled £33.480m for the Consolidated HIP against a net annual budget figure of £159.860m. Net spend on capital projects for the Housing Revenue Account (HRA) totalled £12.403m against a net annual budget figure of £66.333m.
- 1.5 The forecast net outturn for the Consolidated HIP for 2025/26 totals £181.937m and this would give rise to a forecast net overspend against budget of £1.939m. The forecast net outturn for the HRA for 2025/26 totals £58.907m and this would give rise to a forecast net underspend against budget of £7.426m.

1.6 The report also highlights how the planned capital expenditure for 2025/26 will be funded, with borrowing being a major source across both the Consolidated HIP and HRA.

2. Recommendations

2.1 Members are asked to:

- i. **Scrutinise and consider** the near final outturn for the 2024/25 financial year.
- ii. **Scrutinise and consider** the net spend for Q1 2025/26, the forecast year end outturn and the funding profile.

3. Implications

3.1 **Resource:** The Capital Monitoring reports, and the financial information contained therein, represent detailed information relating to the Council's financial activity. The reports present the current and forecast financial positions with no specific resource implications arising. Detailed reporting on the outturn figures and specific projects will be considered through the relevant Strategic Committees as is normal practice.

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'.

3.3 **Risk:** Risk implications to the budget position, and budget assumptions, will be kept under regular review and any project-specific risks identified will be reported to future Committees. The affordability of the Consolidated HIP and HRA Capital Programme as a whole is subject to variations in construction industry inflation and changes in interest rates.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people):** An important aspect of continued capital investment relates to managing health and safety risk. The requirement to safely maintain and enhance Council assets, essential to the delivery of frontline services, remains an increasing challenge to the Council as a number of assets reach the end of their useful economic life.

3.5 **Gaelic:** There are no specific Gaelic implications arising as a direct result of this report.

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 a monitoring and update report and therefore an impact assessment is not required.

5. General Fund Capital Monitoring 2024/25 Near Final

- 5.1 **Appendix 1** shows the Consolidated HIP near final spend and income position for financial year 2024/25. The figures remain near final pending completion of the external statutory audit which is currently ongoing. The figures provided reflect the net project expenditure, i.e. project costs incurred less project-specific income received. The net budget for 2024/25 was £156.303m.
- 5.2 Overall, there has been a net expenditure of £123.440m which reflects project expenditure of £174.672m and project-specific income of £51.232m. This gives rise to an underspend against budget of £32.863m. Unless otherwise stated, an underspend against budget is typically due to changes to the expected spend profile, rather than an adjustment to overall project cost, and any underspend will be rolled over into the next financial year.
- 5.3 Project level variances have been reported to the relevant strategic committees.
- 5.4 **Appendix 2** presents how the Consolidated HIP net capital expenditure for 2024/25 was funded. Borrowing continues to be the largest source of funding with £97.253m, amounting to 79% of total net capital expenditure. The amount of relevant funding from the General Capital Grant provided by the Scottish Government has been confirmed as £25.967m for 2024/25. The Consolidated HIP programme included some projects that are either wholly or partly self-funded, meaning that the borrowing costs associated with the capital expenditure will be repaid either from income generation or savings within the service revenue budget. £7.301m of capital expenditure in 2024/25 was self-funded in this way.
- 5.5 Individual project spend forms the basis of the capital reports to Strategic Committees and links to those papers are provided below within the Background Papers section.

6. General Fund Capital Monitoring Q1 2025/26

- 6.1 **Appendix 3** shows the Consolidated HIP, spend and income for Q1 of financial year 2025/26, along with the forecast outturn position to 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 net budget for 2025/26 is £159.860m. The forecast net expenditure is £161.799m resulting in an overspend of £1.939m. However, when the forecast overspend of £10.570m for the Uig Harbour redevelopment (discussions are ongoing with Transport Scotland regarding the funding of this overspend and a further update will be provided in due course) is excluded the overall forecast position is an underspend of £8.631m. The forecast outturn is subject to change given it is still early in the financial year and pending future decisions taken as part of the Consolidated HIP programme. The estimated outturn will continue to be monitored closely, and updates reported to future Committees.
- 6.2 Project level variances are reported to the relevant strategic committees and summarised in **Appendix 9**.
- 6.3 Overall, there has been a net expenditure of £24.206m for Q1, which reflects 15% of the annual budget.

- 6.4 **Appendix 4** presents how the forecast Consolidated HIP net capital expenditure for 2025/26 will be funded. Borrowing continues to be the largest source of funding with £133.126m forecast, amounting to 82% of forecast net capital expenditure. The General Capital Grant is expected to be £28.173m. The approved capital programme included some projects that are either wholly or partly self-funded, meaning that the borrowing costs associated with the capital expenditure will be repaid either from income generation or savings within the service revenue budget. It is forecast that £4.322m of capital expenditure in 2025/26 will be self-funded in this way.
- 6.5 Individual project spend forms the basis of the capital reports to Strategic Committees and links to those papers are provided below within the Background Papers section.
- 6.6 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 Consolidated HIP programme to take account of inflationary and other cost factors impacting on project budgets. Given the need to ensure that the HIP remains within the overall budget and affordability parameters agreed by Council, it was agreed that Officers would progress actions to achieve this.
- 6.7 Works are ongoing to review the total cost pressures, and currently these are estimated to amount to approximately £15m for 25/26 with further potential pressures identified in 26/27 of approximately £5m. Q1 monitoring reports reflect most of these pressures where these have been quantified and sufficient certainty to be reflected within the forecasts, with work ongoing to refine the profile of the remaining items. Some of these pressures will be mitigated from budget slippage in year, hence there is only a modest overspend forecast at this time. There will still be a need to re-profile within the overall programme in future to manage these pressures within the agreed funding of the programme.
- 6.8 In order to mitigate these pressures work is ongoing through the Officer Capital Programme Board to consider further re-profiling options which address some of these pressures.
- 6.9 In addition, other options are being considered and reviewed including:
- Review of The Scottish Government General Capital Grant and other external funding streams, and any additions to those, to assess any scope to mitigate pressures.
 - As previously noted at the full Council meeting in May 25: to consider whether an element of 'over-programming' is built into the Consolidated HIP. This may be used as a tool to manage cost pressures but as noted in the May paper it is not a funding solution long term. The need to use over-programming will depend on the extent to which other options and solutions can mitigate the pressures.
 - Officers are also reviewing other funding options which may be able to provide for some of the cost pressures in the programme and work on reviewing these options is ongoing.

7. HRA Capital Monitoring 2024/25 Near Final

- 7.1 **Appendix 5** presents the near final outturn figures for the HRA Capital Programme for 2024/25. It reports a net outturn figure of £60.842m against a budget of £69.750m. The underspend of £8.908m.
- 7.2 **Mainstream HRA Capital Programme:**
On the mainstream capital programme for investment in existing housing stock, the final outturn was £22.309m against the budget of £27.781m; this reflects some of the reduced spend as a result of attracting additional funding and also the impact of not spending £0.823m of the contingency budget.
- 7.3 **New Council House Build Programme:**
On the new build part of the capital programme, the final outturn was £38.533m against the budget of £41.968. The variation has resulted from a combination of delays with projects on site into the first quarter of 2025/26 and changing tenure of properties on site after the budget was set.
- 7.4 The mainstream HRA Capital Programme is based on the HRA Capital Plan 2022-2027, through which resources are allocated at area level and local projects approved at an Area Committee level. The new Council house build programme was approved on 31 January 2024 as part of the Council's Strategic Housing Investment Programme 2024-2029. Increasing the supply of affordable housing in Highland is a key feature underlying the Highland Housing Challenge which was established at Council on 27th June 2024.
- 7.5 **Appendix 6** presents how the HRA capital expenditure incurred in 2024/25 was funded. Borrowing makes up the largest source of funding with £40.574m, amounting to 67% of total net capital expenditure. The other major sources of funding include the Scottish Government Grant of £15.834m, Landbank sales of £2.808m and other capital receipts of £1.626m.

8. HRA Capital Monitoring Q1 2025/26

- 8.1 **Appendix 7** presents the net outturn figures for the HRA Capital Programme to the end of Q1 2025/26, along with the forecast net outturn to the end of the financial year. It reports a net expenditure figure of £12.403m which reflects 19% of the annual budget of £66.333m. The forecast annual net outturn to the end of 2025/26 is £58.907m which therefore projects an underspend of £7.426m against budget.
- 8.2 The major anticipated variance is against the mainstream HRA programme. Anticipated external funding for energy works in 2025/26 will allow many of these works to be delivered without recourse to HRA borrowing. This funding includes £9.1m of EC04 (Energy Company Obligation) funding for projects across Highland in 2025/26.
- 8.3 **Appendix 8** presents how the forecast HRA net capital expenditure for 2025/26 will be funded. Borrowing continues to be the largest source of funding with £42.296m forecast, amounting to 72% of forecast net capital expenditure. The other major sources of funding include the Scottish Government Grant of £13.179m, Council's Landbank Fund of £2.084m, and capital funded from current revenue of £1.348m.

Designation: Chief Officer – Corporate Finance

Date: 18 August 2025

Authors: Brian Porter, Chief Officer – Corporate Finance
Carolyn Pieraccini, Strategic Lead – Financial Services - Place
Alistair Dempsey-Reid, Senior Accountant

Background Papers:

- *Communities & Place Committee, Capital Budget Monitoring Report for the periods Q4 2024/25 and Q1 2025/26:*

https://www.highland.gov.uk/download/meetings/id/85420/7_capital_budget_monitoring_report_for_the_periods_q4_202425_and_q1_202526

- *Economy & Infrastructure Committee, General Fund Capital Monitoring:*

https://www.highland.gov.uk/download/meetings/id/85496/item_6_capital_monitoring_q4_202425_and_q1_202526

- *Housing & Property Committee, Property Capital Monitoring Statement and Progress Update Report:*

https://www.highland.gov.uk/download/meetings/id/85427/item_6_property_capital_monitoring_statement_and_progress_update_report

- *Housing & Property Committee, Housing Revenue Account (HRA) Capital Monitoring:*

https://www.highland.gov.uk/download/meetings/id/85429/item_8_housing_revenue_account_hra_capital_monitoring

- *Highland Council, Highland Investment Plan and Thurso Masterplan Update:*

https://www.highland.gov.uk/download/meetings/id/85279/item_6_highland_investment_plan_and_thurso_masterplan_update

- *Highland Council, Highland Investment Plan Update:*

https://www.highland.gov.uk/download/meetings/id/84951/item_4_highland_investment_plan

Appendices: Appendix 1: Capital Expenditure Monitoring GF 2024/25 Near Final
Appendix 2: Capital Expenditure Funding GF 2024/25 Near Final
Appendix 3: Capital Expenditure Monitoring GF Q1 2025/26
Appendix 4: Capital Expenditure Funding GF Q1 2025/26
Appendix 5: Capital Expenditure Monitoring HRA 2024/25 Near Final
Appendix 6: Capital Expenditure Funding HRA 2024/25 Near Final
Appendix 7: Capital Expenditure Monitoring HRA Q1 2025/26
Appendix 8: Capital Expenditure Funding HRA Q1 2025/26
Appendix 9: Major Projects Q1 2025/26 Summary

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2024 TO 31ST MARCH 2025 (Q4 2024/25)

SERVICE: GENERAL FUND

Project Description	BUDGET	ACTUAL			FORECASTS			VARIANCE		
	2024/25 Capital Budget £000	2024/25 Actual Expenditure £000	2024/25 Actual Income £000	2024/25 Actual Net Year to Date £000	2024/25 Forecast Expenditure £000	2024/25 Forecast Income £000	2024/25 Forecast Outturn £000	2024/25 Variance F'cast v Budget £000	2024/25 Reprofile to Next Financial Year £000	2024/25 Overspend / (Underspend) £000
SCHOOLS	81,172	59,001	(2,242)	56,759	59,001	(2,242)	56,759	(24,413)	(25,585)	1,172
PROPERTY STRATEGIC ASSET MANAGEMENT	6,312	11,469	(1,542)	9,927	11,469	(1,542)	9,927	3,615	3,615	0
HEALTH & SOCIAL CARE PROGRAMME	1,005	371	(66)	305	371	(66)	305	(700)	(700)	0
COMMUNITY AND LEISURE FACILITIES	551	268	(5)	263	268	(5)	263	(288)	(313)	25
ROADS AND BRIDGES	28,128	27,898	(3,716)	24,182	27,898	(3,716)	24,182	(3,946)	(4,346)	400
ACTIVE TRAVEL & TRANSPORT	2,398	5,577	(3,868)	1,709	5,577	(3,868)	1,709	(689)	(712)	23
PARKING	1,095	1,046	(543)	503	1,046	(543)	503	(592)	(452)	(140)
LIGHTING & COMMUNICATIONS	714	1,119	(424)	695	1,119	(424)	695	(19)	(19)	0
FLOOD PROTECTION	1,532	449	0	449	449	0	449	(1,083)	(516)	(567)
HARBOURS & FERRIES	2,823	14,460	(2,969)	11,491	14,460	(2,969)	11,491	8,668	8,668	0
WASTE MANAGEMENT	5,022	6,271	(4,826)	1,445	6,271	(4,826)	1,445	(3,577)	(3,577)	0
BEREAVEMENT SERVICES	2,849	769	0	769	769	0	769	(2,080)	(2,080)	0
PLAY PARKS AND COMMUNITY SPACES	1,603	1,360	(830)	530	1,360	(830)	530	(1,073)	(1,073)	0
PUBLIC CONVENIENCES	(76)	185	(49)	136	185	(49)	136	212	136	76
ICT	4,185	2,931	(1,557)	1,374	2,931	(1,557)	1,374	(2,811)	(2,811)	0
VEHICLES & PLANT	3,415	3,323	(333)	2,990	3,323	(333)	2,990	(425)	(425)	0
VISITOR MANAGEMENT	0	15	(15)	0	15	(15)	0	0	0	0
PLANNING & DEVELOPMENT	10,635	33,660	(25,852)	7,808	33,660	(25,852)	7,808	(2,827)	(2,833)	6
ENERGY EFFICIENCY	0	78	(78)	0	78	(78)	0	0	0	0
CAPITAL DISCRETIONARY FUND	0	59	(59)	0	59	(59)	0	0	0	0
NON-HRA HOUSING	2,940	4,363	(2,258)	2,105	4,363	(2,258)	2,105	(835)	(835)	0
OVERALL TOTAL	156,303	174,672	(51,232)	123,440	174,672	(51,232)	123,440	(32,863)	(33,858)	995

FUNDING OF CAPITAL EXPENDITURE - 1ST APRIL 2024 TO 31ST MARCH 2025 (Q4 2024/25)

SERVICE: GENERAL FUND

Funding	2024/25 Capital Budget	2024/25 Actual Net Year to Date	2024/25 Forecast Outturn	2024/25 Variance F'cast Outturn v Budget	2024/25 Reprofile to Next Financial Year	2024/25 Overspend / (Underspend)
	£000	£000	£000	£000	£000	£000
General Capital Grant	24,616	25,967	25,967	1,351	0	1,351
Capital Receipts	500	220	220	(280)	0	0
Borrowing	131,187	97,253	97,253	(33,934)	(33,858)	(356)
TOTAL FUNDING	156,303	123,440	123,440	(32,863)	(33,858)	995

Included within Appendix 1 are amounts for the below self funded projects:

Self Funded Projects*	8,491	7,301	7,301	(1,190)	(1,190)	0
-----------------------	-------	-------	-------	---------	---------	---

*To reflect project budgets that are either wholly or partly self-funded (ie from income generated or savings).

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2025 TO 30TH JUNE 2025 (Q1 2025/26)

SERVICE: GENERAL FUND

Project Description	BUDGET	ACTUAL			FORECASTS			VARIANCE		
	2025/26 Capital Budget £000	2025/26 Actual Expenditure £000	2025/26 Actual Income £000	2025/26 Actual Net Year to Date £000	2025/26 Forecast Expenditure £000	2025/26 Forecast Income £000	2025/26 Forecast Outturn £000	2025/26 Variance F'cast v Budget £000	2025/26 Reprofile to Next Financial Year £000	2025/26 Overspend / (Underspend) £000
LEARNING ESTATE	66,091	11,240	(804)	10,436	64,047	(250)	63,797	(2,294)	(2,294)	0
PROPERTY STRATEGIC ASSET MANAGEMENT	5,473	992	(806)	186	10,149	(806)	9,343	3,870	3,870	0
HEALTH & SOCIAL CARE PROGRAMME	2,019	849	(31)	818	2,050	(31)	2,019	0	0	0
COMMUNITY AND LEISURE FACILITIES	710	0	0	0	710	0	710	0	0	0
ROADS AND BRIDGES	31,919	7,501	(1,479)	6,022	33,898	(1,873)	32,025	106	106	0
ACTIVE TRAVEL & TRANSPORT	1,579	651	372	1,023	1,735	(147)	1,588	9	9	0
PARKING	792	121	(66)	55	868	(66)	802	10	10	0
LIGHTING & COMMUNICATIONS	438	343	0	343	489	(51)	438	0	0	0
FLOOD PROTECTION	1,418	309	0	309	1,421	0	1,421	3	3	0
HARBOURS & FERRIES	(556)	974	2,625	3,599	10,167	(12)	10,155	10,711	10,711	0
VISITOR MANAGEMENT	0	13	(50)	(37)	130	(116)	14	14	14	0
WASTE MANAGEMENT	4,652	1,172	1,026	2,198	4,619	(926)	3,693	(959)	(959)	0
BEREAVEMENT SERVICES	3,553	1,270	0	1,270	4,262	0	4,262	709	681	28
PLAY PARKS AND COMMUNITY SPACES	1,076	535	(176)	359	1,259	(183)	1,076	0	0	0
PUBLIC CONVENIENCES	100	(5)	0	(5)	95	0	95	(5)	(5)	0
ICT	4,564	718	0	718	5,096	(532)	4,564	0	0	0
VEHICLES & PLANT	3,178	226	(38)	188	3,328	(150)	3,178	0	0	0
PLANNING & DEVELOPMENT	4,086	5,761	(7,976)	(2,215)	17,365	(13,184)	4,181	95	95	0
ENERGY EFFICIENCY	0	0	0	0	0	0	0	0	0	0
NON-HRA HOUSING	3,438	810	(1,871)	(1,061)	5,249	(1,811)	3,438	0	0	0
HIGHLAND INVESTMENT PLAN PROJECTS	25,330	0	0	0	15,000	0	15,000	(10,330)	(10,330)	0
OVERALL TOTAL	159,860	33,480	(9,274)	24,206	181,937	(20,138)	161,799	1,939	1,911	28

10,570

Less Uig

(8,631)

FUNDING OF CAPITAL EXPENDITURE - 1ST APRIL 2025 TO 30TH JUNE 2025 (Q1 2025/26)

SERVICE: GENERAL FUND

	2025/26 Capital Budget	2025/26 Actual Net Year to Date	2025/26 Forecast Outturn	2025/26 Variance F'cast Outturn v Budget	2025/26 Reprofile to Next Financial Year	2025/26 Overspend / (Underspend)
	£000	£000	£000	£000	£000	£000
Funding						
General Capital Grant	28,173	9,452	28,173	0	0	0
Capital Receipts	500	0	500	0	0	0
Borrowing	131,187	14,754	133,126	1,939	1,911	28
TOTAL FUNDING	159,860	24,206	161,799	1,939	1,911	28

Included with Appendix 1 are amounts for the below self funded projects:

Self Funded Projects*	4,322	2,762	4,322	0	0	0
-----------------------	-------	-------	-------	---	---	---

*To reflect project budgets that are either wholly or partly self-funded (ie from income generated or savings).

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2024 TO 31ST MARCH 2025

SERVICE: HOUSING REVENUE ACCOUNT

Project Description	Revised Net Budget	Actual Net Year to Date	Year End Estimated Net Outturn	Year End Net Variance	(Reprofiling)/Acceleration Net	Anticipated Year End (Under)/Over
	£000	£000	£000	£000	£000	£000
Capital Programme 2024/25						
Equipment and Adaptations	924	799	799	(124)	(124)	
Major Component Replacement	2,365	2,184	2,184	(181)	(181)	
Heating/Energy Efficiency	18,892	16,940	16,940	(1,952)	(1,952)	
External Fabric (Major Component Replacement)	1,689	689	689	(1,000)	(1,000)	
External Fabric (Environmental Improvements)	1,497	364	364	(1,132)	(1,132)	
Healthy, Safe and Secure	1,591	1,330	1,330	(260)	(260)	
Contingencies/Retentions	825	2	2	(823)	(823)	
Total Programme	27,781	22,309	22,309	(5,472)	(5,472)	0
Council House Building Capital Programme						
New Council House Buildings	40,219	37,443	37,443	(2,776)	(2,776)	
Individual House Purchases	1,749	1,090	1,090	(660)	(660)	
Total Council Building Programme	41,968	38,533	38,533	(3,436)	(3,436)	0
OVERALL TOTAL	69,750	60,842	60,842	(8,908)	(8,908)	0

Funding	Revised Net Budget	Actual Net Year to Date	Year End Estimated Net Outturn	Year End Net Variance
	£000	£000	£000	£000
Investment Programme				
Useable Capital Receipts	368	1,626	1,626	1,258
RHI Income			0	0
Government Grant	16,000	15,834	15,834	(166)
Landbank	6,291	2,808	2,808	(3,483)
Evergreen Infrastructure Loan Fund	2,852		0	(2,852)
Contribution to Individual Property/VDLF			0	0
Borrowing	44,240	40,574	40,574	(3,666)
GROSS FUNDING	69,750	60,842	60,842	(8,908)

MONITORING OF CAPITAL EXPENDITURE - 1ST APRIL 2025 TO 30TH JUNE 2025

SERVICE: HOUSING REVENUE ACCOUNT

Project Description	Revised Net Budget	Actual Net Year to Date	Year End Estimated Net Outturn	Year End Net Variance	(Reprofiling)/ Acceleration Net
	£000	£000	£000	£000	£000
HRA Capital Programme 2025/26					
Equipment and Adaptations	1,124	169	966	(158)	(158)
Major Component Replacement	2,592	640	2,282	(310)	(310)
Heating/Energy Efficiency	15,240	2,940	11,625	(3,615)	(3,615)
External Fabric (Major Component Replacement)	491	100	391	(100)	(100)
External Fabric (Environmental Improvements)	2,251	80	2,079	(172)	(172)
Healthy, Safe and Secure	3,605	285	3,315	(290)	(290)
Contingencies/Retentions	2,781	0	0	(2,781)	(2,781)
Total Programme	28,084	4,214	20,658	(7,426)	(7,426)
Council House Building Capital Programme					
New Council House Buildings	34,949	7,264	34,949	0	0
Individual House Purchases	3,300	925	3,300	0	0
Total Council Building Programme	38,249	8,189	38,249	0	0
OVERALL TOTAL	66,333	12,403	58,907	(7,426)	(7,426)

Appendix 8

Funding	Revised Net Budget	Actual Net Year to Date	Year End Estimated Net Outturn	Year End Net Variance
	£000	£000	£000	£000
Investment Programme				
Useable Capital Receipts				0
RHI Income				0
Government Grant	13,179	3,240	13,179	0
Landbank	2,084		2,084	0
Evergreen Infrastructure Loan Fund			0	0
Capital from Current Revenue	1,348		1,348	0
Borrowing	49,722	9,164	42,296	(7,426)
GROSS FUNDING	66,333	12,404	58,907	(7,426)

The below is a summary of major project lines with forecast variances >£500k for 25/26.

Project	Committee	Forecast over/under spend 25/26	Comments reported to relevant committees
Tain 3-18 Campus	P&H	(800)	Occupation of the new building until later this year to ensure that this high-quality building is completed to the required standard. Construction work ongoing, underspend will carry forward to 26/27.
Nairn Academy	P&H	5,305	Work progressing on site and new building programmed to be operational from August 2026. Construction work ongoing, additional funding approved in June 2024.
Broadford Primary	P&H	(8,799)	Project at tender stage, underspend will carry to 26/27.
School Estate Improvement Programme	P&H	2,500	Various essential works and pressures against budget identified.
Property Estate Improvement Programme	P&H	2,500	Various essential works and pressures against budget identified.
HIP Phase 1 - Dunvegan	P&H	(3,000)	Project to be delivered in sequence with Broadford project; stakeholders will be updated on progress early in the new school session.
HIP Phase 1 - Programme Contingency	P&H	(1,000)	Contingency unlikely to be required in 2025/26
HIP Phase 1 - Other Priority Projects	P&H	(6,330)	Recommended first batch of priority projects to be set out in HIP update report for approval at Council meeting in October.
Landfill Restoration Programme	C&P	(517)	This project has a budget of £1.937m for 2025/26 and current expenditure of £0.012m. Capping works to take place this year. Estimated spend below budget but restoration and compliance works will continue in future years.
Fort William Waste Transfer Station	C&P	(599)	This project has a budget of £2.591m for 2025/26 and a current expenditure of £1.027m. Work is ongoing. Circa £0.070m of further spend expected in 2026/27 so there is potential for an underspend in the region of £0.488m on this project subject to continued good progress and compensation event decisions.
Uig Ferry Terminal and Link Span	IE&E	10,570	Life budget includes additional £1.1m for the terminal building, funded 60% by grant and 40% by THC capital recoverable through harbour dues. Construction works ongoing. The project in total expects a c£10.9m overrun primarily due to the split outage and talks remain ongoing with Transport Scotland regarding funding. The capital is expected to be repaid from future income stream.
Inverness Castle Redevelopment	IE&E	993	Contract let, delays due to extra work - estimated completion autumn 2025. Budget currently within manageable cost increases (due to delays/extra structural repairs). Additional external funding plus future revenue streams will cover additional costs.