Agenda Item	5
Report No	ECI/34/25

The Highland Council

Committee: **Economy and Infrastructure**

Date: **13 November 2025**

Report Title: **Capital Monitoring Q2 2025/26 Report**

Report By: **Assistant Chief Executive - Place**

1 Purpose/Executive Summary

1.1 This report provides Members with the reported position for Q2 2025/26 ending 30 September 2025.

1.2 Q2 2025/26 - The gross capital spend on projects in the period to 30 September 2025 totalled £27.318m.

2 Recommendations

2.1 The Committee is invited to scrutinise and approve the financial position as of 30 September 2025 and note the estimated year end forecast.

3 Implications

3.1 **Resource** - Resource implications are discussed in the report. There are ongoing issues with inflation and supply chain that continue to put pressure on individual projects, or ongoing programmes of work. This is being regularly monitored and adjustments made where appropriate

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 risks identified reported to future Committees.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – No implications.

3.5 **Gaelic** - No implications.

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 report and therefore an impact assessment is not required.

5 Capital Programme 25/26 Q2 Report

5.1 **Appendix 1** provides a summary of the financial year 2025/26 Q2 position.

5.2 Overall, there has been a net expenditure of £16.258M for the year to 30 September 2025. This second quarter figure represents 37.9% of the allocated capital budget for the year. The programme remains on target to spend the allocation within the financial year. Large capital projects span across financial year boundaries and underspend / overspends will generally be carried forward or accelerated from future years. Of the project income received, funding streams relate to active travel, timber transport, City-Region deal funding, developer contributions, town centre funding, harbour infrastructure, regeneration funding and vacant and derelict land funding. These funding streams will be offset against specific project costs as they are incurred.

5.3 Naver Bridge construction is a multi-financial year project. The bridge beams have now been installed on the completed piers and abutments. Work will now concentrate on the completion of the bridge deck and approach roads. The bridge will open to traffic in summer 2026. Demolition of the existing bridge will commence when traffic is transferred to the new one.

6 Road Assets

6.1 The role of the Highland Timber Transport Group Project Officer continues, which is partly funded by the Strategic Timber Transport Fund and external partners. As previously reported to committee in August (ECI/27/25), there remains a possibility that Scottish Forestry may reallocate any Strategic Timber Transport Scheme (STTS) unspent funds to other bidders towards the end of the financial year. As the STTS allocation is part of the Roads capital budget, any underspends are utilised for other identified works, such as Divach landslip repairs.

6.2 Capital works have been continuing since the last committee update to deliver further asset renewals. These will include, but not be limited to, cattle grids and vehicle restraint systems (VRS). Area teams have progressed with resurfacing and surface dressing schemes, reported to their respective committees. The Road Marking Team has so far renewed over 347km (road length) of centre and edge lines. As with several road maintenance activities, the application of road markings is dependent on suitable weather conditions. Works will continue as conditions allow.

Designation:	Assistant Chief Executive - Place
Date:	28 October 2025
Author:	Garry Smith – Service Lead (Infrastructure) Elizabeth Maciver - Principal Engineer
Background Papers:	None
Appendices:	Appendix 1 – Q2 Monitoring Statement Appendix 2 – Major Projects

THE HIGHLAND COUNCIL
MONITORING OF CAPITAL EXPENDITURE Q2
SERVICE: INFRASTRUCTURE, ENVIRONMENT & ECONOMY

Appendix 1

	BUDGET	ACTUALS TO END OF AUGUST			Forecasts to end of 25/26			Variance			
Project Description	**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 F'cast Outturn v Budget**	**2025/26 To Reprofile to Next Financial**	**2025/26 Overspend / (Underspend)**	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	**Comments**
ROADS											
Roads General Infrastructure Improvements	21,406	10,073	(539)	9,534	22,997	(1,591)	21,406	0	0	0	This is the area roads capital budget principally used for structural improvements and surface dressing. Progress against some lines will be weather dependent, particularly over the winter months. Further contracts for the renewal of various assets are being compiled. Any balance not spent this financial year will roll over and apply against contracts and commitments through 26/27.
Strategic Timber Transport Scheme (STTS)	500	6	(4)	2	100	(36)	64	(436)	(436)	0	Includes costs for the Project Officer, with some grant funding from STTF. Any underspend that does exist will be utilised for other Area roads capital work such as Divach landslide repairs.
Bridges, Retaining Walls & Culverts	650	114	0	114	640	0	640	(10)	(10)	0	
Road Safety Improvement Fund	0	85	24	110	978	(978)	0	0	0	0	Funding totalling £978k has been approved for road safety projects in 25/26. This will be fully spent and claimed prior to March 26
20Mph Zones	0	33	0	33	717	(717)	0	0	0	0	25/26 20mph implementation projected forecast £717k, fully claimable from Transport Scotland
Inshes Roundabout	88	11	0	11	88	0	88	0	0	0	
A890 Stromeferry Rockface Stabilisation	182	156	0	156	182	0	182	0	0	0	Works complete for stabilsation contract 24/25 - annual inspection report being prepared for works contract design 26/27.
B851/B862 South Loch Ness Road Improvements	498	6	0	6	498	0	498	0	0	0	Expecting to spend to budget. Work commencing Winter 2025.
Traffic Management Improvements	0	13	0	13	13	0	13	13	13	0	Funding for variance to be confirmed.
Portree Link to A855	0	40	(1,535)	(1,495)	1,535	(1,535)	0	0	0	0	
A890 Strathcarron Widening	0	14	0	14	44	0	44	44	44	0	Project not currently progressing. Funding for variance to be confirmed.
Dingwall Development Infrastructure	50	0	0	0	50	0	50	0	0	0	
Other Minor Schemes	0	5	0	5	5	0	5	5	5	0	Funding for variance to be confirmed.
BRIDGES											
Major Bridges General	2,026	13	0	13	203	0	203	(1,823)	(1,823)	0	Forecast spend for B861 Ness Bridge.
Naver Bridge	5,945	3,295	0	3,295	8,425	0	8,425	2,480	2,480	0	New bridge completion Winter 2026. Demolition of old bridge by Summer 2026.
Infirmary Bridge	134	0	0	0	100	0	100	(34)	(34)	0	Emergency repairs due to complete Nov 2025. Essential repairs due to commence Spring/Summer 2026.
A890 Strathcarron Bridge	0	8	0	8	100	0	100	100	100	0	Funded by Major Bridges General line.
Old White Bridge	0	9	0	9	15	0	15	15	15	0	Funded by Major Bridges General line.
ACTIVE TRAVEL & TRANSPORT											
Active Travel Transformation Highland Wide	799	422	(198)	224	1,457	(659)	799	(0)	0	0	Spend includes £300k of projects now complete and £1.08m of active projects to be complete in 25/26, £410k will be funded from SPF, £120k from developer contributions and £130k from Tier 1
Culbokie Active Travel Village	0	83	0	83	1,130	(1,130)	0	0	0	0	Construction tendered at £1.13m and fully claimed in 25/26
Fort William Active Travel Improvements	0	1	0	1	1	0	1	1	1	0	Funding for variance to be confirmed.
Wick Street Design	0	125	105	230	1,393	(1,393)	0	0	0	0	Wick project tendered at £1,393m which will be fully spent by March 2026
Community Links Plus	0	117	180	297	66	(66)	0	0	0	0	£48k retention for Riverside Way project to be funded by Tier 1 and £18k for Dunballoch path which will be funded by developer contributions
Tier 1 Active Travel Fund Scottish Government	1,494	329	0	329	1,494	0	1,494	0	0	0	
National Cycle Network - Ness Bridge	0	1	(32)	(31)	50	(50)	0	0	0	0	Design works in progress with expected spend of £50k by end of March which will be fully claimed from Sustrans
Aviemore Transport Hub	0	5	3	7	12	(12)	0	0	0	0	Work funded by CNPA. Feasability report in progress will be complete late 2025
Electric Vehicle Infrastructure	0	0	0	0	50	(50)	0	0	0	0	Maintenance this year as project transitions to Pathfinder 1.
Pathfinder 1	0	0	0	0	400	(500)	(100)	(100)	(100)	0	Follow on from the EVI project.
Bus Shelters	39	137	0	137	137	0	137	98	98	0	Funded from Community Bus Fund line - update Q3.
Bus Infrastructure Fund Tier 1	1,155	13	0	13	1,155	0	1,155	0	0	0	
Bus Infrastructure Fund Tier 2	0	16	0	16	987	(987)	0	0	0	0	
Community Bus Fund	460	0	0	0	362	0	362	(98)	(98)	0	As above.
PARKING											
Inverness Lorry Park	7	0	0	0	0	0	0	(7)	(7)	0	Roll forward budget to cover retention payment in 26/27
Torvean Resurfacing	83	7	0	7	7	0	7	(76)	(76)	0	Roll forward budget to cover retention payment in 26/27
Rose Street Multistorey	377	23	0	23	300	0	300	(77)	(77)	0	Tender and equipment for £300k with works commencing Oct 25. Underspend to be carried forward for future works
Parking Machines & Equipment	85	85	(66)	19	151	(66)	85	0	0	0	Remaining budget for 14 machines due by Q4
Glencoe Village*	175	0	0	0	175	0	175	0	0	0	
Broadford Car Park	50	0	0	0	50	0	50	0	0	0	Expenditure on project expected from Q3
Achmelvich Beach*	15	27	0	27	27	0	27	12	12	0	Project Complete. Funding for variance to be confirmed.
LIGHTING, CCTV & RADIO MASTS											
Structural Lighting Works	292	689	0	689	689	(397)	292	0	0	0	

Radio Masts	140	0	0	0	140	0	140	0	0	0	
Public Space CCTV Modernisation	6	0	0	0	6	0	6	0	0	0	
FLOOD PROTECTION											
Caol & Lochyside FPS	520	224	0	224	520	0	520	0	0	0	
River Nairn & Auldearn Burn FPS	31	0	0	0	31	0	31	0	0	0	
River Gynack FPS	11	0	0	0	11	0	11	0	0	0	
River Peffery Dingwall Business Park	150	75	0	75	150	0	150	0	0	0	
Golspie FPS / NFMS	0	3	0	3	0	0	0	0	0	0	No further spend expected.
Flood Risk Management Act	332	113	0	113	300	0	300	(32)	(32)	0	Underspend to be carried forward to next financial year.
Coastal Change Management	1,006	30	0	30	505	0	505	(501)	(501)	0	Significant proportion to be carried forward to future years.
Coastal Flood Protection Studies	100	0	0	0	100	0	100	0	0	0	
Surface Water Management Plans	111	0	0	0	111	0	111	0	0	0	
HARBOURS & FERRIES											
Harbours Health & Safety and General Structural	131	94	0	94	131	0	131	0	0	0	Expected to spend to budget.
Lochinver Harbour	2,992	5	0	5	500	0	500	(2,492)	(2,492)	0	Design for phase 1 is complete. Enabling works contract due to go for tender Autumn 2025.
Portree Harbour	20	31	0	31	1,000	0	1,000	980	980	0	Design for Phase 1 repairs to berthing structure complete. Tender Autumn 2025
Sconser Raasay Ferry Infrastructure	0	121	19	140	300	(300)	0	0	0	0	Part of SVRP work - funding from SG SSEN upgrade works have been agreed.
Kinlochbervie Harbour Work	0	6	0	6	25	0	25	25	25	0	Design works are on-going,
Uig Ferry Terminal and Link Span*	(9,882)	1,226	0	1,226	1,300	0	1,300	11,182	11,182	0	
Corran Ferry Shoreside Infrastructure	6,183	346	2,105	2,452	9,000	(9,000)	0	(6,183)	(6,183)	0	Tender responses to be received by 16 October. Construction works due to commence Q4.
Corran Ferry New Electric Vessel & Power Supply	0	30	501	531	85	0	85	85	85	0	Project progressing, any overspend in current year to be claimed from external funding in future years.
VISITOR MANAGEMENT											
Ullapool Motorhome Waste Disposal Unit	0	0	(50)	(50)	116	(116)	0	0	0	0	
Loch Vaa / Laggantygown Cemetery Footpath & Carpark	0	2	0	2	2	(2)	0	0	0	0	
Ardvreck Car Park Improvements	0	6	0	6	6	(6)	0	0	0	0	Fully Funded
Whaligoe steps Car Park & Junction	0	16	0	16	16	(16)	0	0	0	0	Fully Funded
PLANNING & DEVELOPMENT											
Town & Countryside Regeneration	371	0	0	0	50	0	50	(321)	(321)	0	Actions to purchase land at Smoo were due to be progressed but have been superseded by a new project led by Income team. Funds will be redirected to the development of North Kessock/other countryside sites in 25/26 and 26/27.
Inshes District Park	(6)	0	0	0	0	(6)	(6)	0	0	0	
Wester Ross Visitor Hubs	64	0	0	0	64	0	64	0	0	0	
Green Infrastructure Merkinch Boardwalk	84	5	0	5	84	0	84	0	0	0	ATIF application submitted. Other funding options will need to be explored if unsuccessful
Storr Visitor Management	43	4	0	4	43	0	43	0	0	0	
Opportunity Cromarty Firth - Tomich Junction	0	6	0	6	150	(100)	50	50	50	0	Green free port project, Design of new roundabout on the A9 at Tomich has commenced. Planning application expected late 2025.
Misc Assets, Bridges & Structures	76	0	0	0	38	0	38	(38)	(38)	0	
Smart City Digital Projects	0	0	237	237	0	0	0	0	0	0	
Inverness Castle Redevelopment*	3,132	3,949	(6)	3,943	7,121	(2,729)	4,392	1,260	1,260	0	Project due to complete this year. Additional external funding plus future revenue streams will cover additional costs
City Region Deal Projects	0	279	129	408	6,254	(6,254)	0	0	0	0	
ZCCR - Bught Park Stadium	0	1,633	(223)	1,410	1,850	(1,850)	0	0	0	0	Project expected to utilise the external funding available.
ZCCR - Energy Centre Inverness	0	0	(4,748)	(4,748)	4,540	(4,540)	0	0	0	0	Project expected to utilise the external funding available.
ZCCR - Northern Meeting Park	0	696	(418)	278	750	(750)	0	0	0	0	Project expected to utilise the external funding available.
Community Regeneration Capital Funds											
Nature Restoration Fund	816	32	0	32	516	0	516	(300)	(300)	0	Expect underspend to carry forward
Highland Coastal Communities Fund	0	283	0	283	283	(283)	0	0	0	0	
Island Infrastructure Fund	0	16	(46)	(30)	46	(46)	0	0	0	0	
Islands Programme	0	168	(712)	(544)	712	(712)	0	0	0	0	
Place Based Investment Programme 21/22 Fund	0	(0)	(385)	(385)	385	(385)	0	0	0	0	
Place Based Investment Programme 22/23 Fund	0	40	(301)	(261)	301	(301)	0	0	0	0	
Place Based Investment Programme 23/24 Fund	0	144	(205)	(61)	211	(211)	0	0	0	0	
UK Shared Prosperity Fund 25/26	0	0	(878)	(878)	1,723	(1,723)	0	0	0	0	
Town Centre Fund	0	0	(130)	(130)	130	(130)	0	0	0	0	
Vacant & Derelict Land Fund	0	0	(556)	(556)	556	(556)	0	0	0	0	
Carbon Neutral Islands Fund	0	0	(287)	(287)	287	(287)	0	0	0	0	
Regeneration Capital Grant Fund	0	1,507	(3,047)	(1,540)	2,422	(2,422)	0	0	0	0	
Community Led Local Development	0	265	0	265	265	(265)	0	0	0	0	
Energy Efficiency											
LED Programme for Buildings	0	0	0	0	650	(650)	0	0	0	0	Split between built estate and street lighting. Salix funded.
Solar PV Built Estate	0	0	0	0	800	(800)	0	0	0	0	Salix funded.
Renewable Energy Asset Investment	0	0	0	0	500	(500)	0	0	0	0	Initial spend for grid connection and planning development. Solar (Longman landfill) going to planning and Torvean Battery Storage - at tender stage.
OVERALL TOTAL	**42,941**	**27,318**	**(11,060)**	**16,258**	**91,869**	**(45,107)**	**46,763**	**3,822**	**3,822**	**0**	
							TOTAL LESS	**(7,360)**	**(7,360)**	**0**	

*Project budgets are either wholly or partly self-funded (ie from income generated or savings).

THE HIGHLAND COUNCIL
CAPITAL MAJOR PROJECT WHOLE LIFE REPORTING - 2025/26 Q2
SERVICE: INFRASTRUCTURE, ENVIRONMENT & ECONOMY

Appendix 2

	WHOLE LIFE BUDGET			ACTUALS TO DATE 25/26 Q2			FORECAST TO END OF PROJECT			PROJECT			COMMENTS
Project Description	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				
Naver Bridge	11,575	0	11,575	8,675	0	8,675	15,370	0	15,370	R	G	G	Work to replace aged single track bridge carrying A836 over River Naver in Sutherland. Work has commenced and anticipating new bridge completion Winter 2026 with the demolition of the old bridge by Summer 2026. The project outturn is expected to be £15.37m after taking account of continued site supervision and compensation events. The funding of this additional cost will be raised with the Capital Programme Board.
Uig Ferry Terminal and Link Span	65,098	-39,058	26,040	75,110	-39,233	35,877	76,000	-39,098	36,902	R	G	G	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£12.5m 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	35,905	-20,350	15,555	35,239	-20,334	14,905	39,667	-22,611	17,056	G	A	G	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
Inshes Roundabout	10,050	0	10,050	373	0	373	10,050	0	10,050	G	G	G	Design work progressing as planned. Budget considered appropriate.
Corran Ferry Shoreside Infrastructure	30,000	-20,000	10,000	2,429	-1,612	817	30,000	-20,000	10,000	G	G	G	Preliminary work progressing. Formal approval of funding from UK Government CRD to be confirmed.
Corran Ferry New Electric Vessel & Power Supply	28,000	-28,000	0	531	-501	0	28,000	-28,000	0	G	G	G	£28m funding through City Region Deal towards a new electric vessel and supporting electrical infrastructure.
Inverness Castle	35,732	-22,450	13,282	36,092	-19,814	16,278	35,732	-22,450	13,282	G	A	G	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