

Agenda Item	6.
Report No	CP/03/26

The Highland Council

Committee: **Communities and Place**

Date: **29 January 2026**

Report Title: **Capital Monitoring Report for the period Q3 2025/26**

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

1 Purpose/Executive Summary

- 1.1 This report sets out the Capital budget outturn for the Communities and Place Service for the period of Quarter 3 for 2025/26.
- 1.2 The purpose of this report is to support the Council's overall financial management and budgetary control arrangements. This report also supports the Committee and its Members in fulfilling the Scheme of Delegation in relation to financial management and remit of Strategic Committees which includes: -

“to scrutinise the management of the Revenue and Capital Budgets for the Services included in the Committee’s remit and monitor and control these budgets, including dealing with over- expenditure.”

- 1.3 This report provides Members with commentary on any material variances within the forecast, and actions taken or proposed in relation to variances.
- 1.4 There are a range of capital projects being taken forward by the Service in respect of Waste Management; Bereavement Services; Community Spaces; Vehicles and Plant and Public Conveniences. The remainder of this report discusses the projects overall supported by information in the Appendices.
- 1.5 The expenditure to date at Quarter 3 for 2025/26 is a net expenditure of £7.933m against a budget of £13.838m. Forecast year end net expenditure is £12.713m.

2 Recommendations

2.1 Members are asked to:-

- i. **Scrutinise and approve** the forecast financial position for the year 2025/26 as set out in this report and Appendix 1 of the report; and
- ii. **Consider and note** the explanations provided for any material variances and actions taken or proposed.

3 Implications

3.1 **Resource** – This report provides key financial information regarding the Capital budget and forecast financial performance against that budget, including progress with Service Delivery. There are ongoing issues with inflation and supply issues 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 support 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 capital budget position, and budget assumptions, will be kept under regular review and any risks identified reported to future Committees and the Highland Council.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – There are no specific implications arising from this report.

3.5 **Gaelic** - There are no specific implications arising from 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 report and therefore an impact assessment is not required.

5 Overview

5.1 The Capital Programme budget for 2025/26 is £13.838m. Further detail is reported in **Appendix 1** including actual spend of £7.933m and net expenditure of £7.451m. Forecast year end net expenditure is £12.713m.

6 2025/26 Quarter 3 Commentary on Variances

6.1 Landfill Restoration – This project has a budget of £1.937m

Actions Taken or Proposed – Current spend is £0.996m. Capping works to take place this year. Estimated spend below budget but restoration and compliance works will continue in future years.

6.2 Waste Transfer Stations

- **Fort William project** – Forecast for year end is an underspend of £0.417m.
Actions Taken or Proposed – This project has a budget of £2.591m for 2025/26 and a current expenditure of £2.099m. Work is ongoing. Circa £0.070m of further spend is expected in 2026/27 so there is potential for an underspend in the region of £0.417m on this project subject to continued good progress and compensation event decisions.
- **Seater project** – Current spend is £0.038m, forecast spend of circa £66k on push walls, £100k for concrete plinth and £100k for weighbridge. The intention is to draw down earmarked balances to cover spend.

6.3 Infrastructure and Banks – Expect to spend the budgeted amount in year. The minor negative expenditure relates to a credit note issued against a previously paid invoice.

6.4 Recycling Improvement Fund – Current spend is £0.668m and the majority of forecast spend should be met by forecast income from the various RIF pots. There is a potential uncovered cost of circa £0.185m in relation to missed milestones payments in Portree. The outstanding balance is authorised to be drawn down from earmarked balances.

6.5 Bereavement Services – The Bereavement Services Projects have a budget of £3.553m for 2025/26 and is forecasting £3.051m expenditure by year end. As can be seen in **Appendix 1**, a number of projects will have the main works undertaken in 2026/27.

Please note for 2026/27, following the Capital Programme Board meeting in November 2025 an increase of £1.669m has been approved for the Cremator replacement project at Inverness Crematorium. The additional budget requirement stems from the required extension works, complex gable wall works and a general increase in cremator equipment and construction costs. Additionally, the discovery of protected species has resulted in an extended programme due to constraints on construction activity during the summer bat breeding season. The overall budget of £3.389m ensures vital investment within the site to improve services and bereavement options for the public and ensure the continued delivery of this essential facility for the next 25 years.

6.6 Community Spaces – Play Areas – On target forecast for year end. This project has a budget of £2.295m with a current expenditure of £0.732m and an actual income of £0.187m. The net expenditure of this project is currently £0.545m.

Actions Taken or Proposed – Projects are progressing well with many orders placed and work scheduled for completion by the end of the financial year. All capital from the Scottish Government allocation must be committed by the end of this financial year.

6.7 **Vehicles & Plant** – On target forecast for year end.

Actions Taken or Proposed – Projects are currently under review in line with overall fleet review. Income expected to be generated from sales of owned fleet.

6.8 **Public Conveniences** – The £0.100m budget is not expected to be spent and will therefore be utilised to address capital budget pressures.

Designation: Assistant Chief Executive - Place

Date: 24 December 2025

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Background Papers: None

Appendices: Appendix 1 – Monitoring of Capital Expenditure Q3 2025/26
Appendix 2 – Major Project Whole Life Reporting Q3 2025/26

Project Description	2025/26 Capital Budget	BUDGET			ACTUALS TO END OF NOV 2025			FORECASTS TO END OF 25/26			VARIANCE			COMMENTS
		2025/26 Actual		2025/26 Actual Net	2025/26 Year to Date	2025/26 Forecast Expenditure		2025/26 Forecast Income	2025/26 Forecast Outturn	2025/26 Variance Forecast Outturn v Budget		2025/26 To Reprofile to Next Financial Year	2025/26 Overspend / (Underspend)	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
WASTE MANAGEMENT														
Landfill Restorations														
Landfill Restoration Programme	1,937	996	0	996		1,420	0	1,420		(517)	(517)	0	Capping works have taken place this year. Estimated spend remains below budget. Restoration and compliance works will continue into future years.	
Waste Transfer Stations	0	8	0	8		8	0	8		8	8	0	No further spend is expected against this capital line.	
Longman Waste Transfer Station														
Fort William Waste Transfer Station	2,591	2,099	0	2,099		2,174	0	2,174		(417)	(417)	0	Work is ongoing. Expected outturn for 2025/25 is £2.174m. Therefore it is anticipated will be a budget surplus at the end of 2025/26 of £0.417m. Circa £72k of further spend expected in 26/27 so there is potential for an end of project underspend in the region of £0.345m on this project subject to continued good progress and compensation event decisions.	
Seater Waste Transfer Station	0	38	0	38		266	(266)	0		0	0	0	Capital spend was authorised through the Capital Board 28th July 2025. Funding available through earmarked reserves.	
Infrastructure & Banks														
Wheeled Bin Replacements - Household/Commercial	87	79	0	79		87	0	87		0	0	0	Expect to spend the budgeted amount in year.	
Household Waste Recycling Centre Facilities	15	9	0	9		15	0	15		0	0	0	Expect to spend the budgeted amount in year.	
Plant, Infrastructure & Banks	0	6	0	6		200	(200)	0		0	0	0	Forecast spend is £200k for the year, approved by Capital Board on 28th July 2025. Funding available through earmarked reserves.	
Recycling Improvement Fund														
RIF Capital Projects	22	668	0	668		646	(624)	22		0	0	0	The majority of forecast spend will be met by RIF income. There is an uncovered cost of circa £185k in relation to Portree WTS. For the outstanding balance funding available through earmarked reserves.	
BEREAVEMENT SERVICES														
Burials and Cremations														
Crematorium Inverness	1,065	604	0	604		1,065	0	1,065		0	0	0	Full 2025/26 budget expected to be spent in year. Overall total budget of £3.389m approved. On site works to be completed by November 2026.	
Burial Ground Alness	347	0	0	0		200	0	200		(147)	(147)	0	Progress is being made on land purchase discussions. Spend is expected in Q4.	
Burial Ground Canisbay	(44)	0	0	0		0	0	0		44	44	0	Prior year overspends will be absorbed in the current 5-year programme. Project now complete and no further spend expected.	
Burial Ground Dores	303	1	0	1		23	0	23		(280)	(280)	0	Delays in access road works for housing project has delayed burial ground works. Budget to be fully utilised in 26/27.	
Burial Ground Dunvegan	274	10	0	10		34	0	34		(240)	(240)	0	Tender due to go out in January 2026 with work progressing into 26/27	
Burial Ground Glen Nevis	470	105	0	105		220	0	220		(250)	(250)	0	Forecasting spend of £220k with £250k slippage into 26/27 for main burial ground works.	
Burial Ground Kilmorack	29	22	0	22		22	0	22		(7)	(7)	0	Not expecting any further costs this year so small underspend.	
Burial Ground Mount Vernon Thurso	176	12	0	12		126	0	126		(50)	(50)	0	Finalising the land purchase is imminent. Tender to be issued in Q4 with works progressing in 26/27	
Burial Ground Portree	426	840	0	840		897	0	897		471	471	0	Project complete. £13k retention due in 26/27. Overspends will be absorbed in the current 5-year programme.	
Burial Ground Reay	119	0	0	0		119	0	119		0	0	0	Expected to spend budget.	
Burial Grounds General	334	190	0	190		330	0	330		(4)	(4)	0	Works to progress in 25/26 - Blarour £125k complete, Kinlochmore £100k, Rosskeen £15k, Tain £30k, £60k general costs.	
War Memorials	19	0	0	0		10	0	10		(9)	(9)	0	Projecting a small underspend.	
Memorial Safety	35	1	0	1		5	0	5		(30)	(30)	0	Work ongoing with inspection programme.	
COMMUNITY SPACES														
Play Areas	2,295	732	(187)	545		1,300	(180)	1,120		(1,175)	(1,175)	0	Expected to spend to budget. Aiming to commit all outstanding funds by end of financial year and final spend will roll over into 26/27.	
East Beach Path Nairn	0	7	(7)	0		7	(7)	0		0	0	0	Grant has been drawn down to cover these costs.	

VEHICLES & PLANT								
Vehicle & Plant Purchases	1,730	1,387	(288)	1,099	2,030	(300)	1,730	0
Amenities Plant & Equipment	108	118	0	118	108	0	108	0
Mechanical Street Sweepers/Waste Plant & Vehicles	400	0	0	0	400	0	400	0
Waste Shredders*	1,000	0	0	0	1,000	0	1,000	0
PUBLIC CONVENIENCES								
PC Upgrades	100	1	0	1	1	0	1	(99)
OVERALL TOTAL	13,838	7,933	(482)	7,451	12,713	(1,577)	11,136	(2,702)

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

Income forecast relates to the fleet rationalisation work and the potential sale of RCV's that are being replaced in Jan / Feb.
Expect to spend to budget this year.
The contract has been awarded and the budget is expected to be fully spent during 2025/26.

CAPITAL MAJOR PROJECT WHOLE LIFE REPORTING - Q3 2025/26 (TO 30 NOVEMBER 2025)

Project Description	WHOLE LIFE BUDGET			ACTUALS TO 30 NOV 2025			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	£000	£000	£000	G	G	G			
Recycling Improvement Fund (RiF)	7,002	-6,980	22		7,247	-6,601	646	22	7,264	-7,242						Funding to be received of £6.5m from Zero Waste Scotland through the Recycling Improvement Fund to deliver significant capital expenditure phased over period 2024 to 2026. Two subsequent supplementary variations were granted to THC. The first of £0.575m and the second of £0.233m. Taking the total funding to £7.357m. There will be a retention payment anticipated of £17k in 2026/27 for Portree which will need to be paid from earmarked reserves.		