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|-------------|-----------|
| Agenda Item | 6 |
| Report No | ECI/03/26 |

Committee: Economy and Infrastructure

Date: 12 February 2026

Report Title: Capital Monitoring Report Q3 2025/26

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

- 1.1 This report provides Members with the reported position for the third quarter, Q3 of 2025/26 ending 31 December 2025.
- 1.2 Q3 2025/26 - The gross capital spend on projects in the period to 31 of December 2025 totalled £43.280m.

2 Recommendations

- 2.1 Members are asked to **scrutinise and approve** the financial position to 31 December 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. The Capital Programme Board is in place to ensure corporate oversight of monitoring of projects and management of pressures, before being reported to Committee.
- 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 and/or update report and therefore an impact assessment is not required.

5 Capital Programme 2025/26 Q3 Report

- 5.1 **Appendices 1 and 2** in the Capital Monitoring Statement spreadsheet provide summaries of the financial year 2025/26 Q3 position.
- 5.2 Overall, there has been a net expenditure of £30.697m for the year to the 31 December 2025. This third quarter figure represents 71.4% 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 new bridge deck has now been installed, and work is continuing to open the new bridge under traffic control whilst progressing the demolition of the old structure.
- 5.4 The Corran Ferry Infrastructure Project has now been awarded, and the main Contractor is planning their site works which will commence in February 2026. This is a major capital programme project and will span over 2026/27 and be completed in financial year 2027/28.

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. At the time of writing this report, Scottish Forestry were considering reallocating any unspent Strategic Timber Transport Scheme (STTS) funds to other bidders which requires to be spent before 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 the River Coilte 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 recommence in Spring when the weather is more favourable.

Designation: Assistant Chief Executive - Place

Date: 12 January 2026

Author: Garry Smith, Service Lead - Infrastructure
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(Transport Planning/Road Asset Management and Policy)

Background Papers: None

Appendices: Appendices 1 and 2 - Q3 Capital Monitoring Statement

MONITORING OF CAPITAL EXPENDITURE Q3 2025/26 (TO END OF NOVEMBER 2025)

SERVICE: INFRASTRUCTURE, ENVIRONMENT & ECONOMY

| | | | | | | | | | | | |
|--|-------|-----|------|------|-------|---------|-------|-------|-------|---|---|
| Active Travel Transformation Highland W | 799 | 853 | (79) | 774 | 1,370 | (781) | 589 | (210) | (210) | 0 | At Q3 the AT Capital Budget is on target and we have a number of projects in construction phase and others out to tender for construction before the end of the financial year. Our overall expected expenditure is around £1.37million. There is funding to be reclaimed within the budget spend from UKSPF, ATIF Tier 2 Construction, ATIF Tier 2 Design, ATIF Tier 1 and Developer Contributions totalling £781K that will bring the annual Capital Budget within allocation at around £589K. However, there are 4 projects awaiting quotes and we are expecting a few retention payments that will likely have a bearing on our overall spend, but we will be within budget at the end of Q4. |
| Culbokie Active Travel Village | 0 | 259 | 0 | 259 | 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 | 7 | 0 | 7 | 7 | 0 | 7 | 7 | 7 | 0 | Funding for variance to be confirmed. |
| Muir of Ord Active Travel Improvements | 0 | 4 | 0 | 4 | 4 | 0 | 4 | 4 | 4 | 0 | Funding for variance to be confirmed. |
| Wick Street Design | 0 | 416 | (5) | 411 | 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 | 43 | 1 | 44 | 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 Gover | 1,494 | 670 | (10) | 660 | 1,494 | 0 | 1,494 | 0 | 0 | 0 | Will be fully spent in current F/Y |
| National Cycle Network - Ness Bridge | 0 | 7 | (32) | (25) | 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 | 11 | 3 | 14 | 12 | (12) | 0 | 0 | 0 | 0 | Work funded by CNPA. Feasibility report in progress will be complete late 2025 |
| Electric Vehicle Infrastructure | 0 | 0 | 0 | 0 | 50 | (50) | 0 | 0 | 0 | 0 | Final spend this year as project transitions to Pathfinder 1. |
| Pathfinder 1 | 0 | 0 | 0 | 0 | 400 | (400) | 0 | 0 | 0 | 0 | Follow on from the EVI project. |
| Bus Infrastructure Fund Tier 1 | 1,155 | 32 | 0 | 32 | 1,155 | 0 | 1,155 | 0 | 0 | 0 | Anticipate full spend |
| Bus Infrastructure Fund Tier 2 | 0 | 28 | 0 | 28 | 712 | (712) | 0 | 0 | 0 | 0 | Predicted underspend - currently in discussion with TS to redirect to enable more Tier 1 projects - full spend anticipated |
| Bus Shelters | 39 | 135 | 0 | 135 | 137 | 0 | 137 | 98 | 98 | 0 | Funded from Community Bus Fund line. |
| Community Bus Fund | 460 | 124 | 0 | 124 | 362 | 0 | 362 | (98) | (98) | 0 | Funded from Community Bus Fund line. |
| 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 | 67 | 0 | 67 | 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 | 115 | (66) | 49 | 151 | (66) | 85 | 0 | 0 | 0 | Remaining budget for 14 machines due by Q4, machines ordered. |
| Glencoe Village* | 175 | 1 | 0 | 1 | 1 | 0 | 1 | (174) | (174) | 0 | Unlikely to progress this FY and will look to secure funding in 26/27 to take this project forward. |
| Broadford Car Park | 50 | 0 | 0 | 0 | 50 | 0 | 50 | 0 | 0 | 0 | Skye Roads working to complete by 25/26. |
| Achmelvich Beach* | 15 | 39 | (24) | 15 | 39 | (24) | 15 | 0 | 0 | 0 | Project Complete. |
| LIGHTING, CCTV & RADIO MASTS | | | | | | | | | | | |
| Structural Lighting Works | 292 | 999 | 0 | 999 | 1,023 | (583) | 440 | 148 | 148 | 0 | No further spend expected for South Area |
| 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 | No further spend expected. |
| FLOOD PROTECTION | | | | | | | | | | | |
| Caol & Lochside FPS | 520 | 230 | 0 | 230 | 520 | 0 | 520 | 0 | 0 | 0 | Retention paid to contractor, land compensation claims being considered. |
| River Nairn & Auldearn Burn FPS | 31 | 1 | 0 | 1 | 31 | 0 | 31 | 0 | 0 | 0 | |
| River Gynack FPS | 11 | 2 | 0 | 2 | 11 | 0 | 11 | 0 | 0 | 0 | |
| River Peffery Dingwall Business Park | 150 | 76 | 0 | 76 | 150 | 0 | 150 | 0 | 0 | 0 | Contract currently out to tender for update of modelling of the River Peffery. Likely contract will carry over into 26/27. Underspend required to be carried forward. |
| Golspie FPS / NFMS | 0 | 3 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | No further spend expected. |

| | | | | | | | | | | | |
|---|---------|-------|-------|-------|-------|---------|-------|---------|---------|---|--|
| Flood Risk Management Act | 332 | 177 | 0 | 177 | 300 | 0 | 300 | (32) | (32) | 0 | Underspend to be carried forward to next financial year. |
| Coastal Change Management | 1,006 | 88 | 0 | 88 | 505 | 0 | 505 | (501) | (501) | 0 | Significant proportion to be carried forward to future years to account for ongoing contracts on Case Study projects as well as reprofiling funding to spread out over a few years. |
| Coastal Flood Protection Studies | 100 | 0 | 0 | 0 | 100 | 0 | 100 | 0 | 0 | 0 | Underspend to be carried forward to next financial year. |
| Surface Water Management Plans | 111 | 2 | 0 | 2 | 111 | 0 | 111 | 0 | 0 | 0 | Underspend to be carried forward to next financial year. |
| HARBOURS & FERRIES | | | | | | | | | | | |
| Harbours Health & Safety and General S | 131 | 107 | 0 | 107 | 131 | 0 | 131 | 0 | 0 | 0 | Expected to spend to budget. |
| Lochinver Harbour | 2,992 | 26 | 0 | 26 | 500 | 0 | 500 | (2,492) | (2,492) | 0 | Design for phase 1 is complete. Enabling works contract due to go for tender Winter 2025. Start on site February 2026. |
| Portree Harbour | 20 | 42 | 0 | 42 | 1,000 | 0 | 1,000 | 980 | 980 | 0 | Design for phase 1 is complete. Enabling works contract due to go for tender Winter 2025. Start on site February 2026. |
| Sconser Raasay Ferry Infrastructure | 0 | 122 | 19 | 141 | 300 | (300) | 0 | 0 | 0 | 0 | Part of SVRP work - funding from SG SSEN upgrade works have been agreed. Grant agreement for up to £1.5M. |
| Kinlochbervie Harbour Work | 0 | 36 | 0 | 36 | 36 | 0 | 36 | 36 | 36 | 0 | Harbours board paused current design work to consider deep water berth. |
| Uig Ferry Terminal and Link Span* | (9,882) | 1,413 | 0 | 1,413 | 1,413 | 0 | 1,413 | 11,295 | 11,295 | 0 | Funding discussions remain ongoing with Transport Scotland. |
| Corran Ferry Shoreside Infrastructure | 6,183 | 566 | 2,105 | 2,671 | 5,000 | (5,000) | 0 | (6,183) | (6,183) | 0 | Contract awarded December 2025. Construction works due to commence Q4. |
| Corran Ferry New Electric Vessel & Pow | 0 | 126 | 501 | 627 | 126 | (126) | 0 | 0 | 0 | 0 | Project progressing, any spend in current year to be claimed from external funding in future years. |
| VISITOR MANAGEMENT | | | | | | | | | | | |
| Ullapool Motorhome Waste Disposal Uni | 0 | 0 | (50) | (50) | 130 | (117) | 13 | 13 | 13 | 0 | Contract awarded. Works due to be complete by Feb 2026. |
| LOCH Vaas / Lagganigown Cemetery | 0 | 10 | 0 | 10 | 10 | (10) | 0 | 0 | 0 | 0 | Fully Funded |
| Footpath o Corran | 0 | 12 | 0 | 12 | 12 | (12) | 0 | 0 | 0 | 0 | Fully Funded |
| Whaligoe steps Car Park & Junction | 0 | 23 | 0 | 23 | 23 | (23) | 0 | 0 | 0 | 0 | Fully Funded |
| PLANNING & DEVELOPMENT | | | | | | | | | | | |
| Town & Countryside Regeneration | 371 | 3 | 0 | 3 | 80 | 0 | 80 | (291) | (291) | 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. Current expenditure relates to footpaths /fencing and upgrade of Observation platform at Foyers. |
| Inshes District Park | (6) | 0 | 0 | 0 | 0 | (6) | (6) | 0 | 0 | 0 | |
| Wester Ross Visitor Hubs | 64 | 0 | 0 | 0 | 0 | 0 | 0 | (64) | (64) | 0 | No expenditure this F/Y - Funds to be redirected to alternative project in Wester Ross - 26/27 |
| Green Infrastructure Merkinch Boardwall | 84 | 5 | 0 | 5 | 5 | 0 | 5 | (79) | (79) | 0 | ATIF application submitted. Other funding options will need to be explored if unsuccessful. |
| Storr Footpath Improvements | 43 | 5 | (40) | (35) | 5 | (40) | (35) | (78) | (78) | 0 | Ongoing capital works related to footpath improvements funded by an annual contribution from car parking income. |
| Storr Visitor Experiences | 0 | 202 | (104) | 98 | 550 | (550) | 0 | 0 | 0 | 0 | Phase 2 project awarded funding from UKSPF for 2025/26. |
| Opportunity Cromarty Firth - Tomich Jun | 0 | 34 | 0 | 34 | 100 | (100) | 0 | 0 | 0 | 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 | 3 | 0 | 3 | 22 | 0 | 22 | (54) | (54) | 0 | Contractors are submitting prices for replacement bridges at Gairloch and Falls of Foyers. Awaiting replies from SEPA and landowner. |

| | | | | | | | | | | | |
|---|---------------|---------------|-----------------|---------------|---------------|-----------------|---------------|--------------|--------------|--------------|---|
| Smart City Digital Projects | 0 | 0 | (149) | (149) | 0 | (149) | (149) | (149) | 0 | (149) | Historic project complete and funding now settled. |
| Inverness Castle Redevelopment* | 3,132 | 5,930 | (56) | 5,874 | 7,121 | (2,729) | 4,392 | 1,260 | 1,260 | 0 | Project now complete. Additional external funding plus future revenue streams will cover additional costs. Retention payment due next financial year. |
| City Region Deal Projects | 0 | 957 | (568) | 389 | 8,952 | (8,952) | 0 | 0 | 0 | 0 | |
| ZCCR - Bught Park Stadium | 0 | 1,870 | (223) | 1,647 | 1,978 | (1,978) | 0 | 0 | 0 | 0 | Project expected to utilise the external funding available. Retention payment due next financial year. |
| ZCCR - Energy Centre Inverness | 0 | 296 | (4,747) | (4,451) | 4,857 | (4,857) | 0 | 0 | 0 | 0 | Project expected to utilise the external funding available. Retention payment due next financial year. |
| ZCCR - Northern Meeting Park | 0 | 741 | (418) | 323 | 325 | (325) | 0 | 0 | 0 | 0 | Project expected to utilise the external funding available. Retention payment due next financial year. |
| Community Regeneration Capital Funds | | | | | | | | | | | |
| Nature Restoration Fund | 816 | 70 | 0 | 70 | 300 | 0 | 300 | (516) | (516) | 0 | Expect underspend to carry forward but this is committed against Nature Network Officer, Woodland management plans, Biological recording centre business plan, Ardersier Common nature reserve, Amenity services grassland improvement for nature, Gull management plan, Easy tree IT system, Muir of Ord hydrological assessment and wiser community grant scheme. |
| Highland Coastal Communities Fund | 0 | 398 | (259) | 139 | 700 | (700) | 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 | 0 | 0 | (385) | (385) | 385 | (385) | 0 | 0 | 0 | 0 | UHI Campus Pitch is £335k. |
| Place Based Investment Programme 22/23 | 0 | 40 | (301) | (261) | 151 | (151) | 0 | 0 | 0 | 0 | |
| Place Based Investment Programme 23/24 | 0 | 177 | (205) | (28) | 205 | (205) | 0 | 0 | 0 | 0 | |
| Place Based Investment Programme 25/26 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | Expecting two tranches of funding which will be fully committed by end of 25/26. |
| UK Shared Prosperity Fund 25/26 | 0 | 80 | (714) | (634) | 714 | (714) | 0 | 0 | 0 | 0 | |
| Town Centre Fund | 0 | 0 | (130) | (130) | 130 | (130) | 0 | 0 | 0 | 0 | Majority of funds for UHI Campus Pitch. |
| Vacant & Derelict Land Fund | 0 | 0 | (556) | (556) | 0 | 0 | 0 | 0 | 0 | 0 | Awaiting Scottish Government approval to allocate remaining funds of £556k to a different project with spend expected in 26/27. |
| Carbon Neutral Islands Fund | 0 | 0 | (241) | (241) | 287 | (287) | 0 | 0 | 0 | 0 | |
| Regeneration Capital Grant Fund | 0 | 2,448 | (3,025) | (577) | 3,025 | (3,025) | 0 | 0 | 0 | 0 | |
| Community Led Local Development | 0 | 504 | 0 | 504 | 907 | (907) | 0 | 0 | 0 | 0 | Receipt expected Feb 2026. |
| Energy Efficiency | | | | | | | | | | | |
| LED Programme for Buildings | 0 | 0 | 0 | 0 | 817 | (817) | 0 | 0 | 0 | 0 | Split between built estate and street lighting. Salix funded. |
| Solar PV Built Estate | 0 | 25 | 0 | 25 | 1,020 | (1,020) | 0 | 0 | 0 | 0 | Salix funded. |
| Renewable Energy Asset Investment | 0 | 0 | 0 | 0 | 395 | (500) | (105) | (105) | (105) | 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 | 43,280 | (12,583) | 30,697 | 89,037 | (43,954) | 45,083 | 2,142 | 2,291 | (149) | |

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

TOTAL LESS UIG (9,153) (9,004) (149)

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

SERVICE: INFRASTRUCTURE, ENVIRONMENT & ECONOMY

| Project Description | WHOLE LIFE BUDGET | | | ACTUALS TO END OF 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 | R | G | G | | | |
| Naver Bridge | 11,575 | 0 | 11,575 | 11,588 | 0 | 11,588 | 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. New bridge open to traffic under traffic control February 2026, completion Autumn 2026. Demolition of old bridge Feb/ March 2026 | | |
| Uig Ferry Terminal and Link Span | 63,994 | -38,436 | 25,558 | 75,297 | -38,436 | 36,861 | 77,268 | -38,436 | 38,832 | R | G | G | The project in total expects a c£12M-£13m overrun based on latest outturn forecasts. This is primarily due to the split outage and talks remain ongoing with Transport Scotland regarding additional funding. The capital borrowing incurred by THC is expected to be repaid from the future income stream. | | |
| Inverness Castle | 35,905 | -20,350 | 15,555 | 37,220 | -20,384 | 16,836 | 39,667 | -22,611 | 17,056 | G | A | G | Project now complete. Additional external funding plus future revenue streams will cover additional costs. Retention payment due next financial year. | | |
| Inshes Roundabout | 10,050 | 0 | 10,050 | 376 | 0 | 376 | 10,050 | 0 | 10,050 | G | G | G | Design work progressing as planned. Budget considered appropriate. | | |
| Corran Ferry Shoreside Infrastructure | 32,700 | -20,000 | 12,700 | 2,671 | 0 | 2,671 | 32,693 | -20,000 | 12,693 | G | G | G | Works contract awarded for £26.1M December 2025. Works start on site February 2026. | | |
| Corran Ferry New Electric Vessel & Power Supply | 28,000 | -28,000 | 0 | 627 | 0 | 627 | 28,000 | -28,000 | 0 | G | G | G | £28m funding through City Region Deal towards a new electric vessel and supporting electrical infrastructure. No funding has been claimed or received yet. | | |