

The Highland Council

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 Coille 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 Elizabeth Maciver, Principal Engineer (Transport Planning/Road Asset Management and Policy)
Background Papers:	None
Appendices:	Appendices 1 and 2 - Q3 Capital Monitoring Statement

SERVICE: INFRASTRUCTURE, ENVIRONMENT & ECONOMY[illegible]

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. Feasability 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 & Lochyside 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 Un	0	0	(50)	(50)	130	(117)	13	13	13	0	Contract awarded. Works due to be complete by Feb 2026.
Loch Vaas / Lagganlygown Cemetery	0	10	0	10	10	(10)	0	0	0	0	Fully Funded
Footpath & Carpark	0	12	0	12	12	(12)	0	0	0	0	Fully Funded
Ardvreck Car Park Improvements	0	23	0	23	23	(23)	0	0	0	0	Fully Funded
Whaligoe steps Car Park & Junction											
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 assessmnet 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

WHOLE LIFE BUDGET			ACTUALS TO END OF NOV 2025			FORECAST TO END OF PROJECT			PROJECT ASSESSMENT			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				COMMENTS
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.