

Agenda Item	7
Report No	CP/17/26

The Highland Council

Committee: Communities and Place

Date: 13 August 2026

Report Title: Capital Monitoring Report – Final Outturn 2025/26 and Q1 Monitoring to 31 May 2026/27

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 2025/26 and for the period of Quarter 1 for 2026/27.
- 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; and Vehicles and Plant. The remainder of this report discusses the projects overall supported by information in the Appendices.
- 1.5 The outturn for 2025/26 was a net expenditure of £11.222m against a budget of £14.001m. This was primarily due to the profiling and timing of projects with any underspend being carried forward into 2026/27.
- 1.6 The expenditure to date at Quarter 1 for 2026/27 is a net expenditure of £0.609m against a budget of £12.305m. Forecast year end net expenditure is £9.181m, this is due to timing of upcoming projects.

2 Recommendations

2.1 Members are asked to:-

- i. **Scrutinise and approve** the outturn for the year 2025/26 as set out in this report at Appendix 1;
- ii. **Scrutinise and approve** the forecast financial position for the year 2026/27 as set out in this report and Appendix 2 of the report; and
- iii. **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 and report and therefore an impact assessment is not required.

5 Overview

- 5.1 The Capital Programme budget for 2025/26 was £14.001m. Further detail is reported in **Appendix 1** including actual spend of £11.222m.

- 5.2 The Capital Programme budget for 2026/27 is £12.305m. Further detail is reported in **Appendix 2** including actual spend of £0.784m and net expenditure of £0.609m. Forecast year end net expenditure is £9.181m.

6 2025/26 Quarter 4 and Outturn Commentary on Variances

6.1 Landfill Restorations

The 2025/26 budget was £1.937m and total spend was £1.262m. The £0.675m underspend will be reprofiled into the 2026/27 budget. The majority of this spend was at the Seater Landfill site to cap cells nine and ten. Additional settlement of waste is required for later cells to ensure the stability of future capping works and meet statutory requirements; further works will be required in future years once this stabilisation has occurred.

6.2 Waste Transfer Stations

The 2025/26 budget was £2.591m and total spend was £2.134m. The £0.457m underspend will be reprofiled into the 2026/27 budget. There are outstanding boundary works still to be completed at the Fort William Waste Transfer Station, although the facility is now fully operational.

6.3 Infrastructure and Banks

The 2025/26 budget was £0.102m and total spend was £0.328m. The £0.096m overspend will be reprofiled into the 2026/27 budget. The overspend was due to funding being brought forward due to a critical failure of infrastructure.

6.4 Recycling Improvement Fund

The 2025/26 budget was £0.022m and total spend was £0.663m. The £0.181m overspend will be reprofiled into the 2026/27 budget. The project is now complete and only minimal additional expenditure is expected associated with retention payments on capital works.

6.5 Bereavement Services

The 2025/26 budget was £3.815m and total spend was £2.675m. The £1.140m underspend will be reprofiled into the 2026/27 budget. Significant progress was made at the Inverness Crematorium project, and preparations for new burial grounds at Glen Nevis and Dores. The Portree Burial ground was completed with an overspend due to the ground works required, the provision of a new car park and associated road junction works.

6.6 Community Spaces

The 2025/26 budget was £2.295m and total spend was £1.018m. The £1.473m underspend is committed, with orders having been placed. The funds will be reprofiled into the 2026/27 budget for spend upon completion of the play park installations.

6.7 Vehicles and Plant

The 2025/26 budget was £3.238m and total spend was £3.095m. The £0.706m underspend will be reprofiled into the 2026/27 budget. The underspend was due to timelines of delivery.

6.8 Public Conveniences

The 2025/26 budget was £0.001m and total spend was £0.001m. There is no capital budget for public conveniences in 2026/27.

7 2026/27 Quarter 1 Commentary on Variances

7.1 Landfill Restoration – This project has a budget of £2.815m

Actions Taken or Proposed – Current spend is £0.001m. Estimated spend below budget but restoration and compliance works will continue in future years. Completion and closure of the Granish Landfill site is planned for 2027, with majority of the construction works to occur in spring 2027/28 to avoid the winter period (although some pre-works are expected in 2026/27). Capping works were undertaken in 2025/26 at the Seater Landfill site but with no major works other than ancillary compliance works planned for 2026/27.

Forecasted expenditure is expected to be £0.700m during 2026/27. This expenditure is associated with the ongoing compliance works, in particular to manage landfill leachate at the Seater Landfill, following on from the capping works in 2025/26, and the commencement and preparation works for the capping, and closure works at the Granish Landfill Site which will continue into 2027/28.

7.2 Waste Transfer Station, Fort William – This project has a budget of £0.457m.

Actions Taken or Proposed – Current spend is £0.005m. The site is open and operational. The project is forecasting an overall underspend, but final costs are based on resolving outstanding liabilities within the construction contract.

7.3 Infrastructure and Banks – Expect to spend the budgeted amount in year.

7.4 Recycling Improvement Fund – There is no budget in the current year, an expenditure of £0.007m is expected as a retention payment for works that were completed at the Seater Waste Transfer Station.

7.5 Bereavement Services – Bereavement Services Projects have a budget of £3.356m for 2026/27 which are all in progress. The full majority of this budget is expected to be spent in year. The Inverness Crematorium project is due for completion by the end of 2026 and other burial ground projects are to be progressed at Glen Nevis, Dores, Dunvegan, Thurso, and Alness.

7.6 Community Spaces, Play Areas – On target forecast for year end. This project has a budget of £1.473m with a current expenditure of £0.123m and an actual income of £0.138m. The net expenditure of this project is currently £0.016m.

Actions Taken or Proposed – All Scottish Government funds are now allocated to specific parks, and work continues towards progressing orders for new equipment, delivery and installation. It is expected a balance will carry over to 27/28 when the final parts of the programme are expected to be completed. Updates will be provided as the financial year progresses.

7.7 **Vehicles & Plant** – Vehicles and Plant replacement plan is progressing. Procurement Activity is ongoing and the capital budget of £3.300m is on target to be committed in year. This will allow the service to reduce current lease cost pressures across the services.

Actions Taken or Proposed – Projects are currently under review in line with overall fleet review. Procurement activity is ongoing to purchase the relevant fleet requirements across the Council.

Designation: Assistant Chief Executive - Place

Date: 22 July 2026

Author: Ian Braker, Acting Strategic Lead - Waste Strategy and Operations
Alan Yates, Strategic Lead - Environmental Health and Bereavement Services
Debbie Sutton, Chief Officer Operations and Maintenance
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Background Papers: None

Appendices: Appendix 1 – Monitoring of Capital Expenditure Q4 2025/26
Appendix 2 – Monitoring of Capital Expenditure Q1 2026/27

THE HIGHLAND COUNCIL
MONITORING OF CAPITAL EXPENDITURE - Q4 2025/26
SERVICE: COMMUNITIES & PLACE

Appendix 1

	BUDGET	ACTUALS TO DATE Q4 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 Variance Outturn v Budget	2025/26 To Reprofile to Next Financial	2025/26 Overspend / (Underspend)
	£000	£000	£000	£000	£000	£000	£000
WASTE MANAGEMENT							
Landfill Restorations							
Landfill Restoration Programme	1,937	1,262	0	1,262	(675)	(675)	0
Waste Transfer Stations							
Longman Waste Transfer Station	0	8	(8)	0	0	0	0
Fort William Waste Transfer Station	2,591	2,134	0	2,134	(457)	(457)	0
Seater Waste Transfer Station	0	38	(38)	0	0	0	0
Infrastructure & Banks							
Wheeled Bin Replacements - Household/Commercial	87	79	0	79	(8)	(8)	0
Household Waste Recycling Centre Facilities	15	18	0	18	3	3	0
Plant, Infrastructure & Banks	0	231	(130)	101	101	101	0
Recycling Improvement Fund							
RIF Capital Projects	22	663	(460)	203	181	181	0
BEREAVEMENT SERVICES							
Burials and Cremations							
Crematorium Inverness	1,327	1,059	0	1,059	(268)	(268)	0
Burial Ground Alness	347	2	0	2	(345)	(345)	0
Burial Ground Canisbay	(44)	4	0	4	48	48	0
Burial Ground Dores	303	146	0	146	(157)	(157)	0
Burial Ground Dunvegan	274	25	0	25	(249)	(249)	0
Burial Ground Glen Nevis	470	283	0	283	(187)	(187)	0
Burial Ground Kilmorack	29	22	0	22	(7)	(7)	0
Burial Ground Mount Vernon Thurso	176	26	0	26	(150)	(150)	0
Burial Ground Portree	426	906	0	906	480	480	0
Burial Ground Reay	119	2	0	2	(117)	(117)	0
Burial Grounds General	334	198	0	198	(136)	(136)	0
War Memorials	19	0	0	0	(19)	(19)	0

Memorial Safety	35	2	0	2	(33)	(33)	0
COMMUNITY SPACES							
Play Areas	2,295	1,011	(189)	822	(1,473)	(1,473)	0
East Beach Path Nairn	0	7	(7)	0	0	0	0
VEHICLES & PLANT							
Vehicle & Plant Purchases	1,730	2,049	(563)	1,486	(244)	(244)	0
Amenities Plant & Equipment	108	118	0	118	10	10	0
Mechanical Street Sweepers/Waste Plant & Vehicles	400	0	0	0	(400)	(400)	0
Waste Shredders*	1,000	928	0	928	(72)	(72)	0
PUBLIC CONVENIENCES							
PC Upgrades	1	1	0	1	0	0	0
OVERALL TOTAL	14,001	11,222	(1,395)	9,827	(4,174)	(4,174)	0

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

	BUDGET	ACTUALS TO END OF MAY 2026			FORECASTS TO END OF 26/27			VARIANCE		
Project Description	2026/27 Capital Budget	2026/27 Actual Expenditure	2026/27 Actual Income	2026/27 Actual Net Year to Date	2026/27 Forecast Expenditure	2026/27 Forecast Income	2026/27 Forecast Outturn	2026/27 Variance Forecast Outturn v Budget	2026/27 To Reprofile to Next Financial Year	2026/27 Overspend / (Underspend)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
WASTE MANAGEMENT										
Landfill Restoration										
Landfill Restoration Programme	2,815	1	0	1	700	0	700	(2,115)	(2,115)	0
Waste Transfer Stations										
Fort William Waste Transfer Station	457	5	0	5	127	0	127	(330)	(330)	0
Infrastructure & Banks										
Wheeled Bin Replacements - Household/Commercial	47	0	0	0	47	0	47	0	0	0
Household Waste Recycling Centre Facilities	9	0	0	0	9	0	9	0	0	0
Plant, Infrastructure & Banks	848	0	0	0	150	0	150	(698)	(698)	0
Recycling Improvement Fund										
RIF Capital Projects	0	0	0	0	7	0	7	7	7	0
BEREAVEMENT SERVICES										
Crematorium Inverness	2,179	198	0	198	2,179	0	2,179	0	0	0
Burial Ground AIness	345	1	0	1	150	0	150	(195)	(195)	0
Burial Ground Canisbay	(48)	0	0	0	0	0	0	48	48	0
Burial Ground Dores	157	0	0	0	157	0	157	0	0	0
Burial Ground Dunvegan	249	0	0	0	249	0	249	0	0	0
Burial Ground Glen Nevis	187	0	0	0	187	0	187	0	0	0
Burial Ground Kilmorack	7	0	0	0	0	0	0	(7)	(7)	0
Burial Ground Mount Vernon Thurso	150	96	0	96	150	0	150	0	0	0
Burial Ground Portree	(480)	0	0	0	0	0	0	480	480	0
Burial Ground Reay	117	0	0	0	50	0	50	(67)	(67)	0
Burial Grounds General	436	149	0	149	436	0	436	0	0	0
War Memorials	19	0	0	0	7	0	7	(12)	(12)	0
Memorial Safety	38	8	0	8	16	0	16	(22)	(22)	0
COMMUNITY SPACES										
Play Areas	1,473	123	(138)	(16)	1,000	(294)	706	(767)	(767)	0

VEHICLES & PLANT										
Vehicle & Plant Purchases	2,244	202	(37)	166	2,494	(250)	2,244	0	0	0
Corran Ferry Capital Works	494	0	0	0	494	0	494	0	0	0
Amenities Plant & Equipment	(10)	0	0	0	0	0	0	10	10	0
Mechanical Street Sweepers/Waste Plant & Vehicles	500	0	0	0	500	0	500	0	0	0
Waste Shredders*	72	0	0	0	72	0	72	0	0	0
OVERALL TOTAL	12,305	784	(175)	609	9,181	(544)	8,637	(3,668)	(3,668)	0

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