

The Highland Council

Agenda Item	6
Report No	ECI/27/26

Committee: Economy and Infrastructure

Date: 20 August 2026

Report Title: Capital Monitoring Report Q1 2026/27

Report By: Assistant Chief Executive - Place

1 Purpose/Executive Summary

- 1.1 This report provides Members with the reported position for the first quarter, Q1 of 2026/27 ending 30 May 2026 on key capital projects throughout the Highlands.
- 1.2 This report presents the Quarter 1 Capital Monitoring position for 2026/27 as of 30 May 2026 and provides Members with an update on the progress of key capital investment projects across Highland. Total capital expenditure incurred during the period amounted to £6.816m, with the overall programme currently forecast to remain within its approved annual budget and on track to deliver planned investment outcomes. Funding continues to be supported by a range of external sources including active travel, timber transport, regeneration, harbour infrastructure, City-Region Deal and developer contribution funding.

2 Recommendations

- 2.1 Members are asked to **scrutinise** and **approve** the financial position to 30 May 2026 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 and monitoring of projects as well as the 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)** – There are no implications.
- 3.5 **Gaelic** – There are 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 2026/27 Q1 Report

- 5.1 **Appendices 1 and 2** in the Capital Monitoring Statement spreadsheet provide summaries of the financial year 2026/27 Q1 position.
- 5.2 Overall, there has been a net expenditure of £6.816m for the year to the 30 May 2026. The programme remains on target to spend the allocation within the financial year. 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 This month sees the completion of a long-awaited project to replace the 140-year-old Naver Bridge crossing. The 66m span over the ecologically sensitive Naver salmon fishery made this a challenging project. The new bridge is already open to traffic and the planned completion of the whole of the works is 7 August 2026. The ecology, working within the river environment to construct the new abutments and piers, was very challenging. The piling works to carry the bridge loadings were planned over three winters as the working time allowed in the river was restricted between October and March. The project was completed over two winters with the help and support of the fisheries board. The construction cost for the project has increased by £2.663m from £11.9m to £13.6m. The difficult ground conditions, ecological constraints and complex utility works increased the construction costs. The bridge is designed for a 120-year design life, so the investment is worth it to maintain this vital north coast route. The formal opening is planned for the 25 August 2026.

- 5.4 The Corran Ferry Infrastructure Project has been on site since January this year and the Council's contractor Charles Brand from Northern Ireland have hit the ground running. Progress has been made on both sides of the crossing to create new slipways, an alignment structure on the Corran side to improve resilience and an overnight berth in the Ardgour side for the vessels. This replaces the moorings where the crew had to carry out a boat to vessel transfer each morning and night throughout the year. The new overnight berth will make this operation safer and more resilient during bad weather. Piling works are continuing the berthing structure this month and works on the precast units to form the slipways is also underway. Work will be complete on the new infrastructure in the summer of next year. The £26m project is on schedule and on budget.
- 5.5 Portree Harbour – The £1.25m contract to repair the commercial area of the harbour infrastructure has been underway since February this year and is due to be complete in September. The contractor, Mackenzie Construction Ltd from Glasgow, are completing pile repairs involving divers to weld new sections onto the existing piles as well as pile wrapping and cathodic protection to prolong the life of the vital infrastructure. In addition, concrete repairs to the deck are also being undertaken. The works are on programme and on budget. The next phase of works to repair the masonry harbour walls are being planned and will proceed this winter and will be completed by March 2027.
- 5.6 Portree Link Road – The last section of construction of the northern distributor road around Portree will be completed by October this year. This distributor road will create a link between the A855 Staffin Road and the A87 trunk road. The Council's contractor Strath Civil Engineering from Dingwall is working to create two roundabouts and the link road and work is progressing well. The road is taking shape with kerbing works and works to compete the utility diversions. The expected construction costs have risen from £2m to £2.28m.

6 Road Assets

- 6.1 Scottish Forestry has grant funded three improvement schemes in the 2026/27 round of funding applications. This STTS funding totals £200k which, when added to the Highland Council's committed funding, provides a value for all schemes of £575k. The Council funding contribution will total £375k. The schemes are on the A884 in Lochaber between its junction with the A861 and Lochaline. The projects will provide improved passing places, improved drainage, culvert replacements, edge strengthening, widening and patching. Works are expected to have started by the time this paper goes to committee. The role of the Highland Timber Transport Group Project Officer continues, which is partly funded by the Strategic Timber Transport Fund and external partners.

- 6.2 Area teams have progressed with surface treatment schemes and will continue to report progress to their respective committees. Members are reminded that an underspend from the 2025/26 STTS budget was allocated to the Divach (River Coilte) landslide repairs. Tenders for the project are to be returned before the end of July, with works expected to start in August and finish in October 2026.

The Road Marking Team has so far renewed just under 54km road length of centre lines. As with several road maintenance activities, the application of road markings is dependent on suitable weather conditions.

Designation: Assistant Chief Executive - Place

Date: 16 July 226

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Elizabeth Maciver, Principal Engineer (RAMP)

Background Papers: None

Appendices: Appendices 1 and 2 – Q1 Capital Monitoring Statement

	BUDGET	ACTUALS TO END OF MAY 2026			FORECASTS TO END OF 26/27			VARIANCE			
Project Description	2026/27 Capital Budget £000	2026/27 Actual Expenditure £000	2026/27 Actual Income £000	2026/27 Actual Net Year to Date £000	2026/27 Forecast Expenditure £000	2026/27 Forecast Income £000	2026/27 Forecast Outturn £000	2026/27 Variance F'cast Outturn v Budget £000	2026/27 To Reprofile £000	2026/27 Overspend / (Underspend) £000	Comments
ROADS											
Roads General Infrastructure Improvements	24,687	2,169	0	2,169	25,537	(850)	24,687	0	0	0	This line covers the roads capital spend across the different areas. Income reflects community regeneration funding for projects primarily on Skye & Raasay.
Strategic Timber Transport Scheme (STTS)	615	0	0	0	625	(200)	425	(190)	(190)	0	The remaining capital is available for further match funding that may be required later in the year or for any overspends.
Bridges, Retaining Walls & Culverts	741	25	11	36	700	0	700	(41)	(41)	0	
Road Safety Improvement Fund	0	5	538	543	1,044	(1,044)	0	0	0	0	
20Mph Zones	0	11	82	93	11	82	93	93	0	93	Funded by Tier 1.
Inshes Roundabout	4,567	0	0	0	50	0	50	(4,517)	(4,517)	0	Project has been deferred to align with timescale for A96 Inshes to Smithton.
A890 Stromeferry Rockface Stabilisation	566	0	0	0	566	0	566	0	0	0	Works planned for Autumn 2026.
B851/B862 South Loch Ness Road Improvements	464	10	0	10	464	0	464	0	0	0	
Traffic Management Improvements	(19)	0	0	0	0	0	0	19	19	0	Budget position to be discussed at Capital Programme Board.
Portree Link to A855	950	278	(924)	(646)	1,950	(924)	1,026	76	76	0	
A890 Strathcarron Widening	(18)	0	0	0	0	0	0	18	18	0	Budget position to be discussed at Capital Programme Board.
Dingwall Development Infrastructure	100	0	0	0	0	0	0	(100)	(100)	0	Work expected to take place in 27/28 so to carry forward.
Other Minor Schemes	(6)	0	1	1	0	1	1	7	7	0	Budget position to be discussed at Capital Programme Board.
BRIDGES											
Major Bridges General	2,574	3	0	3	500	0	500	(2,074)	(2,074)	0	Works at Ness Bridge have been deferred until 27/28.
Naver Bridge	1,960	448	0	448	1,960	0	1,960	0	0	0	
Infirmity Bridge	85	0	0	0	85	0	85	0	0	0	
ACTIVE TRAVEL & TRANSPORT											
Active Travel Transformation Highland Wide	966	120	(20)	100	2,463	(1,497)	966	0	0	0	
Culbokie Active Travel Village	0	2	(39)	(37)	2	(39)	(37)	(37)	(37)	0	Project complete. Balance to retain for other projects.
Muir of Ord Active Travel Improvements	0	0	0	0	650	(650)	0	0	0	0	Dependent on outcome of ATIF Tier 2 funding bid.
Wick Street Design	0	46	(36)	10	350	(350)	0	0	0	0	ATIF Tier 2 project - Funding from Transport Scotland.
Community Links Plus	0	0	0	0	48	0	48	48	0	48	
Tier 1 Active Travel Fund Scottish Government	1,488	106	0	106	1,347	0	1,347	(141)	0	(141)	Includes £93k to fund balance on 20Mph Zones and £48k to fund Riverside Way retention on Community Links Plus line.
National Cycle Network - Ness Bridge	20	0	84	84	20	0	20	0	0	0	
Aviemore Transport Hub	(9)	0	0	0	0	0	0	9	9	0	Budget position to be discussed at Capital Programme Board.
Electric Vehicle Infrastructure	0	8	8	16	2,530	(2,530)	0	0	0	0	
Bus Infrastructure Fund Tier 1	646	11	0	11	646	0	646	0	0	0	
Bus Infrastructure Fund Tier 2	0	31	0	31	31	(31)	0	0	0	0	Awaiting confirmation of total available funding for 26/27.
People & Place LADA	0	0	(36)	(36)	55	(55)	0	0	0	0	
Bus Shelters	36	0	0	0	36	0	36	0	0	0	
In-House Bus Operations	0	0	0	0	33	(33)	0	0	0	0	Purchase of 3 buses funded from revenue budget.
PARKING											
Inverness Lorry Park	2	8	0	8	8	0	8	6	6	0	Balance to be funded from Torvean line below.
Torvean Resurfacing	76	0	0	0	0	0	0	(76)	(76)	0	Update on expected spend to be considered at Q2.
Rose Street Multistorey	164	0	0	0	164	0	164	0	0	0	
Parking Machines & Equipment	98	0	0	0	0	0	0	(98)	(98)	0	Update on expected spend to be considered at Q2.
Glencoe Village*	175	4	0	4	916	(741)	175	0	0	0	Contractor expected to be appointed in July. Funding from RTIF, UKSPF and a THC Capital Loan to be repaid using income generated by the car park.
Broadford Car Park	50	0	0	0	50	0	50	0	0	0	

LIGHTING, CCTV & RADIO MASTS											
	230	69	0	69	503	(273)	230	0	0	0	A budget review is ongoing due to a change in management. Income reflects funding from Salix exclusively for LED works.
Structural Lighting Works											
Radio Masts	106	0	0	0	106	0	106	0	0	0	
Public Space CCTV Modernisation	6	0	0	0	0	0	0	(6)	(6)	0	
FLOOD PROTECTION											
Caol & Lochyside FPS	210	0	0	0	0	0	0	(210)	(210)	0	
River Nairn & Auldearn Burn FPS	30	0	0	0	30	0	30	0	0	0	
River Gynack FPS	9	0	0	0	9	0	9	0	0	0	
River Peffery Dingwall Business Park	60	0	0	0	60	0	60	0	0	0	
South West Inverness Flood Relief Channel	(6)	0	0	0	0	0	0	6	6	0	To be funded from Flood Protection General.
Golspie FPS / NFMS	0	0	0	0	0	0	0	0	0	0	
Flood Protection General	2,723	0	0	0	1,763	0	1,763	(960)	(960)	0	To carry forward to 27/28.
Flood Risk Management Act	347	0	0	0	347	0	347	0	0	0	
Coastal Change Management	861	17	0	17	666	0	666	(195)	(195)	0	Balance carried is to fund a potential Coastal Change Adaptation
Coastal Flood Protection Studies	154	0	0	0	154	0	154	0	0	0	
Surface Water Management Plans	150	4	0	4	150	0	150	0	0	0	
HARBOURS & FERRIES											
Harbours Health & Safety and General Structural	128	0	0	0	273	0	273	145	145	0	To be funded from acceleration of next years budget.
Kinlochbervie Harbour Work	1,962	16	0	16	50	0	50	(1,912)	(1,912)	0	The scope of this project is under consideration and update to be provided in due course.
Lochinver Harbour	2,956	2	0	2	500	0	500	(2,456)	(2,456)	0	Project proceeding and budget not utilised this financial year to carry forward.
Portree Harbour	1,930	221	0	221	1,500	0	1,500	(430)	(430)	0	Project proceeding and budget not utilised this financial year to carry forward.
Uig Ferry Terminal and Link Span*	368	28	0	28	1,029	0	1,029	661	661	0	Once final costs confirmed further discussions around external funding will take place.
Corran Ferry Shoreside Infrastructure	9,740	1,394	0	1,394	20,918	(11,534)	9,384	(356)	(356)	0	
Corran Ferry New Electric Vessel & Power Supply	0	0	613	613	5,533	(5,533)	0	0	0	0	The current forecast is the best estimate based on an initial Quantitative Cost Risk Analysis exercise completed in 2025. We will not be able to provide an accurate spend profile until we receive final tender prices (Est Feb 2027) from the selected shipyard, including the staged capital payment schedule agreed in the build contract.
VISITOR MANAGEMENT											
Ullapool Motorhome Waste Disposal Unit	0	45	0	45	65	(65)	0	0	0	0	Funding in 26/27 is from Motorhomes earmarked reserve.
Loch Vaas / Laggantygown Cemetery Footpath & Carpark	0	1	15	16	80	(80)	0	0	0	0	Includes Community Regeneration Funding.
Ardvreck Car Park Improvements	0	44	0	44	141	(141)	0	0	0	0	Expenditure in 26/27 is funded by RTIF.
Whaligoe steps Car Park & Junction	(8)	0	0	0	0	0	0	8	8	0	Budget position to be discussed at Capital Programme Board.
PLANNING & DEVELOPMENT											
Town & Countryside Regeneration	368	0	0	0	368	0	368	0	0	0	Improvement projects at Smoo (works on internal cave structures, steps and fencing) and Foyers (including replacement bridge, path and viewpoints). Works have been identified. Projects to be out to tender for August. Results of reports from Misc Assets, Bridges and Structures will inform additional major structural works required (as yet unknown). Replacement fencing and site enhancement at Kilt Rock for March 27.
Wester Ross Visitor Hubs	64	0	0	0	64	0	64	0	0	0	Ullapool River Footbridge project aim to spend by end of financial year.
Green Infrastructure Merkinch	79	0	0	0	79	0	79	0	0	0	
Storr Footpath Improvements	71	51	(40)	11	91	(40)	51	(20)	(20)	0	Annual end of season footpath works as required. As agreed, surplus to be held for larger projects as identified. Main path and upper loop path have been upgraded. The lower loop path and fencing on site require spend. Works to commence at the end of the main tourist season.

Storr Visitor Experiences	0	0	0	0	0	0	0	0	0	0	Plans are in development for next stage of work and an update will be provided at Q2.
ICFGF – Seed Funding – External projects	0	0	(1,255)	(1,255)	6,232	(6,232)	0	0	0	0	
ICFGF – Seed Funding – Longman Hydrogen	0	0	0	0	50	(50)	0	0	0	0	
ICFGF - Seed Funding - Tomich Junction	(113)	(2)	0	(2)	1,150	0	1,150	1,263	1,263	0	Discussions around the funding of this project remain ongoing.
Misc Assets, Bridges & Structures	59	0	0	0	59	0	59	0	0	0	Commitments in place for inspection and reporting of structures for three sites at Mallaig, Smoo and Foyers. Additional reports are required and will be ordered via new Scotland Excel Framework in July. There are approximately an additional twenty structures requiring Principal Inspections.
Inverness Castle Redevelopment*	(1,041)	1,207	0	1,207	1,848	(1,633)	215	1,256	1,256	0	Budget position to be discussed at Capital Programme Board.
City Region Deal Projects	0	0	1,827	1,827	2,000	(2,000)	0	0	0	0	
ZCCR - Bught Park Stadium	0	0	0	0	124	(124)	0	0	0	0	
ZCCR - Energy Centre Inverness	0	0	(1,412)	(1,412)	105	(105)	0	0	0	0	
ZCCR - Northern Meeting Park	0	8	0	8	233	(233)	0	0	0	0	
Community Regeneration Capital Funds											
Nature Restoration Fund	903	71	0	71	903	0	903	0	0	0	
Highland Coastal Communities Fund	0	172	0	172	500	(500)	0	0	0	0	
Islands Programme	0	32	(940)	(908)	908	(908)	0	0	0	0	Awards for 26/27 currently under consideration by Scottish Government and updated to be provided at Q2.
Place Based Investment Programme 21/22 Fund	0	0	(375)	(375)	375	(375)	0	0	0	0	
Place Based Investment Programme 23/24 Fund	0	11	(132)	(121)	132	(132)	0	0	0	0	
Place Based Investment Programme 25/26 Fund	0	28	(804)	(776)	500	(500)	0	0	0	0	Balance of income not paid over to projects will carry over into 27/28.
Town Centre Fund	0	0	(130)	(130)	130	(130)	0	0	0	0	
Vacant & Derelict Land Fund	0	0	(556)	(556)	0	0	0	0	0	0	Discussions remain ongoing with Scot Gov regarding these funds. An update will be provided later in the financial year when there is clarity around whether the project will be proceeding.
Carbon Neutral Islands Fund	0	51	(206)	(155)	206	(206)	0	0	0	0	
Regeneration Capital Grant Fund	0	60	(540)	(480)	1,640	(1,640)	0	0	0	0	Funding awarded for 26/27 is £1.6m. Any balance not paid out to projects this year will carry over to 27/28.
Community Led Local Development	0	0	206	206	213	(213)	0	0	0	0	Confirmed grant award for 26/27 is £213k.
Pride in Place Programme	0	0	(118)	(118)	120	(120)	0	0	0	0	Funding for community-led projects across Sutherland.
Reuse & Repair Fund Capital	0	0	0	0	50	(50)	0	0	0	0	Only a small level of capital spend expected this financial year but to confirm as the year progresses.
Energy Efficiency											
Solar PV Built Estate	0	1	0	1	411	(411)	0	0	0	0	Funded from Salix Recycling Fund.
Renewable Energy Asset Investment	0	0	(1)	(1)	1	(1)	0	0	0	0	Minor spend remaining for e-Bike Battery Charging Locker at HQ.
OVERALL TOTAL	63,324	6,816	(4,179)	2,637	95,210	(42,090)	53,120	(10,204)	(10,204)	0	

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

WHOLE LIFE BUDGET				ACTUALS TO END OF MAY 2026			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					
Naver Bridge	15,495	0	15,495	13,983	0	13,983	15,495	0	15,495	G	G	G		COMMENTS
Uig Ferry Terminal and Link Span	76,716	-46,880	29,836	76,376	-46,880	29,496	77,268	-46,880	30,388	A	G	G		
Inshes Roundabout	10,050	0	10,050	383	0	383	10,050	0	10,050	G	G	G		
Corran Ferry Shoreside Infrastructure	30,023	-20,000	10,023	9,913	-8,406	1,507	30,023	-20,000	10,023	G	G	G		
Corran Ferry New Electric Vessel & Power Supply	28,000	-28,000	0	613	0	613	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.	