The Highland Council

Agenda Item	**6**
Report No	**CP/28/26**

Committee: **Communities and Place**

Date: **5 November 2026**

Report Title: **Capital Monitoring Report – Q2 Monitoring to 31 August 2026**

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 2 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 expenditure to date at Quarter 2 for 2026/27 is a net expenditure of £2.463m against a budget of £12.305m. Forecast year end net expenditure is £8.434m, this is due to timing of upcoming projects.

2 Recommendations

2.1 Members are asked to:-

i. **Scrutinise** and **approve** the forecast financial position for the year 2026/27 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 and report and therefore an impact assessment is not required.

5 Overview

5.1 The Capital Programme budget for 2026/27 is £12.305m. Further detail is reported in **Appendix 1** including actual spend of £2.966m and net expenditure of £2.463m. Forecast year end net expenditure is £8.434m.

6 2026/27 Quarter 2 Commentary on Variances

6.1 **Landfill Restoration** – This project has a budget of £2.815m.

Actions Taken or Proposed – Current spend is £0.126m. 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 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.

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

Actions Taken or Proposed – Current spend is £0.010m. 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.

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

6.4 **Recycling Improvement Fund** – There is no budget in the current year, however an expenditure of £0.007m has been allocated as an additional payment for works that were completed at the Seater Waste Transfer Station.

6.5 **Bereavement Services** – Bereavement Services Projects have a budget of £3.356m for 2026/27. Most of the Bereavement Services capital projects are progressing in line with the programme. The current forecast is for a potential overspend in 26/27 of £37k. The programme is being monitored to ensure further reduction of the potential overspend. 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.

6.6 **Community Spaces, Play Areas** – On target forecast for year end. This project has a budget of £1.473m with a current expenditure of £0.524m and an actual income of £0.296m. The net expenditure of this project is currently £0.228m.

Actions Taken or Proposed – All Scottish Government funds are now allocated to specific parks, and work continues on 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.

6.7 **Vehicles & Plant** – Vehicles and Plant replacement plan is progressing. Procurement Activity is ongoing and the capital budget of £2.234m 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:	14 October 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 Paul Reid, Chief Officer Facilities and Fleet Management
Background Papers:	None
Appendices:	Appendix 1 - Monitoring of Capital Expenditure Q2 2026/27

THE HIGHLAND COUNCIL
MONITORING OF CAPITAL EXPENDITURE - Q2 2026/27 (TO END OF AUG 2026)
SERVICE: COMMUNITIES & PLACE

Appendix 1

	BUDGET	ACTUALS TO END OF AUG 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)	COMMENTS
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
WASTE MANAGEMENT											
Landfill Restoration											
Landfill Restoration Programme	2,815	126	0	126	700	0	700	(2,115)	(2,115)	0	Landfill Restoration ensures the Council remains in compliance with its statutory obligations to manage environmental compliance. The Council has two landfill sites, one at Granish and the other at Seater near Wick. The closure and capping of the Granish Landfill could only commence once excess spoil from the Fort William project was delivered to the site. This has now been completed, with preparatory works now commencing for the closure and capping of the site. Works are being planned for 2027, but the majority of the construction works will likely occur in spring 2027/28 to avoid the winter period. Capping works were undertaken in 2025/26 at the Seater Landfill but with no major works other than ancillary compliance works planned for 2026/27.
Waste Transfer Stations											
Fort William Waste Transfer Station	457	10	0	10	127	0	127	(330)	(330)	0	Costs based on outstanding liabilities within the construction contract.
Infrastructure & Banks											
Wheeled Bin Replacements - Household/Commercial	47	1	0	1	47	0	47	0	0	0	Bins replacement program expected to be fully utilised.
Household Waste Recycling Centre Facilities	9	0	0	0	9	0	9	0	0	0	Expected to be fully utilised for replacement welfare facilities.
Plant, Infrastructure & Banks	848	34	0	34	150	0	150	(698)	(698)	0	Most minor works to be completed, statutory planning and tender likely to delay methane stripping plant.
Recycling Improvement Fund											
RIF Capital Projects	0	58	0	58	58	(58)	0	0	0	0	Retention payment for Seater still expected.
BEREAVEMENT SERVICES											
Crematorium Inverness	2,179	1,147	0	1,147	2,179	0	2,179	0	0	0	
Burial Ground Alness	345	2	0	2	110	0	110	(235)	(235)	0	Land purchase 26/27 - construction works to follow 27/28.
Burial Ground Dores	157	121	0	121	157	0	157	0	0	0	On site works progressing, completed in September 2026.
Burial Ground Dunvegan	249	12	0	12	205	0	205	(44)	(44)	0	Tender process underway.
Burial Ground Glen Nevis	187	5	0	5	187	0	187	0	0	0	Drainage works complete. Test digs in October 2026.
Burial Ground Kilmorack	7	0	0	0	0	0	0	(7)	(7)	0	Complete.
Burial Ground Mount Vernon Thurso	150	99	0	99	120	0	120	(30)	(30)	0	Land purchase complete.
Burial Ground Portree	0	4	0	4	13	0	13	13	13	0	Prior year overspend to be managed within overall Bereavement Services Capital Budget.
Burial Ground Reay	117	0	0	0	20	0	20	(97)	(97)	0	Land investigations ongoing
Burial Grounds General	(92)	168	0	168	390	0	390	482	482	0	The budget position and re-profiling of the overall Bereavement Services capital budget is to be considered with the Capital Programme Board.
War Memorials	19	0	0	0	2	0	2	(17)	(17)	0	
Memorial Safety	38	8	0	8	10	0	10	(28)	(28)	0	
COMMUNITY SPACES											
Play Areas	1,473	524	(296)	228	1,000	(296)	704	(769)	(769)	0	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.
Ward Community Capital Projects	0	4	0	4	35	(35)	0	0	0	0	Green Space Enhancements at Inverness Castle funded by CRF.
VEHICLES & PLANT											

Vehicle & Plant Purchases	2,234	604	(207)	397	2,484	(250)	2,234	0	0	0	Vehicle & Plant Purchases are projected to complete the year close to the available budget provision. Ongoing monitoring of vehicle replacement and plant procurement commitments continues to ensure expenditure remains within approved funding limits.
Corran Ferry Capital Works	494	0	0	0	494	0	494	0	0	0	
Amenities Plant & Equipment	0	4	0	4	4	0	4	4	4	0	
Mechanical Street Sweepers/Waste Plant & Vehicles	500	0	0	0	500	0	500	0	0	0	
Waste Shredders*	72	34	0	34	72	0	72	0	0	0	Remainder of infrastructure for Shredders to be finalised in 26/27.
OVERALL TOTAL	**12,305**	**2,966**	**(503)**	**2,463**	**9,073**	**(639)**	**8,434**	**(3,871)**	**(3,871)**	**0**	

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