Agenda Item	**7**
Report No	**ECI/40/26**

The Highland Council

Committee: **Economy and Infrastructure**

Date: **12 November 2026**

Report Title: **Inverness & Highland City-Region Deal - 2025/26 Annual Report**

Report By: **Assistant Chief Executive - Place**

1 Purpose/Executive Summary

1.1 This report presents the Inverness & Highland City-Region Deal (IHCRD) Annual Report for the financial year 2025/26.

1.2 Producing the Annual Report is an obligation of the IHCRD undertaking, and forms part of the Annual Conversation which is to be held on 11 November between senior Council officials representing the IHCRD, and Scottish and UK Government Heads for Regional Economic Development and for City Deals.

2 Recommendations

2.1 Members are asked to **note** the IHCRD Annual Report as a record of the activity and delivery during 2025/26.

3 Implications

3.1 **Resource** - No implications are highlighted for this report.

3.2 **Legal** - No implications are highlighted for this report.

3.3 **Risk** - The report does not highlight risks outside of the governance and risk management processes in place which include the IHCRD Programme Board, and the City Region Deal Monitoring Group. These processes are established to manage the implications of risks and issues affecting projects and the overall Programme.

3.4 **Health and Safety (risks arising from changes to plant, equipment, process, or people)** – No implications are highlighted for this report.

3.5 **Gaelic** - No implications are highlighted for 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 an update report and therefore an impact assessment is not required.

5 Introduction

5.1 The Highland Council is the lead body for the Inverness and Highland City-Region Deal which is being implemented through a partnership between the Council, Highlands and Islands Enterprise, The University of the Highlands & Islands, HITrans, Albyn Housing Society Ltd and Transport Scotland.

5.2 Since the signing of the Deal in 2017, both public and private investments have grown, contributing to an overall Deal value of £412.98m as at end of 2025/2026. This growth underscores the strong commitment from all stakeholders to drive economic development and innovation in the region.

5.3 Following the UK Government's 2025 Spring Spending Review and a Time Extension Change Request submitted by The Highland Council, ministerial approval was secured to extend the Deal programme to March 2029, allowing the completion of the Longman Land Remediation and Corran Ferry Infrastructure Improvements projects.

In addition, the A9/A96 Inshes to Smithton and Corran Ferry Replacement Vessel projects were extended to March 2032. This reflects the scale and complexity of both projects, as well as the delivery timescales associated with the A9/A96 Inshes to Smithton scheme following Transport Scotland's confirmation of its intended programme.

The revised timescales will help ensure that project delivery, expenditure and funding claims can be aligned with each project's delivery schedule.

6 Project Progress

6.1 The projects within the Deal are shown within **Appendix 1** Inverness and Highland City-Region Deal Annual Report 2025/26. This provides a description and an update on the progress of each project, as well as a look forward to planned delivery over the coming period.

Progress against the projects is reported quarterly to the Inverness Highland City-Region Deal Monitoring Group in a consistent format which provides for visibility on status, progress, risk, and where remedial action may be necessary. Highlights for the 2025/26 period are summarised in the following sections of this report.

6.2 Life Sciences Innovation Centre

Activity during the year also focused on increasing the use of the LSIC facility and supporting ongoing research and collaboration.

The Life Sciences Innovation Centre continued to strengthen the Highlands' life sciences ecosystem through research, collaboration and innovation. During the year, the Centre completed a major PhD research project focused on heart failure, secured new collaborative funding opportunities, hosted a programme of research and industry engagement events, and expanded international partnerships. Work also progressed on establishing a sustainable long-term operating model to ensure the Centre can continue to support research excellence and business innovation in the region.

6.3 Science Skills Academy

The Science Skills Academy continued to play a key role in developing the region's future STEM workforce with additional City-Region Deal funding supporting operational delivery during 2025/26. SSA delivered over 6,108 pupil interactions through Newton Rooms, and its wider outreach programme ensuring young people across rural communities could access high-quality STEM learning opportunities.

During Quarter 4, SSA enhanced its STEM offering through the development and launch of a new Green Skills module for secondary-aged pupils, supporting learning linked to emerging workforce needs.

6.4 Innovative Assisted Living (FitHomes)

During the year, Albyn reviewed the FitHomes project and identified opportunities to refine how it is delivered in the future. As a result, the project moved from a phase of expansion to one focused on consolidating and supporting existing users, helping them to live independently in their own homes for longer.

All existing installations remain operational, with ongoing engagement with tenants to ensure the technology continues to meet their needs and that the necessary consents and access arrangements remain in place.

Collaboration with university partners has also continued, helping to deliver wider benefits from the project. This includes a PhD research study examining the impact of the technology on justice-involved individuals, with findings expected to be reported in 2027.

6.5 **Inverness Castle**

This year marked the completion of the Inverness Castle project. Activity during the year focused on final construction works, exhibition fit-out, staff recruitment and training, and the delivery of a comprehensive marketing campaign in preparation for the attraction's opening.

By the end of March, almost 20,000 visitors had already experienced the Inverness Castle Experience. The attraction was officially opened in February 2026 by Kate Forbes, Deputy First Minister of Scotland, and Kirsty McNeill, UK Government Minister for Scotland, marking a significant milestone for both the project and the wider Highland region.

6.6 **Affordable Housing**

March 2026 marked the successful conclusion of Deal funding for the Affordable Housing project, with 234 homes completed and occupied across Highland communities. In addition, work continues on a further 109 homes at sites progressing through development, helping to address local housing demand.

Over the lifetime of the project, the Deal has provided funding support for 834 new homes, making a significant contribution to increasing the supply of affordable housing and improving access to quality homes across The Highland Council area.

6.7 **Northern Innovation Hub**

Northern Innovation Hub (NIH) completed this year, a large selection of projects which has supported almost 3,000 businesses and social enterprises to innovate, grow, and develop new products and services.

During 2025/26, NIH enabled the creation of 10 new products, processes or services, supported three additional start-ups, and helped 24 SMEs to undertake innovation activity.

Providing valuable career development opportunities for graduates the Technology Placement Programme has had more than half of graduate placements progressed into permanent roles within participating organisations, demonstrating its impact on both skills' development and business growth.

Since its launch, IMPACT30 has supported 302 start-up enterprises within The Highland Council area, helping to foster entrepreneurship across the region.

6.8 **Longman Land Remediation**

2025/26 saw significant progress with planning approval secured, and assistance from Inverness and Cromarty Firth Green Freeport seed capital funding. This enabled the completion of badger mitigation works and early site preparation activities, helping to establish the foundations for the next phase of development.

By the end of the March, preparation of tender documentation for the main contractor works was underway, while development of the Full Business Case (FBC) was progressing.

6.9 **Transport Infrastructure – Highland Council**
Inshes Junction

Discussions with the planning authority continued, supported by ongoing design refinements and the development of mitigation measures to address planning and flood risk considerations. Further work is underway to ensure the project objectives can be delivered within the current planning and environmental context.

Alongside this, progress was made on site investigations, utility diversions and connections, and the refinement of traffic signal designs, helping to prepare the project for future delivery.

In February 2026, Transport Scotland provided an indicative timeline for the A9/A96 Inshes to Smithton link road project. Subject to future funding decisions and business case approvals, the project could be delivered from 2028/29 onwards, providing greater certainty on the potential timescale for delivery

6.10 **Transport Infrastructure – Transport Scotland**
A9/A96 Inshes to Smithton Link Road

In February 2026, the Cabinet Secretary for Transport provided an update on the project. This confirmed that funding had been allocated in the 2026/27 Budget to begin advance works, continue work on the preferred procurement approach, and further develop the Business Case.

The update also confirmed that, subject to Business Case approval and future funding decisions, construction of the A9/A96 Inshes to Smithton link road could begin in 2028/29. This provides greater clarity on the project's potential delivery timeline.

6.11 **Highland Air Access**

The Highland Air Access project continued to position the Highlands at the forefront of sustainable aviation innovation. During the year, work focused on developing future opportunities for drones and advanced air mobility, strengthening stakeholder partnerships, and planning the infrastructure required to support future operations.

Additional UKRI funding secured during the year will enable further innovation and support the development of low-carbon aviation solutions, helping to improve connectivity across the region

6.12 **Corran Ferry New Electric Vessel**

Key milestones during the year included approval the procurement strategy for the delivery of the new Corran vessel in May 2025, the formalisation of a partnership agreement with CMAL, which received full endorsement in December 2025, and further development of the Outline Business Case and supporting infrastructure proposals.

The Outline Business Case was submitted to both governments in March 2026, representing an important step towards project delivery.

6.13 **Corran Ferry Infrastructure**

The Corran Ferry Infrastructure Improvements Scheme moved into the construction phase during the year, marking an important step in improving the long-term reliability of the Corran Narrows crossing. The construction contract was awarded in December 2025, with works commencing on site early in Quarter 4. Full Business Case approval was also received from both governments, enabling the first project claim to be submitted.

During site preparation works, otters were identified within the Nether Lochaber marshalling junction area. Mitigation measures, agreed with NatureScot, were put in place to protect the animals while helping to minimise impacts on the construction programme.

Good progress was made on early construction activities, including tree felling at Nether Lochaber ahead of the bird breeding season, development of the marshalling area, and the start of retaining wall works at Ardgour. A sod-cutting ceremony in March 2026 formally marked the start of construction, with representatives from The Highland Council, project staff and the contractor in attendance

7 Governance

7.1 The Deal projects are reported to the quarterly held Inverness & Highland City-Region Deal Programme Board, with attendance from the IHCRD Programme Manager and IHCRD Programme Management Office representatives, the lead officers for each project, a Deal representative from the Council's Finance Service, and officials from both the Scottish and UK Governments.

The Programme Board reports to the Economy and Infrastructure Committee and undertakes the following role:-

- ensures delivery of business cases and the implementation plan;
- ensures effective co-ordination between partners;
- ensures the ongoing overall alignment of the individual projects within the programme;
- resolves strategic and operational issues between projects; and
- monitors project status, financial commitments and risks for assurance of successful project delivery

7.2 Progress is also monitored on a quarterly basis by the Inverness and Highland City-Region Deal Monitoring Group.

8 Government Reporting & The Annual Conversation

8.1 In fulfilling its role as Accountable Body for the Inverness and Highland City-Region Deal, the Council provides regular reports to the UK and Scottish Governments on project progress and programme management activities.

8.2 The Annual Conversation will be held on 11 November 2026, with the principal attendees including senior Council officials representing the IHCRD, and Scottish and UK Government Heads for Regional Economic Development and for City Growth Deals.

8.3 The Annual Report for 2025/26 will inform the Annual Conversation, providing the opportunity to assess progress to date, consider the prevailing key challenges and risks, and to acknowledge the planned activity and delivery for the current year and beyond.

Designation:	Assistant Chief Executive - Place
Date:	12 October 2026
Author:	Cheryl Townsley, Programme Manager - IHCRD/UKSPF Eilidh Budge, Project Manager - IHCRD Fiona Hepburn, Project Manager - IHCRD
Background Papers:	None
Appendices:	Appendix 1 – Annual Report 2025/26

Inverness & Highland City-Region Deal



Cùmhnant Baile-Roinn Inbhir Nis & na Gàidhealtachd

Annual Report 2025/26
Aithisg Bhliadhnail 2025/26

Funded by UK Government

The Highland Council
Comhairle na Gàidhealtachd

Scottish Government
Riaghaltas na h-Alba



Farr Beach, Bettyhill. Photo by K Pecchia



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An introduction from the Leader of the Council
Ro-ràdh bho Cheannard na Comhairle



01

Castle Sinclair Girnigoe. Photo by Sarah Lamb, The Highland Council

I am pleased to present the Annual Report for the Inverness & Highland City-Region Deal, covering the period April 2025 to March 2026. Through the continued collaboration between The Highland Council, the UK Government, the Scottish Government and our partners, the Deal is delivering investment that supports communities, enables business growth and strengthens the Highland economy.



Raymond Bremner Leader of The Highland Council

Throughout 2025/26, delivery progressed across a broad range of Deal-supported initiatives, including housing, infrastructure, innovation and skills. Key milestones included the official opening of Inverness Castle, the commencement of on-site infrastructure improvements at Corran Ferry, following years of planning and development, and continued provision of affordable housing in communities throughout the Highlands.

Projects have operated within a challenging economic and delivery environment throughout the year. Despite this, strong progress has been made across the Programme, with projects adapting to changing circumstances while maintaining momentum across key areas of activity.

An important development during the year was the securing of Ministerial approval to extend the Deal to March 2029. This additional time reflects the scale and complexity of the remaining projects and will help maximise the long-term economic and community benefits of Deal investment.

As the Deal programme continues, some projects are reaching completion and legacy phases, while others move towards construction and delivery. I would like to thank our delivery partners, communities, government colleagues, and stakeholders for their ongoing support, commitment and contribution throughout the year. Together, these investments are helping to strengthen communities, improve connectivity and create opportunities that will deliver lasting benefits across the Highlands.

Inverness & Highlands City-Region Deal Overview
Foir-shealladh air Cùmhnant Baile-Roinne Inbhir Nis is na Gàidhealtachd



02

Loch Duntelchaig. Photo by Economy & Regeneration, The Highland Council

We are now into year ten of the ten-year Inverness and Highlands City-Region Deal (IHCRD). The Deal signed on 30th January 2017 committed up to £188.1 million of funding from both the Scottish and UK Governments over the 10-year term of the Deal due to complete in March 2027.

During 2025/26, a Time Extension Change Request (TECR) was submitted to the Governments, for the Longman Land Remediation, Corran Ferry Infrastructure Improvements, Corran Ferry Replacement Vessel and A9/A96 Inshes to Smithton projects to ensure delivery of agreed outputs and outcomes. Following agreement in principle from Scottish and UK Government officials and subsequent Ministerial approval, the overall City-Region Deal programme completion date was extended to March 2029. This updated timescale reflects the scale and complexity of these projects and provides sufficient time to align expenditure and funding claims with project delivery milestones.

The Scottish Government will invest up to £135 million and the UK Government up to £53.1 million. We believe we are on track to address the challenges currently facing the region, and to capitalise on the substantial opportunities and investment presented by the Deal.

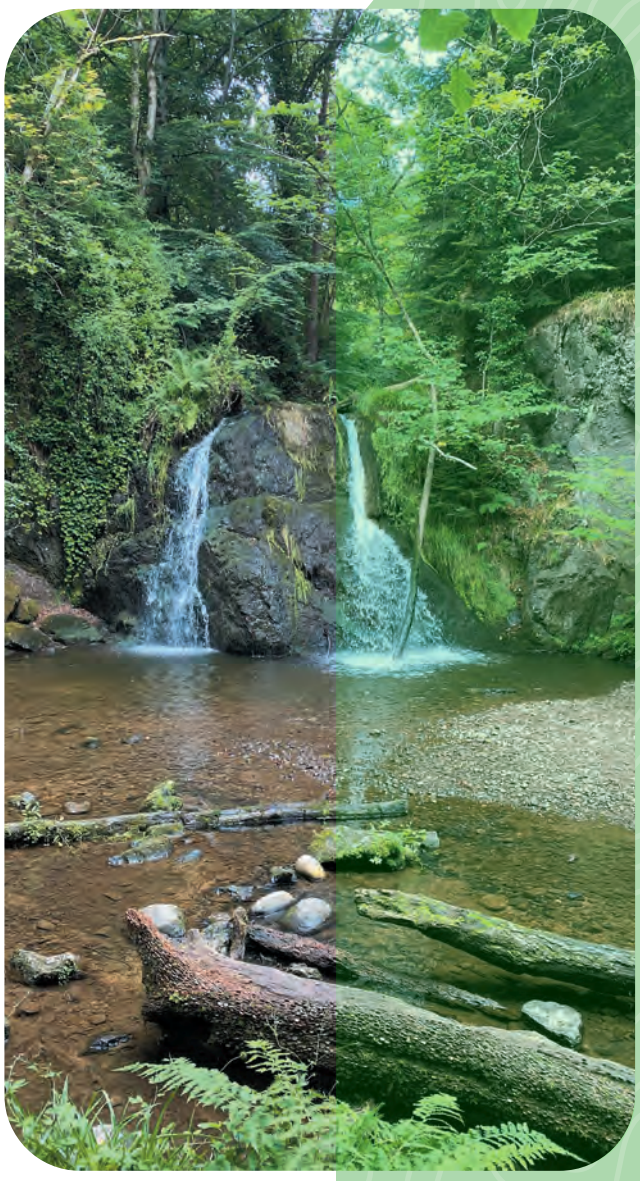
The Deal programme aims to deliver sustainable & inclusive economic growth by:

- Creating new well-paid jobs in the private sector;
- encouraging young people to remain within the region and attract young people to move to the region;
- boosting the region's growing sectors such as tourism and life sciences;
- building affordable homes;
- promoting innovation, internationalisation and new partnerships between the Region's many small businesses; and
- improving connectivity through investments in transport.

Through conversations with the Scottish and UK Governments and the Scottish City-Region and Growth Deal Delivery Group, the Inverness and Highland City-Region Deal partners appreciate that its developmental nature inspires a renewed focus on inclusive growth as well as deliver on health outcomes and place making.

The Inverness and Highland City-Region Deal is built up of six partners who co-ordinate and drive the component projects. These organisations are The Highland Council, Highlands and Islands Enterprise, the University of the Highlands and Islands, Transport Scotland, Albyn Housing Association Limited and HITRANS.

In addition to the project leading partners, there are a number of significant contributing partners and organisations who support the Deal via the provision of expertise and access to networks, providing the role of the critical friend and selling the benefits of the Deal and the region.



Fairy Glen Falls, Rosemarkie. Photo by Economy & Regeneration, The Highland Council

The Highland Council
Comhairle na Gàidhealtachd

HIE
Highlands and Islands Enterprise
Iomairt na Gaidhealtachd 's nan Eilean

UHI
University of the Highlands and Islands
Oilthigh na Gàidhealtachd agus nan Eilean

TRANSPORT SCOTLAND
CÒMHDHAIL ALBA

albyn
Housing Society
building homes...supporting communities

HI TRANS
THE HIGHLANDS AND ISLANDS TRANSPORT PARTNERSHIP

Achievements in 2025/26

Projects across the Inverness and Highland City-Region Deal reached a number of important milestones during 2025/26.

Construction Begins at Corran

The Corran Ferry Infrastructure Improvements Scheme moved into the construction phase, marking a major milestone in improving the long-term resilience of the Corran Narrows crossing and securing an essential lifeline connection for residents, businesses and visitors in fragile rural communities.

Affordable Homes Delivered

The Affordable Housing project concluded during the year, with homes completed and occupied across Highland communities and further sites progressing to support local housing need, helping to address a key regional challenge by providing homes that support population retention, workforce recruitment and the long-term resilience of Highland communities.

Inverness Castle Opens

The Inverness Castle Experience officially opened in February 2026 following completion of construction, fit-out and recruitment activity, marking the delivery of a flagship investment for the Highlands and creating a landmark attraction that will showcase the region's culture, heritage and identity to visitors from across the world.

Northern Innovation Hub Concludes

The Northern Innovation Hub completed delivery during 2025/26, having supported businesses and social enterprises across a wide range of sectors, helping to strengthen innovation, productivity and economic resilience across the Highlands.

Longman Land Secures Planning Approval

Planning approval and Green Freeport support funding helped move the Longman project closer to development and delivery, representing an important step towards realising the area's potential as a key location for economic growth, innovation and investment within the Highland region.

SSA launch Green Skills Module

The Science Skills Academy expanded its STEM offer through the delivery of a new Green Skills module to secondary age pupils, supporting the development of skills required by emerging industries and helping ensure the Highland workforce is prepared for future economic opportunities linked to net zero.



Corran Ferry Infrastructure Improvements. Photo by The Write Image - Iain Ferguson



Affordable housing in Newtonmore. Photo by Emily Willox



Inverness Castle at sunrise. Photo by High Life Highland

Investment Breakdown 2025/26

Since the Deal was signed, both public and private sector investments have grown significantly. Partner contributions are now projected to exceed £54.8 million, bringing the total value of the Inverness and Highlands City-Region Deal to over £412.9 million.

This continued growth highlights the strong and ongoing commitment of all stakeholders to fostering economic development and driving innovation across the region.



Talmine Bay. Photo by Andy MacLeod, High Life Highland

Below is the latest summary of total contributions to the Inverness & Highlands City-Region Deal

The Highland Council		The Governments		Partner Investment		Deal Value Worth
Will Invest		Will Jointly Invest		Projections have increased		
£170.03M	+	up to £227.08M		£54.84M	=	£412.98M

Projects	Total Funding	UKG/SG Funding	THC Funding	Partners Funding
Life Sciences Innovation Centre	£12,775,109	£9,000,000	nil	£3,775,109
Science Skills Academy THC figures includes UK Shared Prosperity Fund.	£3,951,800	£3,000,000	£545,300	£406,500
Innovative Assisted Living (Fit Homes)	£6,933,841	£4,170,774	£200,000	£2,563,067
Corran Ferry Infrastructure Improvements Scheme	£30,000,000	£20,000,000	£10,000,000	nil
Inverness Castle THC includes Inverness Common Good funding; Lottery Funding; City Centre WiFi project; Deal Development Funding.	£47,076,239	£26,953,923	£15,555,454	£4,584,862
Affordable Housing Includes Prudential Borrowing Housing.	£115,361,000	£33,276,000	£79,380,000	£2,705,000
Northern Innovation Hub Includes European Funding.	£12,825,092	£11,000,000	nil	£1,825,092
Longman Land Remediation	£10,700,000	£10,700,000	nil	nil
A9/A82 Longman Junction Up to £81m SG funding.	£9,897,567	£9,897,567	nil	nil
A9/A96 Inshes to Smithton Link Road Up to £81m SG funding.	£71,103,000	£71,103,000	nil	nil
Corran Ferry New Electric Vessel	£28,000,000	£28,000,000	nil	nil
West Link & Inshes	£64,356,000	0	£64,356,000	nil

Geographical Overview
Àrd-shealladh Cruinn-eòlasach

03



Cromarty Firth. Photo by Economy & Regeneration, The Highland Council

The Highland Council serves a third of the land area of Scotland, including the most remote and sparsely populated parts of the UK mainland, and has the 7th highest population of the 32 authorities in Scotland. The total land area, including all islands, at low water, is 26,484 square kilometres. It is 10 times larger than Luxembourg, 20% larger than Wales, and nearly the size of Belgium.

The length of coastline, including islands, at low water is 4,905 kilometres, 21% of the Scottish total and, excluding islands, is 1,900 kilometres (49% of the Scottish Mainland Scotland).

The Highlands have seen significant population growth over the last 30 years. The region has benefitted from the creation of the University of the Highlands and Islands, together with major investments in digital infrastructure and transport. However, the Highlands also faces challenges, particularly the out-migration of young people due to a lack of higher education and employment opportunities, low productivity and a low-wage economy.

Results from the 2011 census show that the population of the Highlands on census day was 232,132, increasing to 238,060 in mid-2021. Between 2001 and 2021, the population of the Highlands has increased by 13.9%. Over the same period, Scotland's population rose by 8.2%.

Given the nature of the geography of The Highland Council area, ensuring the dispersal of projects throughout the Highlands has been an important factor. While a higher number of projects exist within the Inverness area, this should be expected given the role of Inverness as the economic engine for the Highlands. However, the map overleaf shows a wide dispersion of the projects throughout The Highland Council area.

Map Key



Photo by Skye Commercial Photography

Life Sciences Innovation Centre

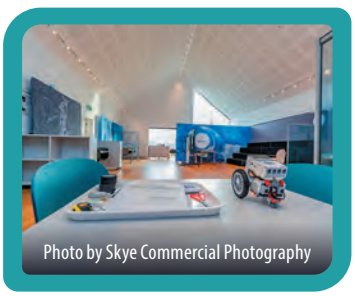


Photo by Skye Commercial Photography

Science Skills Academy
Pop-Up Newton Room



Photo by Albyn Housing Society Ltd

FitHomes



Photo by High Life Highland

Inverness Castle

Project Across our Region - Update

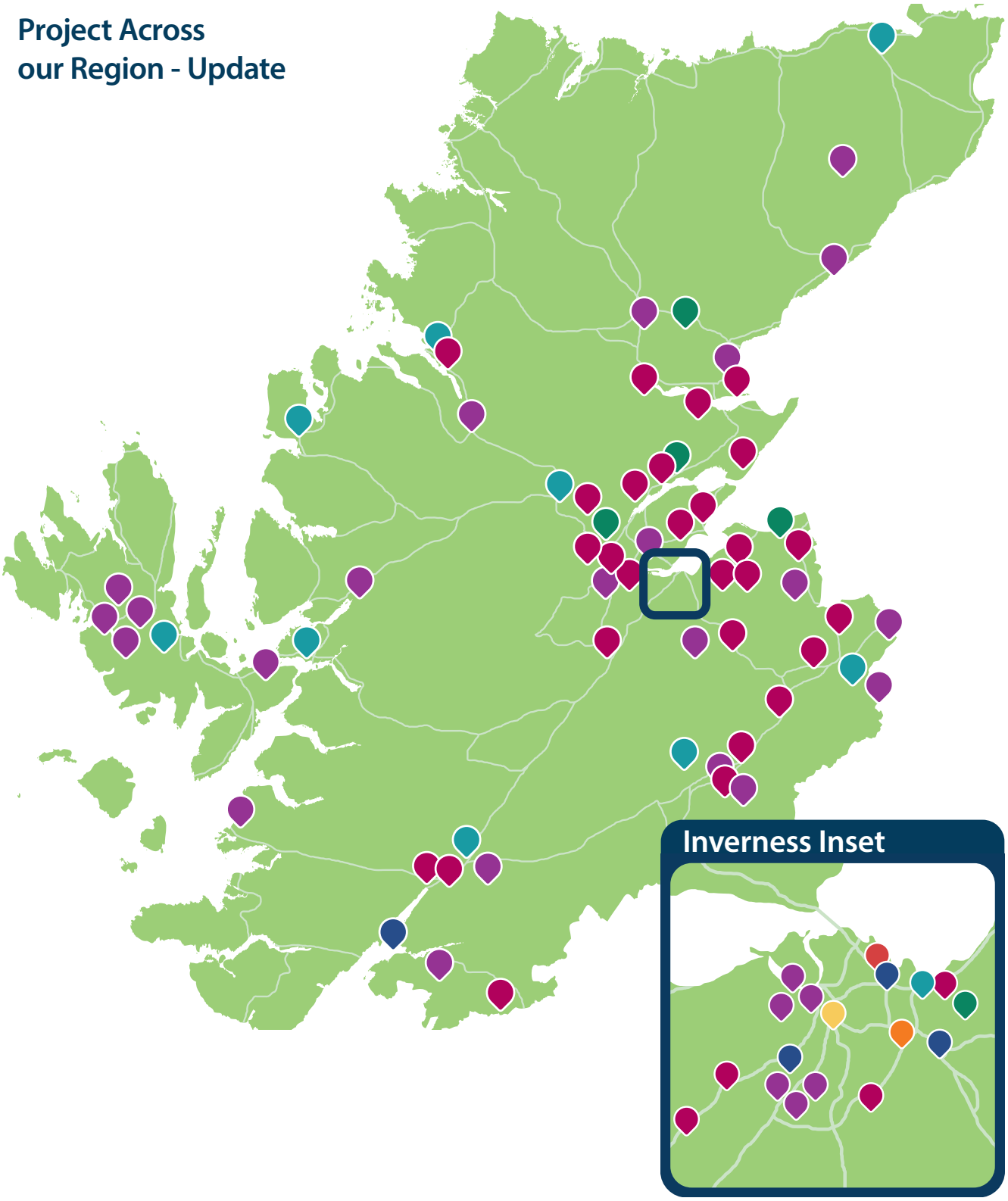



Photo by Scott Donald

Affordable Housing


HIE and Ewen Weatherspoon

Growing Business


Photo by Scotavia

Longman
Land Remediation


Photo by Scotavia

Transport

Financial Statement 2025/26
Aithris Ionmhasail 2025/26



04

Five Sisters of Kintail. Photo by Tam McLucas, The Highand Council

In terms of spend against the original profile (September 2016), spend is behind what was suggested. A revised profile for the Deal, based on a greater maturity of project development, was provided. This was predominantly for two reasons: this was an early date to set a profile and was agreed prior to all business cases being signed off; in addition to this, the original profile included significant figures for the Digital Project where, to date, no spend has been possible.

After the UKG's 2025 Spring Spending Review, Ministers approval has been secured for Longman Land Remediation and Corran Ferry Infrastructure Improvement scheme projects to be wrapped into a blanket Deal extension to end March 2029. In addition, reflecting the delivery timescales associated with both the A9/A96 Inshes to Smithton scheme, following Transport Scotland's confirmation of its intended programme for the A9/A96 Inshes to Smithton scheme, and alongside the Corran Ferry Replacement Vessel project, both have been extended to March 2032. This revised timeline reflects the scale and complexity of these investments and ensures that sufficient time is available to align their spend and claims within project delivery schedules.

Four projects (Science Skills Academy, Innovative Assisted Living (Fit Homes), Inverness Castle and Affordable Housing) have now claimed all the funding within their Deal envelope. They will continue to report on benefits until the end of the Deal. Any underspend on projects will be carried forward within the overall Deal funding and allocated later with Governments' approval.

In November 2024, the Scottish Government approved a revision which involved replacing the funding commitment to the Longman Junction Improvement project with the provision of £28m funding for a new ferry vessel to serve the Corran Narrows crossing.

A Change Request was submitted and approved in 2023/24 to reallocate the £20m Digital Project funding to support the Corran Ferry Infrastructure Project, this is matched with £10m funding from The Highland Council as approved at Committee on 14th March 2024.

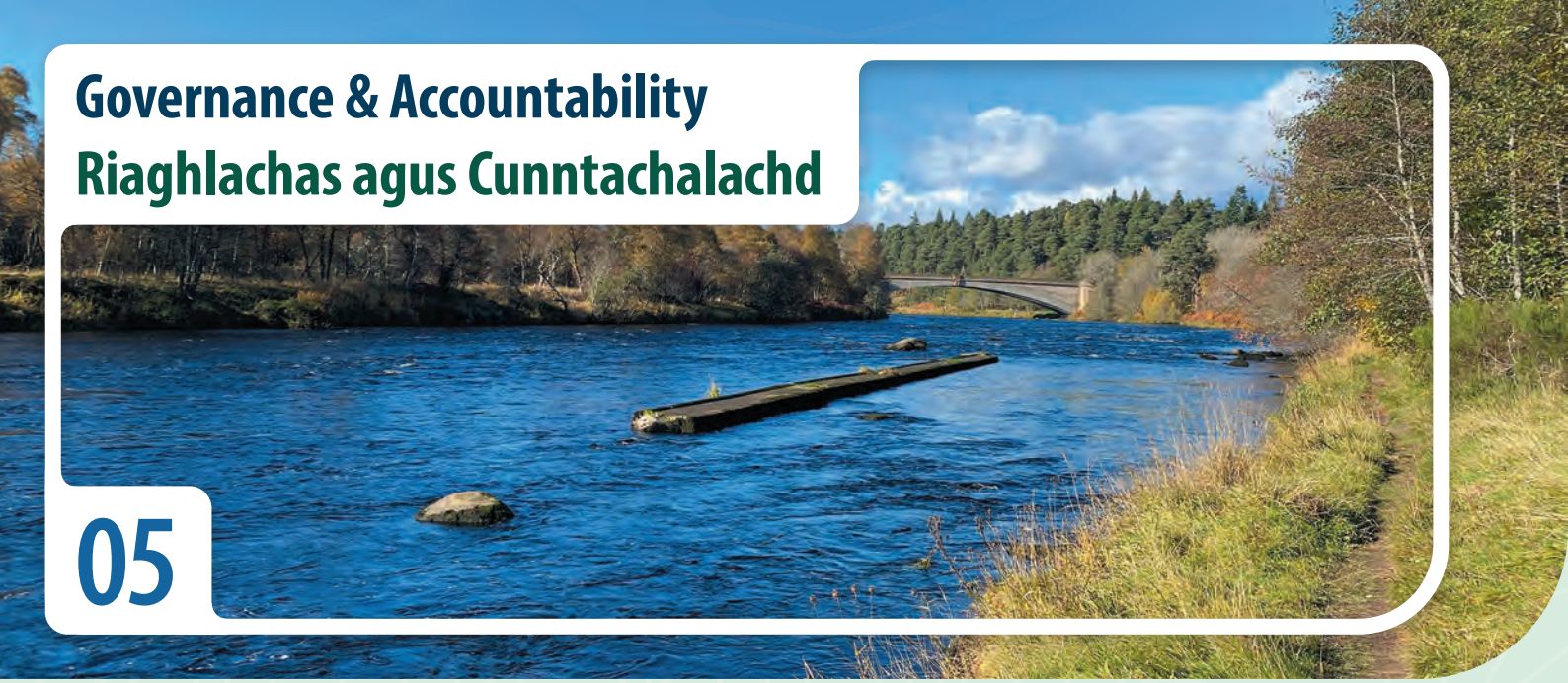
Work continues with Government colleagues to manage the flow of money to the projects and ensure financial planning is aided by effective and transparent information. Project Managers are responsible for managing and reporting on project budget, spend forecasting and quarterly reporting to Scottish and UK Governments. The Programme Management Office and Senior Responsibility Officer will review, with The Highland Council's Finance Officer, to track and resolve any significant deviation from plan.

The table below provides a view of the spend for 2025/26 and cumulative claims since the start of the Inverness & Highlands City-Region Deal.

Projects	Spend in 2025/26	Spend to End 2025/26	Total Government Funding	IHCRD Spend as % of Funding
Life Sciences Innovation Centre	£8,841	£8,654,468	£9,000,000	96.16%
Science Skills Academy Was awarded additional funding for 2025/26.	£300,000	£3,262,221	£3,300,000	98.86%
Innovative Assisted Living (Fit Homes)	nil	£3,000,000	£3,000,000	100%
Corran Ferry Infrastructure Improvements Scheme	£8,406,021	£8,406,021	£20,000,000	30.02%
Inverness Castle Spend includes City Centre WiFi project, Bridge Street, Viewing Tower, the Museum and Gallery.	nil	£18,099,998	£18,100,000	100%
Affordable Housing	£607,840	£5,000,000	£5,000,000	100%
Northern Innovation Hub	£1,445,974	£10,012,148	£11,000,000	91.02%
Longman Land Remediation	nil	£269,184	£10,000,000	2.69%
A9/A82 Longman Junction Scottish Government funded up to £81m for both projects.	nil	£9,896,567	£9,896,567	100%
A9/A96 Inshes to Smithton Link Road Scottish Government funded up to £81m for both projects.	£712,766	£8,765,160.25	£71,501,147	12.25%
Corran Ferry New Electric Vessel	nil	nil	£28,000,000	nil

Governance & Accountability
Riaghlachas agus Cunntachalachd

05



The River Spey, Grantown-on-Spey. Photo by Economy & Regeneration Department, The Highland Council

Scottish City-Region and Growth Deal Delivery Group

The Highland Council Economy and Infrastructure Committee

Highland Community Planning Partnership

Highland & Islands Regional Economic Partnership

Inverness & Highland City-Region Deal Programme Board

Members' Monitoring Group

IHCRD Programme Manager

Highland Air Access (HITRANS)

Corran Ferry Infrastructure (THC)

Innovate Assisted Living (Albyn HA)

SSA-STEMD (HIE)

Northern Innovation Hub (HIE)

Corran Ferry Vessel (THC)

Inverness Castle (THC)

Longman Land Remediation (THC)

Skills (THC)

Transport Infrastructure (TS)

Life Sciences Innovation Centre (UHI)

The Highland Council is the accountable body for the Inverness and Highland City-Region Deal; providing effective management arrangements for the Deal, and assurance to both Governments that there is openness and transparency in governance, decision making and project delivery. A diagram of governance arrangements is provided.

Central to the governance arrangements is a Programme Board, to which the lead officer/ organisation for each specific project reports. The Board is attended by the lead officers for each project, a representative from The Highland Council's Corporate Finance, a representative from the business community and representatives from the Scottish and UK Governments. The Board is chaired by The Highland Council's Chief Officer for Enterprise and Investment.

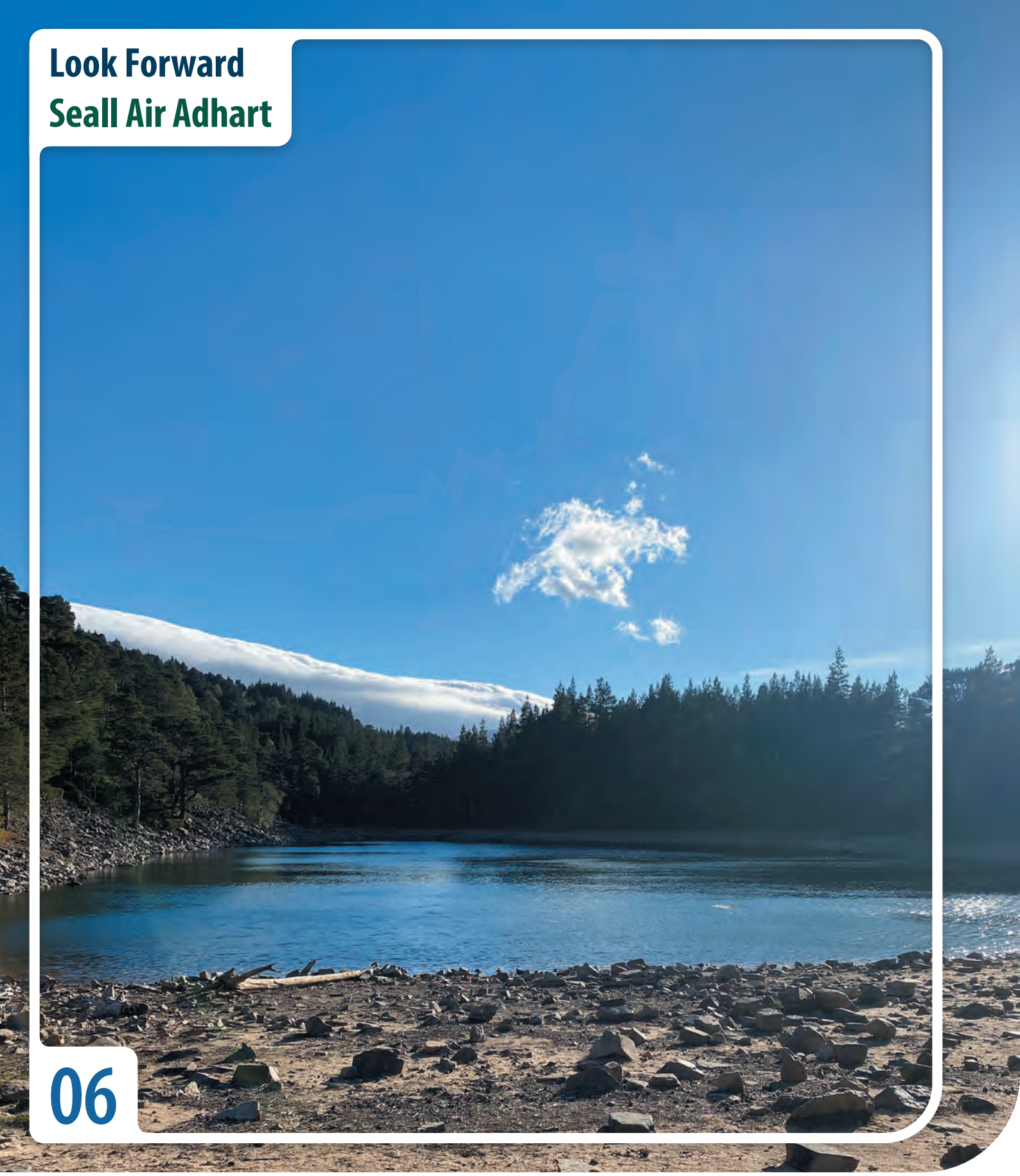
Each project has a governing body/project board which the Inverness and Highland City-Region Deal Programme Manager has access to or sits on. The role of these boards is to scrutinise progress, assist in the management of risks, issues and budget, and to encourage spend against profile. The Programme Manager provides a project assurance role for these boards. Each project within the Deal is required to have a project plan, a risk register and benefits register, and to track spend against profile.

The Programme Manager and Assistant Chief Executive - Place present to the quarterly Members' Monitoring Group. This allows members to scrutinise progress and proposed changes to projects within the Programme. Quarterly progress updates are provided to The Highland Council's Economy and Infrastructure Committee, as reported to the Scottish and UK Governments. The Annual Report for the Inverness and Highland City-Region Deal is presented to The Highland Council, Scottish and UK Governments for approval.



Ben Wyvis. Photo by K Pecchia

Look Forward
Seall Air Adhart



06

An Lochan Uaine (The Green Lochan), Aviemore. Photo by Economy & Regeneration, The Highland Council

As the Inverness and Highland City-Region Deal continues into 2026/27, projects will continue to advance through a range of delivery stages, from procurement and construction through to completion and review. The priorities overleaf outline the key activities, milestones and next steps planned for the year ahead.



Coastal cliffs at Old Wick, Caithness. Photo by Sarah Lamb, The Highland Council

Life Sciences Innovation Centre

Expand the pipeline of research and innovation projects, working with partners to strengthen and sustain LSIC over the long term

Science Skills Academy

Further develop the Green Skills offer and take forward activities to secure the long-term sustainability of the project.

Innovative Assisted Living (FitHomes)

Continue supporting FitHomes tenants to live independently in homes tailored to their needs. Complete the remaining research activity to capture the outcomes and impact.

Corran Ferry Infrastructure Improvements Scheme

Continue the main construction phase and delivery of the infrastructure to support operation of the new vessel.

Inverness Castle

Raise the profile of the Inverness Castle Experience during its first full year of operation through targeted marketing and promotional activity, helping to attract visitors, increase footfall and visitor spend.

Affordable Housing

Continue to support homes currently under construction to be completed and occupied.

Northern Innovation Hub

Capture lessons learned and build on the project's achievements to inform future innovation and business support activity.

Longman Land Remediation

Progress tender and commence remediation and enabling works to prepare the site for future development.

Inshes Junction Improvement Phase 2 (The Highland Council)

Work with partners to resolve flood risk constraints and establish a clear pathway for the development of the project.

A9/A96 Inshes to Smithton Link Road (Transport Scotland)

Commence delivery of advanced works, progress procurement activity and further develop the Business Case.

Corran Ferry New Electric Vessel

Advance procurement and business case activity to support investment decisions and the delivery of a replacement vessel for the Corran crossing

Highland Air Access

Advance the programme through partnership working and preparation for future drone operations across the Highlands.

Challenges and Opportunities Ahead

Progress across the Deal will be shaped by a range of challenges and opportunities, reflecting the differing priorities and stages of development across projects. The summaries below outline the key considerations identified for each project as they move forward.

Life Sciences Innovation Centre

Challenges

Establishing a sustainable operating model for LSIC in the context of ongoing financial and sector pressures.

Opportunities

Recent funding awards and partnerships provide opportunities to expand research, innovation and collaboration across the life sciences and One Health sectors.

Science Skills Academy

Challenges

Securing a sustainable long-term funding model, while maintaining access and participation across Highland schools in the face of staffing and transport challenges.

Opportunities

Stronger collaboration with regional partners and industry provides opportunities to support future delivery and contribute to a more sustainable long-term model.

Innovative Assisted Living (FitHomes)

Challenges

Ensuring FitHomes users continue to benefit from the technology and support provided, alongside completion of ongoing research activity.

Opportunities

Completion of the research activity provides an opportunity to highlight the positive outcomes achieved through purpose-designed housing for independent living.

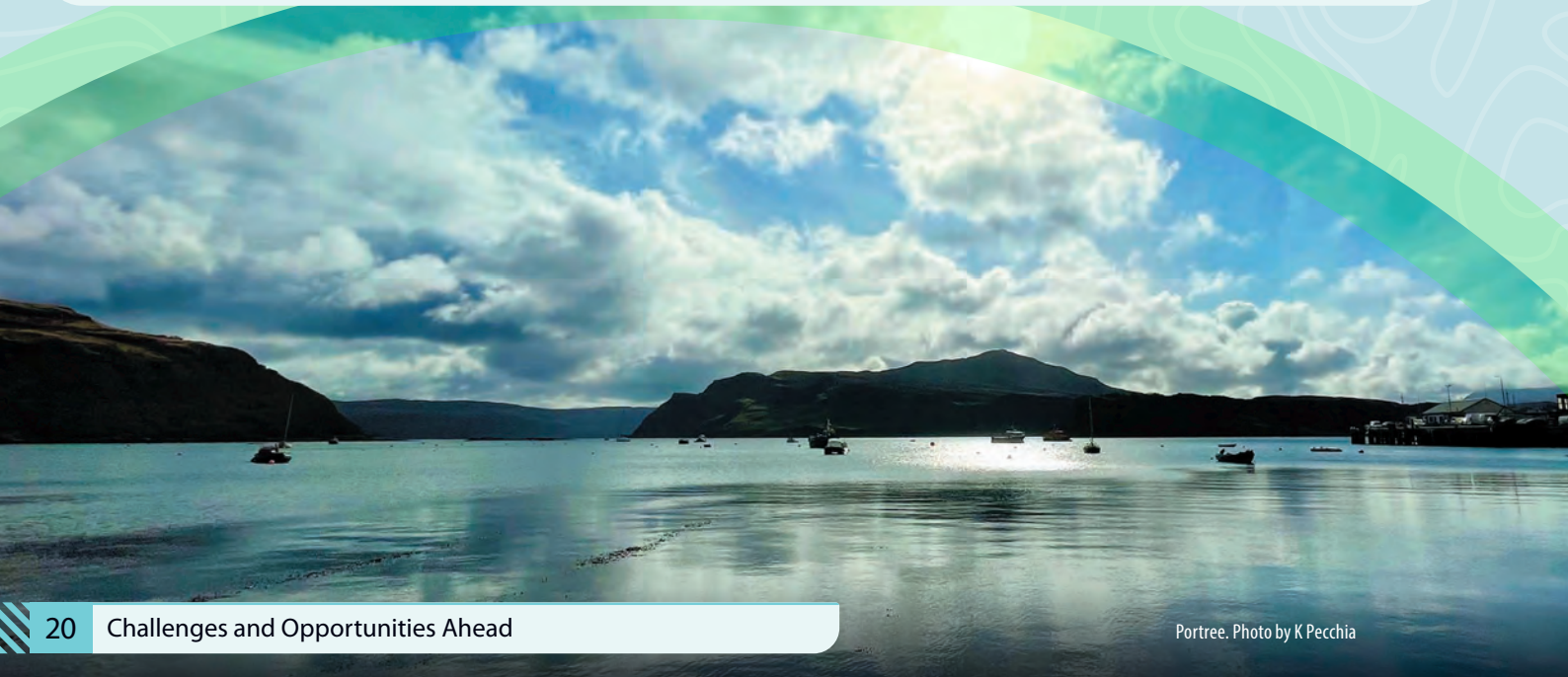
Corran Ferry Infrastructure Improvements Scheme

Challenges

Managing construction, environmental and project requirements while maintaining progress towards completion of the new ferry infrastructure.

Opportunities

The construction phase will deliver infrastructure that improves ferry resilience, regional connectivity and access across the region.



Portree. Photo by K Pecchia



Inverasdale looking across Loch Ewe. Photo by Economy & Regeneration, The Highland Council

Inverness Castle

Challenges

Maintaining visitor numbers and commercial performance during the first full year of operation.

Opportunities

Raising awareness of the Inverness Castle Experience among domestic and international audiences.

Affordable Housing

Challenges

Identifying economically viable development sites in areas of highest housing demand.

Opportunities

Continue to work with partner housing providers to support and deliver affordable housing projects in areas of need.

Northern Innovation Hub

Challenges

Demonstrating the long-term impact and legacy of a diverse and wide-ranging project, following completion of delivery.

Opportunities

Many businesses assisted through NIH are now progressing to further interventions, while lessons learned from delivery can help inform future business support activity.

Longman Land Remediation

Challenges

Addressing site remediation, environmental constraints and infrastructure requirements to enable future development.

Opportunities

Regeneration of the Longman site creates opportunities for future investment, employment and economic growth while supporting environmental enhancement and biodiversity objectives.

Inshes Junction Improvement

Challenges

Identifying a viable way forward in the context of planning, flood risk and wider transport considerations.

Opportunities

The revised Transport Scotland programme provides an opportunity to reconsider the most appropriate long-term approach for the Inshes corridor.

A9/A96 Inshes to Smithton Link Road

Challenges

Proposed scheme is interdependent with the A96 Dualling Inverness to Nairn (including Nairn Bypass) and the Inshes Junction Improvements - Phase 2.

Opportunities

Progressing work to determine the most suitable procurement option for delivering the scheme will continue to make progress toward realising the scheme benefits when delivered.

Corran Ferry New Electric Vessel

Challenges

Managing procurement, cost certainty and approval requirements as the project progresses.

Opportunities

Continuing collaboration with CMAL to benefit from its expertise in vessel procurement and management, technical capabilities and economies of scale.

Life Sciences Innovation Centre
Ionad Ùr-Ghnàthachaidh Saidheansan Beatha

07

Life Sciences Innovation Centre. Photo by UHI and Tim Winterburn

University of the Highlands & Islands (UHI)

The UHI Life Sciences Innovation Centre (LSIC) project aims to increase research and innovation opportunities in health and life sciences between academia, industry, and the healthcare sector. This is supported through a hub co-developed and co-owned with Highlands and Islands Enterprise on Inverness Campus, with a view to support the creation of new products and services, the provision of support to companies in their research and innovation endeavours, the creation of new companies and attraction of inward investment, as well as the development of healthcare service delivery improvements.

Project Progress Update

A key focus during 2025/26 was completion of a PhD studentship, which explored the use of High-Intensity Interval Training (HIIT) for people living with heart failure. The research was undertaken with UHI and NHS Highland, with the thesis due to be submitted in July 2026.

Activity during the year also focused on increasing the use of the LSIC facility and supporting ongoing research and collaboration. Between January and March 2026, LSIC hosted 10 research and innovation events involving more than 150 participants, including international visits, showcases, seminars and SME-focused knowledge exchange sessions. These activities helped build relationships with local, regional and international partners, creating opportunities for future research and innovation in life sciences and One Health.

Original Project Funding

Government	£9,000,000
Total	**£9,000,000**



Biomedical science researcher at the LSIC. Photo by UHI and Tim Winterburn

Ensuring the long-term sustainability of LSIC beyond the Deal funding period remained a key challenge, alongside reduced research and innovation capacity and wider financial pressures across the higher education and life sciences sector.

Several collaborative projects secured funding during the year, helping to expand research activity and strengthen partnerships across UHI and external organisations. These included a PEACEPLUS-funded project to develop the Health Frontiers Technology Innovation Centre (HF-TIC) and the PhRESHWater (Pharmaceuticals Reduction in the Environment through Sustainable Healthcare) project, which will develop a systems-based approach to reducing the environmental impacts of medicines in Scotland.

A Knowledge Transfer Partnership (KTP) project supported through LSIC was also completed during 2025/26, contributing to the development of an innovative diagnostic technology for urinary tract infections in collaboration with Inverness-based SMEs IDE8 and Druid. The project also contributed to skills retention within the Highlands, with the KTP Associate progressing into a scientific research role on the Inverness Campus.

Community Benefit

LSIC delivered a programme of outreach, engagement and knowledge exchange activity to raise awareness of life sciences and research careers within local communities. Highlights included free monthly laboratory tours, engagement with Advanced Higher Biology students from Fortrose Academy, and hosting the Young Enterprise Circular Economy Challenge Awards for pupils from across the area.

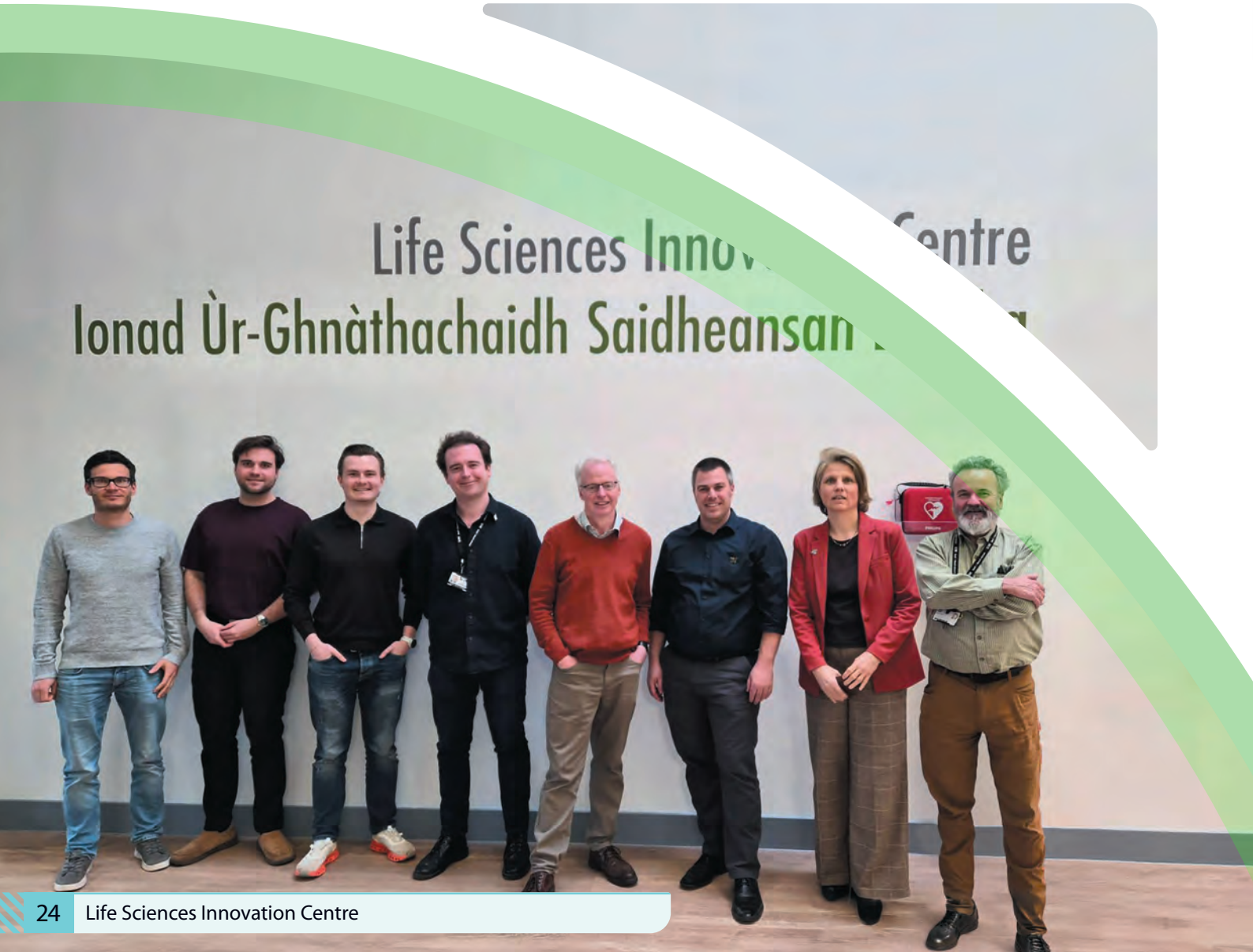
Partners

Highlands & Islands Enterprise
Co-ownership of the Life Sciences Innovation Centre.

NHS Highland
End-user and contribution to the development of innovation in human health.

Scottish Universities Life Sciences Alliance
Membership organisation for Scottish universities, strategically supporting the development of One Health as a collaborative research theme.

Researchers from Scotland and Germany participating in a collaborative workshop at the LSIC. Photo provided by LSIC



Benefits

Benefits: Digital Health & applied life sciences products and services.

Target: 20

Target Date: 31st March 2025

26 Products & services

Benefits: New start companies, spinouts or inward investments.

Target: 10

Target Date: 31st March 2025

11 Company or inward investments occurrences

Benefits: Supported companies for product innovation.

Target: 15

Target Date: 31st March 2025

22 Supported companies

Benefits: Exportable healthcare improvements.

Target: 25

Target Date: 31st March 2025

21 Services delivered



Discussions in the collaborative space at the LSIC. Photo by UHI Inverness and Tim Winterburn



Seminar in the Jeff Howarth Suite at the LSIC. Photo by UHI and Paul Campbell Photography

Case Study

Supporting International Research Collaboration

LSIC's Medical Nanotechnology Research Group progressed an international collaboration with partners at the University of Esslingen in Germany and the University of St Andrews. Developed through engagement and relationship building over several years, the collaboration builds on the specialist expertise, facilities and equipment available at LSIC and is exploring new approaches to antimicrobial materials. Support was secured for a programme of collaborative workshops, bringing researchers together to develop joint project plans and prepare a future international research funding application.

Science Skills Academy
Acadamaidh Sgilean Saidheans



08

SSA Newton Room. Photo by Gillian Frampton HIE

Highlands & Islands Enterprise (HIE)

The Science Skills Academy (SSA) aims to inspire young people across the Highlands to explore STEM futures, placing them and their communities at the heart of a growing regional STEM economy.

SSA delivers free, engaging curriculum-linked STEM experiences through a network of five Newton Rooms (four permanent and one Pop-Up), helping to remove geographic and financial barriers to access.

These hands-on learning experiences focus on regionally significant sectors such as renewable energy and space, and are designed to raise awareness of local STEM career opportunities. Transport support is also available to ensure accessibility for all schools in The Highland Council area.

Project Progress Update

In 2025/26, SSA continued to provide equitable access to high-quality STEM learning opportunities across 196 schools in The Highland Council area. Alongside its core Newton Room programme, additional funding and partnerships supported a range of STEM activities.

Original Project Funding	
Government	£3,000,000
Council	£25,000
Other	£47,000
Total	**£3,072,500**

During the year, SSA delivered 8,579 engagements through schools, communities and festivals. Schools continue to value the learning experiences, which provide opportunities not otherwise available in the classroom. To maintain access to STEM learning, SSA continued to provide outreach activity and transport support in response to school staffing pressures and transport costs affecting participation in full-day Newton Room experiences.

> *"It was a great opportunity for the class to mix and connect with each other through learning."*
>
> **Primary Pupil**

With funding from SSE Renewables Sustainable Communities Fund, SSA developed a new Green Skills module to enhance the secondary school offer. The eight-week module for S1 and S2 forms part of the Highland Green Skills Pathway and introduces pupils to green skills through practical activities and project-based learning. Participants develop transferable skills including communication, teamwork and problem solving, while exploring future careers within the green economy.

The OPITO-funded Powering the Future Learning Lab programme continued for a fourth year, supporting energy-related learning for P6-S2 pupils and Career-Long Professional Learning (CLPL) opportunities to help teachers deliver STEM learning in the classroom.

Additional external funding secured through partnership with Aberdeen Science Centre and Scottish Water supported further STEM activity during the year, including practical workshops delivered through the Caithness Science Festival.

Practical biology (PCR) workshops continued to be delivered with researchers from the University of Edinburgh School of Biological Sciences and the Roslin Institute. The workshops provide S5 and S6 pupils from across The Highland Council area with hands-on experience, expert tuition and insights into real-world applications.

> *"[The workshop] was very good and helped me understand PCR and DNA profiling more. I enjoyed the activity and made me want to look more into a career in biology."*
>
> **S5 pupil**

Securing a sustainable long-term funding model remains the project's principal challenge, and work is ongoing to explore future operating arrangements and funding opportunities that will support continued delivery.

Partners

Green Skills pathway partners
- Primary Engineer and Young Enterprise Scotland

STEM Ambassador
- Dounreay
- Rolls Royce

Staffing
- The Highland Council
- Glasgow Science Centre

Concept partner
- First Scandinavia

Senior Phase PCR workshop delivery
- University of Edinburgh
- The Roslin Institute

Membership
- Association of Science and Discovery Centres (ASDC) - Our World from Space

Collaboration
- Glasgow Science Centre
- Association of Science and Discovery Centres (ASDC) - Our World from Space
- National Space Centre - Space Camp
- Scottish Water and SSEN Transmissions (SSENT) via Aberdeen Science Centre
- Skills Development Scotland (SDS)
- University of Highlands and Islands
- Developing the Young Workforce (DYW)



SSA at Belladrum. Photo by Gillian Frampton HIE

Inclusive Economic Growth

SSA modules align with key growth sectors including renewable energy, health science, aquaculture, aviation and space, featuring real-world careers to inspire young people and raise awareness of opportunities within STEM industries. By engaging learners early, SSA aims to spark lasting interest that continues through education and into future career choices.

Learning experiences are hands-on and practical, helping develop transferable skills including communication, teamwork and problem solving. The introduction of the new Green Skills module further strengthens this offer, supporting awareness of emerging opportunities within the green economy and the skills required to access them.

> *"My class had such a brilliant day. Jill and Tim led the session with great energy and enthusiasm. There was a good balance of listening and practical experiments which we could not provide in school. The children were fully engaged the whole day."*
>
> **Primary Teacher**

Community Benefit

SSA continued to provide opportunities for people of all ages to engage with STEM, helping to build science capital by increasing awareness, confidence and participation in science and technology.

During the year, SSA engaged with approximately 1,500 people through community and public engagement. Partnership working with Skills Development Scotland (SDS) helped extend SSA's reach to wider audiences including Belladrum Tartan Heart festival, activities delivered at the Victorian Market in Inverness, and the Caithness Science Festival.

The Pop-Up Newton Room also continued to support local economies by hiring community venues and using nearby accommodation and hospitality services.

Additional Investment

- **£96,000** SSE Renewables
- **£50,000** Foundation Scotland
- **£27,000** OPITO via Glasgow Science Centre
- **£75,000** Equinor
- **£40,000** NRSL Dounreay
- **£17,350** Vattenfall
- **£7,730** Scottish Water via Aberdeen Science Centre
- **£11,795** SSENT via Aberdeen Science Centre



SSA Newton Room. Photo by Gillian Frampton HIE

Benefits

Healthcare Science Module
5,183 Pupils

Energy Module
3,786 Pupils

Sustainable Biofuels Module
672 Pupils

Salmon and Aquaculture Module
2,738 Pupils

Renewable Energy Module
5,706 Pupils

Space Module
4,173 Pupils

Up in the Air with Numbers Module
418 Pupils

Robotics and Mathematics Module
11,151 Pupils

Learning Lab: Classroom resources
6,859 Pupils

Mini Module: Land Yachts
1,750 Pupils

Early Years: Humpty Dumpty
292 Pupils

Public and Family engagement
4,702 Pupils

STEP into STEM
882 Pupils

Taster Sessions
911 Pupils

Partner Delivery
736 Pupils

CLPL
714 Pupils



SSA, Grantown. Photo by Gillian Frampton HIE



STEM Workshop at Inverness Castle. Photo by High Life Highland

Case Study: Science Skills Academy & Inverness Castle Experience

During British Science Week, SSA and the Inverness Castle Experience (ICE), two Inverness and Highland City-Region Deal projects, collaborated to provide a unique learning experience for local schools. Over the course of the week, 214 P4-P7 pupils took part in hands-on in STEM energy activities and explored the newly opened attraction.

With support from the Newton Room team, pupils explored electricity, built circuits and learned about renewable sources of energy. They also had the opportunity to discover more about the stories of the Highlands through the Inverness Castle Experience. The collaboration demonstrated the benefits of interdisciplinary learning bringing together science, sustainability, culture and heritage within a single visit.

> “ The children and staff really had a great experience and one pupil agreed that *“[the day was] very fun and the Castle is cool!”*
>
> **Teachers & Pupils Feedback**

Innovative Assisted Living (FitHomes)
Bith-beò le Taic Innleachdach (TaigheanFiot)



09

Lairg housing. Photo by Albyn Housing Society Ltd

Albyn Housing Society Ltd

The Assisted Living FitHomes project aimed to develop 32 FitHomes designed to enable people to live independently in their own homes from cradle to grave, or until additional support was needed that couldn't be delivered in the home.

At the end of the project, we expect to deliver:

- 32 new homes designed to enable people to live in them until end of life;
- Technology to support people and services to enable the person to remain at home;
- A new homes allocations system;
- A commercial product and a company to support the commerciality.

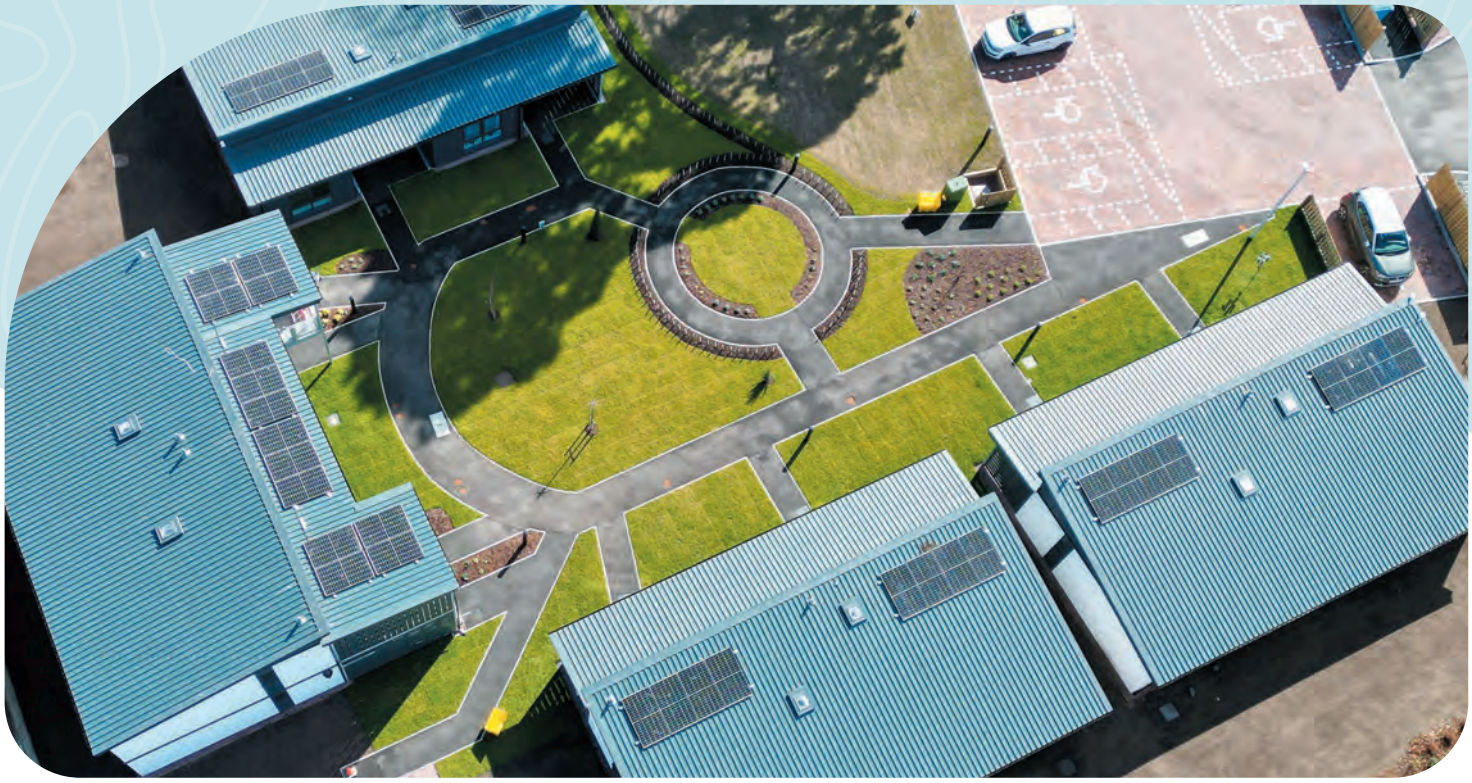
Project Progress Update

The FitHomes project delivered 32 purpose-built FitHomes across The Highland Council area, including developments in Nairn, Dingwall, Inverness and Lairg, together with the original 16 homes at Dalmore.

Each home was equipped with technology designed to support independent living, while existing properties were also retrofitted with the FitHomes system. To date, 79 individuals have benefited from the project.

Original Project Funding	
Government	£3,000,000
Other	£2,224,000
Total	**£5,224,000**





Capstone, Cawdor Road, Nairn. Photo by Albyn Housing Society Ltd

During the year, Albyn reviewed the FitHomes project and identified opportunities to refine its future delivery model. As a result, the programme transitioned from expansion to a consolidation phase, with a continued focus on supporting existing users to help them remain independent in their homes for longer.

A three-year Innovate UK Knowledge Transfer Partnership (KTP) with Robert Gordon University concluded in January 2026 and was graded "Good" following final assessment and evaluation by Innovate UK. The partnership supported development of an enhanced FitHomes hub and sensor system, improving the collection and reporting of data from the technology.

Research and partnership activity also continued with Edinburgh Napier University, the University of Glasgow and criminal justice partners, supporting review of user outcomes and helping inform future learning from the project.

Inclusive Economic Growth

The FitHomes project demonstrated how technology-enabled housing can support independent living and remote support. The technology enables delivery partners to identify when support may be needed, helping people remain in their homes for longer while supporting delivery of services across geographically dispersed communities.

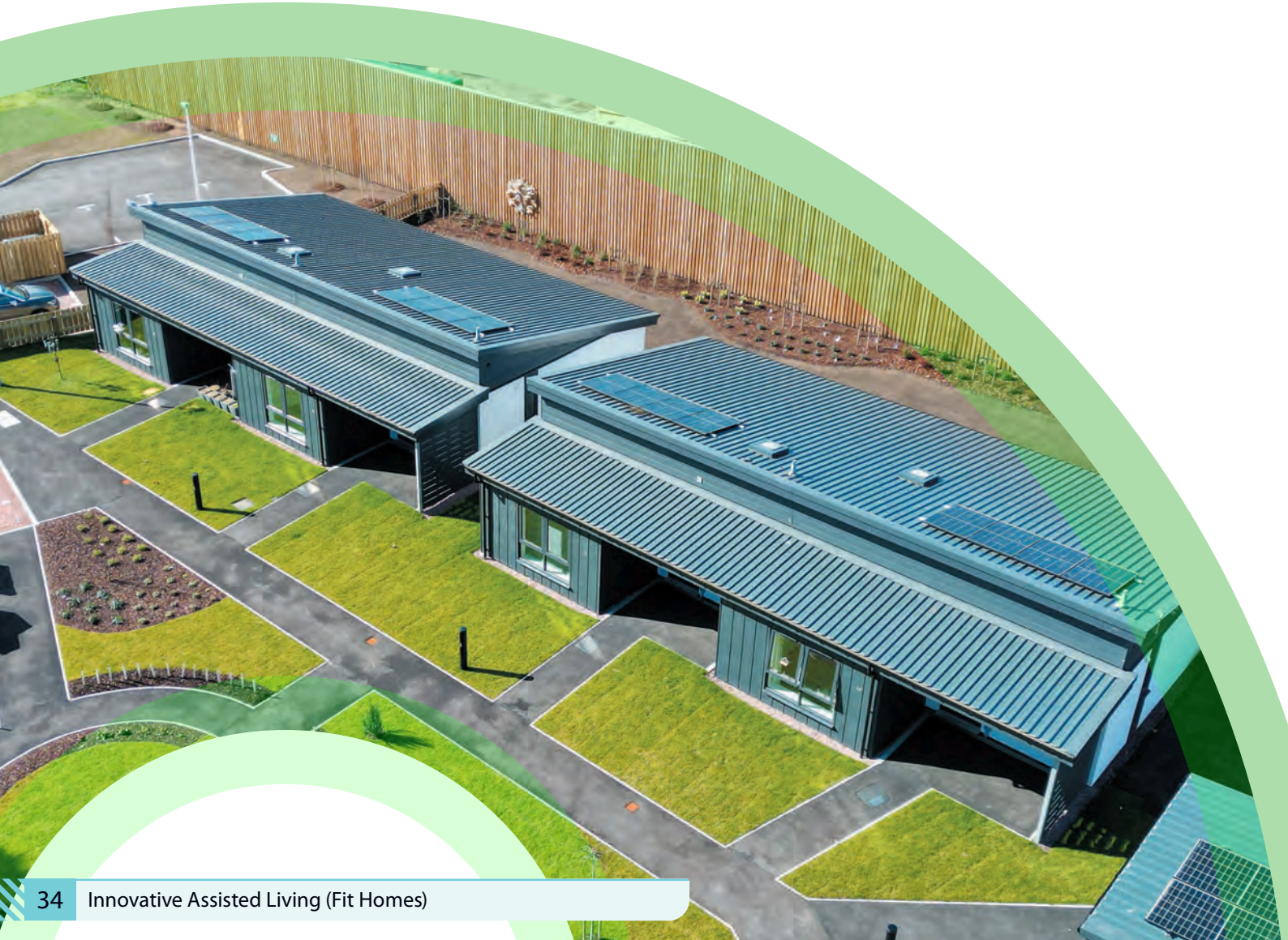
The project also explored how technology can support vulnerable individuals, including work with criminal justice partners and related research activity with Edinburgh Napier University.

Community Benefit/Net Zero

The FitHomes project continues to support independent living at home, particularly for elderly and vulnerable individuals. Improvements to the user interface have enabled family members and informal carers to take a more active role in supporting users and monitoring their wellbeing.

Remote support can reduce the need for unnecessary travel, contributing to Net Zero objectives. Research undertaken with academic partners through the project has also explored how environmental monitoring technology can provide useful information on issues such as damp, mould and energy use within the home.

Capstone, Cawdor Road, Nairn. Photo by Albyn Housing Society Ltd



Benefits

Target Date: 31st March 2024

100% Of 32 new build 'FitHomes'

Target Date: 31st March 2024

600 Sensors deployed



Stratton housing. Photo by Albyn Housing Society Ltd

Case Study

Supporting Independent Living

A couple living in a FitHome have benefited from the technology-enabled support available through the project. One member of the household had become a full-time carer and was unable to remain in employment due to concerns about leaving their partner unsupported at home.

Using the FitHomes technology, the carer can now remotely monitor their partner's wellbeing throughout the day, providing reassurance while supporting independent living. This has enabled the carer to return to work, reducing reliance on benefits and increasing household income.

Supporting Vulnerable Tenants Through Early Intervention

FitHomes technology has also been used to support a care-experienced tenant with a history of substance misuse and involvement with the criminal justice system.

The technology installed within the home is used by the social work team to help identify when support may be needed, allowing interventions to be targeted more effectively and helping make better use of resources by reducing unnecessary visits when the tenant is not at home. On several occasions, timely intervention has helped prevent serious harm and ensure support was provided when required.

Corran Ferry Infrastructure Improvements Scheme
Sgeama Leasachaidhean Bun-structair Aiseag a' Chorrain

10

Corran Ferry Infrastructure Improvements. Photo by The Highland Council

The Highland Council

The Corran Ferry Infrastructure Improvements Scheme is designed to enhance the ferry service connecting the Ardgour Peninsula with the wider Lochaber region.

The project includes the construction of new slipways, a breakwater, marshalling area and parking facilities to significantly upgrade landside infrastructure. These improvements will also support the future operation of a new electric vessel.

Project Progress Update

Original Project Funding	
Government	£20,000,000
Council	£10,000,000
Total	**£30,000,000**



Nether Lochabler. Photo by PDU Site Supervision Team, The Highland Council

The Corran Ferry Infrastructure Improvement Scheme (CFIIS) aims to enhance connectivity between the Ardgour Peninsula and the wider Lochaber region by improving the ferry service.

The project reached a major milestone during 2025/26, progressing from planning and procurement into the construction phase. The infrastructure works tender was issued in July 2025 and, following tender evaluation and assessment, the contract was awarded in December 2025.

Planning permission was granted in September 2025, followed by approval of a Marine Licence in October 2025. Following a competitive procurement process conditional approval of the Full Business Case was subsequently received from the UK and Scottish Governments. Together, these approvals provided the necessary basis for the project to proceed to construction.

Alongside these milestones, a range of preparatory activities were completed to help de-risk delivery. This included the removal of the SSEN subsea cable within the construction footprint and continued progress in securing land acquisition and temporary occupation agreements through engagement with landowners.

Protecting the local environment also remained an important consideration throughout mobilisation. Surveys identified a potential otter holt close to the proposed works, requiring close liaison with NatureScot and the implementation of mitigation measures to protect local wildlife while maintaining progress on site. Subsequent investigations confirmed there was no evidence of breeding activity, allowing works to continue while maintaining appropriate environmental safeguards.

Archaeological investigations were completed ahead of construction works, and ongoing monitoring of noise and vibration to minimise impacts on local communities and the natural environment.

Construction commenced in January 2026, with works progressing on both sides of the Corran crossing. At Nether Lochaber, early activity included tree clearance ahead of the bird breeding season, access works and establishment of the marshalling area. At Ardgour, construction of the retaining wall commenced, marking the start of site activity on the western side of the crossing.

> "The Corran Ferry Infrastructure Improvement Scheme represents a major milestone in delivering a new electric vessel for the Corran Narrows service. This investment is not just about improving connectivity and reliability for Lochaber communities; it is about strengthening the lifeline that supports our local economy, sustains our communities, and unlocks opportunities for growth".
>
> **Economy and Infrastructure Committee Chair, Cllr Ken Gowans**



A sod-cutting ceremony in March 2026 marked the official start of construction, celebrating a major milestone following years of planning, partnership working and investment to secure the future of the Corran crossing.

As construction got underway, engagement also began with local community councils, schools and colleges to identify opportunities for employment, skills development and wider community benefits. These opportunities will continue to be developed as the project progresses through the main construction phase.



Corran Ferry Infrastructure Improvements. Photo by The Write Image - Iain Ferguson



Corran Ferry Sod-cutting. Photo by The Highland Council

Inverness Castle
Caisteal Inbhir Nis

11

Inverness Castle. Photo by High Life Highland

The Highland Council

Inverness Castle is an iconic listed building of national and international significance, situated on the Castle Hill above the banks of the River Ness. When its long-term occupants, the Scottish Courts and Tribunals Service, transferred to the new Justice Centre in 2020, this provided an opportunity to transform the Castle into a significant tourism asset.

The project undertaken by The Highland Council and delivered by High Life Highland (HLH) on the Council's behalf, aims to create a must-see visitor attraction in Inverness, celebrating the Highlands past, present and future. The creativity, wellbeing, culture, heritage, natural environment and language of this unique part of Scotland all form part of the story told. The attraction is intended to bring new and returning visitors to the area and inspire people to visit all parts of the Highlands.

Project Progress Update

All aspects of the design, construction and fit out of the Inverness Castle Experience were completed in October 2025. A soft launch for local residents in December 2025 provided an opportunity to test and refine the visitor experience ahead of the official opening on 9th February 2026 by Kate Forbes, Deputy First Minister of Scotland and Kirsty McNeill, UK Government Minister for Scotland.

Throughout the year, extensive work was undertaken to prepare the attraction for opening. Main construction works and interpretation fit-out were delivered in parallel during the final stages of the project, alongside external landscaping and the planting of the new gardens.

Original Project Funding

Government	£18,100,000
Council	£15,500,000
Other	£60,000
Total	**£33,660,000**



The Highland Council Convener Bill Lobban, UK Government Minister for Scotland Kirsty McNeill and Deputy First Minister Kate Forbes at the official opening of Inverness Castle. Photo by Ewen Weatherspoon

Following a targeted recruitment campaign involving local stakeholders and schools, staff were recruited and supported through a comprehensive training programme.

Staff were trained to work across multiple areas of the experience, including catering, retail and customer services. Ahead of opening, ticket sales, retail operations and visitor services were established, while commissioning, snagging and operational testing were completed.

Around 20,000 visitors were welcomed by the end of March 2026. The opening generated local and national media coverage and marked the start of marketing and promotional campaigns targeting both domestic and international audiences.

Inclusive Economic Growth

During construction, the project supported more than 400 jobs and 45 apprentices across a range of trades. At the time of opening, 32% of staff employed were under 25.



Rose window at Inverness Castle, by High Life Highland

Community Benefit/Net Zero

Throughout the project, careful consideration has been given to reducing environmental impact, enhancing biodiversity and supporting low carbon operations, while protecting the Castle's historic character.

The Castle grounds have been transformed through native planting, wildflower areas and new habitats, including swift boxes, a peregrine falcon nesting platform and a pine marten nesting box. A living sedum roof above the Saltire Bistro further supports biodiversity, while also contributing to rainwater management and improved building insulation.

Despite its listed status, Inverness Castle has undergone significant energy-efficiency improvements, including enhanced insulation, refurbished windows and modern ventilation systems, improving its Energy Performance Certificate rating from EPC F to EPC B+. Energy-efficient LED lighting, smart controls and monitoring systems help minimise energy consumption and support ongoing carbon reduction.



Sedum roof at the Saltire Bistro. Photo by High Life Highland

Sustainability also extends to the Castle's commitment to its local supply chain, with over 35 local retail makers and food and drink suppliers currently represented. The Saltire Bistro has adopted a Highland-first approach to sourcing produce, supporting local businesses while reducing transport emissions and food miles.

A range of community engagement activities took place following the opening of the attraction. Between February and March 2026, 22 schools visited the Castle, while work experience opportunities were provided for young people. Community groups also visited and engaged with the attraction, including Gaelic language groups, people living with dementia and their carers, and young adults developing independence and life skills.

Partners

Project Owners

- The Highland Council

Delivery & Operating Partners

- High Life Highland

Project Funders

- The Highland Council
- Scottish Government
- UK Government
- Highlands and Islands Enterprise

Benefits

Target: 1
Target Date: 2025
Castle opens as an international visitor attraction

Target: 1
Target Date: 2025
New universally accessible roof terrace opens for visitors

Target: 82
Target Date: 2025

Target: 1
Target Date: 2025
New accessible gardens open for visitors

Target: 50/60 on site each month
Target Date: 2022 to November 2025
166 **Jobs supported during construction**

82 **Direct jobs on site post construction**

Case Study

Developing Skills Through Inverness Castle

The restoration of Inverness Castle provided opportunities for apprentices and trainees to gain experience across a range of trades, including stonemasonry, plumbing, heating engineering and electrical installation.

Apprentices contributed to many aspects of the project, from restoration of the Castle's historic fabric to installation of modern building services. The project supported more than 45 apprentices during construction, helping develop skills and experience across both traditional and modern construction disciplines.

LTM Stonemasons – Stonemasonry Apprentice

James Amos joined LTM Stonemasons as a trainee Building Conservation Technician during the restoration of Inverness Castle. Working alongside experienced craftspeople, he developed traditional stonemasonry skills and gained practical experience in shaping and repairing historic stonework. His experience on the project supported his progression into a three-year stonemasonry apprenticeship.



Apprentices who worked on the Inverness Castle project, meeting with UK Government Minister for Scotland Kirsty McNeill and Deputy First Minister Kate Forbes at the official opening. Photo by Ewen Weatherspoon

Affordable Housing
Taigheadas Neo-chosgail



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Bynack More development, Aviemore. Photo supplied by Highland Housing Association HHA. Photo by Ewan Wetherspoon

The Highland Council

The project purpose is to offer affordable housing in the Highlands to enable young people to stay in the region, retaining a young, vibrant workforce for the Highlands. The vision for the project is to deliver high-quality housing for young people in the Highlands.

Project Progress Update

During the year, 234 new homes were completed and occupied across key-need locations including Aviemore, Newtonmore, Conon Bridge and Inverness, demonstrating continued progress in meeting housing needs across The Highland Council area. Of these, 29 homes were brought forward through the project in addition to the original programme of delivery, helping to exceed planned housing outputs for the year.

Original Project Funding	
Government	£5,000,000
Council	£30,000,000
Total	**£35,000,000**



Parks View development, Inverness. Photo by Emily Willox

Construction continues on-sites that will deliver a further 109 homes across several developments, including Cromlet Phase 2 in Invergordon, Dalmore in Alness and Slackbuie in Inverness. Approval was also secured for three projects in Conon Bridge, Aviemore and Inverness

The project has now fully claimed its Deal funding allocation. Through the lifetime of the project, IHCRD has supported delivery of 834 homes across communities throughout The Highland Council area.

Demand for affordable housing remains high across many Highland communities. At Bynack More in Aviemore, 315 expressions of interest were received for 41 MMR homes completed during the year.

Identifying suitable and economically viable development sites remains a challenge, particularly in areas of greatest need. Work continues with partners to bring forward new opportunities and ensure housing delivery aligns with local demand.

Affordable Housing in Newtonmore. Photo supplied by HHA. Photo by Ewan Wetherspoon



Benefits 2025/26

38 No. of units started on-site

109 No. of units under construction (on-site)

5 No. of units acquired via OTS/ Tenure Change/OMSE Buyback

234 No. of units completed

102 No. of units funded to-date

48% % IHCRD-funded properties rented to young tenants

No. of CRD-funded units completed

2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
49	46	23	80	128	95	70	234

= **725** Total

Partners

The Highland Council act as project managers and funders, providing grant and loan funding for project delivery.

Highland Housing Alliance and Albyn Housing Society Limited, who develop and manage housing for MMR.

More Homes Scotland Division of the Scottish Government who provide grants to support affordable housing including projects which deliver mid-market housing (MMR).



Affordable housing in Conon Bridge. Photo supplied by HHA

Additional investment

- **£74,000** Approx per unit. More Homes Division of Scottish Government.
- **£100,000** Per unit. Private Finance.



Affordable Housing at Conon Bridge. Photos supplied by HHA

Case Study

Mid-market rent homes across Highlands

During the year, the Deal continued to support the delivery of MMR homes across Highland. MMR provides a more affordable rental option than the private rented sector for people who are not eligible for social housing, helping to widen housing choice across the region.

Many rural communities continue to face challenges in accessing suitable and affordable homes. During 2025/26, new MMR homes were delivered in locations including Aviemore, Newtonmore and Conon Bridge. The completion of the first MMR homes in Conon Bridge marked the introduction of this type of housing to the community and reflected local demand for affordable rental accommodation.

While developments in rural areas are often modest in size, they can make an important contribution in places where opportunities to deliver new homes are limited. By providing more housing options for people who wish to live and work locally, these developments help support the long-term sustainability of communities across Highland.

Northern Innovation Hub
Co-ionad Nuadhais a' Chinn a Tuath



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IMPACT30 cohort 15 graduation event Inverness. Photo by HIE and Ewen Weatherspoon

Highlands & Islands Enterprise

The Northern Innovation Hub (NIH) builds on and accelerates current business innovation support services in the region, enabling an increased focus on sectoral opportunities which will build global competitive advantage. It is not a physical hub; instead it is a coherent grouping of projects designed to benefit small and emerging enterprises.

The project provides a range of opportunities for enterprises in the region, including graduate and student placement projects, intensive support to young and emerging businesses, and digital skills programmes. It focuses on creating growth opportunities in the creative, food and drink, life sciences and tourism industries, with the cross-cutting themes of technology and young people.

As the projects have progressed, a number of changes have been made which respond to the changing needs of small to medium enterprises (SMEs) in The Highland Council area, whilst continuing to deliver outcomes.

Project Progress Update

All Northern Innovation Hub (NIH) project activity concluded during the year, with 78 additional unique beneficiaries receiving support. The project now moves into review and legacy activity.

Original Project Funding	
Government	£11,000,000
Other	£1,705,886
Total	**£12,705,886**

Over the course of its delivery, the project has supported 2,955 businesses and social enterprises to innovate and grow through the development of new products, services and processes.

Targeted promotion, stakeholder engagement and the use of case studies helped raise awareness of available support and encourage participation across NIH projects, while flexible delivery approaches helped address recruitment challenges.

In September 2025, the 14th cohort of IMPACT30 concluded, followed by the 15th and final cohort in February 2026, bringing the programme to a close. The final celebration event featured presentation of graduation certificates by Angus Campbell, Chair of the HIE Board, and brought together participants and alumni from across the region to showcase achievements and share experiences.

During the year, the final 24 graduates participating in the Technology Placement Programme completed their placements. Over its lifetime, the programme supported a total of 66 graduate and 12 student placements in 61 businesses across The Highland Council area.

The Food and Drink TechHUB continued to provide specialist advice and support to help food and drink manufacturers adopt new technologies and develop carbon reduction plans. Nine capital grant projects were approved and completed during the year, supporting productivity improvements and new technology adoption. A range of in-person and online events also helped businesses explore innovation, new technologies and waste reduction.

The Digital Tourism programme supported seven tourism enterprises during the year, each receiving a bespoke Technology Adoption Plan to support digital transformation. Grant support enabled four businesses to implement their plans. This included support for an agritourism enterprise in Easter Ross to improve productivity and guest experience, and for a Caithness hotel to modernise its booking, communication and guest management systems.

Eight Life Sciences enterprises attended Iceland Innovation Week in May 2025 as part of an international learning journey, providing opportunities to network with international founders and investors and explore innovation in sustainability, health and technology.

During the year, the Life Sciences Showcase project was completed, with 19 businesses producing promotional films highlighting their skills, expertise and products. The initiative provided participating businesses with promotional content for future use while helping raise the profile of the life sciences sector across The Highland Council area. The showcase film remains available online through HIE's Life Sciences pages.

Compared with the previous reporting, changes in this year's data reflect both further refinement of sectoral classifications and the movement of beneficiaries from the 'moderate' to the 'considerable' support category following the receipt of additional support. This is largely attributable to increased participation in the Food and Drink TechHUB project, which commenced later than other project activities and has more recently enabled a greater number of beneficiaries to access enhanced support.

Partners

The NIH External Project Board comprises representatives from the Federation of Small Businesses, Prosper (formally Scottish Council for Development in Industry), ImpactHub Inverness, Business Gateway, The Highland Council, Inverness, Caithness and Lochaber Chambers of Commerce, and Young People in Business along with three young entrepreneurs from NIH programmes.

Additional Investment

Project Business Contributions for 2025/26 approvals

- **£11,202.00** Technology placement projects.
- **£22,890.15** Digital Tourism Innovation Grants.
- **£1,144,031.07** Food and Drink TechHUB projects.

Inclusive economic growth

All support was available to eligible small and medium-sized enterprises across The Highland Council area, with most activity delivered online to maximise accessibility for businesses located in remote and rural areas. Where face-to-face events were delivered, support for travel costs was made available where possible. The majority of beneficiaries were micro-businesses, including many pre-start and early-stage enterprises.

The Technology Placement Programme provided valuable career development opportunities for graduates while helping businesses undertake process improvement and product development projects. More than half of graduate placements (34) have been reported as becoming permanent roles within participating organisations.

IMPACT30 continued to support young entrepreneurs across The Highland Council area. Since launch, 302 start-up enterprises led by young people have benefited from IMPACT30.

In 2025/26, Northern Innovation Hub projects enabled the creation of 10 new products, processes or services, supported 3 additional start-ups, and helped 24 SMEs to innovate.

Community Benefit/Net Zero

Most NIH projects utilised a hybrid delivery model, with the majority of activity delivered online, reducing travel requirements and improving accessibility. Enterprises receiving support were encouraged to adopt Fair Work policies, including payment of the Real Living Wage.

Net zero activity was supported through the Food and Drink TechHUB programme, with eight food and drink manufacturing businesses participating in a Net Zero Mobilisation programme. Each participant received a carbon footprint baseline assessment and a Carbon Reduction Plan, with additional support available to help implement recommendations. Asher's Bakery secured funding towards solar PV and battery storage improvements to help reduce energy costs and improve resilience.

Through the Technology Placement Programme, Angus Davidson Ltd employed an Environmental Tech graduate to improve peatland restoration planning using artificial intelligence (AI) to accelerate the identification of erosion across peatland sites. By reducing the amount of manual analysis required, this work will help restoration projects commence more quickly and efficiently, supporting peatland recovery and the health of natural habitats across the Highlands.

Community benefits also formed part of the contractual requirements for third-party suppliers engaged in programme delivery.



Pawel de Sternberg Stojalowski and Dominic Huggan, Aseptium Inverness Campus, participated in the life sciences showcase. Photo by HIE and Ewen Weatherspoon

Benefits

Target: 2,000
Target Date: March 2027
2,092 Enterprises supported up to 1 day

Target: 326
Target Date: March 2027
650 Enterprises supported 1-5 days

Target: 625
Target Date: March 2027
644 Enterprises supported over 5+ days

Target: 40
Target Date: March 2027
67 Enterprises cooperating with research institutions

Target Date: March 2027
556 Organisations supported to enhance digital capacity and utilisation

Target: 640
Target Date: March 2027
680 Enterprise supported to innovate

Target Date: March 2027
542 New products / processes created

Target Date: March 2027
212 New businesses created or supported

Life Sciences programme (Learning Journeys)

Total **14**

Caithness and Sutherland:	0
Lochaber Skye and Wester Ross:	1
Inner Moray Firth:	13

Food & Drink programme (TechHUB)

Total **41**

Caithness and Sutherland:	8
Lochaber Skye and Wester Ross:	11
Inner Moray Firth:	22

Tourism programme (Adventure Tourism, Digital Tourism)

Total **20**

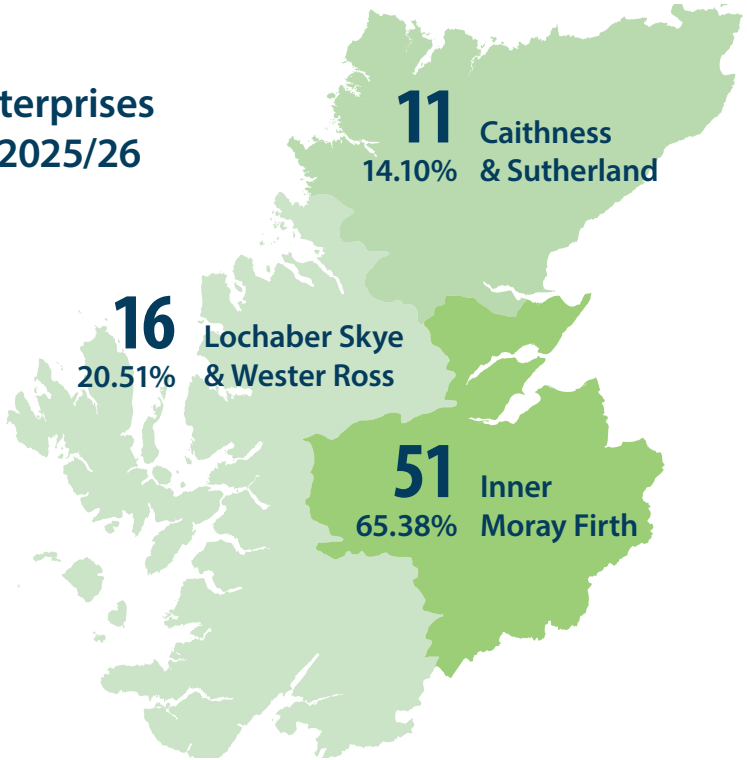
Caithness and Sutherland:	2
Lochaber Skye and Wester Ross:	4
Inner Moray Firth:	14

Technology Placements programme

Total **3**

Caithness and Sutherland:	1
Lochaber Skye and Wester Ross:	0
Inner Moray Firth:	2

Number of Enterprises Supported in 2025/26



78 Total enterprises supported

Case Studies

Food & Drink TechHUB - Miele's Gelateria

Aviemore and Inverness-based Miele's Gelateria received tailored support through the Food and Drink TechHUB programme to help the family-run business manage growth across multiple Highland locations while maintaining product quality. Specialist advice identified the need for an integrated freezer and remote monitoring system, supported by a capital grant to enable the implementation of the new equipment. As a result, Miele's Gelateria has significantly improved operational efficiency, reduced travel and maintenance time, safeguarded food quality and safety, and increased production capacity by up to 100%, positioning the business for continued growth.



David Miele - Mieles Gelateria. Image by HIE and Tim Winterburn

Northern Innovation Hub's Digital Tourism - Highland Cinema

Fort William's Highland Cinema, a community-focused social enterprise, received support through the Digital Tourism programme to help accelerate its digital transformation. A bespoke digital strategy identified opportunities to modernise systems and address accessibility barriers. This led to a new point-of-sale technology, remotely controlled digital signage and improved assistive hearing technology, helping streamline ticket sales and create a more inclusive visitor experience.



Highland Cinema, Fort William. Photo by HIE and Iain Ferguson The Write Image

Longman Land Remediation
Ath-leasachadh Talmhainn an Longman



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Longman site. Photo by The Highland Council

The Highland Council

To regenerate a redundant landfill site in Inverness for development-ready land for light industry/commercial use.

Project Progress Update

During 2025/26, the project continued to progress the regeneration of the Longman site as development-ready land within the Inverness and Cromarty Firth Green Freeport. Detailed designs were completed and planning approval secured for the first phase of works, including platform construction and access road infrastructure.

Original Project Funding

UK/Scottish Government £10,000,000

Total	**£10,000,000**





Longman Site. Photo by Greg Duncan, Norr Architects

Inverness and Cromarty Firth Green Freeport Seed Capital funding was secured to support badger mitigation, and early site preparation works. These activities were completed during the year, helping address environmental constraints and prepare the site for future remediation and infrastructure works.

Progress was also made towards the next phase of delivery. Preparation of tender documentation for the main contractor works continued alongside development of the Full Business Case, while discussions with developers and stakeholders progressed to support future development of the site.

Collectively, these milestones have helped move the project from planning and approvals towards delivery, with the aim of bringing forward development-ready land to support future investment within the Inverness and Cromarty Firth Green Freeport designated tax site.

Partners

The Highland Council will collaborate closely with a hydrogen production developer to effectively utilise the site. This partnership aims to ensure that the site is used to its full potential, integrating hydrogen production seamlessly into the region's infrastructure. Through this joint effort, both parties will focus on optimising the site for sustainable energy production, fostering economic growth, and contributing to environmental goals.

Inshes Junction Improvement Phase 2 (The Highland Council)
Leasachadh Snaidhm-rathaid nan Innseagan Ìre 2 (Comhairle na Gàidhealtachd)

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Inshes Junction. Photo by The Highland Council

The Highland Council

To regenerate a redundant landfill site in Inverness to provide development-ready land for light industrial and commercial use.

Project Progress Update

Significant work has been undertaken during the year to progress the Inshes Junction Improvement project following submission of the planning application in 2023, including ongoing technical assessment, design development and engagement with the Planning Authority.

Iterative design improvements and potential mitigation measures were explored to address planning and flood risk considerations. While some impacts remain, further consideration is being given to how the project objectives can best be achieved within the current planning and environmental context. Work also progressed on site investigations, utility diversions and connections, and refinement of traffic signal designs.

The project remains closely linked to the adjacent A9/A96 Inshes to Smithton Link Road and A96 Dualling projects. The Scottish Government's Capital Spending Review published on 13th January 2026 allows for the commencement of the construction of the A9/A96 Inshes to Smithton link road in 2028/29, subject to business case approval and confirmation of funding beyond the Spending Review period. A Time Extension Change Request (TECR) was subsequently approved through the Inverness and Highland City-Region Deal.

Partners

Transport Scotland. A9/A96 Inshes to Smithton Scheme forms a key part of the wider transport improvements in the area and is closely connected to the Council led project.

Original Project Funding

Council	£9,900,000
Total	**£9,900,000**





Inshes Junction. Photo by Economy & Regeneration, The Highland Council

A9/A96 Inshes to Smithton Link Road (Transport Scotland)
A9/A96 Rathad-Ceangail nan Innseagan gu Baile a' Ghobhainn (Còmhdhail Alba)



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VRM - Proposed Eastfield Way Roundabout (looking east). Photo by Transport Scotland Design consultants Jacobs

Transport Scotland

The Scottish Government's commitment to the Inverness and Highland City-Region Deal included up to £109,000,000 for the grade separation of A9/A82 Longman Roundabout along with the A9/A96 Inshes to Smithton Link Road.

The projects are being delivered by Transport Scotland and are subject to Transport Scotland's governance requirements. Funding for the projects is a matter for Scottish Ministers.

In November 2024, the Scottish Government approved The Highland Council's request to revise its funding commitment under the Inverness and Highland City-Region Deal. This revision involved replacing the commitment to the A9/A82 Longman Junction Improvement project with the provision of funding for a new ferry to serve the Corran Narrows crossing. Although the A9/A82 Longman Junction Improvement has been removed from the Deal, the Scottish Government remains committed to the project. It remains part of the national transport investment pipeline which is subject to the Scottish Government's annual budget-setting and prioritisation processes.

Project Progress Update

The A9/A96 Inshes to Smithton link road project is being delivered by Transport Scotland and is subject to Transport Scotland's governance requirements. Funding for the project is a matter for Scottish Ministers.

Original Project Funding

Government up to	£109,000,000
Total	**£109,000,000**

The scheme will provide a new link road connecting Culloden Road and Smithton Junction and will include new junctions at Ashton Farm and Cradlehall, a new link to the Inverness Retail and Business Park and a bridge over the Highland Main Line railway. Additional lanes will also be added across the A9 at Culloden Road, providing two lanes of traffic in either direction, along with an additional lane on the A9 southbound to improve the operation of the Trunk Road.

The scheme will provide over 7km of enhanced facilities for cyclists and pedestrians, including a 3-metre shared surface on both sides of the carriageway and a dedicated cycleway and separate footway linking to Inverness Retail and Business Park. The cycling and pedestrian facilities will also connect into the existing core path, local path and national cycle networks.



VRM - Proposed new single carriageway from A96 Smithton Junction (looking south). Photo by Transport Scotland Design consultants Jacobs

Following the publication of Made Orders in 2024, which completed the statutory authorisation process for the scheme, Scottish Ministers took title to the land required to construct the scheme through the General Vesting Declaration (GVD) process on 5th May 2025. The project team continued the work to identify the most suitable procurement option for delivering the scheme and further develop the Business Case.

The commitment to progressing the A9/A96 Inshes to Smithton link road is included in the Scottish Government's Infrastructure Delivery Pipeline 2026, which was published on 13th January 2026.

The Scottish Government provided an update on the proposed next steps for the scheme to the Scottish Parliament through a Government Initiated Question (GIQ) on 3rd February 2026 which highlighted that funding is included in the 2026/27 Budget to commence the delivery of advanced works, continue to take forward the work to determine the most suitable procurement option for delivering the scheme and further develop the Business Case. It was also confirmed that the Scottish Government's Capital Spending Review allows for the commencement of the construction of the A9/A96 Inshes to Smithton link road in 2028/29, subject to business case approval and confirmation of funding beyond the spending review period.

A Time Extension Change Request to the Inverness and Highland City-Region Deal was agreed by the then Deputy First Minister and Cabinet Secretary for Economy and Gaelic on 23rd March 2026. The timescale for the A9/A96 Inshes to Smithton scheme is now to March 2032.

It is noted that the A9/A96 Inshes to Smithton scheme is interdependent with both the A96 Dualling Inverness to Nairn (including Nairn Bypass) and the Inshes Junction Improvements - Phase 2 road schemes which are being progressed by Transport Scotland and The Highland Council respectively.

Transport Scotland carries out a rigorous assessment process to establish the preferred option for a trunk road project. The assessment process, based on standards and best practice set by the Design Manual for Roads and Bridges (DMRB), covers environment, engineering, traffic and economics. Throughout this process, Transport Scotland consults with a large number of people and stakeholders which has included close working with The Highland Council.

Partners

Transport Scotland continues to work collaboratively with The Highland Council on the A9/A96 Inshes to Smithton scheme given their significance as a major landowner and local roads authority.

Inclusive Economic Growth

Investment in transport infrastructure projects such as the proposed A9/A96 Inshes to Smithton scheme will provide inclusive economic growth through the reduction of journey times, improving connectivity within the Highlands, improving the accessibility and attractiveness of sustainable travel methods, improving the attractiveness of the area to tourism and through the delivery of development land. Specifically, the project will contribute to inclusive economic growth in the following ways:

- Improvements in road user safety and active travel user safety.
- Significant investment in active travel provision - providing both new active travel routes and enhancing existing routes to contribute to an improved active travel network across Inverness and the surrounding communities. This would provide improved connectivity across the city and between communities, improving the attractiveness of more sustainable and healthy methods of travel such as walking and cycling, leading to improvements in physical and mental health.
- Improvements to the public transport network - reduction to journey times and the reliability of services increasing the attractiveness and accessibility of public transport for journeys across the city and between communities.
- Provision of required infrastructure to support The Highland Council's development proposals to the east of Inverness.
- Connecting people to economic and social opportunities.
- Improving the attractiveness of the area and encouraging tourism to the area.

Community Benefit/Net Zero

As part of the delivery of the A9/A96 Inshes to Smithton scheme, Transport Scotland and its technical advisors, Jacobs, have engaged with several schools and local organisations to provide educational support, supply equipment and facilitate Science, Technology, Engineering, Arts and Maths (STEAM) activities. Engagement has been carried out with a number of schools within Inverness and the surrounding areas, which has been well received by pupils and teachers alike.

The engagement aims to improve the pupils' motor skills, creative thinking skills, communication and collaboration skills, and helps to build their well-being and resilience. The engagement aids pupils to advance their abilities and provides them with the key skill sets they will require to use as building blocks to reach their desired future careers.

Over 2,805 pupils of all ages attended engagement sessions between April 2025 and March 2026 and participated in a series of interactive construction related activities. Feedback from schools has been positive, with teachers commenting that the sessions were highly constructive, maintained pupils' attention and interest, and were well received. Many schools and individual teachers subsequently requested additional engagement sessions, including targeted sessions on sustainability, collaboration, co-operation and a range of other topics. Engagement has been driven through direct links with schools, event organisers and contacts established during previous sessions, including Developing the Young Workforce (DYW) Co-ordinators, as well as through introductory emails to schools.



MTa Kit parts Challenge Session. Cawdor Primary School



Cantilever Bridge Engineering. Balloch Primary School



Bascule Bridge for Challenge Session. Ardersier Primary School

Corran Ferry New Electric Vessel
Soitheach Dealain Ùr Aiseag a' Chorrain



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Existing Vessel. Photo by Time Lapse Scotland Ltd SSDT

The Highland Council

The Corran Ferry, operates as the busiest single-vessel ferry route in Europe, carrying approximately 270,000 cars and 11,000 commercial vehicles per year, and a critical transport link for the Lochaber region. It serves as a lifeline for residents, businesses, and visitors across Fort William, Ardgour, Sunart, Ardnamurchan, Moidart, Morar, Morvern, and the Isle of Mull - connecting remote and rural communities and supporting the area's social and economic wellbeing.

This project will introduce a new, larger electric roll-on/roll-off (Ro-Ro) ferry with a 32-car capacity, replacing the current 28-car MV Corran. The new vessel will deliver a modern, efficient, and environmentally responsible transport solution, significantly improving operations and the overall user experience.

By ensuring the continuity and resilience of this essential service, the project underpins the long-term economic viability and sustainability of the Ardgour peninsula, wider Lochaber area, and the Isle of Mull.

Project Progress Update

In May 2025, The Highland Council's Economy and Infrastructure Committee approved the procurement strategy for the delivery of the new Corran vessel.

Original Project Funding	
Government	£28,000,000
Total	**£28,000,000**

This confirmed the Council's intention to continue working with Caledonian Maritime Assets Limited (CMAL).

Throughout the year, the project team worked closely with CMAL and legal advisers to develop the procurement and contractual arrangements required to support the delivery of the new vessel. This included progressing a joint working agreement and establishing the governance framework necessary for effective project delivery, enabling the Council to draw on specialist expertise, procurement support, and oversight throughout the vessel construction process.

A key focus during 2025/26 was the preparation of the Outline Business Case (OBC). The project team undertook cost and risk workshops to better understand likely project costs and identify potential risks. The findings helped inform cost estimates and strengthen the evidence supporting the business case and in development of the procurement framework.

Work on the OBC continued throughout the year, with feedback from key stakeholders helping to shape its development and support preparation for the next stage of the project.

The project team also continued to work with specialist engineers to develop proposals for the shore-side infrastructure required to support operation of the future electric vessel. A site visit to Corran helped further refine the technical requirements and increase confidence in the estimated costs.

A Time Extension Change Request submitted to Governments in 2025 received ministerial approval in March 2026. The extension allows project funding to remain available until March 2032, supporting delivery of the project in line with this revised timescale.

Ardgour Loch Linnhe. Photo by PDU Site Supervision Team, The Highland Council



Highland Air Access
Inntrigeadh Adhair na Gàidhealtachd



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Windracers ULTRA during SATE trials. Photo by Windracers, provided by SATE project

HITRANS

The Inverness and Highland City-Region Deal has established the Highland Air Access Group to work on supporting the region's connectivity both through supporting our existing links and seeking new opportunities to better connect the region. This recognises the environmental impact of aviation and embraces the ambition set out by Scottish Government for the Highlands and Islands to be the world's first Net Zero aviation airspace by 2040.

Project Progress Update

The focus of activity in 2025/26 has been on progressing the expansion of the Sustainable Aviation Test Environment (SATE) into an operational capability supporting regional connectivity across the Highlands and Islands. Building on previous phases of the programme, activity has centred on preparing for sustained unmanned aerial vehicle (UAV) logistics operations, including the deployment of Windracers heavy-lift drones at Wick John O'Groats Airport and the development of enabling infrastructure at Ashaig Aerodrome on the Isle of Skye.

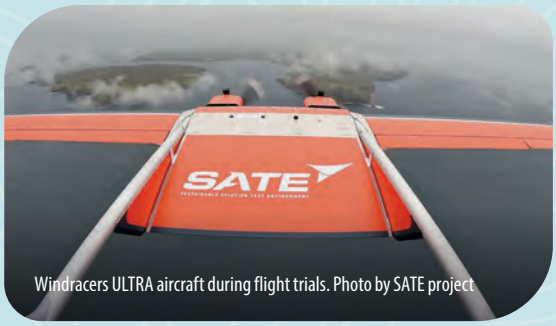
A Memorandum of Understanding was agreed between HITRANS and Windracers during the year, strengthening collaboration to identify opportunities where UAV operations could deliver social, economic and environmental benefits across the region.

Original Project Funding

Non-funded project.



Roundtable. Photo by SATE project



Windracers ULTRA aircraft during flight trials. Photo by SATE project

HITRANS and Windracers have engaged with key stakeholders during the year including local airfield operators and public service partners to better understand logistical requirements and identify potential use cases for drone-based delivery solutions in remote and rural communities. This included exploring how future UAV hubs could support healthcare logistics and wider public service delivery.

The SATE programme secured further support through two UK Research and Innovation (UKRI) Future Flight Challenge projects. This included HITRANS leading the SATE Highlands and Islands Regional Pathway to Sustainable Aviation project, which focused on developing a coordinated regional strategy to support the transition to sustainable aviation across the region. HITRANS also acted as a partner in the Advanced Logistics BVLOS UAV Mission (ALBUM) project, facilitating collaboration with Wick John O'Groats Airport to support planning for trials exploring the use of UAV technology in time-sensitive healthcare logistics in remote and rural communities.

Progress during the year also included early-stage planning for UAV hub operations and the alignment of regulatory, operational and infrastructure requirements needed to support routine drone flights. A key focus continued to be exploring how low-carbon aviation technologies could improve resilience and help maintain access to essential goods, particularly in communities where traditional transport links are vulnerable to disruption.

Activity during 2025/26 focused on laying the foundations for future investment in sustainable aviation and aviation innovation across the Highlands and Islands. Building on the partnerships, knowledge and experience developed through SATE, HITRANS continues to explore how emerging technologies could support connectivity, resilience and economic opportunity across the region.

Contacts
Luchd-Fios



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Handa Island. Photo by Economy & Regeneration, The Highland Council

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Carolyn Pieraccini	Lead Authority - Finance SRO
Helen Cameron	Project Lead Affordable Housing
Jason Kelman	Project Lead Land Reclamation
Alexis Evans	Northern Innovation Hub
Paul Reid	Corran Ferry Infrastructure Improvement
Morven Fancey	Project Lead Science Skills Academy
Ellen Packham	Project Lead Life Sciences Innovation Centre
Andrew Martin	Project Lead Innovative Assisted Living (Fit Home)
Allan Maguire	Project Lead Inverness Castle
Garry Smith	Project Lead Inshes Junction
Bryan Stout	Project Lead West Link
Moganambal Poovin	A9/A96 Inshes to Smithton Link Road (Transport Scotland)
Paul Reid	Corran Ferry Vessel
Ranald Robertson	Project Lead Highland Air Access


Kintail Mountains. Photo by Tam McLucas, The Highland Council
Inverness & Highland
City-Region Deal
Cùmhnant Baile-Roinn
Inbhir Nis & na Gàidhealtachd
www.highland.gov.uk/cityregiondeal