



**REVENUE OUTTURN 2024/25**

Report by Chief Financial Officer

**PURPOSE**

- 1.1 The purpose of the Report is to inform Members of the Comhairle's revenue outturn for 2024/25 and seek approval for the Departmental carry forwards.

**EXECUTIVE SUMMARY**

- 2.1 The Draft Accounts for 2024/25 will be presented to a special meeting of the Audit and Scrutiny Committee for approval in June 2025, prior to submission for audit. At this stage work is ongoing on the closure of the Accounts and the figures in this report may be subject to change as a result of final adjustments and audit. Also, the audit for the 2023/24 Accounts has not yet been completed and it is expected that there will be adjustments required due to the loss of systems during the cyber-attack, which may impact on current year opening balances.
- 2.2 A summary of the Comhairle outturn, which shows an indicative unaudited surplus of £1.9m is given at Appendix 1 to the Report. There are many factors which contribute to the overall surplus, it mainly relates to loans fund and treasury management. There were budget variations across services, and the detail is provided in the body of the Report.
- 2.3 The Winter Maintenance outturn was £20k over the budget; this was funded from the Contingency budget. The Children's Mainland Placement budget was £271k over, due to additional placements. These costs will be funded by central reserves. These additional costs were partially offset by a saving of £203k within Utility costs; of which £64k related to Water Charges as a result of the forensic audit.
- 2.4 Treasury Management activities, including the operation of the Loans Fund, generated overall savings of just under £1.4m, compared to the initial budget, some of which was highlighted at the end of the third quarter. There are four elements involved in the savings: the principal repayment on the debt; the interest payments associated with the debt; and the income from investments and the accounting for the Stornoway Port Authority loan.
- 2.5 The Comhairle Services delegated to the Integrated Joint Board (IJB) were underspent by £400k, this surplus has been transferred to the IJB Reserve. The 2025/26 budget has been updated to reflect this outturn. The level of reserves is diminishing, there may be sufficient to cover any deficit in 2025/26, but this is not sustainable, and there are obvious risks to the Comhairle's budget in future years.
- 2.6 The carry forward rules permit services to carry forward an over or underspend of up to 1% of their controllable budgets. All departments are within budget tolerances and the proposed carry forward are detailed in Appendix C to the Report.
- 2.7 The Comhairle received an additional £4.9m of General Revenue Grant (GRG) from the Scottish Government, compared to the initial Settlement as included in the Budget. This included funding for the Council Tax freeze, a share of additional GRG announced as part of the final Local Government Settlement, pay awards and teachers' pension costs, Islands Cost Crisis Emergency Fund and other Government priorities, such as the maintaining of teacher numbers.
- 2.8 During 2024/25 there was £773k of expenditure as a result of the cyber-attack, this was funded from earmarked reserves and £250k of funding from the Scottish Government. The majority of the systems are now fully operational, although there is a significant amount of work to be undertaken in 2025/26.
- 2.9 The Unaudited Accounts for 2023/24 showed that the Comhairle held reserves of £3.7m earmarked for the forward budget strategy, in addition to its current policy of holding £3.5m in reserves. Budget variations, detailed in this report and previous reports, together with the use of £2m of reserves as part of the 2025/26 Budget, means that the balance now stands at £3.3m.

## RECOMMENDATIONS

### 3.1 It is recommended that the Comhairle:

- a) note the financial performance for the year ended 31 March 2025
- b) agree the carry forward of budgets as detailed in Appendix C to the Report;
- c) agree the specific carry forward for the Chief Executive's Departments as detailed in Appendix C to the Report;
- d) agree the specific carry forward for Education, Skills and Children's Services as detailed in Appendix C to the Report;
- e) agree the Education, Skills and Children's Services carry forward as detailed in paragraph 7.22 of the Report;
- f) agree the Economic and Community Regeneration specific carry forward as detailed in Appendix C to the Report;
- g) agree the use of Economic and Community Regeneration previous years carry forward as detailed in paragraph 7.28 of the Report;
- h) agree the Assets and Infrastructure carry forward as detailed Appendix C to the Report; and
- i) agree the Assets and Infrastructure carry forward as detailed in paragraph 7.46 of the Report.

Contact Officer: Anne MacDonald, Principal Accountant, ext. 211262

Appendices: A) Revenue Outturn Update 2024/25  
B) Comhairle Balances 2024/25  
C) 2024/25 Carry Forward Summary  
D) Former Covid-19 General Funding and Comhairle Balances

Background Papers: Budget and Council Tax Setting 2024/25, 20 February 2024  
Second Quarter Revenue Monitoring 2023/24, 5 February 2025  
Third Quarter Revenue Monitoring 2024/25, 30 April 2025

## IMPLICATIONS

### 4.1 The following implications are applicable in terms of the Report.

Resource Implications	Implications/None
Financial	This Report is required under Financial Regulations and forms part of the closure of Accounts for 2024/25.
Legal	The proper administration of the Comhairle's financial affairs is a duty under Section 95 of the Local Government (Scotland) Act 1973. Section 12 of the Local Government in Scotland Act 2003 requires the Comhairle to prepare and approve its Draft Accounts by 30 June, for submission to the Scottish Government and Audit Scotland.
Staffing	None
Assets and Property	None
Strategic Implications	Implications/None
Risk	There are significant risks associated with the Comhairle Revenue budget.
Equalities	N/A
Corporate Strategy	N/A
Environmental Impact	N/A
Consultation	N/A

## **INTRODUCTION**

- 5.1 The Report provides details on the financial position of the Comhairle at the end of 2024/25 and highlights some of the main issues that have impacted on budgets during the year. It also recommends the carry forward of Departmental underspends in accordance with Comhairle policy.

## **OUTTURN**

- 6.1 Overall, the Comhairle out-turn was a surplus of £1.9m for the year. The surplus includes unspent Government and other Grants, which are required to be retained for spend in 2025/26, in line with grant condition. The main variations are detailed in Appendix D, including savings and additional income of £1.5m on Treasury Management and Loans Fund activities.

## **BUDGET PERFORMANCE**

- 7.1 The following section provides a brief overview of services' budgetary performance and relates to controllable budgets as shown at Appendix A, which exclude central support costs. The Performance Management Reports to Service Committees will have provided more specific details on any areas of concern.

### **Chief Executive's Department**

- 7.2 At the end of 2024/25 the Chief Executive's Department had an underspend of £389k. After allowing for the specific carry forward of £365k as detailed in Appendix C to the Report, the department will carry forward £24k as their departmental carry forward. This is less than the maximum permitted amount of £36k.
- 7.3 There were small over and underspends across the service areas, but the main underspend related to staff vacancies and supplies and services.

### **Education and Children's Services Department**

- 7.4 At the end of the financial year the Education and Children's Services Department is reporting an underspend of £184k after application of £569k specific carry forwards. This is within the 1% carry forward tolerance. There are a range of offsetting minor overspends and underspends across the department with the significant variances noted and summarised below.
- 7.5 There was a shortfall in School Meals income during the year, which was 9.4% lower than the budget target but 13% higher than the School Meals income received in 2023/24. The Department continue to consider strategies to improve uptake to address this gap.
- 7.6 The centrally held Mainland Placement budget was overspent by £271k at year end which affects Comhairle centrally held funds.
- 7.7 There were two corporate efficiency targets relating to vacancy savings and energy costs which affected the overall financial position of the Department. The Department underspend on energy costs of £120k were removed to central reserves along with £113k of vacancy savings.
- 7.8 The main overspend for the Department in 2024/25 is an £88k overspend by the Trading Operation providing school catering and cleaning of Comhairle premises.

### **Head of Children's Services**

- 7.9 There is a year-end under-spend in this service of £400k, which reduces to £37k following the application of the specific carry forwards for ring-fenced and grant funding carried forward into 2025/26. The previous overspend on the residential contracts, has mainly been dealt with and met from within available budgets providing a more permanent budget solution.
- 7.10 A number of Children's Services Senior Management and ELR posts were vacant for a period during the year, leading to an underspend on salaries, which accounts for the majority of the £37k underspend in the service along with offsetting a number of minor overspends. Recent appointments to these posts including the Head of Children's Services will hopefully alleviate the position.

## **Director of Education, Skills and Children's Services**

- 7.11 There is a year-end overspend in this service of £78k which increases to £192k following the application of the specific carry forwards.
- 7.12 The section shows an underspend on School / Additional Support Need (ASN) transport of £72k. The cost of ASN Transport has stabilised this year after the employment of additional drivers and escorts. The underspend was partially related to previous prudential investment funding which will be called upon again in 2025-26 as the procurement of the new fleet has now been concluded. There has also been an overspend of £18k in the Contract variations budget for Home to School Transport.
- 7.13 As noted above the Education Trading Operations recorded under Director of Education and Children's Services, are showing an overspend of £88k. This relates mainly to food inflation and also the non-achievement of the full range of efficiency savings within the cleaning service. The cost of food for school meals has increased by over 50% since last year. Staffing issues with cleaning services have made the achievement of their efficiency savings difficult.
- 7.14 There was a corporate target for vacancy savings and the bulk of the £113k removed from the Education Service came from the Resources and Central Admin Team.

## **Head of Education**

- 7.15 There are some larger areas of underspend in this service producing the overall underspend of £383k which reduces to £156k after the application of specific carry forwards.
- 7.16 Energy costs were reviewed at the end of the financial year, Education and Children Service contributed in the region of £120k of an underspend in this are back to the centre.
- 7.17 Schools and Attainment are showing an overspend of £56k. Teacher Induction Funding received was £69k lower than budgeted and aligned with the statement in last year's report. The income target related to this has been reduced for 2025/26 to address some of this gap.
- 7.18 ASN is showing an overspend of £39k and has significantly improved from last financial year following a successful review of the delivery of ASN to pupils. E-Sgoil and the National e-Learning offer have generated funding through the year and were underspent by £75k.
- 7.19 The Early Years Service shows a significant underspend of £281k, the bulk of this is from higher than budgeted income in the region of £160k. The remaining underspend relates mainly to a reduced spend on relief staff and a difficulty in filling posts through the year.
- 7.20 Sport and Health are reporting an overspend of £106k. Additional income achieved in Sports Centres of approximately £50k has offset higher than budgeted staffing costs in Sports Development. The service has a variety of smaller overspends on utilities, equipment costs and software licencing costs. The issues causing these overspends will be looked at in detail during 2025/26.
- 7.21 The Library Service is reporting an overall underspend of £12k.
- 7.22 It is proposed that the £184k carry forward be retained by the Chief Officer, for allocation during the year, to service areas where there have been delays in achieving savings and efficiencies included at the time of setting the 2025/26 Budget.

## **Economic & Community Regeneration**

- 7.23 At the end of the financial year Economic & Community Regeneration had an underspend of £190k; £155k of this related to specific carry forwards as detailed in Appendix C.
- 7.24 The underspend within the Chief Officer for Economic and Community Regeneration mainly relates to a specific carry forward of £45k for the management of the Community Regeneration Partnership that did not commence as anticipated in 2024/25.
- 7.25 Culture and Heritage budgets were underspent by £92k, this largely related to additional income generated and lower than budgeted energy costs.

- 7.26 Housing and Planning Services were underspent by £119k, mainly due to additional income. In January 2025 the Human Resources Sub- Committee agreed to establish a Planning Officer post on a five- year fixed term basis for National and Major projects. This post will be partially funded by the additional income generated from the planning applications, therefore £87k of the additional income generated in 2024/25 has been earmarked for this purpose. The Homeless Service was £5k underspent.
- 7.27 Economic Development were overspent mainly due to additional repairs and maintenance costs and a reduction in the income generated within Industrial properties. £35k has been transferred to capital to contribute to the anticipated additional costs of the Spaceport1 Project in the coming financial year; this is being partially matched funded by Highlands & Islands Enterprise.
- 7.28 It is proposed to allocate £26k of the previous year's carry forward for a market rental valuation of the Lews Castle and to undertake a due diligence and risk assessment on a borrowing request for a housing investment. Previously, £10k was earmarked for Scotland Loves Local, £3k was spent, it is proposed to reallocate the balance as it is no longer required.
- 7.29 An evaluation of the UKSPF Funding was due to take place at the end of the current programme; it is proposed that this will take place in 2025/26 and will feed into future years funding allocations.

### **Assets and Infrastructure**

- 7.30 Assets and Infrastructure had an overall underspend of £247k at the end of the year, excluding Winter Maintenance.

### **Municipal Services**

- 7.31 The Cleansing section reported a £143k overspend. Burial Grounds overspent by £38k as income received was £43k less than budgeted. Street Cleaning overspent by £15k due to less income received than budgeted from surface dressing projects. Refuse Collection reported a £46k overspend mainly due an overspend relating to bin purchases and payment to trading operation, which were offset to some extent by a small increase in income from commercial waste bin collections. The Abattoir overspent by £43k in the year as income was £56k less than budget, and Rates Relief is no longer available. However, savings from a reduced season opening and electricity credits relating to previous years has offset this overspend somewhat.
- 7.32 The Environmental Management section reported a £78k underspend. Landfill costs were lower than budgeted, but this was mostly offset by haulier income being lower than budgeted. Market Stance electricity costs and transport costs both overspent, with electricity costs relating to previous periods being borne during the year. There has also been additional expenditure in preparing Market Stance for the Advetec waste project.
- 7.33 Transportation Services reported an underspend of £109k which was due to a number of variances including unfilled posts and supplies and services offsetting the bus station saving of £60k which was not achieved in the year.
- 7.34 Municipal Services Trading Operations reported a deficit of £399k after taking into account the adjustments for IAS19:
- 7.35 Refuse Collection reported a significant overspend of £395k which can be mostly attributed to an overspend on fleet management costs due to breakdowns and vehicle parts required, and an increase in capital costs.
- 7.36 Burial Grounds reported £46k over budget with fleet management costs due to the age of the fleet, employee costs, and payments to private contractors being the main contributors to the deficit.
- 7.37 Fleet Management reported an underspend of £69k, mainly due to staff vacancies during the period.
- 7.38 Bus Operations reported a deficit of £37k, mainly due to fleet management costs and increased staffing costs, offset somewhat by an increase in income received.

## **Environmental Health & Consumer Services**

- 7.39 Environmental Health and Trading Standards reported an underspend of £48k over the year, mainly due to staff vacancies due to internal reappointments. This offset a decrease in income received.

## **Property & Infrastructure**

- 7.40 Cost pressures have been experienced within the year, particularly in areas such as Repairs & Maintenance (£32k), Property Maintenance Delivery (£135k) and Project Delivery income from capital (£59k). There is also a budget saving of £66k for external rental income for the Sandwich Road building that has not yet been achieved.
- 7.41 The Roads section, excluding Winter Maintenance, operated close to budget overall during the year, with overspends on parking income (£88k) and highway lighting (£94k) offset by underspends in other areas in Roads.
- 7.42 Marine Services reported an underspend of £168k, as a result of increased income for the year, although this underspend was reduced by necessary repairs and maintenance. Ice plants operated to budget overall despite lower than budgeted ice sales, as expenditure on equipment required was also lower. Marine fuel also reported an underspend of £118k, from reduced expenditure on gas oil and stock adjustments at year end.
- 7.43 Assets & Infrastructure Business Support reported an underspend of £81k which was mostly due to staff vacancies during the year.
- 7.44 The IT section reported an underspend of £249k which has offset overspends in other areas in the Department. This underspend is a result of staff vacancies before the IT review took place, and supplies and services, also relating to SWAN. The SWAN1 contract is coming to an end and SWAN2 costs will start to be incurred in 2025/26 as sites transfer over. This will involve additional costs of running sites under both contracts as the transfers happen to ensure continuity of service. Costs in 2024/25 as a result of the cyber-attack have been centrally funded.
- 7.45 The Winter Maintenance budget is located centrally, with any under/overspends managed on a corporate basis. The Winter Maintenance contracts run from October to March and the budget for 2024/25 was £2,123k, including an additional £660k that was allocated in 2024/25; £410k of this is on a recurring basis and the £250k is one-off funding from ICCEF. The budget was overspent by £20k for the year. In line with previous practice, this £20k was taken from central contingency in the year and this means that no overspend is required to be funded from central reserves this year.
- 7.46 The Department's underspend is proposed to be used:
- to purchase disc storage devices to further improve cyber resilience (£30k);
  - to fund bridge inspection works required: Bernera Bridge (£34k) and Spinal Route Harris-Uist-Barra (£186k).
  - it is proposed that the amount that was approved from the underspend in 2023/24 for the purpose of offsetting any overspend in 2024/25, is instead used to fund the remainder of the bridge inspection works above or higher priority IT equipment as determined by the Chief Officer.

## **Strategic Finance**

- 7.47 The Strategic Finance services, which includes central budget for Pensions, Charitable and Empty Property Rates Relief and the Valuation Board, had a net overspend of £5k. An overspend of £31k related to Empty Property relief on Non-Domestic Rates for properties, a change in policy is being proposed in a concurrent report to this series of meetings. This overspend was partially offset by an underspend of £23k in the Valuation Board, this was due to a rebate relating to a previous year. Savings from the vacant Director post, net of additional allowances paid to staff, have been allocated to offset an element of the budget savings associated with the corporate restructuring.
- 7.48 The additional IT, staffing and postage costs, as a result of the cyber-attack, have been funded by central reserves.

- 7.49 It is proposed to allocate £30k of the previous year's underspend to fund a Modern Apprentice within the Revenues and Benefits section to assist with the recovery from the cyber-attack.

### **Health and Social Care**

- 7.50 At the end of the financial year the Comhairle services reporting to the Integration Joint Board (IJB) are under budget by £399k. The under spends described across service areas are prior to them being set against the savings target required to balance the 2024/25 budget.

### **Head of Community Resources**

- 7.51 The Home Care Service is underspent by £391k. This is mainly due to the level of staffing vacancies within this service. This saving has already been partially offset by agency staffing costs, which were assigned to ensure continuity of care.
- 7.52 Comhairle Residential Care is in a breakeven position. Income from service users was higher than anticipated but has been partially offset by an increase in the provision for bad debt associated with charges for residential care.
- 7.53 Adult Care and Support Services had an underspend of £961k. This is largely due to staffing vacancies most significantly in Bremner Court Housing with Extra Care.

### **Head of Social and Partnership Services**

- 7.54 The Criminal Justice section is underspent by £214k. This is due to a combination of staffing vacancies and unbudgeted additional income for the service from the Scottish Government.
- 7.55 Assessment and Care Services are underspent by £427k due to vacancies within Community Care and the recouping of unused Direct Payments from service recipients.
- 7.56 Independent Care Homes are underspent by £696k. This reflects higher than anticipated income from service users and lower than budgeted costs for bed spaces, especially in respect of the closing of Blar Buidhe Nursing Home.
- 7.57 Commissioning and Partnership Services is underspent by £1,189k. This is largely due to vacancies in new posts created from further Scottish Government monies for improving care in the community (START team) and less than anticipated adult mainland placement costs.
- 7.58 Community Care is underspent by £63k due to lower residual costs associated with the out-of-service flats on the Dun Berisay site and underspend against special grants for the elderly.

### **IJB Chief Officer**

- 7.59 After the allocation of the budgeted savings target across the Department, Management and Administration is underspent by £259k. This is largely due to staffing vacancies within the service.

### **RESERVES**

- 8.1 The Comhairle holds a minimum balance of £3.5m within the General Reserve, to mitigate against financial risks. In addition to this there is a sum to support the forward budget strategy, which at the beginning of this year amounted to almost £1.7m.
- 8.2 The minimum balance is reviewed annually as part of the Budget and Council Tax setting. The financial pressures on the Comhairle have never been greater, with uncertainties around pay, inflation, external costs and the Scottish Government settlement.

- 8.3 Appendix D to the Reports shows the details of the changes to the reserves, which have been reported to the Comhairle during the year. There were some significant calls on the reserves during the year, due to external factors such as Air Subsidy Contract, and Mainland Placements. This has been offset by loan charge savings and investment income; lower inflation on bus contracts and a reduction in the utility costs. At the end of the year the general reserve available to support the budget strategy amounted to £3.3m.
- 8.4 At the beginning of the financial year there was £1.3m earmarked to assist with the recovery from the COVID 19 Pandemic. During the financial year £148k was expended, mainly to support the Economic Recovery as agreed in December 2021. A balance of £118k remained for IT requirements this has been reallocated to assist with the costs of the recovery from the cyber-attack. The balance of the centrally held funding is detailed in Appendix D to the Report. As suggested in Paragraph 11.2, funds previously provided during the Pandemic, which have not been used for that purpose should now be freed up to support the budget process.

### **IAS19 ADJUSTMENTS**

- 9.1 IAS19 requires that the Comhairle's Accounts reflect the full cost of pension liabilities and in 2024/25 this resulted in a charge of £2.8m (33% of the superannuation contributions), which is similar to the previous year. This is an accounting adjustment does not impact on the Comhairle's cash position or on the amount of cash to be raised from Council Tax.
- 9.2 The only services directly affected by the adjustment are trading operations, as this is treated as an additional element of operating costs, and in 2024/25 they received a charge of £261k, which is a contributing factor to these operations reporting deficits in the Accounts. However, it is important to note that, as stated above, these deficits do not impact on the Comhairle's cash position.

### **COUNCIL TAX AND NON-DOMESTIC RATES INCOME**

- 10.1 The Council Tax Income Account, which shows the net position after allowing for discounts, Council Tax Reduction (CTR) and debt write off, showed a surplus of £343k. There are three contributing factors: variations in the level of CTR and other exemptions, which vary from year to year depending on the circumstances of individual householders; an increase in the number of properties; and the introduction of the levy on second homes, the impact of which couldn't be fully quantified at the time of setting the Budget. The budget assumed £800k of income but the actual amount billed for the year was £1.1m. The 2024/25 bills were issued late, due to the cyber-attack, and this has impacted on the in-year collection rates, which were just under 90%, compared to around 96% in other years. The collection rate does not impact on the income shown in the Income Account, as this is based on the amounts due, not actual payments.
- 10.2 The Non-Domestic Rates (NDR) Income Account represents the amount distributed by the Scottish Government from the National Pool, as notified to the Comhairle as part of the Financial Settlement. This figure is not affected by the actual NDR collected from local businesses during the year. As with Council Tax, and for the same reasons, the in-year collection rates, at 92.3%, are lower than the usual rate of 98%.
- 10.3 The loss of data and systems meant that routine debt follow-up processes could not be undertaken and as expected, this has had an impact on collection rates. In most cases, this will be a delay in making payment, rather than non-payment, and the reintroduction of reminders has resulted in an increase in payments for previous year balances through April and May.

### **CONTINGENCY AND OTHER CENTRAL BUDGETS**

- 11.1 At the end of the financial year £177k remained of the £200k allocated for contingency. There was one call on it in this financial year to meet the legal costs associated with a property. As in previous years, £20k of the balance has been utilised to fund the additional Winter Maintenance costs in 2024/25.



- 11.2 There are currently £21m of balances earmarked for specific purposes, the detail of which is shown in Appendix B to the Report. A review of these balances will be undertaken to identify any sums no longer required for its intended purpose, and which can be released to assist with the budget process. It is worth noting that some of these funds have been held since the Covid Pandemic and it is suggested that these sums particularly, having been set aside three years ago and not used for the intended purpose, should be considered for release to support the budget. A report, detailing the earmarked sums and firm spend commitments will be submitted to the next meeting of the Budget and Strategy Board for consideration.

## **PROVISIONS**

- 12.1 Following the annual review of outstanding debt, the bad debts provision for Council Tax was increased by £39k and Non-Domestic Rates by £78k. These amounts are offset against the income received, in the Council Tax and NDR Income Accounts. The Council Tax provision is formula based and reflects the age profile of the debt. The detailed aged debt analysis which was previously used as the basis for the calculation is no longer available as a result of the cyber-attack and a new methodology has been used, which appears to provide a comparable outcome. Due to the relatively low property numbers, the NDR provision is derived from a review of individual accounts. The increase is due to a small number of businesses with unpaid bills going into administration. Due to the late issue of bills and not being able to progress debt recovery processes due to the cyber-attack, the level of arrears at the end of the financial year was higher than usual, but with reminders now having been reintroduced, these are now reducing.
- 12.2 The overall provision for Sundry Debt and Residential Care increased by £488k, reflecting the age profile of the debt. This provision is also formula based, with the amount provided increasing in line with the age of the debt. The increase is mainly due to the number of residential care debts moving into the older category, which carries a higher risk in terms of recovery. This increase is charged to the relevant service accounts.

## **TREASURY MANAGEMENT**

- 13.1 Treasury Management activities, including the operation of the Loans Fund, generated overall savings of £1.4m, compared to the initial budget. There are four elements involved in the savings: the principal repayment on the debt; the interest payments associated with the debt; the income from investments; and the accounting for the Stornoway Port Authority loan.
- 13.2 At the time of setting the budget it is prudent to assume that the capital programme will progress as planned, and this is reflected in the level of the budget set for principal repayment and interest. This approach reduces the risks associated with under provision, with any savings being returned to the General Reserve. The saving, which amounts to £474k in 2024/25, arises from a combination of slippage in capital expenditure and the use of internal resources in lieu of borrowing.
- 13.3 There is a net saving of £225k on interest payments and other financing charges. This is due to in-year transfers for interest due on Prudential Borrowing funded by services, which has been partially offset by a necessary budget adjustment in relation to asset rentals, due to the required data not being available at budget setting, due to the cyber-attack.
- 13.4 The income budget consists of two elements: interest on investments; and interest payments received for the loan to the Stornoway Port Authority, and at the end of the year, the income was £800k ahead of budget. In advance of interest rates starting to reduce, some longer-term investments were made, which continue to attract the rate prevailing at the that time, which has maintained a higher return for the Comhairle.
- 13.5 The Port Authority loan was restructured during the year and the statutory accounting requirements resulted in some one-off adjustments, which will even out over the period of the loan. Additional interest of £497k was offset by a £732k charge to revenue in respect of soft loan charges.

## **CONCLUSION**

- 14.1 At the end of 2024/25 the General Fund balance has increased from £26.2m to £28.1m, of which £21m is earmarked for specific projects, including £2m earmarked for 2025/26 Budget, as detailed in Appendix D to the Report. This leaves £3.3m to support the forward budget strategy.