

**QUARTER 2 CAPITAL MONITORING 2024-25**

Report by Chief Financial Officer

PURPOSE

- 1.1 The purpose of the Report is to provide Members with an update on the progress of the 2023-28 Capital Programme as at 30 September 2024.

EXECUTIVE SUMMARY

- 2.1 At its meeting on 8 February 2023 the Comhairle agreed a Capital Programme of £25m. Since the initial programme was set, a further £19.4m has been awarded to the Comhairle by the Scottish Government and other funders, towards several different projects as detailed:

PROJECT	£'000
General Capital Grant	3,175
Emerging Energies Technology Fund	2,200
RCGF - Calanais 2025, Loch Carnan	2,150
Transport Scotland - Lochmaddy Pier	3,514
SG - Lionel School Community Hub	1,125
SG - Islands Programme	383
SG - South Ford	946
SG - Targeted Funding Programmes	4,442
Bairns Hoose	451
Shared Prosperity Fund	428
Various other organisations	323
Asset Sales income	292
	19,429

- 2.2 Projects totalling £28.2m were carried forward from the 2018-23 Capital Programme. The delivery of these projects is ongoing, and detail can be seen in Appendix 1.
- 2.3 At the time of writing £4.9m of expenditure had been incurred in 2024-25. The full breakdown can be seen in Appendix 1.

RECOMMENDATION

- 3.1 **It is recommended that the Comhairle note the capital expenditure at 30 September 2024 as at Appendix 1.**

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Appendix: 1. Q2 capital monitoring 2024-25

IMPLICATIONS

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

Resource Implications	Implications/None
Financial	This Report provides an update on capital performance.
Legal	Section 35 of The Local Government in Scotland Act 2003.
Staffing	None
Assets and Property	None
Strategic Implications	Implications/None
Risk	Covid and Brexit are likely to have ongoing consequences on the cost of delivering the Capital Programme.
Equalities	None
Corporate Strategy	The Capital Programme is aligned with the Comhairle's Corporate Strategy.
Environmental Impact	None
Consultation	N/A

BACKGROUND

5.1 In February 2023, the Comhairle agreed a Capital Programme for 2023-28 of £25m. Projects totalling £28.2m were brought forward from the 2018-23 Programme. Taking into account additional funding awarded of £19.4m, capital funded from revenue and the use of prudential borrowing totalling £1.5m, the 2023-28 Capital Programme now totals £74.1m.

UPDATE

- 6.1 During the first half of 2024-25 £4.9m has been spent on capital projects.
- 6.2 Education, Sport and Children's Services – during the period £269k was spent. This was mainly small levels of spend across a number of projects. Since the last report the Scottish Government awarded £2m for Free School Meals.
- 6.3 Integration Joint Board – £142k spend in the quarter with £92k being residual costs for the Lewis Residential Care project and the remainder being spread across a number of projects.
- 6.4 Sustainable Development – There was spend of £1.7m during the first 6 month of 24-25, the majority of which was in respect of grant funding for third party projects. £209k was spent on housing adaptations. £950k was paid to the Callanish Project, £350k being the Comhairle's Islands Deal match funding and £600k being RCGF. £294k was spent in the period on the Outer Hebrides Food and Drink programme which is funded by Islands Growth Deal and UK Shared Prosperity fund. £347k of funding was awarded from the Shared Prosperity Fund. Also £78k of CLLD funding was awarded.
- 6.5 Transportation and Infrastructure – £2.8m was spent in the period with £650k of it being spent on the Lochmaddy Pier works and £644k on Loch an Obe works. £288k on restoration and capping works at Bennadrove and £1m on roads maintenance. Since last reporting £200k was awarded for Tier 1 Active Travel which was formerly Cycling, Walking, Safer Routes. Also, £516k was received in the period from the Scottish Government for the works at Lochmaddy pier.

- 6.6 Policy and Resources – there was minimal spend in the period. Asset sales income for the period was £199k, following the disposal of Dun Eisdan and the receipt of income from HHP following the disposal of former housing stock. Capital receipts are transferred to the Capital Reserve, for spend on projects, in line with Comhairle priorities.

GENERAL CAPITAL GRANT

- 7.1 When the 23-28 capital programme was agreed it was based on estimated General Capital Grant of £5m per year. The award for 23-24 was £1.3m higher than estimated and based on a recommendation from the Asset Investment Team this was allocated to Roads Maintenance. The 24-25 Settlement revealed that the General Capital Grant awarded to the Comhairle is £1m higher than budgeted. The Asset Investment Team will provide recommendations for the allocation of this on a priority needs basis.
- 7.2 The £4.9m of expenditure at this stage includes a significant amount of third part expenditure, funded through specific Government initiatives. The level of spend on the General Capital Grant is a cause for concern, as a failure to spend the grant could result in a withdrawal of the funding. It is acknowledged that the programme does not assume an equal spread of expenditure across the 5 years, however, it is essential that projects are progressed in line with the annual funding available.