

**QUARTER 3 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 31 December 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 £19.8m 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	3,378
SG - Lionel School Community Hub	1,125
SG - Islands Programme	383
SG - South Ford	946
SG - Targeted Funding Programmes	4,451
Bairns Hoose	451
Shared Prosperity Fund	428
Various other organisations	336
Asset Sales income	744
	19,767

- 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 31 December 2024 £9.4m 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:
- a) note the capital expenditure at 31 December 2024 as detailed at Appendix 1.
 - b) approve the allocation of £400k of un committed General Capital Grant to Roads Maintenance, in lieu of a reduction in the revenue budget in 2025/26.

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Appendix: 1. Q3 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 £19.8m, capital funded from revenue and the use of prudential borrowing totalling £2.3m, the 2023-28 Capital Programme now totals £75.3m.

UPDATE

- 6.1 During quarter 3 of 2024-25 £4.4m has been spent on capital projects.
- 6.2 Education, Sport and Children's Services – during the period £436k was spent. £300k was spent by Schools IT and the remainder was small levels of spend across a number of projects. £2m was received from the Scottish Government for Free School Meals expansion.
- 6.3 Integration Joint Board – there was minimal spend in the quarter. £250k has been allocated from the additional General Capital Grant received in 24/25 to cover the works required at Bremner Court in preparation for the transfer of Blar Buidhe residents.
- 6.4 Sustainable Development – There was spend of £2.3m during the quarter, the majority of which was in respect of grant funding for third party projects. £90k was spent on housing adaptations. £1,400k RCGF was paid out to the Callanish Project. Nearly £400k was paid for UHI projects - £195k of Islands Programme funding and £204k of Islands Deal match funding for the UHI OH campus project. £200k of RCGF was paid out in the quarter and £120k was spent on the works at Studio Alba.
- 6.5 Transportation and Infrastructure – £1.8m was spent in the period with £316k of it being spent on the Lochmaddy Pier works and £372k on Loch an Obe works. £378k on restoration & capping works at

Bennadrove and £378k was spent on the Emerging Energies Technology Fund. Since last reporting £256k 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 £452k following the disposal of 49-51 Cromwell Street. 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. At last Committee series it was agreed to allocate £250k of this to cover the adaptations required at Bremner Court in preparation for the transfer of Blar Buidhe residents.
- 7.2 The 2025/26 Revenue Budget includes a proposal to reduce the Roads Maintenance revenue budget by £200k for one year only, with this being substituted with capital grant, from the unallocated funds in 2024/25. The types of work that can be classed as capital expenditure are more substantial than, for example, repairing of potholes, and it is suggested that £400k is allocated to these works.
- 7.3 The £9.4m of expenditure at this stage includes a significant amount of third-party 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.