



ORKNEY
ISLANDS COUNCIL

Item: 15

Education, Leisure and Housing Committee: 10 September 2025.

UHI Orkney – Capital Funding Expenditure Plan.

Report by Director of Education, Leisure and Housing.

1. Overview

- 1.1. The Scottish Funding Council sets a sector-wide capital maintenance and research capital budget for each financial year which is allocated to Scottish Colleges and Universities. The allocation, which the University of the Highlands and Islands receives, is then allocated to each of the UHI Academic Partners.
- 1.2. Indicative awards have been made by the University of the Highlands and Islands to UHI Orkney for both Further and Higher Education Capital Maintenance grants. The Scottish Funding Council have yet to confirm the Higher Education Research Business Innovation and Skills award and therefore this grant is estimated based on the 2024/25 value.
- 1.3. The University of the Highlands and Islands require submission of annual reports on this funding with an expenditure plan around September/October and final actual expenditure around July/August.
- 1.4. Estimated capital funding of £169,800 for 2025/26 to be allocated to UHI Orkney as follows:
 - Further Education Capital Maintenance £104,700.
 - Higher Education Capital Maintenance £13,300.
 - Higher Education Business Information and Skills – to be spent on physical infrastructure used solely for research purposes £51,800.
- 1.5. The Scottish Funding Council have allocated the Further Education funding for 2025/26 as Capital Departmental Expenditure Limits. In 2024/25 the Scottish Funding Council initially allocated the funding as Capital Departmental Expenditure Limits but subsequently allowed the flexibility for use as Revenue Departmental Expenditure Limits. If the same flexibility is not permitted in 2025/26 this means that this funding should be spent on items which may be capitalised in the accounts. This poses a difficulty for UHI Orkney and for the other UHI Academic Partners who have in previous years used this funding for general repairs and maintenance. UHI are in discussions with Scottish Funding Council to persuade

them to revert the funding to Revenue Departmental Expenditure Limits in order that Academic Partners may spend it as in previous years. There is no outcome yet to these discussions.

- 1.6. The funding allocated during 2025/26 is expected to be fully committed by 31 March 2026. If specific expenditure has been committed but goods or services not yet received, then an element of the funding will be carried forward to be spent by 31 July 2026, following the UHI guidelines and the Council's accrual process.
- 1.7. The draft UHI Orkney Capital Expenditure Plan for 2025/26 is attached as Appendix 1 to this report.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Note the UHI Capital Funding Expenditure Plan for UHI Orkney for financial year 2025/26 attached as Appendix 1 to this report.

For Further Information please contact:

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Implications of Report

1. Financial

There has been estimated funding allocated to UHI Orkney from UHI of £169,800 which is detailed in Appendix 1 of this report.

There is a requirement to ensure all allocated funding is received, spent according to the conditions of the grants awarded, and reported to the funding body which is UHI.

The budget for this funding is contained within the UHI Orkney budget and is reported monthly in accordance with the Council's budget monitoring procedures. Because of the potential change of position by the Scottish Funding Council in allocation of funding in 2025/26 as Capital Departmental Expenditure Limits, rather than Revenue Departmental Expenditure Limits as in previous years, there is a risk that the repairs and maintenance plans detailed in Appendix 1 will not be covered by this funding.

If UHI fail to persuade the Scottish Funding Council to change their position on the Further Education funding, the potential financial risk of non-funded expenditure is up to £104,700.

2. **Legal** – Effective budgeting and monitoring help the Council meet its statutory obligation to secure best value.
3. **Corporate Governance** - Not Applicable
4. **Human Resources** - Not Applicable
5. **Equalities** –An Equality Impact Assessment is not required for financial monitoring.
6. **Island Communities Impact** – An Island Communities Impact Assessment is not required for financial monitoring
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - ☐ Growing our economy.
 - ☐ Strengthening our Communities.
 - ☐ Developing our Infrastructure.
 - ☐ Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - ☐ Cost of Living.
 - ☐ Sustainable Development.
 - ☐ Local Equality.
 - ☐ Improving Population Health.
9. **Environmental and Climate Risk** – Not Applicable
10. **Risk** - Not Applicable
11. **Procurement** – There are no specific implications arising from this report
12. **Health and Safety** – There are no specific implications arising from this report
13. **Property and Assets** – There are no specific implications arising from this report
14. **Information Technology** - There are no specific implications arising from this report
15. **Cost of Living** - Not Applicable

List of Background Papers

None

Appendix

Appendix 1: Draft UHI Capital Funding Expenditure Plan 2025/26.

The table below should cover all capital investment plans that involve and are funded (fully or in part) by SFC/BIS (as appropriate) capital funding allocations & FE capital grants, and should include partners own contributions.
(Please add more rows as necessary)

Description of project		Link to estate strategy	How proposals meet criteria	FY25-26 ESTIMATED capital expenditure				
				HE Capital Maintenance £	HE BIS £	FE Capital (Backlog Maintenance) £	FE Lifecycle Maintenance £	TOTAL £
Area of expenditure: <i>please insert as appropriate (e.g. new build, refurbishment, capital equipment, etc.)</i>								
Please provide a full and clear description of each project.		Please describe how the project links to, and is consistent with, your estate strategy.	Please describe how the project meets the funding criteria					
1	Agronomy Institute, Archaeology Institute, Institute for Northern Studies - equipment and estates infrastructure to support research projects and research students	To maintain a sustainable research profile.	Maintaining and developing excellence in reseach areas.		51,800			51,800
2	Rolling repairs and maintenance, including statutory testing, reactive works, materials, furniture	Estates maintainance	To maintain estate to current or better quality	13,300		45,350		58,650
3	OIC Technical Services Recharges- estates maintenance	Estates maintainance	To maintain estate to current or better quality			7,000		7,000
4	IT equipment	Maintaining and developing technology relevant to curriculum delivery	To provide relevant modern equipment for students and staff				25,000	25,000
5	Department equipment	Equipment upgrades or new equipment to enable course delivery to meet community needs	To provide relevant training facilities				27,350	27,350
6								0
7								0
8								0
9								0
10								0
11								0
12								0
			Area of expenditure sub-total	13,300	51,800	52,350	52,350	169,800

Where appropriate, I confirm that all BIS Research Capital Investment Funding will be / has been spent on research infrastructure (delete as appropriate)

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Date: