

Item: 14

Education, Communities and Housing Committee: 9 September 2026.

UHI Orkney – Capital Funding Expenditure Plan.

Report by Director of Education, Communities and Housing.

1. Overview

- 1.1. This report presents the UHI Capital Funding Expenditure Plan for UHI Orkney, for noting.
- 1.2. 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 UHI receives, is then allocated to each of the UHI Academic Partners.
- 1.3. Awards have been made by UHI to UHI Orkney for the Further and Higher Education Capital Maintenance grants along with the Higher Education Research Business Innovation and Skills grant for research.
- 1.4. UHI requires submission of annual reports on this funding with an expenditure plan around September/October and final actual expenditure around July/August.
- 1.5. Funding of £162,288 for 2026/27 has been allocated to UHI Orkney as follows:
 - Further Education Capital Maintenance £104,743.
 - Higher Education Capital Maintenance £13,087.
 - Higher Education Business Information and Skills – to be spent on physical infrastructure used solely for research purposes £44,458.
- 1.6. The Scottish Funding Council has again allocated the Further Education funding for 2026/27 as Capital Departmental Expenditure Limits. In 2024/25 and 2025/26 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 2026/27 it means this funding should be spent on items which may be capitalised in the accounts. This poses a difficulty for UHI Orkney and for colleges across Scotland who have in previous years used this funding for general repairs and maintenance.

UHI continues to lobby the Scottish Funding Council to highlight the extent that Academic Partners are impacted by the Capital Departmental Expenditure Limits restriction and to request flexibility to permit Revenue Departmental Expenditure Limits where necessary. There is no outcome yet to this but it is important to highlight that the stance by the Scottish Funding Council has been more definitive than in previous years.

- 1.7. The funding allocated during 2026/27 is expected to be fully committed by 31 March 2027. 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 2027, following the UHI guidelines and the Council's accrual process.
- 1.8. The draft UHI Orkney Capital Expenditure Plan for 2026/27 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 2026/27, attached as Appendix 1 to this report.

For Further Information please contact:

Christine Scott, Finance Manager, UHI Orkney, telephone 01856 569404, Email christine.scott@uhi.ac.uk.

Implications of Report

1. Financial

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.

Because of the potential change of position by the Scottish Funding Council in allocation of funding in 2026/27 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 permit flexibility on the Further Education funding, the potential financial risk of non-funded expenditure is up to £104,743. Any potential shortfall will be required to be met within other funding sources within UHI Orkney

2. **Legal** – Not applicable.
3. **Corporate Governance** - Not Applicable.

4. **Human Resources** - Not Applicable.
5. **Equalities** –Not applicable.
6. **Island Communities Impact** – Not applicable.
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: UHI Capital Funding Expenditure Plan 2026/27.

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	FY26-27 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 - equipment to support research projects Archaeology - new vehicle (minibus), equipment for archaeological dig sites INS - estate costs associated with relocation to larger premises to accommodate PhD numbers	To maintain a sustainable research profile.	Maintaining and developing excellence in reseach areas.		44,458			44,458
2	Rolling repairs and maintenance, including statutory testing, reactive works, materials, furniture	Estates maintainance	To maintain estate to current or better quality	13,087			54,343	67,430
3	OIC Technical Services Recharges- estates maintenance	Estates maintainance	To maintain estate to current or better quality				7,200	7,200
4	IT equipment	Maintaining and developing technology relevant to curriculum delivery	To provide relevant modern equipment for students and staff				21,200	21,200
5	Equipment for departments (Café, Construction, Maritime)	New equipment and facilities upgrades to enable course delivery to meet community needs	To provide relevant training facilities				22,000	22,000
6								0
7								0
8								0
9								0
10								0
11								0
12								0
			Area of expenditure sub-total	13,087	44,458	0	104,743	162,288

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

Institutional contact name (to be used for all future correspondence relating to formula capital funding):	Seonaidh McDonald / Christine Scott
Position in institution:	Principal / Finance Manager
Telephone number:	01856 569250 / 569404
Email:	seonaidh.mcdonald@uhi.ac.uk / christine.scott@uhi.ac.uk
Signature (Principal or designate):	
Date:	