



**Item: 9**

**Policy and Resources Committee: 18 June 2024.**

**Review of Capital Programme: Capital Slippage.**

**Report by Head of Finance.**

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## **1. Overview**

- 1.1. Capital slippage can occur for various reasons, for example, capacity issues, delays in governance, legal dispute, affordability issues, loss of financing, etc.
- 1.2. The Financial Regulations define capital slippage as “capital projects which have not progressed in accordance with the provisions made within the approved capital programme.” The Regulations further state:

“Where no contractual commitment exists from previous financial years or will be made in the current year for an approved capital project, the relevant programme provision(s) may be redeployed by the Policy and Resources Committee.”
- 1.3. In instances where “a contractual commitment does exist” the capital programme, for some projects, requires amendment to present a ‘realistic’ spend profile for the project’s delivery. Any proposed amendments will come to the Policy and Resources Committee in September 2024 once outturn figures are known.
- 1.4. The following projects budgets are being considered for redeployment in accordance with the Financial Regulations, identified at section 1.3, above:
  - Integrated Waste Facility.
  - Alterations to Garden House.
  - Cursiter Quarry Expansion, Phase 3.
  - St Magnus Cathedral Doors.
  - Soulisquoy Infrastructure (Other Housing).
  - Soulisquoy Infrastructure (Housing Revenue Account).
  - Design and Build (Housing Revenue Account).
  - Hatston Pier Road Reconstruction.
- 1.5. The Strategic Reserve Fund has an earmarked amount for “General Fund Capital Programme” which can be removed for financial expediency.
- 1.6. Accepting all the suggested changes will reduce the headroom within the General Fund capital programme by approximately £2m.

## **2. Recommendations**

- 2.1. It is recommended that members of the Committee:
- i. Agree that the following projects are removed from the capital programme:
    - o Integrated Waste Facility
    - o Alterations to Garden House
    - o Cursiter Quarry Expansion, Phase 3
    - o St Magnus Cathedral Doors
    - o Soulisquoy Infrastructure (Other Housing)
    - o Soulisquoy Infrastructure (Housing Revenue Account)
    - o Design and Build (Housing Revenue Account)
    - o Hatston Pier Road Reconstruction
  - ii. Agree that the earmarking of General Fund reserves, being the contribution to be made to the Strategy Reserve Fund to reflect the transfer of the former Abattoir building at Hatston Industrial Estate in order to accommodate the proposed new Integrated Waste Facility, is removed.
  - iii. Agree the reversal of the transfer of Garden House from the General Fund to the Strategic Reserve Fund, with the General Fund receipt being considered as a non-earmarked balance.
  - iv. Agree the removal of the financial commitment against the Strategic Reserve Fund in respect of the General Fund capital programme.

## **3. Existing Capital Programme**

- 3.1. The Council has seen slippage in the delivery of capital projects for a number of years. The 2021/22 annual audit report recommended the Council addresses recurring slippage in its capital programme. However, this has continued into 2022/23 and 2023/24. A capital out-turn report presented to the Policy and Resources Committee in September 2023 indicated an approximate 20% underspend on the combined General/Non-General Fund capital programmes.
- 3.2. The existing five-year General Fund and Non-General Fund capital programmes are attached as Appendix 1.
- 3.3. The following sections summarise the process undertaken when considering 'redeployment' of capital budget allocations.

### **Integrated Waste Facility (£17.2m)**

- 3.4. On 29 November 2021, the Policy and Resources Committee recommended:
- i. That, subject to the successful outcome of the grant application to the Scottish Government's Recycling Improvement Fund, the Stage 2 Capital Project Appraisal in respect of the proposed new Integrated Waste Facility, attached as Appendix 2 to the Minute, be approved.
  - ii. That, as an exception to the Capital Project Appraisal process, due to concerns over the sustainability of the current waste disposal route and the necessity of planning to meet more stringent recycling targets, the provision of a new Integrated Waste Facility be added to the capital programme for 2023/24 onwards, at a gross capital cost of £17,206,000.
  - iii. That the capital cost of the Integrated Waste Facility be part-funded by external grant funding of £12,000,000, with the remaining capital financing requirement financed through borrowings.
  - iv. That a contribution of £500,000, to be met from General Fund unearmarked Reserves, be made to the Strategic Reserve Fund to reflect the arms-length transfer of the former Abattoir building at Hatston Industrial Estate to the General Fund in order to accommodate the new Integrated Waste Facility.
- 3.5. It is proposed that this project be removed due to anticipated external funding contribution levels not being secured and no existing contractual commitment. A separate report to this meeting suggests an alternative proposal.

### **Alterations to Garden House (£980k)**

- 3.6. On 19 June 2018, the Policy and Resources Committee recommended:
- i. That the revised Stage 2 Capital Project Appraisal in respect of the proposed redevelopment of Garden House, Kirkwall, attached as Appendix 12 to the Minute, be approved.
  - ii. That, as the revised proposal was a lower cost development than the original proposal, the existing provision within the General Fund capital programme in respect of providing accommodation for the third sector be reduced from £1,807,000 to £980,000.
  - iii. That Garden House, Kirkwall, be transferred from the Strategic Reserve Fund to General Fund Services and reclassified and held as an operational property, at open market value, currently estimated at £750,000, with the transfer cost met from the Renewables, Regeneration and Redevelopment Fund.

- 3.7. Due to a change of direction of Voluntary Action Orkney's accommodation strategy and no contractual existing commitment, it is proposed that this project be removed from the capital programme.

**Cursiter Quarry Expansion Phase 3 (£1.5m)**

- 3.8. On 23 November 2021, the Policy and Resources Committee recommended:
- i. That the Stage 2 Capital Project Appraisal in respect of the proposed extension of Cursiter Quarry, attached as Appendix 3 to the Minute, be approved.
  - ii. That, as an exception to the Capital Project Appraisal process, due to concerns regarding the rapidly diminishing rock reserves within the quarry, the proposed extension of Cursiter Quarry be added to the capital programme for 2022/23 onwards, at a gross capital cost of £3,732,000.
- 3.9. However, within the report it states that "the agreed approach is to do this in two stages, the first stage at the beginning of the expansion and the second 8 – 10 years later when the initial phase of the expansion is complete". The project delivery has shifted since the capital project was approved.
- 3.10. The 2023/24 Capital Monitoring report for Q3 states: "expansion works for phase 2 are complete with the exception of the overburden strip, restoration works within the existing quarry and planting works. This work will be programmed over the coming year, with some expenditure anticipated in 2024/25. Work on the next phase of the extension, as agreed, will not be required until 2028 at the earliest".
- 3.11. It is now expected that phase 3 will not commence until 2033, well outside the five-year programme. Furthermore, as a trading operation, this Quarry capital project would be financed through the income earned on quarry sales.
- 3.12. It is therefore proposed that Phase 3 of this project be removed from the capital programme due to the contractual commitment for Phase 3 not expected until 2033. A new Capital Project Appraisal would be required which accurately reflects delivery timescales and costs at that time.

**St. Magnus Cathedral Doors (£12k)**

- 3.13. On 14 January 2021, at a Special General Meeting, the Council resolved:
- i. That the revised Stage 2 Capital Project Appraisal in respect of proposed alterations to the West Door and access at St Magnus Cathedral, attached as Appendix 1 to the Minute, be approved.

- ii. That the existing provision within the General Fund capital programme in respect of the proposed alterations to the West Door and access at St Magnus Cathedral be increased by £76,000, from £180,000 to £256,000.
- 3.14. Funding for the project came from The Society of the Friends of St Magnus Cathedral.
- 3.15. The works on the Cathedral vestibule (West Door) are completed, however, design for the external accessible access is currently being progressed, but no firm completion date anticipated until the full design review and stakeholder engagement are completed.
- 3.16. It is proposed that provision of an accessible access ramp be removed from the capital programme as no contractual commitment exists. This element of the works will require a new Capital Project Appraisal in due course.

**Soulisquoy Infrastructure (Other Housing - £2.2m/ HRA - £2m)**

- 3.17. On 21 June 2022, the Policy and Resources Committee recommended:
- i. That land at Soulisquoy, Kirkwall, be transferred from the Strategic Reserve Fund to the Housing Revenue Account and the General Fund, for the provision of social rented housing and serviced self-build sites respectively, as an internal movement in reserves at market valuation.
  - ii. That the Stage 2 Capital Project Appraisal in respect of site infrastructure for housing at Soulisquoy, Kirkwall, attached as Appendix 8 to the Minute, be approved.
  - iii. That, as an exception to the Capital Project Appraisal process, in order to maximise time limited Scottish Government grant funding, the provision of site infrastructure for housing at Soulisquoy, Kirkwall, be added to the capital programme for 2022/23 onwards, at a gross capital cost of £4,327,000.
- 3.18. It is proposed that, due to loss of funding from the Scottish Government, a change in the delivery model strategy and no existing contractual commitment, the project be removed from the capital programme. A new Capital Project Appraisal would be required which accurately reflects delivery timescales, costs and funding at that time.

### **HRA Design and Build (£3.4m)**

- 3.19. On 20 February 2020, the Policy and Resources Committee considered a report on the House Build Programme report and referenced “design and build contracts for up to 20 social housing units in Kirkwall, Stromness, Finstown and St Mary’s” at a cost of £3.4m, with “around £1.7m being required from the Scottish Government”.
- 3.20. This project has endured two failed procurement exercises, and notification from the Scottish Government that funding is not forthcoming.
- 3.21. Due to affordability and viability following failed procurement exercises, it is proposed that this project be removed from the capital programme. A new Capital Project Appraisal would be required which accurately reflects delivery timescales, costs and funding at that time.

### **Misc. Piers Hatston Pier Road Reconstruction (£295k)**

- 3.22. On 27 November 2018, the Policy and Resources Committee recommended:
  - i. That the Stage 2 Capital Project Appraisal in respect of the proposed reconstruction of Hatston Pier Road, together with upgrading street lighting, attached as Appendix 11 to the Minute, be approved.
  - ii. That, as an exception to the Capital Project Appraisal process, due to the poor condition of the road surface and street lighting, the proposed reconstruction of Hatston Pier Road and upgrading of street lighting be added to the Non-General Fund capital programme, over the period 2018 to 2020, at a total estimated cost of £360,000, to be met from the Miscellaneous Piers Reserve Fund.
- 3.23. The Q3 2023/24 Capital Monitoring report noted “Hatston Access Road Repair Phase 2 and 3 complete. Remaining budget relates to reconfiguration of Hatston marshalling area and lighting upgrades which have been placed on hold - to be reviewed as part of Orkney Logistics Base (Harbours Masterplan)”.
- 3.24. As the remaining part of the project is now being considered as part of Harbours Masterplan, this project should be removed from the capital programme. A new Capital Project Appraisal may be required which reflects accurate timescales, costs and funding – if not included as part of wider Harbours Masterplan Phase 1 work at Hatston Pier.

## 4. Strategic Reserve Fund commitment to capital programme

- 4.1. On 16 February 2021, when considering anticipated increases to the capital costs associated with the new care facility in Kirkwall, the Policy and Resources Committee recommended:
- That the existing provision within the General Fund capital programme in respect of the proposed new Kirkwall care facility be increased by £1,180,000, from £12,270,000 to £13,450,000.
  - That the total cost of the proposed new Kirkwall care facility be funded by General Fund borrowing of £13,450,000.
  - That, to assist with affordability of the current five-year capital programme for 2020 to 2025, powers be delegated to the Head of Finance to apply a contribution of £8,070,000 from the Strategic Reserve Fund to fund projects on the General Fund capital programme.
- 4.2. It is now proposed that the contribution of £8.070m from the Strategic Reserve Fund towards the capital programme for 2020-25 be removed, as contributions to capital projects can be considered where they meet Strategic Reserve Fund requirements.

### For Further Information please contact:

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### Implications of Report

1. **Financial** Included throughout report.
2. **Legal** Section 95 of the Local Government (Scotland) Act 1973 requires the Council to make arrangements for the proper administration of its financial affairs. As part of that, the Council is expected to have regard to economy, efficiency and effectiveness in its use of resources.  
Section 35 of the Local Government in Scotland Act 2003 requires the Council to determine and keep under review the maximum amount which it can afford to allocate to capital expenditure.
3. **Corporate Governance** The allocation of resources, including the general level of capital expenditure, sits with the Policy and Resources Committee.
4. **Human Resources** N/A
5. **Equalities** N/A
6. **Island Communities Impact** N/A
7. **Links to Council Plan** N/A
8. **Links to Local Outcomes Improvement Plan** N/A
9. **Environmental and Climate Risk** N/A

10. **Risk** N/A
11. **Procurement** N/A
12. **Health and Safety** N/A
13. **Property and Assets** N/A
14. **Information Technology** N/A
15. **Cost of Living** N/A

### **List of Background Papers**

- Policy and Resources Committee, 19 June 2018, Third Sector Support – Search for New Premises.
- Policy and Resources Committee, 27 November 2018, Proposed Reconstruction of Hatston Pier Road.
- Policy and Resources Committee, 25 February 2020, House Build Programme.
- Special General Meeting, 14 January 2021, Proposed Alterations to West Door and Access at St Magnus Cathedral.
- Policy and Resources Committee, 16 February 2021, Proposed New Kirkwall Care Facility.
- Policy and Resources Committee, 23 November 2021, Proposed Extension of Cursiter Quarry.
- Policy and Resources Committee, 29 November 2021, Integrated Waste Facility.
- Policy and Resources Committee, 21 June 2022, Infrastructure for Housing at Soulisquoy.
- Policy and Resources Committee, 19 September 2023, Capital Slippage and Acceleration/
- Policy and Resources Committee, 20 February 2024, Capital Monitoring 2023-24 Q3.
- Policy and Resources Committee, 27 February 2024, Capital Programme Affordability.

### **Appendix**

Appendix 1 – Approved Capital Programme.



|  | <b>Total<br/>Budget<br/>£000</b> | <b>2023/24<br/>£000</b> | <b>2024/25<br/>£000</b> | <b>2025/26<br/>£000</b> | <b>2026/27<br/>£000</b> | <b>2027/28<br/>£000</b> |
|--|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>General Fund Summary</b>              |                                  |                         |                         |                         |                         |                         |
| A Other Housing                          | 4,567                            | 2,586                   | 811                     | 585                     | 585                     | 585                     |
| B Community Social Services              | 10,409                           | 8,784                   | 1,625                   | 0                       | 0                       | 0                       |
| C Education                              | 3,798                            | 3,538                   | 260                     | 0                       | 0                       | 0                       |
| D Cultural and Recreational Services     | 632                              | 427                     | 77                      | 128                     | 0                       | 0                       |
| E Roads                                  | 5,869                            | 2,902                   | 1,067                   | 950                     | 950                     | 950                     |
| F Transportation Services                | 1,012                            | 1,012                   | 0                       | 0                       | 0                       | 0                       |
| G Environmental services                 | 17,408                           | 4,988                   | 9,585                   | 2,835                   | 0                       | 0                       |
| H Planning & Protective Services         | 1,109                            | 852                     | 257                     | 0                       | 0                       | 0                       |
| J Administration Services                | 13,547                           | 4,100                   | 3,505                   | 2,971                   | 2,971                   | 2,971                   |
| <b>Expenditure Total</b>                 | <b>58,351</b>                    | <b>29,189</b>           | <b>17,187</b>           | <b>7,469</b>            | <b>4,506</b>            | <b>4,506</b>            |
| <b>Sources of Funding</b>                |                                  |                         |                         |                         |                         |                         |
| X1 Capital Financed from Current Revenue | 0                                | 0                       | 0                       | 0                       | 0                       | 0                       |
| X2 Government Grants                     | 36,703                           | 13,206                  | 11,789                  | 7,068                   | 4,640                   | 4,640                   |
| X3 EU Grants                             | 0                                | 0                       | 0                       | 0                       | 0                       | 0                       |
| X4 Other Grants                          | 929                              | 780                     | 149                     | 0                       | 0                       | 0                       |
| X5 Capital Receipts                      | 940                              | 235                     | 235                     | 235                     | 235                     | 235                     |
| X6 Capital Contributions                 | 10,989                           | 2,257                   | 8,732                   | 0                       | 0                       | 0                       |
| <b>Income Total</b>                      | <b>49,561</b>                    | <b>16,478</b>           | <b>20,905</b>           | <b>7,303</b>            | <b>4,875</b>            | <b>4,875</b>            |
| X7 <b>Borrowing</b>                      | <b>8,790</b>                     | <b>12,711</b>           | <b>-3,718</b>           | <b>166</b>              | <b>(369)</b>            | <b>(369)</b>            |

|  | <b>Total<br/>Budget<br/>£000</b> | <b>2023/24<br/>£000</b> | <b>2024/25<br/>£000</b> | <b>2025/26<br/>£000</b> | <b>2026/27<br/>£000</b> | <b>2027/28<br/>£000</b> |
|--|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Other Housing</b>                                 |                                  |                         |                         |                         |                         |                         |
| Housing Loans  | 2,340                            | 585                     | 585                     | 585                     | 585                     | 585                     |
| Soulisquoy OH infrastructure                         | 2,227                            | 2,001                   | 226                     | 0                       | 0                       | 0                       |
| <b>A</b>   | <b>4,567</b>                     | <b>2,586</b>            | <b>811</b>              | <b>585</b>              | <b>585</b>              | <b>585</b>              |
| <b>X1</b> Capital Financed from Current Revenue      | <b>700</b>                       | 700                     | 0                       | 0                       | 0                       | 0                       |
| <b>X2</b> Government Grants                          | <b>1,301</b>                     | 1,301                   | 0                       | 0                       | 0                       | 0                       |
| <b>X3</b> EU Grants                                  | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X4</b> Other Grants                               | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X5</b> Capital Receipts                           | <b>540</b>                       | 135                     | 135                     | 135                     | 135                     | 135                     |
| <b>X6</b> Capital Contributions                      | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
|  | <b>2,541</b>                     | 2,136                   | 135                     | 135                     | 135                     | 135                     |
| <b>X7</b> Borrowing                                  | <b>2,026</b>                     | 450                     | 676                     | 450                     | 450                     | 450                     |
| <b>Social Care</b>                                   |                                  |                         |                         |                         |                         |                         |
| New Care Facility, Kirkwall                          | 10,409                           | 8,784                   | 1,625                   | 0                       | 0                       | 0                       |
| <b>B</b>   | <b>10,409</b>                    | 8,784                   | 1,625                   | 0                       | 0                       | 0                       |
| <b>X1</b> Capital Financed from Current Revenue      | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X2</b> Government Grants                          | <b>320</b>                       | 320                     | 0                       | 0                       | 0                       | 0                       |
| <b>X3</b> EU Grants                                  | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X4</b> Other Grants                               | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X5</b> Capital Receipts                           | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X6</b> Capital Contributions                      | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
|  | <b>320</b>                       | 320                     | 0                       | 0                       | 0                       | 0                       |
| <b>X7</b> Borrowing                                  | <b>10,089</b>                    | 8,464                   | 1,625                   | 0                       | 0                       | 0                       |
| <b>Education</b>                                     |                                  |                         |                         |                         |                         |                         |
| Extension to St Andrew's School                      | 471                              | 471                     | 0                       | 0                       | 0                       | 0                       |
| New Kirkwall Nursery                                 | 3,088                            | 2,828                   | 260                     | 0                       | 0                       | 0                       |
| School Kitchen Improvements                          | 239                              | 239                     | 0                       | 0                       | 0                       | 0                       |
| <b>C</b>   | <b>3,798</b>                     | 3,538                   | 260                     | 0                       | 0                       | 0                       |
| <b>X1</b> Capital Financed from Current Revenue      | <b>1,408</b>                     | 1,408                   | 0                       | 0                       | 0                       | 0                       |
| <b>X2</b> Government Grants                          | <b>1,683</b>                     | 1,683                   | 0                       | 0                       | 0                       | 0                       |
| <b>X3</b> EU Grants                                  | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X4</b> Other Grants                               | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X5</b> Capital Receipts                           | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X6</b> Capital Contributions                      | <b>447</b>                       | 447                     | 0                       | 0                       | 0                       | 0                       |
|  | <b>3,538</b>                     | 3,538                   | 0                       | 0                       | 0                       | 0                       |
| <b>X7</b> Borrowing                                  | <b>260</b>                       | 0                       | 260                     | 0                       | 0                       | 0                       |
| <b>Leisure and Cultural</b>                          |                                  |                         |                         |                         |                         |                         |
| Refurb. improve Scapa Flow Visitor Centre and Museum | 209                              | 209                     | 0                       | 0                       | 0                       | 0                       |
| Leisure Properties General                           | 0                                | 0                       | 0                       | 0                       | 0                       | 0                       |
| St Magnus Cathedral Doors                            | 12                               | 12                      | 0                       | 0                       | 0                       | 0                       |
| Papdale East Play Park                               | 74                               | 74                      | 0                       | 0                       | 0                       | 0                       |
| Ness Campsite  | 81                               | 81                      | 0                       | 0                       | 0                       | 0                       |
| Playpark Renewals                                    | 256                              | 51                      | 77                      | 128                     | 0                       | 0                       |
| <b>D</b>   | <b>632</b>                       | 427                     | 77                      | 128                     | 0                       | 0                       |
| <b>X1</b> Capital Financed from Current Revenue      | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X2</b> Government Grants                          | <b>582</b>                       | 377                     | 77                      | 128                     | 0                       | 0                       |
| <b>X3</b> EU Grants                                  | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X4</b> Other Grants                               | <b>172</b>                       | 172                     | 0                       | 0                       | 0                       | 0                       |
| <b>X5</b> Capital Receipts                           | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X6</b> Capital Contributions                      | <b>61</b>                        | 61                      | 0                       | 0                       | 0                       | 0                       |
|  | <b>815</b>                       | 610                     | 77                      | 128                     | 0                       | 0                       |
| <b>X7</b> Borrowing                                  | <b>-183</b>                      | (183)                   | 0                       | 0                       | 0                       | 0                       |

|   | <b>Total<br/>Budget</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> | <b>2027/28</b> |
|---|-------------------------|----------------|----------------|----------------|----------------|----------------|
|   | <b>£000</b>             | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| <b>Roads</b>  |                         |                |                |                |                |                |
| Cycling, Walking & Safer Routes / 20 mph scheme     | 228                     | 131            | 97             | 0              | 0              | 0              |
| Roads Asset Replacement Programme                   | 3,880                   | 1,030          | 950            | 950            | 950            | 950            |
| Cursiter Quarry Expansion                           | 925                     | 925            | 0              | 0              | 0              | 0              |
| Coastal Change Adaptation                           | 160                     | 160            | 0              | 0              | 0              | 0              |
| Salt Storage Facility (Cursiter Quarry)             | 676                     | 656            | 20             | 0              | 0              | 0              |
| <b>E</b>  | <b>5,869</b>            | <b>2,902</b>   | <b>1,067</b>   | <b>950</b>     | <b>950</b>     | <b>950</b>     |
| <b>X1</b> Capital Financed from Current Revenue     | <b>3,960</b>            | <b>1,110</b>   | <b>950</b>     | <b>950</b>     | <b>950</b>     | <b>950</b>     |
| <b>X2</b> Government Grants                         | <b>308</b>              | <b>211</b>     | <b>97</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X3</b> EU Grants                                 | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X4</b> Other Grants                              | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X5</b> Capital Receipts                          | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X6</b> Capital Contributions                     | <b>676</b>              | <b>656</b>     | <b>20</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       |
|   | <b>4,944</b>            | <b>1,977</b>   | <b>1,067</b>   | <b>950</b>     | <b>950</b>     | <b>950</b>     |
| <b>X7</b> Borrowing                                 | <b>925</b>              | <b>925</b>     | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Transportation</b>                               |                         |                |                |                |                |                |
| Electric vehicle charging infrastructure            | 0                       | 0              | 0              | 0              | 0              | 0              |
| Airfield buildings - Papay and Stronsay             | 1,012                   | 1,012          | 0              | 0              | 0              | 0              |
| <b>F</b>  | <b>1,012</b>            | <b>1,012</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X1</b> Capital Financed from Current Revenue     | <b>11</b>               | <b>11</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X2</b> Government Grants                         | <b>216</b>              | <b>216</b>     | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X3</b> EU Grants                                 | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X4</b> Other Grants                              | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X5</b> Capital Receipts                          | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X6</b> Capital Contributions                     | <b>97</b>               | <b>97</b>      | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
|   | <b>324</b>              | <b>324</b>     | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X7</b> Borrowing                                 | <b>688</b>              | <b>688</b>     | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Central Administration and Asset Replacement</b> |                         |                |                |                |                |                |
| General Capital Grant                               | 0                       | 0              | 0              | 0              | 0              | 0              |
| IT replacement programme                            | 2,136                   | 876            | 420            | 420            | 420            | 420            |
| Plant & Vehicle Replacement                         | 5,691                   | 1,557          | 1,734          | 1,200          | 1,200          | 1,200          |
| Miscellaneous Property Sales & Purchases            | 0                       | 0              | 0              | 0              | 0              | 0              |
| Alterations to Garden House, Kirkwall               | 521                     | 521            | 0              | 0              | 0              | 0              |
| Disaster recovery and business continuity suite     | 0                       | 0              | 0              | 0              | 0              | 0              |
| Scottish Water Vesting                              | 0                       | 0              | 0              | 0              | 0              | 0              |
| SRF contribution to General Fund Capital Programme  | 0                       | 0              | 0              | 0              | 0              | 0              |
| <b>J</b>  | <b>8,348</b>            | <b>2,954</b>   | <b>2,154</b>   | <b>1,620</b>   | <b>1,620</b>   | <b>1,620</b>   |
| <b>X1</b> Capital Financed from Current Revenue     | <b>(10,975)</b>         | <b>(4,372)</b> | <b>(2,201)</b> | <b>(2,201)</b> | <b>(2,201)</b> | <b>(2,201)</b> |
| <b>X2</b> Government Grants                         | <b>20,187</b>           | <b>5,992</b>   | <b>4,915</b>   | <b>4,640</b>   | <b>4,640</b>   | <b>4,640</b>   |
| <b>X3</b> EU Grants                                 | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X4</b> Other Grants                              | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X5</b> Capital Receipts                          | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>X6</b> Capital Contributions                     | <b>9,417</b>            | <b>813</b>     | <b>8,604</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       |
|   | <b>18,629</b>           | <b>2,433</b>   | <b>11,318</b>  | <b>2,439</b>   | <b>2,439</b>   | <b>2,439</b>   |
| <b>X7</b> Borrowing                                 | <b>(10,281)</b>         | <b>521</b>     | <b>(9,164)</b> | <b>(819)</b>   | <b>(819)</b>   | <b>(819)</b>   |

|   | <b>Total<br/>Budget<br/>£000</b> | <b>2023/24<br/>£000</b> | <b>2024/25<br/>£000</b> | <b>2025/26<br/>£000</b> | <b>2026/27<br/>£000</b> | <b>2027/28<br/>£000</b> |
|---|----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Corporate Property</b>                       |                                  |                         |                         |                         |                         |                         |
| Corporate Improvement Programme                 | <b>5,199</b>                     | 1,146                   | 1,351                   | 1,351                   | 1,351                   | 1,351                   |
| J   | <b>5,199</b>                     | 1,146                   | 1,351                   | 1,351                   | 1,351                   | 1,351                   |
| <b>X1</b> Capital Financed from Current Revenue | <b>4,739</b>                     | 986                     | 1,251                   | 1,251                   | 1,251                   | 1,251                   |
| <b>X2</b> Government Grants                     | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X3</b> EU Grants                             | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X4</b> Other Grants                          | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X5</b> Capital Receipts                      | <b>400</b>                       | 100                     | 100                     | 100                     | 100                     | 100                     |
| <b>X6</b> Capital Contributions                 | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
|   | <b>5,139</b>                     | 1,086                   | 1,351                   | 1,351                   | 1,351                   | 1,351                   |
| X7 Borrowing                                    | <b>60</b>                        | 60                      | 0                       | 0                       | 0                       | 0                       |
| <b>Development &amp; Planning</b>               |                                  |                         |                         |                         |                         |                         |
| Nature Restoration Fund                         | <b>106</b>                       | 106                     | 0                       | 0                       | 0                       | 0                       |
| Dounby Visitor Infrastructure Hub               | <b>1,003</b>                     | 746                     | 257                     | 0                       | 0                       | 0                       |
| H   | <b>1,109</b>                     | 852                     | 257                     | 0                       | 0                       | 0                       |
| <b>X1</b> Capital Financed from Current Revenue | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X2</b> Government Grants                     | <b>106</b>                       | 106                     | 0                       | 0                       | 0                       | 0                       |
| <b>X3</b> EU Grants                             | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X4</b> Other Grants                          | <b>757</b>                       | 608                     | 149                     | 0                       | 0                       | 0                       |
| <b>X5</b> Capital Receipts                      | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X6</b> Capital Contributions                 | <b>246</b>                       | 138                     | 108                     | 0                       | 0                       | 0                       |
|   | <b>1,109</b>                     | 852                     | 257                     | 0                       | 0                       | 0                       |
| X7 Borrowing                                    | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>Operational Environmental Services</b>       |                                  |                         |                         |                         |                         |                         |
| Burial Grounds - Mainland Extensions            | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| Burial Grounds - Mainland Major Improvements    | <b>54</b>                        | 54                      | 0                       | 0                       | 0                       | 0                       |
| Burial Grounds - Island Extensions              | <b>73</b>                        | 73                      | 0                       | 0                       | 0                       | 0                       |
| Burial Grounds - Island Major Improvements      | <b>75</b>                        | 75                      | 0                       | 0                       | 0                       | 0                       |
| Integrated Waste Facility                       | <b>17,206</b>                    | 4,786                   | 9,585                   | 2,835                   | 0                       | 0                       |
| G   | <b>17,408</b>                    | <b>4,988</b>            | <b>9,585</b>            | <b>2,835</b>            | <b>0</b>                | <b>0</b>                |
| <b>X1</b> Capital Financed from Current Revenue | <b>157</b>                       | 157                     | 0                       | 0                       | 0                       | 0                       |
| <b>X2</b> Government Grants                     | <b>12,000</b>                    | 3,000                   | 6,700                   | 2,300                   | 0                       | 0                       |
| <b>X3</b> EU Grants                             | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X4</b> Other Grants                          | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X5</b> Capital Receipts                      | <b>0</b>                         | 0                       | 0                       | 0                       | 0                       | 0                       |
| <b>X6</b> Capital Contributions                 | <b>45</b>                        | 45                      | 0                       | 0                       | 0                       | 0                       |
|   | <b>12,202</b>                    | 3,202                   | 6,700                   | 2,300                   | 0                       | 0                       |
| X7 Borrowing                                    | <b>5,206</b>                     | 1,786                   | 2,885                   | 535                     | 0                       | 0                       |

## Budget Book

|  | <b>Total<br/>Budget</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> | <b>2027/28</b> |
|--|-------------------------|----------------|----------------|----------------|----------------|----------------|
|  | <b>£000</b>             | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| <b>Non General Fund Summary</b>          |                         |                |                |                |                |                |
| K Housing Revenue Account                | <b>8,501</b>            | 7,155          | 1,346          | 0              | 0              | 0              |
| L Orkney College                         | <b>0</b>                | 0              | 0              | 0              | 0              | 0              |
| M Scapa Flow Oil Port                    | <b>1,436</b>            | 986            | 150            | 150            | 150            | 150            |
| N Miscellaneous Piers and Harbours       | <b>10,082</b>           | 8,496          | 986            | 300            | 300            | 300            |
| O Strategic Reserve Fund                 | <b>476</b>              | 119            | 119            | 119            | 119            | 119            |
| Expenditure Total                        | <b>20,495</b>           | <b>16,756</b>  | <b>2,601</b>   | <b>569</b>     | <b>569</b>     | <b>569</b>     |
| <b>Sources of Funding</b>                |                         |                |                |                |                |                |
| Z1 Capital Financed from Current Revenue | <b>3,292</b>            | 1,585          | 569            | 569            | 569            | 569            |
| Z2 Government Grants                     | <b>5,894</b>            | 5,693          | 201            | 0              | 0              | 0              |
| Z3 EU Grants                             | <b>0</b>                | 0              | 0              | 0              | 0              | 0              |
| Z4 Other Grants                          | <b>0</b>                | 0              | 0              | 0              | 0              | 0              |
| Z5 Capital Receipts                      | <b>0</b>                | 0              | 0              | 0              | 0              | 0              |
| Z6 Capital Contributions                 | <b>0</b>                | 0              | 0              | 0              | 0              | 0              |
| Income Total                             | <b>9,186</b>            | <b>7,278</b>   | <b>770</b>     | <b>569</b>     | <b>569</b>     | <b>569</b>     |
| Z7 <b>Borrowing</b>                      | <b>11,309</b>           | <b>9,478</b>   | <b>1,831</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       |

|   | <b>Total<br/>Budget</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> | <b>2027/28</b> |
|---|-------------------------|----------------|----------------|----------------|----------------|----------------|
|   | <b>£000</b>             | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| <b>Housing Revenue Account</b>                  |                         |                |                |                |                |                |
| House Purchases                                 | 0                       | 0              | 0              | 0              | 0              | 0              |
| Moar Drive                                      | 714                     | 714            | 0              | 0              | 0              | 0              |
| Design and Build                                | 3,389                   | 2,244          | 1,145          | 0              | 0              | 0              |
| Carness Phase 2                                 | 2,347                   | 2,347          | 0              | 0              | 0              | 0              |
| Soulisquoy HRA infrastructure                   | 2,051                   | 1,850          | 201            | 0              | 0              | 0              |
| <b>K</b>  | <b>8,501</b>            | <b>7,155</b>   | <b>1,346</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z1</b> Capital Financed from Current Revenue | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z2</b> Government Grants                     | <b>5,894</b>            | <b>5,693</b>   | <b>201</b>     | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z3</b> EU Grants                             | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z4</b> Other Grants                          | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z5</b> Capital Receipts                      | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z6</b> Capital Contributions                 | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
|   | <b>5,894</b>            | <b>5,693</b>   | <b>201</b>     | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z7</b> Borrowing                             | <b>2,607</b>            | <b>1,462</b>   | <b>1,145</b>   | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>L</b> Plant & Vehicles                       | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z1</b> Capital Financed from Current Revenue | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z2</b> Government Grants                     | <b>0</b>                |                |                |                |                | <b>0</b>       |
| <b>Z4</b> Other Grants                          | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
|   | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| Borrowing                                       | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Scapa Flow Oil Port</b>                      |                         |                |                |                |                |                |
| Minor Improvements                              | 730                     | 280            | 150            | 150            | 150            | 150            |
| Replacement Tug No 3                            | 706                     | 706            | 0              | 0              | 0              | 0              |
| Environmental Levy - SFOP                       | 0                       | 0              | 0              | 0              | 0              | 0              |
| <b>M</b>  | <b>1,436</b>            | <b>986</b>     | <b>150</b>     | <b>150</b>     | <b>150</b>     | <b>150</b>     |
| <b>Z1</b> Capital Financed from Current Revenue | <b>730</b>              | <b>280</b>     | <b>150</b>     | <b>150</b>     | <b>150</b>     | <b>150</b>     |
| <b>Z2</b> Government Grants                     | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z3</b> EU Grants                             | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z4</b> Other Grants                          | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z5</b> Capital Receipts                      | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z6</b> Capital Contributions                 | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
|   | <b>730</b>              | <b>280</b>     | <b>150</b>     | <b>150</b>     | <b>150</b>     | <b>150</b>     |
| <b>Z7</b> Borrowing                             | <b>706</b>              | <b>706</b>     | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Miscellaneous Piers</b>                      |                         |                |                |                |                |                |
| Minor Improvements                              | 1,891                   | 991            | 300            | 300            | 300            | 300            |
| Hatston Pier Road Reconstruction                | 295                     | 295            | 0              | 0              | 0              | 0              |
| Kirkwall Pier Water Break Tank System           | 195                     | 195            | 0              | 0              | 0              | 0              |
| Reclamation at Hatston Pier - Ph 1              | 7,701                   | 7,015          | 686            | 0              | 0              | 0              |
| Environmental Levy - MP                         | 0                       | 0              | 0              | 0              | 0              | 0              |
| Harbour Property - General                      | 0                       | 0              | 0              | 0              | 0              | 0              |
| <b>N</b>  | <b>10,082</b>           | <b>8,496</b>   | <b>986</b>     | <b>300</b>     | <b>300</b>     | <b>300</b>     |
| <b>Z1</b> Capital Financed from Current Revenue | <b>2,086</b>            | <b>1,186</b>   | <b>300</b>     | <b>300</b>     | <b>300</b>     | <b>300</b>     |
| <b>Z2</b> Government Grants                     | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z3</b> EU Grants                             | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z4</b> Other Grants                          | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z5</b> Capital Receipts                      | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z6</b> Capital Contributions                 | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
|   | <b>2,086</b>            | <b>1,186</b>   | <b>300</b>     | <b>300</b>     | <b>300</b>     | <b>300</b>     |
| <b>Z7</b> Borrowing                             | <b>7,996</b>            | <b>7,310</b>   | <b>686</b>     | <b>0</b>       | <b>0</b>       | <b>0</b>       |

Budget Book

|   | <b>Total<br/>Budget</b> | <b>2023/24</b> | <b>2024/25</b> | <b>2025/26</b> | <b>2026/27</b> | <b>2027/28</b> |
|---|-------------------------|----------------|----------------|----------------|----------------|----------------|
|   | <b>£000</b>             | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| <b>Strategic Reserve Fund</b>                   |                         |                |                |                |                |                |
| SRF Property Maintenance                        | 476                     | 119            | 119            | 119            | 119            | 119            |
| Investment Properties buy /sell                 | 0                       | 0              | 0              | 0              | 0              | 0              |
| <b>O</b>  | <b>476</b>              | <b>119</b>     | <b>119</b>     | <b>119</b>     | <b>119</b>     | <b>119</b>     |
| <b>Z1</b> Capital Financed from Current Revenue | <b>476</b>              | <b>119</b>     | <b>119</b>     | <b>119</b>     | <b>119</b>     | <b>119</b>     |
| <b>Z2</b> Government Grants                     | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z3</b> EU Grants                             | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z4</b> Other Grants                          | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z5</b> Capital Receipts                      | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
| <b>Z6</b> Capital Contributions                 | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |
|   | <b>476</b>              | <b>119</b>     | <b>119</b>     | <b>119</b>     | <b>119</b>     | <b>119</b>     |
| <b>Z7</b> Borrowing                             | <b>0</b>                | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       | <b>0</b>       |