

Item: 8

Policy and Resources Committee: 12 February 2019.

Budget and Council Tax Level for 2019 to 2020.

Joint Report by Chief Executive and Head of Finance.

1. Purpose of Report

To consider the Revenue Budget, Council Tax level and the level of contribution from General Fund and other Reserves for financial year 2019 to 2020.

2. Recommendations

The Committee is invited to note:

2.1.

The Council's strategic approach to budgeting as detailed in section 3 of this report.

2.2.

That the Scottish Government has issued grant settlement figures for local government and individual councils for financial year 2019 to 2020, with the provisional revenue grant funding to the Council amounting to £74,992,000, which includes a provisional specific grant allocation for ferry services of £5,500,000.

2.3.

That, taking account of the full specific grant allocation for ferry services, amounting to £5,500,000, the draft Orkney Ferries budget would result in a shortfall of £700,000.

2.4.

That, during the Parliamentary debate on the Budget Bill held on 31 January 2019, the following announcements were made:

- Additional General Revenue grant for local government amounting to £90,000,000, of which the share for Orkney Islands Council is £637,000.
- Additional flexibility to increase Council Tax.
- Flexibility to offset the allocation for adult social care allocations to Integration Authorities, estimated for Orkney to be up to £354,000.
- A three-year funding settlement for local government from financial year 2020 to 2021.

2.5.

That the additional flexibility to increase Council Tax for financial year 2019 to 2020 is a 4.79% cap on any increase in the level of Council Tax which is equivalent to an increase in real terms of 3%.

2.6.

That no specific sanctions have been indicated by the Scottish Government in respect of the settlement offer for financial year 2019 to 2020.

2.7.

That, on 18 January 2019, the Leader wrote to the Cabinet Secretary for Finance, Economy and Fair Work seeking a meeting to discuss the settlement.

2.8.

That the proposed General Fund budget figure of £83,884,900 for financial year 2019 to 2020 takes account of the grant settlement referred to at paragraph 2.2 above.

2.9.

Identified efficiency savings for financial year 2019 to 2020, totalling £885,900, covering risk levels assessed as low to very high, as detailed in Annex 9 to this report, which, if approved, would result in a reduction of 1.16 full-time equivalent posts which are occupied.

2.10.

That restricting efficiency savings to risk levels assessed as low and medium only would result in total savings of £360,300 with no reduction of posts, redeployments, early retirements or voluntary redundancies.

2.11.

The Equality Impact Assessments, attached as Annex 8 to this report, relating to service pressures and savings assessed as low and medium risk.

2.12.

That, should savings assessed as high and very high risk be proposed for implementation, Equality Impact Assessments should be submitted, for consideration by the Council, prior to implementation.

2.13.

The advice, outlined in section 15 of this report, regarding risks to the Council's ability to continue to meet, in a secure manner, all its responsibilities and the expectations placed upon it.

2.14.

That, as a consequence of paragraph 2.13 above, the Chief Executive may be required to submit reports to the Council in accordance with sections 4(2) and 4(3) of the Local Government and Housing Act 1989.

It is recommended:

2.15.

That the General Fund revenue budget for financial year 2019 to 2020 be set at £83,884,900.

2.16.

That powers be delegated to the Head of Finance to revise the General Fund revenue budget for financial year 2019 to 2020 in respect of any increase to the provisional funding level referred to at paragraph 2.2 above.

2.17.

That any reduction in the specific grant allocation for ferry services, referred to at paragraph 2.2 above, be subject to further consideration in due course, if required.

2.18.

That the Band D Council Tax level for financial year 2019 to 2020 be set at £1,153, being a real terms increase of 3% on the Band D Council Tax level for financial year 2018 to 2019 of £1,100.

2.19.

That the Council's budget uprating assumptions, as set out in Annex 2 to this report, at an estimated cost across the General Fund of £2,719,600, be approved.

2.20.

That the baseline service pressures, totalling £3,725,400, as detailed in Annex 3 to this report, be approved and included in the revenue budget for financial year 2019 to 2020.

2.21.

That efficiency savings totalling £360,300, covering risk levels assessed as low and medium, as detailed in Annex 6 to this report, be approved and applied for financial year 2019 to 2020, summarised by service as follows:

| | |
|---------------------------------|----------|
| Chief Executive's Service. | £160,000 |
| Corporate Services. | £112,300 |
| Development and Infrastructure. | £65,800 |
| Education, Leisure and Housing. | £22,200 |
| Orkney Health and Care. | £0 |

2.22.

That powers be delegated to the Head of Finance to allocate any General Fund underspend from financial year 2018 to 2019 to the following provisions:

- Outwith Orkney Placements Fund for no less than the service pressure item set against self-financing as detailed in Annex 3 to this report.
- Any remaining underspends to the repayment of capital debt.

2.23.

That a General Fund contingency be established within the revenue budget for financial year 2019 to 2020, into which the additional funding and locally raised income, estimated to be worth £869,000, secured for local government in political negotiations over support for the Scottish Government's budget, be contributed.

2.24.

That any further efficiency savings realised through new charges or otherwise, or additional funding secured that is not specific to government initiatives that must be funded, be retained in a General Fund contingency.

2.25.

That Executive Directors should review and increase existing charges by a minimum of 3%, from 1 April 2019, if possible to do so, or as early as possible thereafter, with the following exceptions, where alternative arrangements are required or proposed:

- Building warrant and planning fees.
- Harbour charges (annual increase considered separately).
- Ferry fares.
- Car park charges.
- Residential care and home care.
- Very sheltered housing.
- Supported accommodation.
- Licensing fees.
- Ship sanitation certification.
- Marriage / civil partnership.
- Roads inspection fees.
- Trade waste charge.

- Homelessness rents.

2.26.

That the following savings approved as part of the budget setting process for 2018 to 2019 be reinstated from 1 April 2019:

- SCOHC08 Introduce charging for Telecare services – £97,800.
- SCOHC10 Introduce charging for Day Care services – £54,400.

2.27.

That the funding to reinstate the budget shortfall of £152,200, arising from charges not being levied for Telecare and Day Care services, be sourced from the General Fund contingency, referred to at paragraph 2.23 above, leaving an uncommitted General Fund contingency balance of £716,800.

2.28.

That, for financial year 2019 to 2020, subject to any increase in the provisional funding level from Scottish Government, referred to at paragraph 2.16 above, the contribution from the Strategic Reserve Fund used as a funding source be set at a level of up to £6,050,000.

2.29.

That, for financial year 2019 to 2020, the non-earmarked General Fund Balance should be retained at a minimum target level of 5% of the Council's net budgeted expenditure.

2.30.

That the policies of presumption against new commitments and the moratorium on staff establishment increases should continue to remain in force, with the following conditions:

- Exceptions might be considered for new commitments which are 100% funded by external bodies – proposals involving the Council in partnership funding shall require compensatory savings to be identified.
- The Council should consider undertaking new statutory duties or any case where it was considered that statutory duties were not being fulfilled, however, such duties having financial implications should first be reported to the relevant Committees for approval.
- The Council should consider new commitments where compensatory savings could be identified – any Committee considering such recommendations should, in the first instance, seek to identify savings from within its revenue budget.

2.31.

That powers be delegated to the Head of Finance, as Section 95 Officer, in consultation with the Chief Executive, to prepare and distribute a detailed budget incorporating all of the budget adjustments agreed by the Council.

3. Developing the Budget Strategy

3.1.

The Council has faced significant budget constraints in recent years that have required year on year savings; delivering savings of £13,153,000 between the year ended 31 March 2012 and financial year ending 31 March 2019 as follows:

| Financial Year. | Savings total. |
|-----------------|----------------|
| 2011 to 2012. | £4,272,000. |
| 2012 to 2013. | £1,976,000. |
| 2013 to 2014. | £1,135,000. |
| 2014 to 2015. | £1,336,000. |
| 2015 to 2016. | £540,000. |
| 2016 to 2017. | £1,360,000. |
| 2017 to 2018. | £842,000. |
| 2018 to 2019. | £1,692,000. |

3.2.

The Scottish Parliament Information Centre (SPICe) has reported that, between 2013 to 2014 and 2018 to 2019, the revenue grant to local government has fallen around 7.1% in real terms which is far greater than the real terms reduction in Scottish Government funding of 0.8%. The outlook over the timeline for the current Scottish Parliament is particularly challenging, with 'unprotected' parts of the Scottish budget facing real terms cuts of 13% to 16%.

3.3.

For financial year 2019 to 2020, the Council will receive a financial settlement figure of £75,704,000 of Scottish Government funding. This includes the additional £637,000 of General Revenue Grant and £75,000 towards teacher's pension costs announced on 31 January 2019.

3.4.

The Council's annual budget uplifts since financial year 2011 to 2012 have reflected the prudent approach taken to the budget, with uplifts set at less than the headline rate of inflation. This approach has resulted in all Council services having to find additional efficiency savings within their approved budgets to cover the impact of cost price increases. General Fund service overspends against budget in financial year 2017 to 2018 reflect the pressure some services budgets are facing.

3.5.

The low price of oil, which provided some respite in transport and property heating costs in financial years 2014 to 2015 and 2015 to 2016, rose quite steadily to peak at \$73.93 in June 2018 before falling to \$45.41 at December 2018. The price has risen again to \$53.69 on 25 January 2019. The headline rate of inflation is moving upwards as the devaluation of sterling has pushed up the cost of imports.

3.6.

The settlement figures provided by the Scottish Government in Finance Circular 8/2018 are for financial year 2019 to 2020 only with no indication given of what future settlements might amount to. In addition to the 2019 to 2020 settlement the Government has confirmed that there will also be a new £50 million Town Centre Fund but has not yet confirmed details of how this will be distributed.

3.7.

To be consistent with the single year financial settlement a key recommendation made in this report is to set a one-year budget for 2019 to 2020 only.

3.8.

A medium-term resource strategy has been developed to establish the framework for budget setting over the period 2017 to 2022 with the general recognition that further spending reductions need to be considered in a strategic manner over the medium-to-long term given the requirement for continued and significant budget reductions. A Long-Term Financial Plan has also been prepared which gives an indication of the funding gap that the Council could face over the next ten years.

3.9.

The implication for the Council is that, on current predictions, real terms increases in general revenue funding cannot be expected any time soon. The use of reserves to balance the budget must however only be a short-term solution. There is therefore a continuing requirement to reduce the level of General Fund expenditure to bring it into line with the financial support received.

3.10.

In addition to setting the Council Tax level for financial year 2019 to 2020, the Council is required by law to set a balanced revenue budget by 11 March whereby the level of budgeted expenditure cannot be set at a level greater than the known or realistically anticipated total income for that year.

4. Headline Grant Settlement Figures

4.1.

The following table is based on Local Government Finance Circular 8/2018 as adjusted for notified corrections and sets out the headline grant figure for 2019 to 2020 and compares this with the 2018 to 2019 grant award:

| Financial Year and Circular. | Total. |
|-----------------------------------|--------------------|
| 2019 to 2020 (8/2018). | £75,229,000. |
| Estimated Teachers Pension Grant. | £475,000. |
| Total for 2019 to 2020 | £75,704,000. |
| 2018 to 2019 (4/2018) | £74,620,000. |
| Estimated Grant Increase. | £1,084,000. |

4.2.

The Cabinet Secretary for Finance, Economy and Fair Work has obtained support for the Government's draft budget from The Scottish Green Party at the Budget Bill Stage 1 debate and has written to local authorities, in a letter dated 31 January 2019, with some details of the deal, including the following:

- Some commitments to future developments for a transient visitor levy.
- A workplace parking levy.
- Empty property relief passing to Council control.
- Three-year funding settlements for local government from financial year 2020 to 2021.

4.2.1.

These may all impact on future budgets but are not expected to have any significant impact on the 2019 to 2020 budget.

4.3.

The letter also set out that an additional General Revenue grant, amounting to £90,000,000, would be added to the Local Government Settlement and that local authorities would have the flexibility to increase Council Tax by 3% in real terms which, for 2019 to 2020, would be a rise of 4.79%. Councils have also been given the freedom to offset their contributions to Integration Authorities in respect of adult social care by the equivalent of £50,000,000 across all local authorities.

4.4.

A commitment to pass on, in full, the Barnett consequentials received by the Scottish Government towards the employers' cost increase for local government Teachers' Pension schemes has also been made. This is estimated to be worth £475,000 to the Council and is £75,000 more than the provisional estimate that had been made in respect of this funding.

4.5.

The Orkney share of the additional General Revenue grant has been confirmed at £637,000 while an additional 1.79% Council Tax could potentially raise up to £157,000. The offset that could be applied to adult social care has been estimated at £354,000 although there is no proposal in this report to apply this saving.

4.6.

The Government will allow local authorities to increase the level of Council Tax by up to 3% in real terms which is a rise of 4.79%. It is assumed that the Council will increase Council Tax by 3% and the further 1.79% that will be allowed raising an additional £258,800 from the 3% rise and a further £157,000 from the 1.79%, giving a total of £415,800. The increase in the number of Band D properties will also contribute additional income of £142,200. A surcharge on empty properties is estimated to raise £67,700 in 2019 to 2020.

4.7.

The year on year reduction in Loan and Leasing Charges support continues. Loan charges support will continue to reduce over future years according to the Government profile for repayment of capital debt. With the Government support for servicing the debt diminishing, the importance of repaying the existing debt becomes more important.

4.8.

A review of where loan and leasing charges sit relative to the settlement floor was carried out by the Scottish Government and COSLA during 2018. This review concluded that loan and leasing charges should remain within the floor calculation which should afford the Council some protection in future. The reduction in loan charge support from the Government is only a little less than the additional Council Tax that can be raised with a 3% increase as shown in the table below.

| Financial Year. | Total Loan and Leasing Charges. | Reduction. |
|------------------------|--|--------------------|
| 2012 to 2013. | £7,981,000. | £321,000. |
| 2013 to 2014. | £7,755,000. | £226,000. |
| 2014 to 2015. | £7,497,000. | £258,000. |
| 2015 to 2016. | £7,121,000. | £376,000. |
| 2016 to 2017. | £6,917,000. | £204,000. |
| 2017 to 2018. | £6,698,000. | £219,000. |
| 2018 to 2019. | £6,480,000. | £218,000. |
| 2019 to 2020. | £6,261,000. | £219,000. |
| | | £2,041,000. |

4.9.

Although there was no requirement to write and accept the financial settlement for 2019 to 2020, on the 18 January deadline for notifying the Government of any discrepancies in the settlement, the Leader of the Council wrote to the Cabinet Secretary for Finance, Economy and Fair Work expressing dissatisfaction with the provision for ferry funding in the settlement and how the method of distribution of funding via the Grant Aided Expenditure (GAE) mechanism significantly disadvantages the Council. The discrepancy in the level of per head funding with the other exclusively island authorities was also referred to and the letter concluded by seeking a meeting with the Cabinet Secretary to discuss the settlement.

4.10.

The wording in the Finance Circular regarding conditions attached to the financial settlement is less prescriptive than in recent years and is phrased as being provided to deliver joint priorities which include:

- Flexibility to increase the level of Council Tax by a maximum of 4.79% which is 3% in real terms.
- Reference to the funding of £88 million in the settlement to support maintaining the pupil:teacher ratio at a national level although no indication if the level is the same as previously.
- Places for all probationary teachers who require one under the teacher induction scheme.
- An indicative allocation of £3.3 million for Barclay implementation costs.
- A new £50 million Town Centre Fund.

4.11.

The key dates in the Government's Budget Process are as follows:

- 31 January 2019 – Stage one of Budget Bill when it was debated in Parliament.
- 6 February 2019 – Stage two debate by the Finance Committee.
- 21 February 2019 – Stage three, final stage and budget debate in Parliament.

5. Projected Spending Pressures

5.1.

With cuts in the real terms government grant awarded to Local Government as a whole, the cost of budgeting for the pressures of inflation has in recent years been a significant spending pressure which has had to be met by the Council. Steps have been taken over recent years to minimise the impact on the Council's budgets, with annual budget uplifts set at less than the headline rate of inflation. The inclusion of an uplift for inflation would translate into an additional draw on the Strategic Reserve Fund and is therefore not proposed for 2019 to 2020.

5.2.

This approach has resulted in all Council services having to find additional efficiency savings, within their approved budgets, in relation to the impact of cost price increases. The September 2018 headline rate of Consumer Price inflation was 2.4% and application of this rate would result in further budget pressure. Annex 2 provides details of the other recommended budgetary adjustments across the main cost and income subjective groupings. The estimated cost of applying these budgetary adjustments is £2,719,600.

5.3.

Council services that have identified growth in demand or new responsibilities that may require additional funding in financial year 2019 to 2020 have prepared and submitted service pressure bids as part of the budget setting process. All proposed service pressure bids have been subject to debate, review and challenge by the Senior Management Team and further challenge by elected members as part of the budget setting process. That process has had due regard to how these proposals relate to the Council's priorities; how the proposals meet the Council's statutory requirements; the risk assessment of the service pressure bids and the basis of calculation.

5.4.

Full details of the service pressure bids are given in Annex 3, with a summary of these submissions provided in the table below:

| Totals by Service. | Amount. |
|-----------------------------------|--------------------|
| Pay and Prices. | £2,094,600. |
| 30% increase to Teachers Pension. | £625,000. |
| Chief Executive. | £140,700. |
| Corporate Services. | £90,000. |
| Development and Infrastructure. | £1,840,000. |
| Education, Leisure and Housing. | £1,599,000. |
| Orkney Health and Care. | £2,313,000. |
| | £8,702,300. |

5.5.

The proposed pay and prices and service pressure bids recommended for approval total £3,725,400, as shown in detail within Annex 3 and summarised in the table below. Self-financing pressures will be funded dependent upon confirmation of the funding for that pressure.

| Totals by Service | Totals | Base | Self-Financing |
|-----------------------------------|---------------|-------------|-----------------------|
| Pay, Prices and Teachers Pensions | £2,719,600. | £2,719,600. | Nil. |
| Chief Executive | £140,700. | £140,700. | Nil. |
| Corporate Services | £70,000. | Nil. | £70,000. |
| Development and Infrastructure | £647,000. | £480,000. | £167,000. |
| Education, Leisure and Housing | £1,282,000. | £305,000. | £977,000. |
| Orkney Health and Care | £927,100. | £80,100. | £847,000. |
| | £5,786,400. | £3,725,400. | £2,061,000. |

5.6.

Approval of the service pressure bids will result in provision being made in the 2019 to 2020 budget either on a permanent basis by addition to the base budget or on a self-financing basis if funding is confirmed.

5.7.

Within the service pressures identified, 25 bids totalling £2,915,900 were deferred as a consequence of the constrained financial position.

5.8.

It will be necessary to manage the funding requirement for all of the identified service pressures through a combination of efficiency savings, use of reserves and balances and restricting the level of service pressure that is built into the budget, wherever possible.

5.9.

The Council budget for 2018 to 2019 includes provision for a 3% pay increase. A pay offer covering the three financial years 2018 to 2019, 2019 to 2020 and 2020 to 2021, of 3.5%, 3% and 3% respectively, has recently been made. The unbudgeted 0.5% for 2018 to 2019 has an estimated cost to the Council of £300,000. It remains to be seen whether this offer will be accepted by the Union membership, but it is a significant commitment from the Employer's side when they have no certainty over future settlements but are expecting to receive less in future years. The Teaching Unions submitted a pay claim of 10% for 2018 and have recently determined to recommend rejection of an improved offer from the Employer's side.

5.10.

The Third Sector in Orkney is a key and valued resource as evidenced by the Council's action in previously approving and implementing a three-year funding arrangement with the Sector involving year on year increases of 2.25% covering the period 2008 to 2011. When setting the budgets for 2011 to 2012 through to 2017 to 2018, the Council agreed that the Third Sector should receive a 1% increase. A freeze in the Third Sector budget for 2018 to 2019 is again recommended for 2019 to 2020.

6. Reserves and Balances

6.1.

Section 93 of the Local Government Finance Act 1992 requires Scottish authorities, in calculating the Council Tax, to take into account any means by which Council expenses may otherwise be met or provided for. This includes General Fund reserves and earmarked portions of the General Fund balance but not other reserves the Council is specifically allowed to hold.

6.2.

The Council currently holds various earmarked reserves within General Fund balances as part of its longer-term financial management strategy. These earmarked reserves, amounting to £9,951,000 at 1 April 2018, are held to meet specific commitments, specific purposes or for specific Council priorities, as detailed in Annex 4. A contribution of up to £2,150,000 from these earmarked reserves towards demolition costs of the former Papdale Halls of Residence will be considered by the Committee at its meeting to be held on 19 February 2019.

6.3.

Balancing the annual budget by drawing on general reserves may be a legitimate short-term option. However, it is not prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that local authorities should be particularly wary about using one-off reserves to deal with shortfalls in current funding. Where such action is to be taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term.

6.4.

The Council holds a General Fund balance which, at 1 April 2018, stood at £5,032,100 (1 April 2017 £4,787,100) and gives the Council a degree of protection over the longer term from potential risk due to unforeseen significant expenditure calls where insufficient revenue or capital budget provision may exist. In the event that any use of General Fund Reserves is made in determining the 2019 to 2020 revenue budget, this should only be done on the basis of a sustainable strategy, which ensures that future years' revenue budgets are not dependent on the unsustainable continuing use of General Fund Reserves.

6.5.

There is no generally recommended target level of uncommitted General Fund Reserves although a number of local authorities do have a target range of between 2% to 4% of their net revenue expenditure. Based on the Net Revenue Budget for 2019 to 2020 of £83,884,900, this would imply a level of uncommitted Reserves for this Council of between £1,677,700 and £3,355,400. The projected level of the Council's non-earmarked General Fund reserve will be approximately £4,787,100 at 31 March 2019 (prior to any budget decisions which have an effect on the Reserves position).

6.6.

When the General Fund reserves position was considered in February 2015, the Council resolved to earmark an additional portion of the General Fund balance and retain the un-earmarked balance of £5,266,900 or approximately 7% of the General Fund Revenue Budget. In financial year 2016 to 2017 there was expenditure of £479,800 in respect of items the Council had agreed could be funded from the General Fund balance when setting the 2016 to 2017 budget, which reduced the balance as at 31 March 2017 to £4,787,100. In financial year 2017 to 2018, the Council received £245,000 as a redetermination to be carried forward into financial year 2018 to 2019, which increased the balance as at 31 March 2018 to £5,032,100.

6.7.

There is not presently anticipated to be any draw on the non-earmarked General Fund Reserve in financial year 2018 to 2019 beyond the £245,000 carry forward from financial year 2017 to 2018, however a contribution of up to £350,000 towards the demolition costs of the former Papdale Halls of Residence will be considered by the Committee at its meeting to be held on 19 February 2019. Assuming no further draw is made on this fund beyond the £350,000, the non-earmarked General Fund reserve balance would reduce to 5% of the Council's net budgeted expenditure.

6.8.

The Council also has available a source of funding from its Strategic Reserve Fund. In setting the revenue budget for 2018 to 2019, a contribution of £4,684,000 of the interest that would be earned on the Strategic Reserve Fund was budgeted as a means of cushioning savings targets/requirements and to maintain and protect spending and services which might otherwise have been reduced or removed when setting the budget.

6.9.

The policy recommended for the use of interest earned on the Strategic Reserve Fund is to use half of sums earned to support services and the other half to maintain, as far as possible, the "real" value of the reserves.

6.10.

The expected returns under the current Strategic Reserve Fund investment strategy is 5.4% per annum with a 1-year volatility of 8.8% per annum. This level of income is considered sufficient to support annual distributions of approximately £4,000,000 per annum and still maintain the value of the Strategic Reserve Fund in real terms. A higher return of 6.0% per annum would be required to support distributions of £5,000,000 per annum, but this was not recommended at the last review of the investment strategy.

6.11.

A further review of the investment strategy has been commenced and a number of strategies have been identified with the aim of broadly maintaining the expected returns whilst at the same time reducing the level of risk for the Strategic Reserve Fund by reducing exposure to equities.

6.12.

The managed funds portfolio increased in value by £8,103,500 (3.9%), from £207,299,200 at 1 April 2017 to £215,402,700 at 31 March 2018. The current headroom in the Strategic Reserve Fund valuation is sensitive to investment market fluctuations.

6.13.

To protect the Strategic Reserve Fund in real terms the Council reduced the reliance placed on the Fund, with a reduced annual draw of £3,930,000 since 2014 to 2015. In order to balance the 2018 to 2019 revenue budget however a draw of up to £4,684,000 from the Strategic Reserve Fund was recommended while, for 2019 to 2020, a draw of £6,050,000 from the Strategic Reserve Fund is recommended.

6.14.

Having regard to the comments at section 4.7 above regarding the continuing reduction in grant to support repayment of capital debt, it is recommended that, in the event that an underspend on General Fund Services is realised in 2018 to 2019, it is applied as follows:

- Outwith Orkney Placements Fund for no less than the service pressure item set against self-financing as detailed in Annex 3 to this report.
- Any remaining underspends to the repayment of capital debt.

6.15.

In light of the current financial climate the importance of sustaining a sufficient reserve position is pivotal to the financial framework of the Council given the very tight budgets which have to be set for Council services and the inherent risk therein.

7. Council Tax

7.1.

The Council Tax is based upon the capital value of domestic properties (as at 1 April 1991) which is determined by the Assessor. Once the capital value of properties is assessed, properties are allocated to one of eight bands.

7.2.

As indicated at section 4.3 above, the freeze on the level of Council Tax has been replaced by a capped increase of up to 3% in real terms or 4.79% which, if applied at 4.79%, would result in the following levels of Council tax:

| Band | Property Value | Proportion of Band D | Council Tax 2019 to 2020 | Council Tax 2018 to 2019 |
|-------------|-----------------------|-----------------------------|---------------------------------|---------------------------------|
| A | Up to £27,000 | 240/360 | £768.46 | £733.33 |
| B | £27,000 - £35,000 | 280/360 | £896.53 | £855.55 |
| C | £35,000 - £45,000 | 320/360 | £1,024.61 | £977.77 |
| D | £45,000 - £58,000 | 360/360 | £1,153.00 | £1,100.00 |
| E | £58,000 - £80,000 | 473/360 | £1,514.51 | £1,445.28 |
| F | £80,000 - £106,000 | 585/360 | £1,873.12 | £1,787.50 |
| G | £106,000 - £212,000 | 705/360 | £2,257.34 | £2,154.16 |
| H | Above £212,000 | 882/360 | £2,824.09 | £2,695.00 |

7.3.

In September each year, the Council submits an annual return to the Scottish Government providing details of Council Tax Band D equivalent properties which is used by the Scottish Government in determining the level of revenue support grant for each Council. The number of Band D equivalent properties in Orkney for the September 2018 return was 8,049.

7.4.

An element of non-collection of Council Tax will inevitably occur and it is considered prudent to make a non-collection allowance of 1.0%, thereby reducing the Band D equivalent by 80 from 8,049 to 7,969. The allowance for non-collection applied when setting the 2018 to 2019 Council Tax was also 1.0%. With a recommended 4.79% increase in the Band D Council Tax level to £1,153 the total amount of income expected to be generated through the Council Tax is £9,186,000, as outlined in Annex 5.

7.5.

A sanction for increasing Council Tax by more than 3% in real terms has not been indicated by the Cabinet Secretary, but it is anticipated that it would be punitive so that the additional resources raised locally would be largely removed through a reduced financial settlement.

8. Efficiency Savings for 2019 to 2020

8.1.

Services have submitted efficiency savings proposals totalling £885,900, the full details of which are set out in Annex 9. Each of these savings proposals has been subject to challenge by the Senior Management Team and then further challenge by elected members.

8.2.

The full range of efficiency savings options for 2019 to 2020 set out in Annex 9 is estimated to involve reduction in staffing numbers of approximately 1.16 full time equivalent posts. Of these posts, all are occupied.

8.3.

If the savings are restricted to low and medium risk levels, then this will result in no reduction of posts. Annex 6 is restricted to those savings which are proposed for 2019 to 2020.

8.4.

Implementation of the savings proposed for financial year 2019 to 2020 will be challenging.

8.5.

The recommendations in respect of efficiency savings for 2019 to 2020 are as follows:

- The efficiency savings figure to be achieved be set at £360,300.
- These efficiency savings be shared across the relevant services as outlined in Annex 6.

9. Charging for Services

9.1.

On 9 December 2014, the Council approved a revised Corporate Charging and Concessions Policy.

9.2.

The importance of charges has increased with the reduction in grant funding and the knowledge that increasing existing charges and introducing new charges are required to maintain services or prevent certain services being removed altogether. With the September 2018 Retail Prices Index at 3.3% and the Consumer Price Index at 2.4%, it is recommended that Executive Directors should look to review and increase existing charges by a minimum of 3% from 1 April 2019, if it is possible to do so.

9.3.

There are however exceptions to this where, for commercial or other reasons, application of the charge would result in a reduction in income or where the charges collected by the Council are set by statute; a committee to which the Council has delegated responsibility, or a national body. Nationally determined charges will continue to be adjusted according to the national changes.

9.4.

In relation to Orkney Ferries the proposal is to freeze ferry fares at 2015 to 2016 levels for a further year to reflect the benchmarking carried out as part of the Ferries Review which found that Orkney Ferries' fares were higher than for comparable services elsewhere in Scotland. If fairer funding had not continued the proposal would have been to increase ferry fares by 3%.

9.5.

The proposed exceptions where the increase of at least 3% will not apply are as follows:

- Building Warrant and Planning fees – set nationally.
- Harbour Charges (annual increase considered separately).
- Ferry fares.
- Car Park Charges.
- Residential Care and Home Care – based on cost of service.
- Very Sheltered Housing – based on cost of service.
- Supported Accommodation – based on cost of service.
- Licensing fees.
- Ship Sanitation Certification.
- Marriage / Civil Partnership – set nationally.
- Roads Inspection Fees – set nationally.
- Trade Waste Charges.
- Homelessness rents.

9.6.

The disposal of all waste, including trade waste via the Shetland incineration route, has been subject to significant increased costs over recent years. It is proposed that trade waste charges continue to be set to ensure recovery of the cost of providing the trade waste service.

9.7.

A consultation exercise on proposed increased or new charges from the Development and Infrastructure Service was undertaken between 7 December 2018 and 18 January 2019. The consultation, which took the form of a survey on the Council website, was accompanied by an awareness raising exercise with press releases and radio interviews. The outcome of the consultation is summarised at Annex 7. It is recommended that all the charges are now introduced, and these have therefore been included within the Development and Infrastructure Service savings measures.

9.8.

When calculating increases for the Council charges register, for ease of collection the increased charges will be rounded in accordance with the following charging guidance:

| | |
|-------------------|----------------------------|
| Less than £2.00. | 3% rounded to nearest 5p. |
| £2.00 to £49.99. | 3% rounded to nearest 10p. |
| £50.00 to £99.99. | 3% rounded to nearest 50p. |
| £100.00 and over. | 3% rounded to nearest £1. |

9.9.

For small value charges that have not increased for a few years these will be looked at in the year ahead and the increase applied if they would have increased but for the rounding preventing the increase.

9.10.

At the Special General Meeting of the Council held on 22 February 2018, the efficiency savings approved for financial year 2018 to 2019 included the following new charging proposals:

| | |
|---|------------------|
| SCOHC08 Introduce charging for Telecare services. | £97,800. |
| SCOHC10 Introduce charging for Day Care services. | £54,400. |
| Total. | £152,200. |

9.10.1.

In August 2017, Orkney Health and Care's proposal to introduce charges for Telecare and Day Care Services was endorsed by the Corporate Charging Member/Officer Working Group to go forward as a saving proposal in the budget setting process for 2018 to 2019. The charging proposal was considered in the budget setting process and ultimately approved as a saving by the Council on 22 February 2018.

9.10.2.

With the new charges having been approved, the Service budget for 2018 to 2019 was reduced to reflect the income from introduction of the new charges.

9.10.3.

There was a change in senior management within Orkney Health and Care during 2018 and a period where there was no permanent Chief Officer in post, which contributed to the savings proposals not being timeously implemented. The new approved charges had still not been introduced by August 2018 when the Council became aware of the implications of the legal case of "The Queen on the application of KE, IE and CH -v- Bristol City Council", (High Court, Case No: CO/1760/2018, 3 August 2018).

9.10.4.

The Council legal advice, following the principles established by the Bristol City Council case which concerned budget cuts impacting on a group of vulnerable people, was that it would be unsafe to proceed with introduction of charges for Telecare and Day Care Services. Furthermore, it would not be appropriate to go to consultation with the reduction in the budget extant, but that to ensure any eventual decision on charging for Telecare and Day Care Services was a safe one, it would be necessary to first reverse the decision to cut the budget, then carry out an appropriate consultation exercise. Thereafter, taking account of the results of that consultation it would be possible for Members to determine whether or not to introduce charges for Telecare and Day Care Services.

9.10.5.

The loss of income through non-introduction of charges in 2018 to 2019 may be covered by a contribution from the General Fund Contingency if that is required while reinstatement of the £152,200 budget from 1 April 2019 could be met from the additional resources made available to the Council as referred to at section 4.5 above, failing which an increased contribution from the Strategic Reserve Fund would be required.

10. Revenue Budget Summary

10.1.

The proposed uprating assumptions to be applied to the existing base budget are set out in Annex 2 and total £2,719,600 for 2019 to 2020.

10.2.

All the proposed service pressure bids and savings options have been subject to debate, review and challenge by the Senior Management Team and by Members through budget seminars. That process had due regard to the following:

- How the proposals relate to the Council's priorities.
- Meeting the Council's statutory requirements.
- The risk assessment of the saving options.
- The basis of calculation.

10.3.

Annex 1 provides an analysis of the financial settlement and shows that there is a net cash increase for 2019 to 2020.

10.4.

A summary of the cost pressures and funding proposals required to set a balanced budget in 2019 to 2020 are set out below.

| | 2019 to 2020 |
|---|---------------------|
| Cost Pressures | |
| Council Wide Pressures. | £2,700,000. |
| Service Pressure Growth. | £1,000,000. |
| Reinstate One Off Grant. | £300,000. |
| Reduction in Aggregate External Finance. | £400,000. |
| Reinstate Charges not applied. | £150,000. |
| Earmarked Scottish Government Grant. | £500,000. |
| | £5,050,000. |
| Funded By: | |
| Council Tax. | £550,000. |
| Contingency. | £925,000. |
| Efficiency Savings. | £400,000. |
| Funding for Teachers' Pensions. | £475,000. |
| Increased draw on Strategic Reserve Fund. | £1,700,000. |
| Loan Charges. | £1,000,000. |
| | £5,050,000. |

10.5.

The decrease in General Revenue Grant, together with the service pressures and higher than anticipated pay offers, has required a contribution from the Strategic Reserve Fund of £1,700,000 in addition to the baseline contribution of £4,350,000 for 2019 to 2020.

11. Capital Programme 2018 to 2023

11.1.

Re-profiling of the existing five-year capital programmes for financial years 2018 to 2023, in order to reflect current timescales for completion of individual capital projects was approved by Council on 9 October 2018.

11.2.

The Council has been notified through Finance Circular No. 8/2018 that it will receive £7,447,000 of General Capital Grant in 2019 to 2020. This is an increase of £1,058,000 on the £6,389,000 received for 2018 to 2019.

11.3.

The Government "re-profiled" £150,000,000 from the Local Government capital settlement for 2016 to 2017 which is being repaid over financial year 2019 to 2020.

The Council's share of the reprofiled amount to be repaid was £1,198,000. With an increase of only £1,058,000 notified through the Finance Circular this equates to a cut of £140,000 in the recurrent General Capital Grant.

| Year. | General Capital Grant. | Increase/ (Decrease). |
|---------------|-------------------------------|------------------------------|
| 2016 to 2017. | £5,308,000. | (£2,026,000). |
| 2017 to 2018. | £6,962,000. | £1,654,000. |
| 2018 to 2019. | £6,419,000. | (£543,000). |
| 2019 to 2020 | £7,447,000. | £1,058,000. |

11.4.

Any underspend on loan charges in the year ending 31 March 2019 as a result of capital programme slippage will be applied to make provision for items referred to at section 6.14 above, while the General Capital Grant of £7,447,000 in the year to 31 March 2020 will be the main funding source for expenditure on the capital programme.

12. Presumption Against New Commitments

12.1.

In setting the budget for financial year 2018 to 2019, the Council determined that its policies of a presumption against new commitments and a moratorium on staff establishment increases should continue to remain in force for the time being. However, in order to allow for eventualities which might arise, the following conditions should apply:

- Exceptions might be considered for new commitments which are 100% funded by external bodies – proposals involving the Council in partnership funding shall require compensatory savings to be identified.
- The Council should consider undertaking new statutory duties or any case where it was considered that statutory duties were not being fulfilled, however, such duties having financial implications should first be reported to the relevant Committees for approval.
- The Council should consider new commitments where compensatory savings could be identified – any Committee considering such recommendations should, in the first instance, seek to identify savings from within its revenue budget.

12.2.

It is proposed that, with the continuing constraints on the Council budget as detailed in section 5 above, the policies set out above should be maintained for financial year 2019 to 2020.

13. Fairer Funding for Ferry Services

13.1.

The Council lobbying activity on fairer funding was intense in the run up to the publication of the draft Government budget for 2018 to 2019. There was no fairer ferry funding provided in the draft local government finance settlement published on 14 December 2017, however continued lobbying garnered cross-party support in the Parliament and also received the support of the Rural Economy and Connectivity Committee of the Scottish Parliament.

13.2.

The Scottish Government reacted to the campaign for fairer funding and included £5,500,000 of funding for Orkney in the budget for 2018 to 2019.

13.3.

Finance Circular 8/2018 includes a specific grant allocation of £10,500,000 towards "Support for Ferries", with £5,500,000 shown for Orkney Islands Council. In a teleconference with Transport Scotland in December 2018 however, Council officers were informed that this allocation may be diluted through inclusion of Argyll and Bute in the distribution of the grant total. The £5,500,000 is less than the Council's ask of £6,800,000 for 2019 to 2020 and, if it is reduced further, the Council will once more be in the position of subsidising the internal ferry services.

13.4.

Should the Council's final allocation of fair funding specific grant be less than the indicated £5,500,000, through the total grant being shared with Argyll and Bute Council and Shetland Islands Council the deficit in the budget would require further consideration.

13.5.

The draft Orkney Ferries budget has been prepared in the knowledge that the Government has not confirmed any increase in fair funding and constraint has therefore been exercised in drafting the budget. With gross budgeted expenditure of £13,200,000, fares income of £2,700,000, a fair funding specific grant of £5,500,000 and Council subsidy of £4,300,000, the budget has a shortfall of £700,000.

13.6.

Alongside the extensive lobbying work on fairer funding, the Council has continued to progress the technical Business Case analysis and engagement work necessary to determine the appropriate levels of future service provision for lifeline transportation services with reference to the Scottish Ferries Plan. The present budget proposal will not address the necessary uplift to Orkney Ferry Services which is indicated to be legitimate and appropriate by this work.

14. Human Resource Implications

14.1.

The proposed efficiency savings (risk levels low and medium) will, if approved, result in no reduction of full-time equivalent posts.

14.2.

The full range of efficiency savings would, if approved, result in a reduction of 1.16 full time equivalent posts, which are all occupied.

14.3.

The latest quarterly joint staffing watch survey shows a total of 1,690 full time equivalent permanent and temporary staff were paid in the quarter to 31 December 2018. The staff establishment for 2019 to 2020 will not be impacted by budget reductions.

14.4.

The following implications would be considered were any staff to be affected by proposed efficiency savings:

- Full consideration will be given to the restructuring, redeployment, redundancy and early retirement policies.
- Consideration should also be given to redeployment to a post where another employee has expressed an interest in taking voluntary redundancy/early retirement, known as “bumping”.
- However, if after considering the options above, it is not possible to find suitable alternative employment within the Council, then the post holder will be subject to compulsory redundancy and notice of termination will be issued.
- Individual consultation must take place with any employee who is to be made redundant.
- Termination or non-extension of temporary contracts also requires appropriate notification to the individual.
- It should be noted that employees, including staff on temporary contracts, who have continuous service of 2 or more years, will have acquired redundancy and unfair dismissal rights.

14.5.

Other changes to posts as a result of approved efficiency savings that do not result in termination (redundancy), such as variations to duties or hours of work, would also require appropriate consultation and contract variation with the individuals affected.

14.6.

The principal condition that must be applied when deleting posts that result in reduced service capacity will be the continued provision of safe and effective services within available resources.

14.7.

The Council has put in place workforce plans for each of its Services which represent a more structured approach to planning the future workforce. The workforce plans have focussed on the issues within the medium-term due to the financial pressure councils face in the next five years and how that may affect the workforce. In future, further work will be undertaken on the longer-term position for each service, including consideration of how to positively influence the Council area's ageing demographic and meet the workforce and service delivery challenges that presents.

15. Risk

15.1.

The increasingly stringent financial circumstances facing councils as a result of cuts in Government grant allocations, coupled with increased demand for services and heightened regulatory requirements, are placing correspondingly higher levels of risk upon councils and, for the forthcoming financial year, this is acute.

15.2.

While those services which have been "protected" by the settlement carry high levels of risk there are also risks associated with many "non-protected" services and in relation to the corporate responsibilities and compliance duties which apply to all of the Council's activities.

15.3.

Due to diseconomies of scale it is likely that the capacity of the Council to meet such responsibilities is limited by comparison with larger councils and as a consequence the level of exposure to risk is greater in the local context.

15.4.

Despite considerable restraint having been exercised by the Senior Management Team, the service pressures facing the Council for 2019 to 2020 have been calculated at an annual cost of £8,702,300, of which £3,725,400 has been proposed as baseline additions to the budget.

15.5.

The financial settlement per Finance Circular 8/2018 delivered a revenue reduction of £28,000. This position has been improved with additional General Revenue grant of £637,000 announced on 31 January 2019. The estimated income in respect of Teachers' Pension costs has also increased by £75,000 to £475,000 giving an increase in cash resources of £1,084,000.

15.6.

Inclusion of a specific grant of £5,500,000 for internal ferry services at the first stage of the budget must be regarded as positive even if conversations with Transport Scotland have indicated that this is only a provisional allocation and may be reduced to accommodate fair ferry funding for Argyll and Bute Council.

15.7.

Inclusion of significant ring-fenced and earmarked sums within the settlement, combined with a higher than expected pay offer, means that there is huge pressure on the unprotected areas of the Council budget with an effective reduction in resources to deliver services for which demand has not reduced. The continuing mismatch between demand and provision however builds upon a gap from previous years and with uncertainty around the eventual outcome of the pay claims may result in service budget overspends.

15.8.

It is likely, with regard to many areas of the Council's activities, that it will be very difficult to assure Members with confidence that sufficient resources, in terms of staffing, expertise and systems, are in place to meet all legal and compliance obligations let alone the many standards of good practice which apply to services. This may lead to an increased likelihood of failures or perceived failures within services and clear challenges in terms of meeting performance expectations of the Council and its many stakeholders.

15.9.

The Scottish Government has reached a deal with the Scottish Green Party to support its budget and, in return some additional funding has been made available to local government. It will be possible to cover the Orkney Health and Care savings, referred to at section 9.10 above, which have not been delivered and, while reintroduction and provision of a Consumer Price Index uplift to service budgets would be another use for the additional funding, establishment of a General Fund Contingency provision would also allow the Council to meet some of the additional demand and cover some savings proposals that prove difficult to achieve in full during the year.

15.10.

The announcement of additional funding and flexibility in setting the Council Tax made on 31 January 2019 will allow the Council to establish a General Fund Contingency for 2019 to 2020, comprising the following:

| | |
|-----------------------------------|-------------------------|
| Additional General Revenue Grant. | £637,000. |
| Council Tax. | £157,000. |
| Teachers' Pensions. | <u>£75,000.</u> |
| Total. | <u>£869,000.</u> |

| | |
|--|-------------------------|
| Less: Applied to reinstate Orkney Health and Care charges. | £152,200. |
| General Fund contingency. | <u>£716,800.</u> |

15.11.

The level of General Fund contingency should be considered in the context of the following:

- Significant unmet service pressures and no uplift to non-pay budgets for inflation.
- An additional draw of £1,700,000 from the Strategic Reserve Fund.
- Uncertainty around the distribution of the fair ferry funding of £5,500,000 which may see some of this funding removed.

15.12.

As Head of the Paid Service, the Chief Executive has a statutory responsibility in terms of section 4 of the Local Government and Housing Act 1989 to report to the Council on the adequacy of the staff resources necessary to carry out the functions of the Council. As a consequence of all of the reasons outlined in this report, it is likely that such reports will require to be submitted to the Council in the times to come.

16. Equalities Impact

16.1.

Where required, Equality Impact Assessments have been completed individually on each of the savings options and service pressures for 2019 to 2020 and are attached as Annex 8 to this report.

16.2.

An Equality Impact Assessment on the set of savings proposals covering risk levels assessed as low and medium, as detailed in Annex 6 to this report, has also been carried out and is contained in Annex 8.

17. Corporate Governance

17.1.

This report relates to the Council complying with its financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

17.2.

However, when considering the budget setting issues for 2019 to 2020, cognisance has been taken of the Council's duty to meet statutory obligations, together with the declared key priorities of the Council, and how these might be progressed within the resources currently available.

17.3.

Accordingly, the proposals outlined in this report will assist in delivering the Council's priorities by allocating resources to those areas of activity which have been highlighted as priorities.

18. Financial Implications

18.1.

The financial implications are detailed throughout the report.

18.2.

A detailed revenue budget for 2019 to 2020, incorporating any Scottish Government changes to the funding settlement and the budget adjustments agreed by the Council, will require to be prepared and thereafter distributed to budget holders to facilitate budget management and monitoring during financial year 2019 to 2020.

19. Legal Aspects

19.1.

Section 93 of the Local Government Finance Act 1992 requires the Council to set the Council Tax and a balanced budget before 11 March each year. Failure to do so could result in the Council being declared by the Scottish Ministers to be in default and directed, by virtue of Section 211 of the Local Government (Scotland) Act 1973, to set a Council Tax and a balanced budget within such time as the Scottish Ministers direct.

19.2.

The Council is required by law to make arrangements which secure best value.

19.3.

Under Section 50A(4) of the Local Government (Scotland) Act 1973, the public should be excluded from the meeting in respect of any discussion relating to Annex 9 of this report. Annex 9 contains exempt information as defined in paragraphs 1 and 11 of Part 1 of Schedule 7A of the Act.

20. Contact Officers

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21. Annexes

Annex 1: Financial Settlement 2019 to 2020.

Annex 2: Budget Uprating Assumptions 2019 to 2020.

Annex 3: Service Pressures 2019 to 2020.

Annex 4: Reserves and Balances as at 31 March 2018.

Annex 5: Council Tax Calculation 2019 to 2020.

Annex 6: Efficiency Savings 2019 to 2020.

Annex 7: Charging for Services Consultation

Annex 8: Equality Impact Assessments.

Annex 9: Savings – All Risks.

Annex 1.

Financial Settlement 2019 to 2020

| Financial Settlement Details. | 2018 to 2019. | 2019 to 2020. |
|--------------------------------------|----------------------|----------------------|
| Total Estimated Expenditure. | £82,545,000. | £83,729,000. |
| Funded by: | | |
| Assumed Council Tax. | £7,925,000. | £8,025,000. |
| Ring-fenced Grants. | £6,188,000. | £7,156,000. |
| Non-Domestic Rates. | £9,376,000. | £10,459,000. |
| General Revenue Funding. | £59,056,000. | £58,089,000. |
| Totals. | £82,545,000. | £83,729,000. |
| | | |
| Government Grants: | | |
| Ring-fenced Grants. | £6,188,000. | £7,156,000. |
| Non-Domestic Rates. | £9,376,000. | £10,459,000. |
| General Revenue Funding. | £59,056,000. | £58,089,000. |
| Totals. | £74,620,000. | £75,704,000. |
| | | |
| Grant Movement. | £7,476,000. | £1,084,000. |
| Grant Movement. | 11.13%. | 1.45%. |
| | | |
| Council Budget Calculation: | | |
| Non-Domestic Rates. | £9,376,000. | £10,459,000. |
| Revenue Support Grant. | £59,056,000. | £58,089,000. |
| Council Tax. | £8,628,000. | £9,253,700. |
| Use of Strategic Reserve Fund. | £4,962,200. | £6,083,200. |
| Totals. | £82,022,200. | £83,884,900. |
| | | |
| Budget Movement. | -£418,800. | £1,862,700. |
| Budget Movement. | -0.5%. | 2.3%. |
| | | |
| Cash Movement. | £7,476,000. | £1,084,000. |

Annex 2.

Budget Uprating Assumptions

| Budget Element. | 2017 to 2018. | 2018 to 2019. | 2019 to 2020. |
|---|---------------|---------------|---------------|
| Staff Costs Non-Teaching. | 0.9%. | 3% | 3.5% |
| Pension Costs Non-Teaching. | 0% | (0.8)% | (0.4)% |
| Staff Costs Teaching. | 1% | 4% | 3.5% |
| Pension Costs Teaching. | 0% | 0% | 4% |
| Property Costs. | 0%. | 0%. | 0%. |
| Transport Costs. | 0%. | 0%. | 0%. |
| Third Sector. | 0%. | 0%. | 0%. |
| Trading Organisations and Orkney Ferries. | 0.9%. | 3%. | 3.5%. |
| Other Costs. | 0%. | 0%. | 0%. |
| Rent and Lettings. | 3%. | 0%. | 0%. |
| Sales. | 3%. | 4%. | 3%. |
| Fees and Charges. | 3%. | 4%. | 3%. |
| Other Income. | 3%. | 4%. | 3%. |
| | | | |
| Total Uplift for Inflation. | £520,000. | £1,710,000. | £2,719,600. |

Annex 3

Service Pressures 2019 to 2020

| | Statute R/RA/ | Service Base | FUNDING PROPOSAL | | | | |
|---|------------------|-----------------|------------------|-------------|--------------------|----------------|----------------|
| | | | One- off | Contingency | Self- Financing | Deferred | |
| Summary by Service | A/G | 18/19 | £000 | £000 | £000 | £000 | |
| Pay and Prices / 30% Teachers' Pensions | | 2,719.6 | 2,719.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| Chief Executive | | 140.7 | 140.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| Corporate Services | | 90.0 | 0.0 | 0.0 | 0.0 | 70.0 | 20.0 |
| Development and Infrastructure | | 1,840.0 | 480.0 | 0.0 | 0.0 | 167.0 | 1,193.0 |
| Education, Leisure and Housing | | 1,599.0 | 305.0 | 0.0 | 0.0 | 977.0 | 317.0 |
| Orkney Health and Care | | 2,313.0 | 80.1 | 0.0 | 0.0 | 847.0 | 1,385.9 |
| | | 8,702.3 | 3,725.4 | 0.0 | 0.0 | 2061.0 | 2,915.9 |
| Summary by Statutory Requirement | | | | | | | |
| Statutory with little discretion | R | 6,594.6 | 2,939.7 | 0.0 | 0.0 | 1,824.0 | 1,830.9 |
| Statutory with significant discretion | RA | 575.0 | 425.0 | 0.0 | 0.0 | 100.0 | 50.0 |
| Discretionary but essential | A | 1,532.7 | 360.7 | 0.0 | 0.0 | 137.0 | 1,035.0 |
| Discretionary and not wholly essential | G | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | 8,702.3 | 3,725.4 | 0.0 | 0.0 | 2,061.0 | 2,915.9 |

| Ref. | Service Pressure Bids by Service | Risk Category | 2019 to 2020 FUNDING PROPOSAL | | | | | |
|---------|---|---------------|-------------------------------|----------------------|-----------------|------------------------------|--------------------------|------------------|
| | | | 19/20 | Service Base £000 | One-off £000 | Balances Cont'ncy £000 | Self- Finance £000 | Deferred £000 |
| | Pay Pressures / Change Programme | | | | | | | |
| ALLCE01 | Pay and Prices / 30% Teachers' Pensions | Very High | 2,719.6 | 2,719.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | 2,719.6 | 2,719.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Chief Executive | | | | | | | |
| OSCE01 | Payment Services | Very High | 30.7 | 30.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| OSCE02 | Empowering Communities | High | 110.0 | 110.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | 140.7 | 140.7 | 0.0 | 0.0 | 0.0 | 0.0 |
| | Corporate Services | | | | | | | |
| OSCS01 | Orkney and Shetland Valuation Joint Board | High | 20.0 | 0.0 | 0.0 | 0.0 | 0.0 | 20.0 |
| OSCS02 | Orkney and Shetland Valuation Joint Board | High | 70.0 | 0.0 | 0.0 | 0.0 | 70.0 | 0.0 |
| | | | 90.0 | 0.0 | 0.0 | 0.0 | 70.0 | 20.0 |

| Ref. | Service Pressure Bids by Service | Risk Category | 19/20 | 2019 to 2020 FUNDING PROPOSAL | | | | |
|---------------------------------------|--|---------------|----------------|-------------------------------|--------------|------------------------|-------------------|----------------|
| | | | | Service Base £000 | One-off £000 | Balances Cont'ncy £000 | Self-Finance £000 | Deferred £000 |
| Development and Infrastructure | | | | | | | | |
| OEDI01 | Increased cost of Waste Disposal | High | 200.0 | 200.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CADI02 | Building maintenance and inspection | High | 300.0 | 0.0 | 0.0 | 0.0 | 0.0 | 300.0 |
| RDDI03 | EV Infrastructure maintenance and power | High | 60.0 | 0.0 | 0.0 | 0.0 | 25.0 | 35.0 |
| OEDI04 | Revised processes and operational assets (H&S) | High | 150.0 | 0.0 | 0.0 | 0.0 | 0.0 | 150.0 |
| TRDI05 | Concessionary Travel budget deficit | Medium | 25.0 | 0.0 | 0.0 | 0.0 | 0.0 | 25.0 |
| TRDI06 | Air and Bus contract and fuel escalators | High | 180.0 | 180.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CADI07 | Apportioned Costs - addressing historic gap in baseline staff funding | High | 200.0 | 0.0 | 0.0 | 0.0 | 0.0 | 200.0 |
| PLDI08 | Building Standards Technician | High | 28.0 | 0.0 | 0.0 | 0.0 | 0.0 | 28.0 |
| OEDI09 | Increased pressures on operational budgets associated with housing growth | High | 45.0 | 45.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TRDI10 | Airfields Assistant Superintendent (Fire Training) | High | 50.0 | 0.0 | 0.0 | 0.0 | 0.0 | 50.0 |
| DVDI11 | Hydrogen Strategy Project Action Plan | Medium | 50.0 | 0.0 | 0.0 | 0.0 | 0.0 | 50.0 |
| RDDI12 | Housing Amenity Footpaths - resurfacing | Medium | 50.0 | 0.0 | 0.0 | 0.0 | 0.0 | 50.0 |
| RDDI13 | Historic Quarry remediation and disposal | High | 100.0 | 0.0 | 0.0 | 0.0 | 100.0 | 0.0 |
| RDDI14 | Speed Limit/TRO review | Low | 150.0 | 0.0 | 0.0 | 0.0 | 0.0 | 150.0 |
| RDDI15 | Volume and Marine Tourism | High | 42.0 | 0.0 | 0.0 | 0.0 | 42.0 | 0.0 |
| RDDI16 | Volume Tourism strategy and programme of small works | High | 35.0 | 0.0 | 0.0 | 0.0 | 0.0 | 35.0 |
| RDDI17 | Grounds Maintenance - levelling out budget availability to match baseline specification for kirkyards, grounds maintenance and verge cutting | High | 175.0 | 55.0 | 0.0 | 0.0 | 0.0 | 120.0 |
| | | | 1,840.0 | 480.0 | 0.0 | 0.0 | 167.0 | 1,193.0 |

| | | | 2019 to 2020 FUNDING PROPOSAL | | | | | |
|---------------------------------------|---|---------------|-------------------------------|----------------------|-----------------|------------------------------|--------------------------|------------------|
| Ref. | Service Pressure Bids by Service | Risk Category | 19/20 | Service Base £000 | One-off £000 | Balances Cont'ncy £000 | Self- Finance £000 | Deferred £000 |
| Education, Leisure and Housing | | | | | | | | |
| EDELH01 | Early Learning and Childcare | High | 977.0 | 0.0 | 0.0 | 0.0 | 977.0 | 0.0 |
| EDELH02 | School Transport | High | 140.0 | 140.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EDELH03 | Capacity to Implement Transformational Change | High | 75.0 | 0.0 | 0.0 | 0.0 | 0.0 | 75.0 |
| EDELH04 | Support for Learning | Very High | 165.0 | 165.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EDELH05 | Schools on Standby | High | 70.0 | 0.0 | 0.0 | 0.0 | 0.0 | 70.0 |
| EDELH06 | Utilities - Devolved School Management | High | 100.0 | 0.0 | 0.0 | 0.0 | 0.0 | 100.0 |
| EDELH07 | Staffing Absence | High | 9.0 | 0.0 | 0.0 | 0.0 | 0.0 | 9.0 |
| LSELH08 | Museum Visitor Services | High | 50.0 | 0.0 | 0.0 | 0.0 | 0.0 | 50.0 |
| OHELH09 | Increase in sleep-in costs - Sheltered Housing | High | 13.0 | 0.0 | 0.0 | 0.0 | 0.0 | 13.0 |
| | | | 1,599.0 | 305.0 | 0.0 | 0.0 | 977.0 | 317.0 |
| Orkney Health and Care | | | | | | | | |
| SCOHC01 | Corporate Parenting Statutory Responsibilities | High | 120.0 | 0.0 | 0.0 | 0.0 | 0.0 | 120.0 |
| SCOHC02 | Adoption Allowance Payments | High | 54.0 | 54.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| SCOHC03 | Develop residential childcare capacity in Orkney | Very High | 407.7 | 0.0 | 0.0 | 0.0 | 0.0 | 407.7 |
| SCOHC04 | High Cost Packages - Children Outwith Orkney | High | 847.0 | 0.0 | 0.0 | 0.0 | 847.0 | 0.0 |
| SCOHC05 | Children Outwith Orkney Reviewing Officer | High | 30.0 | 0.0 | 0.0 | 0.0 | 0.0 | 30.0 |
| SCOHC06 | Self-Directed Support | High | 254.0 | 0.0 | 0.0 | 0.0 | 0.0 | 254.0 |
| SCOHC07 | New St Peters House staffing and Old Building Costs | High | 297.0 | 0.0 | 0.0 | 0.0 | 0.0 | 297.0 |
| SCOHC08 | Sleep-in cover for in-house services | Very High | 277.2 | 0.0 | 0.0 | 0.0 | 0.0 | 277.2 |
| SCOHC09 | Free personal care for under 65's | Very High | 26.1 | 26.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| SCOHC10 | Carers Act | Very High | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| | | | 2,313.0 | 80.1 | 0.0 | 0.0 | 847.0 | 1,385.9 |

Annex 4.

Reserves and Balances as at 31 March 2018

| | | |
|--|-------------|---------------------|
| General Fund Balance. | | £5,032,100. |
| | | |
| Insurance Fund. | £1,021,000. | |
| Local Works and Services Contingency Fund. | £138,100. | |
| Devolved School Management Fund. | £34,500. | |
| Training Fund. | £297,900. | |
| Innovation Fund. | £1,185,300. | |
| Renewable, Redevelopment and Regeneration Fund. | £2,983,500. | |
| Recreation and Cultural Services Project Fund. | £113,100. | |
| Economic Development Grants Fund. | £1,761,100. | |
| Sustainable Communities Fund. | £96,400. | |
| Office 365/Electronic Document Records Management. | £61,100. | |
| Outwith Orkney Placements Fund. | £1,254,900. | |
| Welfare Fund. | £4,100. | |
| Workforce Management Fund. | £1,000,000. | |
| Total Earmarked Reserves. | | £9,951,000. |
| Total General Fund Reserves. | | £14,983,100. |

Annex 5.

Council Tax Calculation for 2019 to 2020

| | |
|--|---------------------|
| Non-Domestic Rates. | £10,459,000. |
| Revenue Support Grant. | £58,089,000. |
| Council Tax. | £9,253,700. |
| Use of Reserves. | £6,083,200. |
| Proposed Budget for 2019 to 2020. | £83,884,900. |
| Less Use of Reserves. | -£6,083,200. |
| | £77,801,700. |
| Less Financial Settlement. | -£68,548,000. |
| Less Empty Properties Income. | -£67,700. |
| Expenditure to be met by Council Tax. | £9,186,000. |
| | |
| Band D Properties Forecast. | 8,049. |
| Assumed Collection Rate. | 99%. |
| Number of Band D Equivalent Tax Payers. | 7,969. |
| | |
| Band D Council Tax for 2018 to 2019. | £1,153. |

Annex 6.

Efficiency Savings 2019 to 2020

| | FTE | £000 |
|--------------------------------|-------------|--------------|
| Chief Executive | 0.00 | 160.0 |
| Corporate Services | 0.00 | 112.3 |
| Development and Infrastructure | 0.00 | 65.8 |
| Education, Leisure and Housing | 0.00 | 22.2 |
| Orkney Health and Care | 0.00 | 0.0 |
| | 0.00 | 360.3 |

| | Chief Executive | FTE | £000 | Risk | EqIA |
|--------|-----------------------------|-------------|--------------|-------------|-------------|
| CACE14 | Insurance Renewal | 0.00 | 70.0 | Low | No |
| OSCE11 | Carbon Reduction Commitment | 0.00 | 65.0 | Low | No |
| OSCE01 | Compensatory Pensions | 0.00 | 25.0 | Low | No |
| | | 0.00 | 160.0 | | |

| | Corporate Services | FTE | £000 | Risk | EqIA |
|--------|---|-------------|--------------|-------------|-------------|
| CACS37 | I.T. Licences | 0.00 | 71.6 | Low | No |
| CACS27 | Reduce costs of Supplies and Services - Building cleaning | 0.00 | 24.0 | Medium | No |
| CACS35 | Property Deemed Surplus to Operational Requirements | 0.00 | 16.7 | Medium | No |
| | | 3.27 | 112.3 | | |

| | Development and Infrastructure | FTE | £000 | Risk | EqIA |
|--------|---|-------------|-------------|-------------|-------------|
| OEDI35 | Increased charges for special; (bulky) household waste collection and disposal (MOWG) | 0.00 | 14.0 | Low | Yes |
| OEDI36 | Charge for bin replacement (MOWG) | 0.00 | 10.0 | Low | Yes |
| RDDI34 | Increase to car park excess charge (MOWG) | 0.00 | 10.0 | Low | Yes |
| RDDI37 | Increase charges for road closures (MOWG) | 0.00 | 10.0 | Low | No |
| CADI31 | Concerto - Key management system | 0.00 | 6.0 | Low | No |
| RDDI22 | Charges for car parking, including charge for Electrical chargers | 0.00 | 5.0 | Medium | Yes |
| OEDI04 | Burial Grounds Charges - increase cost of lair purchase | 0.00 | 5.0 | Medium | Yes |
| RDDI38 | Charge for overnight parking of campervans, tents and caravans (MOWG) | 0.00 | 4.0 | Low | Yes |
| EHDI40 | Charge for stray dog uplift (MOWG) | 0.00 | 1.0 | Low | Yes |
| PLDI41 | Charge for Planning - non-material variations (MOWG) | 0.00 | 0.8 | Low | Yes |
| | | 0.00 | 65.8 | | |

| | Education, Leisure and Housing | FTE | £000 | Risk | EqIA |
|---------|---|-------------|-------------|-------------|-------------|
| EDELH02 | Charging for Papdale Halls of Residence (MOWG) | 0.00 | 8.0 | Medium | Yes |
| LSELH47 | Orkney Museum review sales and marketing strategy | 0.00 | 5.0 | Low | No |
| LSELH31 | Stromness Pool reduce opening hours | 0.00 | 2.0 | Medium | Yes |
| LSELH48 | Earls Bu/Saga Centre Community transfer | 0.00 | 2.0 | Low | No |
| LSELH49 | Trumland Community Transfer | 0.00 | 2.0 | Low | No |
| LSELH23 | Ness Caravan Site increased pitches - income | 0.00 | 1.0 | Low | Yes |
| LSELH37 | Stromness Town Hall increased income | 0.00 | 1.0 | Medium | No |
| LSELH30 | Kirkwall Sports Centre/Stromness Academy increased marketing/income | 0.00 | 1.0 | Low | No |
| LSELH36 | Dounby Centre increased income | 0.00 | 0.2 | Low | Yes |
| | | 0.00 | 22.2 | | |

Annex 7

Charging Consultation Results

Proposed New Charges

- New and replacement refuse bins.
- Caravans, motorhomes and tents using carparks and other Council land.
- Electric vehicle charging.
- Collecting and kennelling stray dogs.
- Planning permission amendments.
- An annual landing ticket for private aircraft landing at Council airfields.
- Use of Travel Centre facilities by coaches

Proposed increases to current charges for:

- Longer-than-permitted stays at car parks.
- Special collections and disposal of bulky household waste.
- Road closures for road works.

Large Majority In Favour Majority In Favour Majority Against Large Majority Against

| | | | |
|---|--|---|--|
| | | ✓ | |
| ✓ | | | |
| ✓ | | | |
| ✓ | | | |
| ✓ | | | |
| ✓ | | | |
| | | | |
| ✓ | | | |
| | | ✓ | |
| ✓ | | | |

Detail of Proposed Charges

Service

New or replacement refuse bins.

Caravans, motorhomes and tents using car parks and other Council land

Electric vehicle charging.

Collecting and providing kennelling for stray dogs.

Planning permission amendments.

Proposed Charge

£25 for a grey 240 litre bin, £20 for a grey 140 litre bin.
No charge for new or replacement green recycling bins.

The consultation sought views on the principle of establishing a charge, for example through a weekly or annual permit.
Fees to be determined following the consultation.

Various options:

- 1) £1 minimum charge with 15p per kilowatt (kW) top up for electricity dispensed over the £1 minimum charge.
- 2) £1 minimum charge with 17p per kilowatt (kW) top up for electricity dispensed over the £1 minimum charge.
- 3) £1 connection charge and 15p per kW in addition to the connection charge for every kW dispensed.
- 4) £1 connection charge and 17p per kW in addition to the connection charge for every kW dispensed.
- 5) Flat rate of 30p per kW.

It is also proposed to introduce a penalty for overstay:

- 6) £5 penalty for over 30 minutes use of a rapid charger, or 3 hours use of a fast charger
- £5 penalty for over 1 hour's use of a rapid charger, or 4 hours' use of a fast charger

£125 if the dog cannot be immediately returned to the owner.

Applications received within 12 months of planning permission being granted – free.

After 12 months:

Single household application - £50.
Small-scale local development - £100.

Major development - £200.

New Annual landing ticket for private aircraft using Council airfields and increased charges for helicopter landings.

£150 annual private aircraft landing ticket.
£100 charge for commercial helicopters under 9,000 kg and £200 for commercial helicopters over 9,000kg.

Use of Travel Centre facilities by coaches.

The consultation sought views on the principle of establishing a charge, for example through a weekly or annual permit.
Fees to be determined following the consultation.

Detail of proposed increases to current charges:

| | From | To |
|--|---|--|
| Excess charge for longer- than-permitted stays at car parks. | £30.00 | £60, but £30 if paid within two weeks. An extra £15 will be charged after 42 days, |
| Special collections and disposal of bulky household waste. | Up to five items: £15.83. Six items up to full pick- up load: £66.50. Lorry load: £134. | Up to five items: £44.17. Six items up to full pick-up load: £185.54. Lorry load: £373.86. |
| Road closures for road works. | £207 for road closure of up to seven days. £328 for road closures of up to 18 months. | £500 for road closure of up to seven days. £700 for road closures of up to 18 months. |

Annex 7 – Appendix 1



**Orkney Islands Council
Development and Infrastructure
Consultation on Proposed New and Increased Charges**

January 2019

Consultation period – 7 December 2018 – 18 January 2019

1) Introduction and background

Following the Budget Simulator exercise that the Council carried out two years ago the results indicated a willingness among the public to see fees and charges go up if this helped to prevent cuts to frontline services.

Services were asked to review fees and charges as part of the budget setting process.

The Development and Infrastructure Service submitted proposals for both new charges and increases to existing charges which were submitted to the Fees and Charges Member Officer Working Group on 27 August 2018.

The proposals were then taken to the Policy and Resources Committee on 25 September 2019 where there was a Council decision to consult on the proposed new charges and increases to existing charges.

Formal consultation on the Development and Infrastructure Consultation on proposed new and increased charges commenced on the 7 December 2019 and comprised of the following: -

Proposed new charges:-

- New or replacement refuse bins.
- Caravan, motorhomes and tents using carparks and other Council land.
- Electric Vehicle Charging.
- Collecting and providing kenneling stray dogs.
- Planning permission amendments.
- Annual landing ticket for private aircraft using Council airfields and increased charges for helicopter landings.
- Use of Travel Centre facilities by coaches.

Proposed increases to current charges:-

- Excess charges for longer-than-permitted stays at car parks.
- Special collections and disposal of bulky household waste.
- Road closures for road works.

Feedback was invited on plans to increase or bring in new charges for a number of services provided by Orkney Islands Council.

The proposals were aimed at generating additional income to help offset the need for budget cuts.

2) Consultation Methods

To raise awareness of the consultation, notification took place at the beginning of the consultation period and copies of relevant documents were distributed. Below is a summary of the notification process, consultation methods and document distribution.

Smart Survey option (open to all public, groups etc) – this was the main Development and Infrastructure survey and was available at the start of the completion.

Orkney Opinions Group – an identical survey was also run through Smart Survey for the Orkney Opinions Group.

Royal Mail – paper copies of the survey were made available for mailing out to people on request.

Press Release at the commencement of the consultation, where copies could be found and how to comment. This led to articles in the Orcadian and BBC Radio Orkney.

Advertisement in the Orcadian at on the commencement of the consultation, where copies could be found and how to comment, this was followed up by a reminder of the consultation and closing date which was published in the Orcadian early January 2019.

Notification on the OIC Website at the commencement of the consultation.

Social Media – Facebook and Twitter were used to promote the survey and a reminder was also added on 08 January 2019.

Paper copies of the consultation made available at OIC Outlets – OIC Customer Services, Kirkwall Offices and OIC Customer Services Stromness Warehouse.

Paper copies were also made available on all Isles ferries and at the information desk at Kirkwall Airport.

Groups – Development and Infrastructure officers made contact directly with relevant groups.

Views from residents, groups and communities were sought.

3) Consultation Results

A total of 347 representations were received through the main Development and Infrastructure survey and a total of 535 representations were received through the Orkney Opinions survey, **overall a total of 882 representations were received.** Some responses were fully completed where others were partially completed with some questions being left blank, all individual comments made have been recorded.

Most representations were made through Smart Survey and therefore a formal response is not required as contact details were not requested.

Where we have been provided with contact details e.g. on paper versions of the survey or via email then receipt of the response has been acknowledged.

All comments received will be reviewed and will be addressed by the relevant Head of Service and sections within Development and Infrastructure, there will be further detailed analysis on the individual comments made which will be reflected in the next phases of introducing charges, once the principle is agreed.

Methodology Used

There were 10 questions within the survey relating to proposals to either introduce new charges or increase existing charges, each question with the survey started with one of the following lead questions: -

- Do you agree we should charge for this?
- Do you agree with the principle of charging for this?
- Do you agree we should be increasing these charges?

The 'yes' and 'no' responses to the lead questions have been used to provide the statistics and summary of results which can be found at Appendix 1. 'Yes' responses to each of these questions were totalled and 'no' responses to each of these responses were totalled.

Some responders did not answer 'yes' or 'no' to this question but gave an undefined response e.g. 'yes and no', 'perhaps', 'yes for replacement but not for first one, 'only if bin is replaced but not for initial one' etc.

The undefined responses have been noted as comments but have not been included in the 'yes' and 'no' totals **except** for the **results of the new or replacement bins**, the totals for this result were very close so the undefined answers were included in the overall result. Where there was any doubt as to whether an answer should be recorded as a 'yes' or 'no' the result was recorded as a 'no' which was seen to be the fairest way to record this in relation to providing a "worst case scenario" in relation to views against a proposal. The rationale for the decision on the undefined responses to this proposal have been noted against the comments recorded.

Main Issue Raised

The majority of responses to all of the proposed changes to charges indicate that responders are in favour that the Council should be charging for or introducing new charges for these services, or at least in principle.

The proposed charge for **new or replacement refuse bins** created the closest result in regard to the total number of 'yes' and 'no' responses to the question 'do you agree we should charge for this?'. The overall total shows that respondees are not in favour of this proposal.

This was followed by the proposed charge for special **collections and disposal of bulky household waste**. The total of 'yes' and 'no' responses to the question 'do you agree we should be increasing these charges?' were close but the total of 'no' responses was still higher than the total number of 'yes' responses. Concern was expressed and highlighted by residents on the Isles.

4) Consultees

The majority of contributors are members of the Orkney public with other comments received from other interested groups.

5) Conclusion

A summary of the combined results for all of the consultation methods used are attached at Appendix 2.

Annex 7 - Appendix 2

Development and Infrastructure (D&I) - Fees and Charges Consultation - Results

Note 1: two identical surveys were run (i) D&I main survey and (ii) Orkney Opinions (OO) survey, below are the combined results from both surveys.

Note 2: these results are taken from the first main question under each of the 10 questions e.g. do you agree we should charge for this.

Note 3: the undefined answers are not included in the overall 'yes' and 'no' totals.

| | | Yes | No | Undefined answer e.g. answered both y/n, ?, unsure, don't know, partially |
|------------|---------------------|-------------------|-------------------|--|
| Question 1 | D&I | 143 | 171 | |
| | OO | 30 | 25 | |
| | <u>Total</u> | <u>173</u> | <u>196</u> | 1 |
| Question 2 | D&I | 246 | 50 | |
| | OO | 50 | 3 | |
| | <u>Total</u> | <u>296</u> | <u>53</u> | 18 |
| Question 3 | D&I | 270 | 37 | |
| | OO | 50 | 4 | |
| | <u>Total</u> | <u>320</u> | <u>41</u> | 8 |
| Question 4 | D&I | 235 | 55 | |
| | OO | 45 | 8 | |
| | <u>Total</u> | <u>280</u> | <u>63</u> | 10 |
| Question 5 | D&I | 259 | 30 | |
| | OO | 45 | 6 | |
| | <u>Total</u> | <u>304</u> | <u>36</u> | 12 |

| | | Yes | No | Undefined answer e.g. answered both y/n, ?, unsure, don't know, partially |
|-------------|---------------------|-------------------|-------------------|--|
| Question 6 | D&I | 271 | 16 | |
| | OO | 50 | 3 | |
| | <u>Total</u> | <u>321</u> | <u>19</u> | 10 |
| Question 7 | D&I | 221 | 63 | |
| | OO | 38 | 13 | |
| | <u>Total</u> | <u>259</u> | <u>76</u> | 18 |
| Question 8 | D&I | 222 | 79 | |
| | OO | 31 | 22 | |
| | <u>Total</u> | <u>253</u> | <u>101</u> | 6 |
| Question 9 | D&I | 135 | 165 | |
| | OO | 21 | 29 | |
| | <u>Total</u> | <u>156</u> | <u>194</u> | 12 |
| Question 10 | D&I | 223 | 34 | |
| | OO | 31 | 8 | |
| | <u>Total</u> | <u>254</u> | <u>42</u> | 18 |