

Minute

Policy and Resources Committee

Tuesday, 21 December 2021, 10:30.

Microsoft Teams.



Present

Councillors James W Stockan, W Leslie Manson, Stephen G Clackson, Norman R Craigie, Robin W Crichton, David Dawson, Andrew Drever, Barbara Foulkes, Steven B Heddle, J Harvey Johnston, Rachael A King, John T Richards, Stephen Sankey, John A R Scott, Gwenda M Shearer, Graham L Sinclair, Magnus O Thomson, Duncan A Tullock and Heather N Woodbridge.

Clerk

- Hazel Flett, Senior Committees Officer.

In Attendance

- John W Mundell, Interim Chief Executive.
- Stephen Brown, Chief Officer/Executive Director, Orkney Health and Care.
- Hayley Green, Interim Executive Director of Environmental, Property and IT Services (for Items 1 to 5).
- Gareth Waterson, Interim Executive Director of Finance, Regulatory, Marine and Transportation Services.
- James Wylie, Executive Director of Education, Leisure and Housing.
- James Buck, Head of Marine Services and Transportation.
- Karen Greaves, Head of Executive Support.
- Andrew Groundwater, Head of HR and Performance.
- Colin Kemp, Interim Head of Finance.
- Gavin Mitchell, Head of Legal Services.

Observing

- Kenny MacPherson, Interim Head of IT and Facilities.
- Lorna Richardson, Interim Head of Roads, Fleet and Waste.
- Paul Kemp, Strategic Finance Manager.
- Shonagh Merriman, Interim Corporate Finance Senior Manager.
- Avril Litts, Accounting Manager (Strategic Finance).
- Kirsty Groundwater, Communications Teams Leader.
- Sandra Craigie, Committees Officer.
- Angela Kingston, Committees Officer.

Apologies

- Councillor Alexander G Cowie.
- Councillor Owen Tierney.

Declarations of Interest

- Councillor John A R Scott – Item 4.
- Councillor Gwenda M Shearer – Item 2.

Chair

- Councillor James W Stockan.

1. Disclosure of Exempt Information

The Committee noted the proposal that the public be excluded from the meeting for consideration of Appendices 2 and 3 of Item 2, as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. COVID-19 Funding – Proposed Allocations

Councillor Gwenda M Shearer declared a non-financial interest in this item, in that she had a personal interest in some of the various recovery projects to be considered for potential funding allocations, and was not present during discussion thereof.

After consideration of a joint report by the Chief Executive and the Interim Executive Director of Finance, Regulatory, Marine and Transportation Services, copies of which had been circulated, the Committee:

Noted:

2.1. That, over financial year 2020/21, the Council received significant levels of additional government funding to meet the additional costs of operation and to compensate for income lost during the year.

2.2. That, as at 31 March 2021, the Council held accumulated additional cash balances amounting to £8,250,000, which could be allocated to items of spending pressure or asset replacement on a one-off basis.

2.3. The proposed allocation of funding to various recovery projects, summarised in section 3.4 and detailed in Appendix 1 of the joint report by the Chief Executive and the Interim Executive Director of Finance, Regulatory, Marine and Transportation Services.

The Committee resolved to **recommend to the Council:**

2.4. That the allocation of funding to a series of recovery projects, as set out in Appendix 1 to this Minute, be approved.

2.5. That a contribution of £33,500, towards the cost of survey work, ground investigation, design and architectural services required to develop the Kirkwall Regeneration project to a stage to submit a planning application and apply for building warrant, be approved.

Councillor Duncan A Tullock left the meeting during discussion of this item.

3. Strategic Reserve Fund – Budget Review and Long Term Forecast

After consideration of a report by the Head of Finance, copies of which had been circulated, the Committee:

Noted:

3.1. That the Strategic Reserve Fund Managed Funds investments were predicted to outperform the approved budget for financial year 2021/22, as indicated in the probable outturn column of Appendix 1 to the report by the Head of Finance.

3.2. That, after allowing for distributions of £8,170,000 during financial year 2021/22, the value of the Strategic Reserve Fund was estimated to increase by £11,419,000 to £245,135,000 as at 31 March 2022.

3.3. That, with existing distribution commitments of £9,385,000 for financial years 2022/23, 2023/24 and 2024/25, and with £20,963,000 allocated to support General Fund Services over the same period, the available headroom within the Strategic Reserve Fund relative to the minimum balance or “Floor” was estimated to decline from £29,364,000 to £21,819,000, or from approximately 12.0% to 8.4% of usable reserves, over the next three years.

3.4. That, while much uncertainty remained within the global economy and therefore considerable volatility could be anticipated from investment returns over the short to medium term, the investment strategy adopted for the Strategic Reserve Fund managed funds investments sought to improve the level of diversification and focus on income generation going forward.

3.5. That the draft long term 10-year budget forecast, attached as Appendix 2 to the report by the Head of Finance, indicated that the Strategic Reserve Fund was sustainable over that period based on an assumed level of income generation being achieved and a restricted level of disbursements.

3.6. That a prudent approach was recommended when considering requests for additional disbursements from the Strategic Reserve Fund over the next three financial years.

3.7. That the financial commitment from the Strategic Reserve Fund to the General Fund for financial years 2021/22, 2022/23 and 2023/24 was set as a cumulative total of £22,083,000 over the three-year period.

3.8. That financial contributions of £6,350,000 and £7,470,000 for financial years 2020/21 and 2021/22 respectively resulted in a proposed financial contribution of £8,263,000 being available for 2022/23.

3.9. The proposal that the indicative baseline financial contribution from the Strategic Reserve Fund to the General Fund should revert to £6,350,000 for financial years 2023/24 and 2024/25.

On the motion of Councillor James W Stockan, seconded by Councillor Robin W Crichton, the Committee resolved to **recommend to the Council**:

3.10. That a financial contribution of £8,263,000 from the Strategic Reserve Fund to the General Fund, forming part of the three-year cumulative commitment referred to at paragraph 3.7 above, be used as a planning assumption as part of the Council's budget setting process for financial year 2022/23.

3.11. That the minimum balance or "Floor", below which the value of the Strategic Reserve Fund should not fall, be set at £225,049,000 as at 1 April 2022.

3.12. That, in line with the aspiration of setting a three-year budget, indicative figures of £232,701,000 and £237,820,000 be set as the minimum balance or "Floor", below which the value of the Strategic Reserve Fund should not fall for financial years 2023/24 and 2024/25 respectively, subject to annual review.

3.13. That the Strategic Reserve Fund budget for financial year 2022/23, together with indicative budgets for 2023/24 and 2024/25, attached as Appendix 2 to this Minute, be approved.

3.14. That the long-term 10-year budget forecast for the Strategic Reserve Fund, attached as Appendix 3 to this Minute, be endorsed as a financial planning document.

4. Strategic Reserve Fund – Contribution to General Fund Services

Proposed Notional Allocations

Councillor John A R Scott declared a non-financial interest in this item, being a Council-appointed trustee of the Pickaquoy Centre Trust, but concluded that his interest did not preclude his involvement in the discussion.

After consideration of a report by the Head of Finance, copies of which had been circulated, the Committee:

Noted:

4.1. That, for many years, the Strategic Reserve Fund allocation to the General Fund had been used as one of the funding sources for all General Fund services rather than making a direct financial contribution towards specific service functions or items of expenditure.

4.2. The proposal that the Strategic Reserve Fund contribution be attached to specific areas of General Fund expenditure so that the Orkney public could see more readily the benefit of the Strategic Reserve Fund and the additionality of service provision that it allowed the Council to deliver.

4.3. That, although accounting for the contribution from the Strategic Reserve Fund as a direct contribution to specific services would have negative future consequences on expenditure-based budget distributions, notional allocations would avoid those negative consequences.

On the motion of Councillor James W Stockan, seconded by Councillor John A R Scott, the Committee resolved to **recommend to the Council**:

4.4. That the Strategic Reserve Fund allocation to General Fund services for financial year 2022/23, amounting to £8,263,000, be notionally allocated as a direct funding contribution towards the service functions set out in Appendix 4 to this Minute.

4.5. That grants to voluntary organisations for 2022/23, that were notionally allocated against the Strategic Reserve Fund contribution to General Fund Services, be increased by 10%, at a total cost of £142,000.

4.6. That, should a higher contribution than £8,263,000 be required from the Strategic Reserve Fund to balance the General Fund budget for financial year 2022/23, that contribution should be treated as a source of funding for General Fund services and notionally allocated to Loan Charges.

Signed: (Leader's signature).

As a result of internet connectivity issues, Councillor James W Stockan was not present for all of the discussion relating to item 5 – Reserves and Provisions Strategy. Councillor W Leslie Manson took the Chair for the remaining part of that item.

5. Reserves and Provisions Strategy

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Interim Executive Director of Finance, Regulatory, Marine and Transportation Services, the Committee:

Noted:

5.1. That the Council should be clear on the purpose for holding any reserves and the protocols for their use.

5.2. The broad range of reserve levels within which local authorities might reasonably operate depending on their particular circumstances.

5.3. That, although financial year 2020/21 saw huge financial uncertainty and risk on account of the COVID-19 pandemic, the outturn was better than anticipated with additional government support provided.

5.4. That, as at 31 March 2021, the Council held earmarked reserves of £34,333,200, together with a non-earmarked General Fund Balance of £6,684,300.

5.5. That the Council could reasonably operate with a lower level of non-earmarked General Fund Balance and might also be able to re-allocate some of the earmarked reserves where the reason for earmarking had changed.

5.6. That, with the Heads of Terms for an Islands Deal having been signed, the Council would be expected to contribute to shortfalls in funding on several Islands Deal projects and might wish to earmark funds for that purpose.

5.7. The purpose for holding each of the Council's earmarked reserves and the non-earmarked General Fund Balances, as set out in Appendix 2 to the report by the Head of Finance.

The Committee resolved to **recommend to the Council:**

5.8. That the level of General Fund Balance for 2022/23 be set at 3% of the net revenue budget for 2021/22, with a target balance of £2,681,775.

5.9. That the sum of £4,002,525 be utilised in meeting any shortfall in the General Fund revenue budget for 2022/23, with any balance earmarked towards the site cost for the Integrated Waste Facility project and thereafter for the Islands Deal funding gap for the Creative Islands Wellbeing project and the Orkney Research and Innovation Campus.

5.10. That application of the funding set aside through paragraph 5.9 above be delegated to the Chief Executive, in consultation with the Head of Finance.

5.11. That the Head of Finance should conduct a detailed review of the earmarked General Fund balances and thereafter submit a report, to the Policy and Resources Committee, assessing whether the original purpose for holding the earmarked balances remained valid, or if the level of balance could be reduced and funds reprovisioned.

Signed: (Depute Leader's signature).

6. Orkney Harbours Masterplan Phase 1

Proposed Governance Arrangements

After consideration of a report by the Interim Executive Director of Finance, Regulatory, Marine and Transportation Services, copies of which had been circulated, and after hearing a report from the Head of Marine Services and Transportation, the Committee:

Noted:

6.1. That interest in the proposed Scapa Deep Water Quay and Hatston Pier extension projects contained within the Orkney Harbours Masterplan Phase 1 had remained at a high level since applications were submitted to Crown Estate Scotland's ScotWind seabed leasing round by potential developers in July 2021.

6.2. That Crown Estate Scotland was due to announce preferred developers for the ScotWind off-shore wind seabed leases in mid to late January 2022.

6.3. That, as a result of the announcement by Crown Estate Scotland, due in January 2022, as well as continued and further strong interest from a number of the applicants for seabed leases, the Harbour Authority was expecting a number of approaches from potential developers seeking to enter into discussions and negotiations for use of the proposed facilities at Scapa Deep Water Quay, Hatston Pier, Scapa Flow and Lyness.

6.4. The proposal that, to ensure the Council and the wider Orkney community did not miss out on opportunities that would arise from the preferred developer(s)' announcement due by Crown Estate Scotland in January 2022, a negotiating team be established, together with delegation to authorise and conclude the necessary agreements.

The Committee resolved to **recommend to the Council:**

6.5. That consideration of establishing a negotiating team and the delegation of powers to authorise and conclude any Heads of Terms, commercial or other agreements associated with the proposed developments contained within the Orkney Harbours Masterplan Phase 1, as well as any developments associated with Crown Estate Scotland's ScotWind seabed leasing rounds, for the period 1 January to 31 December 2022, be referred to the Special General Meeting of the Council to be held on 23 December 2021.

7. Conclusion of Meeting

At 12:57 the Chair declared the meeting concluded.

Signed:

Appendix 1.

Allocation of COVID-19 Funding to Recovery Projects

Description of Recovery Project:	Proposed Amount:
<p>Cultural Fund Recovery Funding:</p> <p>The county has a wide variety of festivals, musical events and cultural organisations that have been severely impacted by restrictions on gatherings and performances.</p> <p>It is proposed that the allocation is used to supplement the funding provided to organisations that receive priority funding through the Culture Fund, to increase the Culture Fund open pot and provide wider assistance to community arts and performance groups.</p> <p>A scheme for distributing the funding will require to be developed and reported through the Education, Leisure and Housing Committee.</p>	£300,000
<p>Housing Grants:</p> <p>Disabled adaptations and home improvement grants play an important part in ensuring that essential maintenance and adaptations can be carried out for people of limited means that enable them to stay in their own homes. The current year allocation of funding has been substantially committed and there will be rationing of work without additional funding being made available.</p> <p>It is proposed that the allocation is used to supplement the existing funding provided, with the expenditure reported through the Education, Leisure and Housing Committee and Integration Joint Board, as appropriate.</p>	£300,000
<p>Local Works and Services Fund:</p> <p>This fund has proved extremely useful as a means of resolving those less significant issues that nevertheless take up a great deal on Member time and without a resource to direct towards solving will remain as local ward issues. The fund has paid for the removal of scrap cars, contributed to the Stromness Town House performance area, car parking at the Meadows in Kirkwall and a number of other worthwhile projects.</p> <p>An allocation of £200,000 was made in 2015/16 with £30,000 for each of the six ward areas. This has not been fully expended or committed by all ward areas. The proposal is to top up each ward's allocation with a further £40,000.</p>	£240,000
<p>School Furniture and Fittings:</p> <p>The condition of some of the loose furniture across the school estate is getting rather tired and this has been noted by the Executive Director as an area where improvements are required.</p>	£400,000

Description of Recovery Project:	Proposed Amount:
It is proposed that the allocation is used to supplement existing budgets and the expenditure should be reported through the Education, Leisure and Housing Committee.	
<p>Windows 11:</p> <p>The next version of the Windows operating system is now available and, at some point in the not-too-distant future, it will be deemed necessary to make the move to upgrade from Windows 10 as software applications move over to the new operating system. Maintaining the current operating system reduces vulnerability to cyber-attack.</p> <p>It is proposed that the allocation is used for the acquisition of the necessary investment in licences for Windows 11 and that the impact of the additional spending reported through the Asset Management Sub-committee, as part of regular monitoring of the Corporate IT replacement programme.</p>	£400,000
<p>Schools' IT Equipment:</p> <p>The age profile of the IT equipment deployed across the education service is such that many young learners are working on computer equipment that is older than they are with consequent reliability and capability constraints.</p> <p>It is proposed that the allocation is used to supplement the regular replacement of schools' IT equipment delivered through the Corporate IT replacement programme and the impact of the additional spending reported through the Asset Management Sub-committee. with input from the Education Service.</p>	£500,000
<p>Corporate IT Equipment:</p> <p>Like the schools' IT estate the Council has a corporate IT estate where a proportion of the equipment in use is of an age where it would be preferable to have it replaced. There has been an expansion of the IT equipment in use to allow home working and connection to office G drives which has meant that some equipment that would otherwise have been "retired" is still in use.</p> <p>It is proposed that the allocation is used to supplement the regular replacement of corporate IT equipment and the impact of the additional spending reported through the Asset Management Sub-committee.</p>	£500,000
<p>Play Park Equipment Renewal Fund:</p> <p>The Council has responsibility for many play parks across the county but, as budgets have been squeezed, there has been a progressive withdrawal of play equipment as it has become unsafe and required replacement. Community groups have however, in some areas, been very successful in raising funds for new equipment.</p> <p>It is proposed to establish a Play Park Equipment Renewal Fund which could be used as seed corn funding to incentivise community</p>	£500,000

Description of Recovery Project:	Proposed Amount:
organisations in their fundraising or match funding for Council delivered investment that can attract additional external funding. A scheme will require to be developed and reported through the Education, Leisure and Housing Committee.	
<p>Cursiter Quarry Salt Barn:</p> <p>The benefits from storage of road salt under cover are many, including:</p> <ul style="list-style-type: none"> • A financial saving through reduction in leaching in wet weather. • The environmental benefit through stopping the runoff. • Prevention of caking which allows reduced and more even spreading. • Ceasing to use covers which are dangerous in high wind and need replaced at regular intervals. <p>A brief business case is presented in Appendix 2.</p> <p>It is proposed that a Stage 1 Capital Project Appraisal be developed and presented to an early meeting of the Development and Infrastructure Committee with the intention of seeking approval to submit a Stage 2 Capital Project Appraisal to the Policy and Resources Committee and adding the project to the capital programme.</p>	£500,000
<p>Footpath, Core Path and Cycleway Improvements:</p> <p>The value and health benefits that have been derived from footpaths and the core path and cycle path network in the county have never been more apparent than through the enforced COVID lockdown when use of the networks was greatly increased.</p> <p>With an embedded Sustrans Officer in the Council, it is anticipated that this allocation will be utilised to lever in significant additional sums of funding (with a target of a minimum of 50%) to invest further in the core path and cycle path network, with reporting through the Development and Infrastructure Committee and the Policy and Resources Committee for any projects that require to be developed as capital project appraisals.</p>	£500,000
<p>Island and Rural Housing Fund:</p> <p>Development Trusts in the isles have aspirations to develop housing in their islands to both attract new people to move to the isles but also to retain young people in the isles by providing good quality living accommodation.</p> <p>The Development Trusts will have access to the Scottish Government's Rural and Islands Housing Fund which can provide a significant proportion of the funding package for a development but, with higher building costs on the isles and an element of uncertainty that tenancies will be taken up if new housing is built, the intention would be to provide additional grant assistance to Development</p>	£500,000

Description of Recovery Project:	Proposed Amount:
<p>Trusts. This would supplement the Scottish Government grant funding and give the Development Trusts the confidence to undertake new housing developments.</p> <p>The details of the scheme require to be further developed and reported to the Education, Leisure and Housing Committee.</p>	
<p>Roads Surface Water – ditching and offlets:</p> <p>There is a backlog of road surface water maintenance work with ditches and offlets requiring clearing to allow water to drain more rapidly from the road surface. This is a problem across the county and, in recent periods of wet weather, has been highlighted as a particular problem in the isles. The intent would be to package up areas and put much of the work out to tender with smaller packages across the isles and the mainland, thereby allowing the Council's own workforce to concentrate on other areas of service delivery.</p> <p>This work would be reported through the Development and Infrastructure Committee as an enhancement to the existing roads maintenance programme of works.</p>	£500,000
<p>Orkney Library – Ground Source Heat Pump:</p> <p>The heating system at the Orkney Library is due for renewal and a preliminary design for replacement of the oil based system with a ground source heat pump has been developed. There has been work undertaken on the thermal efficiency of the building so that a heat pump replacement of the heating system would provide a greener and more efficient heating source for the future.</p> <p>It is proposed that a Stage 2 Capital Project Appraisal be developed and presented to an early meeting of the Policy and Resources Committee with the intention of seeking approval to add the project to the capital programme.</p>	£500,000
<p>Tourism Infrastructure Fund:</p> <p>The Council has commissioned a Strategic Tourism Infrastructure Development Plan which aims to guide the long-term sustainable development of tourism in the Islands. The Plan has been part-funded by VisitScotland as part of the Rural Tourism Infrastructure Fund (RTIF). The Plan is intended to provide a strategic approach to supporting the post-Covid recovery of Orkney's tourism industry, taking the opportunity afforded by the pandemic to reset and re-balance tourism on Orkney. Visitor numbers are predicted to gradually return to previous levels and there is a clear need for the responsible management and sustainable development of tourism.</p> <p>The funding allocation would serve as match funding for applications to the Rural Tourism Infrastructure Fund for project/s that emerge in the Development Plan as creating the greatest recovery opportunities. It is anticipated that the Development Plan will require significantly greater sums to achieve all of the ambition.</p>	£500,000

Description of Recovery Project:	Proposed Amount:
This work would be reported through the Development and Infrastructure Committee and possibly the Policy and Resources Committee if the Development Plan ambitions are for capital projects to be undertaken.	
<p>Plant and Vehicles:</p> <p>The Council has a regular replacement programme for plant and vehicles but tends to hold onto vehicles for longer on account of relatively low mileages covered and capital constraints. An injection of additional funding would allow planned replacements to be brought forward which will help reduce maintenance expenditure, improve reliability and assist with reduction in carbon emissions as new vehicles will be more efficient than those being replaced.</p> <p>It is proposed that the allocation is used to supplement the regular replacement of plant and vehicles and the impact of the additional spending reported through the Asset Management Sub-committee.</p>	£500,000
<p>Boiler Replacement Programme:</p> <p>The Council has a planned boiler replacement programme with several of the plants installed in Council buildings being overdue for replacement. With an injection of additional funding, it should be possible to bring this programme forward and also consider greener heating systems like ground source or air source heating to replace the predominantly oil heating systems currently installed.</p> <p>It is proposed that the allocation is used to supplement the existing Corporate Asset Improvement Programme and the impact of the additional spending reported through the Asset Management Sub-committee.</p>	£600,000
<p>Kirkwall Town Centre Regeneration:</p> <p>This project relates to the regeneration of Kirkwall Town Centre in a similar concept to the Stromness Pierhead Redevelopment project that was undertaken a number of years ago.</p> <p>Further details of the proposals are provided in Appendix 3.</p> <p>A potential bid to the UK Government's Levelling Up Fund for the regeneration of Kirkwall Town Centre that will encompass the redevelopment area that could be supported by this assistance is under consideration and will be brought forward in the first cycle of committee meetings in 2022. The application to the Levelling Up Fund would be for stage 2 of the redevelopment of the area.</p> <p>The full detail of the proposed scheme would be worked up and reported through the Development and Infrastructure Committee, with funding committed on the achievement of a series of project milestones.</p> <p>There is an initial funding ask towards costs of the development work to get the project to a stage to submit for planning application and</p>	£1,000,000

Description of Recovery Project:	Proposed Amount:
building warrant. An initial contribution of £33,500 to the surveys and architectural work required to progress to this stage is recommended.	
	£8,240,000

SRF Draft 3 year budget - 2022/25	2021/22 Budget Estimate £000's	2021/22 Probable Outturn £000's	2022/23 Budget Estimate £000's	2023/24 Budget Estimate £000's	2024/25 Budget Estimate £000's
Investment Activities - local investments	(174)	(180)	(180)	(180)	(180)
- managed funds	(14,128)	(19,322)	(14,355)	(14,447)	(14,669)
- loans fund	14	15	39	183	189
- other, including strategic projects	510	1,651	1,444	1,094	1,124
Property Investments	(750)	(790)	(790)	(790)	(790)
Renewable Energy	(150)	(143)	(143)	(143)	(143)
Scapa Flow Oil Port	(280)	(780)	(780)	(780)	(780)
Loan Charges - interest and debt management	(51)	(50)	(50)	(51)	(51)
Loan Charges - CFCR	119	0	119	119	119
Other	14	10	10	10	0
Net budget surplus	(14,876)	(19,589)	(14,686)	(14,985)	(15,181)
	1.4%	5.1%	4.2%	3.0%	3.0%
less allocation to protect value of fund @ RPI	3,288	12,339	10,641	7,658	7,790
Balance available for disbursement	(11,588)	(7,250)	(4,045)	(7,327)	(7,391)
Disbursements:					
General Fund Services	7,470	7,470	8,263	6,350	6,350
Covid-19 Fund	0	0	0	0	0
Contribution to capital projects - HRA	0	0	0	0	0
Contribution to capital projects - General Fund	4,000	0	4,070	4,000	0
Contribution to the Island Games	300	6	232	370	370
North Isles Landscape Partnership Scheme	246	246	0	0	0
Contribution to other projects, incl. revenue strategic project	448	448	343	0	0
	12,464	8,170	12,908	10,720	6,720
Deficit/(Surplus) on SRF (in real terms)	876	920	8,863	3,393	(671)
Deficit/(Surplus) on SRF (actual)	(2,412)	(11,419)	(1,778)	(4,265)	(8,461)
Cashflow - Opening Balance	(13,964)	(15,219)	(19,689)	(18,270)	(17,201)
Surplus/(Deficit) on year	2,412	11,419	1,778	4,265	8,461
Less: Non-cash - Managed Funds Income	(14,128)	(19,322)	(14,355)	(14,447)	(14,669)
Fund Transfers - Inflow/(Outflow)	11,716	1,802	12,577	10,182	6,208
Other Movements	494	1,631	1,419	1,069	1,089
Cashflow - Closing Balance	(13,470)	(19,689)	(18,270)	(17,201)	(16,112)
	2021/22 Budget Estimate £000's	2021/22 Probable Outturn £000's	2022/23 Budget Estimate £000's	2023/24 Budget Estimate £000's	2024/25 Budget Estimate £000's
SRF Balance Sheet					
Investment Properties	19,918	19,799	19,918	20,037	20,156
Local Investments	8,287	9,788	9,748	9,708	9,668
Managed Funds Investments	254,705	276,050	277,828	282,093	290,554
OIC Loans Fund Deposit/(Advance)	(13,470)	(19,689)	(18,270)	(17,201)	(16,112)
Provisions	(31,835)	(32,585)	(33,954)	(34,973)	(36,022)
Net Accruals	(178)	5	5	5	5
Net Assets	237,427	253,368	255,275	259,669	268,249
Less: Unusable Reserves	8,690	8,233	8,362	8,491	8,610
	228,737	245,135	246,913	251,178	259,639
Represented by: Useable Reserves					
Strategic Reserve Fund	210,497	226,840	228,259	232,170	240,270
Flotta Terminal Decline/Decommissioning Fund	6,761	6,829	7,045	7,256	7,474
Conservation Fund	193	194	194	194	194
Travel Fund	105	105	105	105	105
Talented Performers Fund	62	62	62	62	62
Orkney Memorial Fund	463	461	461	461	461
Talented Young Persons Fund	12	12	12	12	12
Renewable Energy Fund	9,274	9,262	9,405	9,548	9,691
Capital Receipts Reserve	1,370	1,370	1,370	1,370	1,370
	228,737	245,135	246,913	251,178	259,639
Target Minimum Balance or "Floor" for SRF	215,622	215,771	225,049	232,701	237,820
Useable Headroom	13,115 5.7%	29,364 12.0%	21,864 8.9%	18,477 7.4%	21,819 8.4%

SRF Draft 10 year budget projection - 2022/32

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Investment Activities - local investments	(180)	(180)	(180)	(180)	(180)	(150)	(150)	(150)	(150)	(150)
- managed funds	(14,355)	(14,447)	(14,669)	(15,109)	(15,576)	(16,062)	(16,567)	(17,093)	(17,640)	(18,210)
- loans fund	39	183	189	322	300	277	241	217	193	168
- other, including strategic projects	1,444	1,094	1,124	1,158	1,193	1,229	1,265	1,303	1,342	1,383
Property Investments	(790)	(790)	(790)	(806)	(822)	(838)	(855)	(872)	(890)	(907)
Renewable Energy	(143)	(143)	(143)	(146)	(149)	(152)	(155)	(158)	(161)	(164)
Scapa Flow Oil Port	(780)	(780)	(780)	(801)	(822)	(843)	(864)	(885)	(906)	(927)
Loan Charges - interest and debt management	(50)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)	(51)
Loan Charges	119	119	119	150	150	150	150	150	150	150
Other	10	10	0	0	0	0	0	0	0	0
Net budget surplus	(14,686)	(14,985)	(15,181)	(15,463)	(15,957)	(16,441)	(16,985)	(17,538)	(18,112)	(18,709)
	4.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
less allocation to protect value of fund @ RPI	10,641	7,658	7,790	7,789	8,059	8,339	8,630	8,934	9,250	9,578
Balance available for disbursement (in real terms)	(4,045)	(7,327)	(7,391)	(7,674)	(7,898)	(8,102)	(8,355)	(8,604)	(8,862)	(9,131)
Disbursements:										
General Fund Services	8,263	6,350	6,350	6,477	6,607	6,739	6,873	7,011	7,151	7,294
Community Development Fund	0	0	0	0	0	0	0	0	0	0
Contribution to capital projects - HRA	0	0	0	0	0	0	0	0	0	0
Contribution to capital projects - General Fund	4,070	4,000	0	0	0	0	0	0	0	0
Contribution to the Island Games	232	370	370	0	0	0	0	0	0	0
North Isles Landscape Partnership Scheme	0	0	0	0	0	0	0	0	0	0
Contribution to other projects, incl. revenue strategic project	343	0	0	0	0	0	0	0	0	0
Total Planned Disbursements	12,908	10,720	6,720	6,477	6,607	6,739	6,873	7,011	7,151	7,294
Deficit/(Surplus) on SRF (in real terms)	8,863	3,393	(671)	(1,197)	(1,292)	(1,363)	(1,482)	(1,593)	(1,711)	(1,837)
Deficit/(Surplus) on SRF (actual)	(1,778)	(4,265)	(8,461)	(8,986)	(9,351)	(9,702)	(10,112)	(10,527)	(10,961)	(11,415)
Useable Reserves	246,913	251,178	259,639	268,625	277,975	287,678	297,790	308,317	319,278	330,693
Target Minimum Balance or "Floor" for SRF	225,049	232,701	237,820	244,955	252,304	259,873	267,669	275,699	283,970	292,489
Useable Headroom	21,864	18,477	21,819	23,670	25,671	27,805	30,121	32,618	35,308	38,204
	8.9%	7.4%	8.4%	8.8%	9.2%	9.7%	10.1%	10.6%	11.1%	11.6%

Appendix 4.

Strategic Reserve Fund – Contribution to General Fund Services.**Notional Allocations.**

Service.	Amount. £000s.	Total. £000s.
Chief Executive:		
Twinning.	15.	
Loan charges.	1,328.	
10% uplift in Third Sector Funding	142	1,485.
Orkney Health and Care:		
Social Care Services Council funded budget growth	1,044.	
Voluntary Services.	785.	
Small Repair grants.	50.	
Childcare Partnership/Family Support.	59.	1,938.
Education, Leisure and Housing:		
Swimming pools.	208.	
Pickaquoy Centre.	911.	
Healthy Living Centres.	96.	
Outdoor Education service.	83.	
Active Schools.	95.	
Community Centres	296.	
Youth Café.	18.	
Museums.	293.	
Library service.	967.	
Culture Fund.	179.	
St Magnus Cathedral.	183.	
Grounds maintenance.	266.	
Parks and play areas.	80.	
Music provision.	30.	3,705.
Development and Infrastructure:		
Public Conveniences.	85.	
Economic Development grants.	439.	
Fairs, galas and community events.	43.	

Service.	Amount. £000s.	Total. £000s.
Public Bus Contract	500.	
Access to the Countryside.	68.	1,135.
Total.		8,263.