

**Annex 2:****Budget Action Plan**

<b>Strategic Reserve Fund</b>			
<b>Function</b>	<b>Function Description / Explanation</b>	<b>Action Category/ Action Description</b>	<b>Responsible Officer</b>
<b>R55C</b>	<b>Investment Activities</b>  Less than anticipated income by £7,479.4K  Reduced income from investment activities for the year.	The value of investments can be affected by fluctuations in the financial markets over the short term. The underlying performance of the Strategic Reserve Fund's managed funds investments is measured over a rolling three-year period to smooth out any market fluctuations over the short term, while the budget assumes that an average or smoothed level of investment performance can be achieved each year.	<b>G Waterson</b>
<b>R55E</b>	<b>Local Investments</b>  Less than anticipated income by £30.4K  Due to a loan to a third party being written off. Not profiled within existing budget.	No action required.	<b>G Waterson</b>
<b>R55N</b>	<b>Flotta Decommissioning Fund</b>  More than anticipated income by £816.4K  The value of the Flotta Decommissioning Fund is adjusted annually by the increase in the Retail Price Index (RPI). Therefore, the variance is due to an increase in RPI compared to budget.	No action required.	<b>G Waterson</b>

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<b>R55T</b>	<b>Orkney Memorial Fund</b>  More than anticipated expenditure by £17.3K  Payments from the Orkney Memorial Fund were higher than anticipated.	No action required.	<b>G Waterson</b>
<b>R55V</b>	<b>Renewable Energy Investment Fund</b>  More than anticipated income by £48.9K  Actual dividends received on Hammars Hill Energy Limited investments are higher than originally estimated.	The budget for 2018 to 2019 has been increased by £49K.	<b>G Waterson</b>
<b>R55W</b>	<b>Movement in Reserves</b>  More than anticipated expenditure by £688.8K  Mainly in respect of an unbudgeted purchase of the former Stromness Primary School from the General Fund.	No action required.	<b>G Waterson</b>