



Item: 6

Policy and Resources Committee: 3 March 2026

Budget and Council Tax Level for 2026/27

**Joint Report by Chief Executive, Director of Enterprise and Resources
and Head of Finance**

1. Overview

- 1.1. The Scottish Government has issued grant settlement figures for local government and individual councils for financial year 2026/27, with the provisional revenue grant funding to the Council amounting to £120,130,000.
- 1.2. The Council's funding has been reduced by a contribution to the Local Government financial settlement floor mechanism (designed to ensure a consistent minimum increase or maximum decrease in funding across all councils) of £1,729,000, up by £1,462,000 from £267,000 in 2025/26.
- 1.3. Local Government Finance Circular 1/2026, which provides details of the provisional total Local Government revenue and capital funding for 2026/27, refers to a funding package worth almost £15.7 billion and includes multiple measures that make up the settlement. The settlement does not include any requirement for a Council Tax freeze for financial year 2026/27.
- 1.4. Section 5 of this report considers saving proposals of £247,000 being considered for inclusion in the budget. The results of the budget consultation exercise in relation to these proposals, and others required to reduce areas of overspend that currently exist in services, is summarised in section 12.
- 1.5. Whilst recognising the need to balance the budget and bring spending into line with available funding, known unavoidable service pressures amounting to £2,510,000, and summarised in section 6 of this report, are proposed for inclusion in the revenue budget for 2026/27.
- 1.6. On 15 September 2025, the Corporate Charging Working Group proposed a general increase in Council charges of 3.8%. Charging for services is covered in section 7 of this report.
- 1.7. In March 2024, the Council agreed a strategy to bring Council Tax up to the national average within the term of this Council.

- 1.8. Band D Council Tax was set at £1,574.60 for the financial year 2025/26. A 6.0% increase would be the equivalent of a £1.82 per week increase for Band D Council Tax payers and would provide additional receipts for the Council of approximately £600,000. A 1% +/- on the Band D Council Tax at current levels is ~ £130,000. Council Tax considerations are included in sections 5 and 8 of this report.
- 1.9. On 25 February 2024, the Policy and Resources Committee recommended a budget strategy to reduce the overall net draw on reserves over a 3-year period from £20,000,000 to £18,000,000 to £15,000,000. Indicative budget savings targets were recommended in this strategy which were subsequently approved by Council. The strategy aims to ensure the Council budget remains sustainable in the short to medium term. The indicative savings target for 2026/27 required to deliver the reduction in draw on reserves was £3,000,000. However, as noted in section 1.5 above, significant budget pressures are limiting the ability of the Council to achieve savings at this level. Section 9 covers the proposed budget draw on reserves.
- 1.10. Subject to approval of the recommendations within the separate report relating to the General Fund Reserves Strategy, a minimum non-earmarked General Fund balance of 3% of 2026/27 revenue budget is recommended to be retained as contingency for in-year pressures.
- 1.11. Subject to approval of the recommendations within the separate report relating to the Strategic Reserve Fund Review and Forecast, the draw on the Strategic Reserve Fund for 2026/27 will be set at up to a maximum of £20,000,000. While this is an increase in cash terms and a return to the level required to achieve a balanced budget in 2024/25, it represents a reduction in the reliance on reserves to fund total net expenditure from a high of 18% in 2024/25 to a recommended 13% reliance on reserves in 2026/27. It is also worth noting that, in the period since 2024/25, £4.7M of spending pressures have been added to the budget as the minimum required to protect essential services for the most vulnerable in our community – particularly to deliver adult support and care services, children's services and meet additional support needs.
- 1.12. In setting the Council Tax level for financial year 2026/27, the Council is required by law to set a balanced revenue budget before 11 March 2026 whereby the level of budgeted expenditure cannot be set at a level greater than the known or realistically anticipated total income for that year.

2. Recommendations

2.1. It is recommended that members of the Committee:

- i. Consider the savings proposals, as set out in section 5 and Appendix 3 of this report, for inclusion in the 2026/27 budget.
- ii. Agree that the unavoidable service pressures and uprating assumptions, as set out in section 6 and Appendix 4 to this report, be included in the 2026/27 budget.
- iii. Approve a 6.0% increase in Council Tax for 2026/27, increasing Band D liability to £1,669.07, to maintain the national average Band D level.
- iv. Agree that the budget for 2026/27 be set at £153,346,600, as detailed in Appendix 5, should the Council Tax increase be agreed at 6.0%, with the final budget figure adjusted by officers to reflect members' decisions in relation to recommendations i to iii above.
- v. Agree that the policy of presumption against new commitments should continue to remain in force across General Fund services, 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.
- vi. Instruct Directors to review and increase existing charges by a minimum of 3.8%, from 1 April 2026, if possible, to do so, or as early as possible thereafter, apart from the exceptions listed at section 7.5 of this report, where alternative arrangements are required.
- vii. Delegate powers to the Head of Finance, in consultation with the Director of Enterprise and Resources and the Chief Executive:
 - To determine further variations in charges during 2026/27 where it is deemed expedient to do so.
 - To allocate any General Fund underspend from 2025/26 to the setting of the General Fund revenue budget for 2026/27.

- To determine where any General Fund overspends from 2025/26 will be funded from General Fund earmarked reserves balances, while ensuring that the non-earmarked General Fund reserves balance, amounting to 3% of the overall revenue budget for 2026/27, is in place.
- To prepare and distribute a detailed budget incorporating all the budget adjustments agreed by the Council, and any settlement updates and/or clarifications unknown at the date of this meeting.

3. Developing the Budget Strategy

- 3.1. The [Scottish Budget](#) 2026/27 was published on 13 January 2026. Over the past decade, Local Government has experienced substantial pressure to core budgets. Despite the Scottish Government being aided by UK Barnett consequentials, a positive tax reconciliation and the removal of a funding call to mitigate the two-child cap, funding for Local Government was well below the £16 billion increase sought by COSLA in December 2025.
- 3.2. Local government continues to be deprioritised, with the Scottish Government's [Spending Review](#) projecting a real-terms decline in its spending power over the medium term and its share of the overall resource budget falling from 26.4% to 24.8%. Despite a headline 2.9% real-terms increase in the local government revenue settlement for 2026/27, the reality is far more challenging once wage pressures, inflation and national commitments are considered.
- 3.3. Across Scotland, councils are collectively forecasting a £528 million budget gap for 2026/27. This gap exists even before we consider pressures within Health and Social Care Partnerships, which alone face an ongoing shortfall of around £497 million from 2025/26 that is expected to rise due to increasing demand and complexity of care needs.
- 3.4. Councils across Scotland are positioned to make significant service reductions, increase reliance on reserves and borrowing, and raise Council Tax to bridge unfunded pressures. Councils will continue to face deep financial and operational challenges, with consequences for service delivery, investment capacity and longer-term financial sustainability.
- 3.5. The Scottish Budget does provide councils with some additional funding, including a real-terms increase of £419 million in the revenue settlement. However, much of this new money is already committed to national policies, such as paying the Real Living Wage in social care and early learning, which means that the genuine amount of flexible, uncommitted funding is closer to £235 million nationwide – which does

not come close to meeting rising pay, energy, inflation and service-demand pressures.

- 3.6. Capital funding for councils is also falling. The General Capital Grant is reducing by 13% in real terms in 2026/27, with total capital support falling by more than 14%. This means councils have less money to maintain buildings, invest in infrastructure, and progress net zero commitments – at the time these demands are increasing.
- 3.7. The Scottish Budget provides some clarity and a degree of short-term protection, but it does not resolve the underlying structural pressures facing local government. Cost pressures continue to rise faster than funding, demand for services is increasing, and reductions in both revenue and capital flexibility limit councils' ability to invest, transform and sustain services in the long term. This, therefore, sets the stage for a period of continued fiscal tightening, heightened risk exposure for local government, and a public service landscape increasingly defined by necessity, prioritisation, and structural reform rather than expansion.
- 3.8. The Spending Review provides portfolio-level allocations for the next three years which will offer a more stable basis for decision making. The three-year settlement does not remove the underlying pressures. In fact, the Spending Review shows real-terms declines for local government in later years, and councils will still face major funding gaps in 2027/28 and beyond.
- 3.9. That said, councils have a legal duty to set balanced budgets and therefore have had to make challenging decisions on what services they can afford to deliver as well as re-evaluating how services can be provided. The budget strategy has considered economic conditions, for example the level of inflation, and political priorities, like the Real Living Wage uplift, savings, pressures and priorities.
- 3.10. The settlement figures received in [Finance Circular 01/2026](#) and the (updated) accompanying tables have all been considered when building up the budget.
- 3.11. The Council's Medium Term Financial Strategy (MTFS) 2025/26 to 2029/30 was considered and recommended for approval by the Policy and Resources Committee on 17 June 2025. The Strategy remains the cornerstone for this year's budget strategy. The options open to the Council to bridge the funding gap and ensure that the draw on reserves is sustainable, remain:
 - To maintain Council Tax at the national average during the term of this Council.
 - To maximise fee income generation.
 - To maximise external funding streams.

- To continue lobbying for a fairer settlement from the Scottish Government.
- To continue to search for efficiencies.
- To continue to look at the way we deliver our services, including innovative service redesign.
- To continue to build capacity through effective partnership working.
- To limit any service growth to cases where very exceptional circumstances arise.

3.12. The Council Tax and budget setting report presented to the Policy and Resources Committee on 25 February 2024 sought to set indicative savings targets for directorates, and to limit the draw on the Strategic Reserve Fund for the three years 2025/26 to 2027/28. However, during the 2026/27 budget setting process it became apparent that the new charges, efficiencies and transformation required to reduce the funding gap have not been achievable and, as a result, the draw on reserves will exceed planned levels in order to maintain Council services. That said, the recommended draw on reserves represents a reduction in the reliance on reserves to fund total net expenditure from a high of 18% reliance on reserves in 2024/25 to a recommended 13% reliance on reserves in 2026/27. It is also worth noting that, in the period since 2024/25, £4.7M of spending pressures have been added to the budget as the minimum required to protect essential services for the most vulnerable in our community – particularly to deliver adult support and care services, children's services and meet additional support needs.

3.13. The previous Council decision to achieve the Scottish average for Council Tax has also been considered.

3.14. The Accountancy Team, working with HR colleagues, has taken further steps to improve the staff cost estimates when preparing the Council budget. Again, this year, staff budgets reflect the actual establishment cost, and steps continue to be taken to refine the establishment and eliminate erroneous entries.

3.15. Pay increases for 2026/27 are known and reflected in the budget figures. Other budget uprating assumptions reflect a prudent approach, with minimal uplifts across all budget expense categories, due to the constrained financial position. This approach is likely to add additional budgetary pressures in all Directorates, with services having to find additional efficiency savings within their approved budgets to cover the impact of cost increases.

4. Budget Summary

- 4.1. Appendix 5 provides an analysis of the financial settlement and shows a net cash increase for 2026/27 of £13,021,000.
- 4.2. The Council remains a contributor to the Floor mechanism for 2026/27 by £1,729,000, representing an increase of £1,462,000 on the 2025/26 level of £267,000.
- 4.3. The following table summarises the net movement between 2025/26 and 2026/27:

	2026/27
Overall Budget Increase	£000s
Movement 2025/26 to 2026/27	35,141
Represented By:	
Movement in Gross Revenue Grant	31,254
Non-Domestic Rates	2,331
Council Tax	605
General Fund Reserve contribution movement	(487)
Other Reserves contribution movement	1,438
	35,141

- 4.4. It is proposed that, should the Council Tax increase be set at 6.0%, the budget for 2026/27 would be set at £153,346,600 as detailed in Appendix 5, along with the calculation of the Council Tax for 2026/27, as detailed in Appendix 2. These figures will be updated to reflect the position should Council Tax be set in line with an alternative option.

5. Savings targets

- 5.1. On 25 February 2024, the Policy and Resources Committee recommended indicative savings targets, calculated as a pro-rata basis against gross budgets for 2023/24 (less ring-fenced grant funding). Unfortunately, the targets have proved unachievable in both 2025/26 and 2026/27. The proposals put forward by respective Directorates for budget savings are detailed in Appendix 3. The total of these proposed savings is £247,000, split as follows, reflecting the recent restructure:

Directorate	2026/27 £000s
Enterprise and Resources	68.0
Education, Communities and Housing	155.1
Infrastructure and Organisational Development	22.9
Chief Executive	1.0
Orkney Health and Care	Nil
Totals	247.0

- 5.2. In addition to these budget savings, in-year spending was required to be brought in line with approved budgets. A number of areas of service change have been delivered or are being implemented that will assist in bringing budgets in line and reducing current areas of budget overspend. These savings are significant but have not been included in the proposed savings that are being recommended to be removed from budgets as to do so would simply increase future budget pressures. The impact of these changes will only be evidenced over time.
- 5.3. However, not achieving savings adds pressure to the Council's budgets, both for the upcoming year, 2026/27, and future years. Significant current year overspends against approved budgets also persist. These pressures will require to be met either through further savings in future years, or additional income generation, if the Council is to continue to reduce its net draw on reserves.
- 5.4. Even with the actions and savings made this year, the overall pressures on the Council's finances have not diminished, and the requirement to seek further efficiencies, maximise revenues, minimise costs and welcome the transformation agenda remains acute. Directorates must act corporately, remove protectionism, and grasp collaboration. Likewise, Members must be able to make tough decisions to get the Council on a more secure financial footing. The challenge is real, as for many of the services the Council provides there is no alternative available to the community either through the voluntary or third sector or through the private sector – so removing Council provision means removing services for the whole community.
- 5.5. Budget setting consultation feedback is therefore critical as it clearly presents the views of the community on the difficult decisions being considered by Members. A summary of the consultation exercise can be found at section 12.

- 5.6. Going forward, the Corporate Leadership Team need to make recommendations as to work undertaken to identify savings proposals in future budget cycles.

6. Unavoidable Service Pressures

- 6.1. Real terms reductions in the settlement awarded to Local Authorities over recent years have resulted in all Council services having to find additional efficiency savings within their approved budgets to cover the impact of price increases or, where this has not been delivered, an additional draw on Council reserves.
- 6.2. The budget uprating assumptions are set out in Appendix 1 to this report, detailing the recommended budgetary adjustments across the main cost and income subjective groupings. The assumptions continue to reflect a prudent approach, with the budget increases remaining below reported inflation levels (3.4% at December 2025). Pay increases for 2026/27 are known and are reflected in the draft budget figures presented.
- 6.3. As part of the budget process for 2026/27 service pressure bids were invited for “known unavoidable service pressures”. These fall into three general groupings:
- Contractual obligations, where, for example, contracts include terms which apply inflationary increases.
 - Historical funding deficiencies, in recent years this has included funding nursery provision, Braeburn and Out of Orkney Placements.
 - Budgets becoming detached from actual performance, i.e. school meals – where it is unrealistic to maintain school meals income targets when government policy is to provide more free school meals.
- 6.4. Incorporating these known unavoidable service pressures into budgets for 2026/27 will reduce their ‘uncontrollable’ impact on outputs and/or performance. The total cost of known unavoidable service pressures presented by Services is £2,510,000. A full breakdown of the unavoidable service pressures is attached at Appendix 4.

7. Charging for Services

- 7.1. On 9 December 2014, the Council approved a Corporate Charging and Concessions Policy.
- 7.2. The importance of charging 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.

Inflation, as measured by the Consumer Price Index (CPI) was 3.8% at September 2025.

- 7.3. The Corporate Charging Working Group met on 15 September 2025 and proposed that general charges should increase by 3.8%, in line with CPI.
- 7.4. There are 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.
- 7.5. The proposed exceptions where the general increase of at least 3.8% will not apply are as follows:
 - Building Warrant and Planning fees – set nationally.
 - Harbour Charges – annual increase considered separately by the Harbour Authority Sub-committee.
 - Ferry fares – policy is to match fare increases to those applied on Transport Scotland’s supported ferry services.
 - Car Park and Electric Vehicle charges – annual increases should be considered separately by the Enterprise and Infrastructure Committee.
 - 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.
 - Meals At Home Service – full cost recovery.
 - Licensing fees – annual increase considered separately by the Licensing Committee.
 - Ship Sanitation Certification – set nationally.
 - Marriage / Civil Partnership – set nationally.
 - Roads Inspection Fees – set nationally.
 - Trade Waste charges – based on cost of service.
 - Homelessness rents – set in accordance with the Rapid Rehousing Transition Plan.
 - Selected quarry product sales – based on cost plus.
- 7.6. When calculating increases for the Council’s charges register, for ease of collection the increased charges will be rounded in accordance with the following charging guidance:

Less than £2.00.	10% rounded up to nearest 10p.
£2.00 to £49.99.	10% rounded up to nearest 10p.
£50.00 to £99.99.	10% rounded up to nearest 50p.
£100.00 and over.	10% rounded up to nearest £1.

7.7. With reference to section 5.4 above, Services must seek to maximise revenues. This is not always just looking at price increases but could be increasing take up. Services should seek to understand each service cost structure and market and set prices accordingly.

8. Council Tax

- 8.1. 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.
- 8.2. Scottish Government statistics show some councils generate relatively high levels of income from Council Tax with the average across Scotland at 18-19%. In comparison, based on 2026/27 draft figures Orkney will generate circa 9% of general income from Council Tax. This is partially historical, with councils having been tied to their 2008/09 Council Tax rates by the freeze and thereafter, with the exceptions of 2022/23 where a capped increase was permitted and 2023/24 where the Council was once more allowed to democratically determine the level of Council Tax. The mix of house property bands is a further factor with fewer high banded properties in the islands meaning the Council Tax base is a lot lower.
- 8.3. The budget announcement by the Deputy First Minister on 13 January 2026, confirmed that the Scottish Government will not seek to impose a freeze to Council Tax for 2026/27.
- 8.4. The Council currently has achieved its ambition to achieve the Scottish average for Council Tax in 2025/26. The recommendation before Members would increase Council Tax by a minimum of 6.0% as set out in Appendix 2. This recommendation takes into account all confirmed and proposed Council Tax increases on 27 February 2026; and, where councils were still to meet, data was taken from a Director of Finance circulation to all councils on 19 January 2026.

- 8.5. Council Tax increases being proposed in other council areas are between 4.0% and 10.0% with an average increase expected of around 7.75%. Using this data, and acknowledging that the remaining councils' actual increases may not reflect the proposed or expected levels, the Council would need an increase of 6.0% to maintain the Scottish average Council Tax level.
- 8.6. Orkney currently rank 12th, out of the 32 councils. The proposed increase of 6.0% would give an estimated rank of 18th in the table, moving the Council just below the midpoint. At 6.0% Orkney would be one of the lowest increases in Scotland.
- 8.7. A 6.0% increase would increase the Band D rate from £1,574.60 to £1,669.07 and provide estimated total revenues of £14,279,000.
- 8.8. With current Council Tax calculation numbers, each further 1% increase in Council Tax would, subject to collection rates, generate ~ £130,000 of additional revenue for the Council. In the budget consultation 37% of respondents indicated support for the Council's Council Tax strategy. 11% neither agreed or disagreed, and 52% disagreed with it.

9. Reserves and Balances

- 9.1. Section 93 of the Local Government Finance Act 1992 requires Scottish authorities, in calculating the Council Tax, to consider 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 no other reserves the Council is specifically allowed to hold.
- 9.2. A paper entitled "General Fund Reserves Strategy" is considered as a separate item on the agenda for this meeting. In summary, that report recommends that a minimum non-earmarked General Fund balance of 3% of the 2026/27 revenue budget is retained as a contingency for in-year pressures.
- 9.3. The Council also has available a source of funding from its Strategic Reserve Fund.
- 9.4. A separate report is presented to this Committee on the Strategic Reserve Fund forecast and budget for 2026/27. In summary, that report recommends that a financial contribution to General Fund Services of up to £20,000,000 from the Strategic Reserve Fund be used as a planning assumption as part of the Council's budget setting process for financial year 2026/27.

10. Risk

- 10.1. The financial circumstances facing councils as a result of real term cuts in Government grant allocations, coupled with increased demand for services, heightened regulatory requirements and high levels of ring-fenced, or ear-marked, funding all place correspondingly high levels of risk upon councils. For the forthcoming financial year, the risk remains high.
- 10.2. While those services which have been “protected” by the Government through ring-fenced funding 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 Council services.
- 10.3. Due to diseconomies of scale, the capacity of the Council to meet such responsibilities is limited by comparison with larger councils and, consequently, the level of exposure to risk is greater in the local context.
- 10.4. The inclusion of £28,877,000 for internal island connectivity as part of the base budget reduces the financial risk to the Council for provision of ferry services in 2026/27, and onwards. The funding also allows the Council to progress the procurement for the first stage of the ferry replacement programme.
- 10.5. There remain significant other earmarked and ring-fenced sums within the settlement which, together with pressures on pay and prices, means that there is huge pressure on the unprotected areas of the Council budget with an effective real terms 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 may result in service budget overspends.
- 10.6. It is likely, with regard to many areas of the Council’s activities, that it will be very difficult to assure Elected Members with confidence that sufficient resources, in terms of service infrastructure, including a motivated and skilled workforce and associated support systems, are in place to meet all legal and compliance obligations let alone the many standards of good practice which apply to services. This leads to an increased likelihood of failure or perceived failure within services and clear challenges in terms of meeting performance expectations of the Council and its many stakeholders.
- 10.7. It is difficult to provide Elected Members with an assessment of the impact of any cuts to preventative services which contribute to positive health and wellbeing. Current Public Health statistics indicate that investment in these areas reduce demand on health and social care services. Orkney is outperforming other council

areas in the healthy life expectancy and rate of health loss and within the aging population, probably in part attributable to the historic investment in these service areas by the Strategic Reserve Fund.

- 10.8. The requirement to make efficiencies, maximise revenues and reduce costs, and look for strategic savings will create challenges for the Council's stakeholders.
- 10.9. The Council's Medium Term Financial Strategy 2025/26 to 2029/30 identifies a range of cumulative funding gaps over a five-year period from the best case at £24,492,500 to a worst case of £27,070,700. However, these figures are already historical, and the projections only serve to illustrate that the Council faces a significant challenge over the next five years in matching the level of expenditure to the available resources. The Council's Medium-Term Financial Strategy and the Long-Term Financial Plan require updating to reflect recent performance, current assumptions, efficiency targets, and Strategic Reserve Fund draws.
- 10.10. 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.

11. Human Resource Implications

- 11.1. The proposed savings for 2026/27 will have some limited impact on staffing. Proposals that have a staffing impact have already been consulted upon and appropriate actions taken with any affected employees in line with Council policies and procedures. Currently it is anticipated that all the staffing reductions can be achieved without the need for compulsory redundancies.
- 11.2. The staffing establishment as at 31 January 2026 shows a total of 1,684 FTE staff employed on permanent or temporary contracts, which is a decrease from 1,707 FTE at the same point in 2025.
- 11.3. The changing financial context within which the Council is now operating needs to be factored into its workforce planning, with service re-design and transformation a key focus.
- 11.4. Elements of medium and long-term workforce planning remain challenging when set in the context of significant financial uncertainty and continued single year budgeting.

12. Consultation

12.1. A budget setting consultation exercise was undertaken over December 2025 and January 2026. 554 completed responses were received. While engagement in the budget setting process and in the consultation remains high it was less than last year, reflecting fewer controversial proposals or potential decisions. Full results of the consultation can be found at www.orkney.gov.uk/budget26. Our community told us:

- General support for the reserves being used to protect core services and projects.
- The community are by a small margin against keeping Council Tax at national average and on increasing charges for services – with even less support for new charges.
- A general tendency towards not increasing charges for 'cradle to grave' family services – school meals, youth clubs, interment fees.
- Supportive of increased charges for more specialised services – street naming, environmental health, 3D printing.

12.2. In addition to the public consultation, officers have been in dialogue with the Council's recognised Trade Unions throughout the budget process.

12.3. Individual staff groups that could be impacted by the savings proposals have also been made aware of these and provided the opportunity to give feedback on the proposal via their line management.

13. Next Steps

13.1. To complete the 2026/27 budget process, decisions taken on this report will be worked up into detailed budgets. Taking into consideration any changes in the Scottish Government's settlement, a report on final budgets will be presented to this Committee in June 2026.

14. Exempt and/or Confidential Information

14.1. 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 Appendices 3 and 4 to this report. Appendices 3 and 4 contain exempt information as defined in paragraphs 1, 4 and 8 of Part 1 of Schedule 7A of the Act.

For Further Information please contact:

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Implications of Report

1. **Financial** – financial implications are considered throughout the report
2. **Legal** - 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.
The Council is required by law to make arrangements which secure best value.
3. **Corporate Governance** – n/a
4. **Human Resources** – HR implications are covered in section 11.
5. **Equalities** – An over-arching Equality Impact Assessment has been undertaken and is attached as Appendix 6 to this report.
6. **Island Communities Impact**– Where required an Island Communities Impact Assessment has been undertaken and is attached to the relevant savings proposal within Appendix 3 to this report.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
 - Growing our economy.
 - Strengthening our Communities.
 - Developing our Infrastructure.
 - Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
 - Cost of Living.
 - Sustainable Development.
 - Local Equality.
 - Improving Population Health.
9. **Environmental and Climate Risk** – n/a
10. **Risk** – risk is covered in section 10.
11. **Procurement** – n/a
12. **Health and Safety** – n/a
13. **Property and Assets** – n/a
14. **Information Technology** – n/a
15. **Cost of Living** – n/a

List of Background Papers

Policy and Resources Committee, 27 February 2024: Item 6 – Council Tax and Budget Setting 2024/25

Policy and Resources Committee, 25 February 2025: Item 6 – Council Tax and Budget Setting 2025/26.

Policy and Resources Committee, 17 June 2025: Item 4 – Medium Term Financial Strategy 2025/26 to 2029/30

Appendices

Appendix 1: Budget Uprating Assumptions 2026/27.

Appendix 2: Council Tax Calculation 2026/27.

Appendix 3: Savings.

Appendix 4: Pressures.

Appendix 5: Estimated Financial Settlement 2026/27.

Appendix 6: Equality Impact Assessment – Overall Budget Assessment.

Budget Uprating Assumptions - Percentages

Budget Element.	2024/25.	2025/26.	2026/27.
Staff Costs Non-Teaching.	2.0%.	3.0%	3.5%
Pension Costs Non-Teaching.	0.0%.	0.0%	0.0%
Staff Costs Teaching. 01/04/26	2.0%.	3.0%	0.25%
Staff Costs Teaching. 01/08/26			3.25%
Pension Costs Teaching.	0.0%.	0.0%	0.0%
Property Costs.	3.0%.	2.0%	2.0%
Supplies and Services	3.0%.	2.0%	2.0%
Transport Costs.	3.0%.	2.0%	2.0%
Administration Costs	3.0%.	2.0%	2.0%
Third Party Payments	3.0%.	2.0%	2.0%
Transfer Payments	3.0%.	2.0%	2.0%
Third Sector	3.0%.	2.0%	2.0%
Other Costs	3.0%.	2.0%	2.0%
Trading Organisations and Orkney Ferries.	3.0%.	2.0%	2.0%
Internal Transport	3.0%.	2.0%	2.0%
Sales.	6.7%.	10.0%	3.8%
Fees and Charges.	6.7%.	10.0%	3.8%
Other Income.	6.7%.	10.0%	3.8%

Budget Movement – Monetary values

Budget Element	£	£
Staff Costs	4,417,000	
Property Costs	291,400	
Supplies and Services	446,600	
Transport Costs	190,100	
Administration Costs	(109,600)	
Apportioned Costs	450,600	
Third Party Payments	9,144,300	
Transfer Payments	322,500	
Other Costs	419,800	
		15,572,700
Government Grants	(121,100)	
Other Reimbursements	20,164,900	
Rents and Lettings	(15,200)	
Sales	(32,200)	
Fees and Charges	(224,100)	
Apportioned Income	(197,700)	
Other Income	(5,700)	
		19,568,900
Total Net Uplift		35,141,600

Budget Uprating Assumptions – Additional information

Budget Element.	+/-	£
Staff Costs	1.0%	990,000
Property Costs	1.0%	117,200
Supplies and Services	1.0%	84,700
Transport Costs.	1.0%	88,600
Administration Costs	1.0%	17,800
Apportioned Costs	1.0%	102,600
Third Party Payments	1.0%	431,200
Transfer Payments	1.0%	81,200
Other Costs	1.0%	128,000

Appendix 2.

Council Tax Calculation for 2026 to 2027

	£
Non-Domestic Rates.	14,090,000
Revenue Support Grant.	105,550,000
Council Tax.	14,279,000
Use of Reserves.	19,869,600
Total Receipts.	153,788,600
Less Use of Reserves.	(19,869,600)
	133,919,000
Less Financial Settlement.	(119,640,000)
Less Empty/2 nd Properties Income.	(442,000)
Expenditure to be met by Council Tax.	13,837,000
Band D Properties Forecast.	8,591
Assumed Collection Rate.	96.5%
Number of Band D Equivalent Taxpayers.	8,290
Band D Council Tax for 2026 to 2027.	£1,669.07
Council Tax receipts	14,279,000
Less Island and Rural Housing Fund	(200,000)
Less HRA contribution	(242,000)
Net Amount for General Fund Services	13,837,000

Council Tax Comparison 2025 to 2026

COUNCIL TAX BY BAND 2025-26									
Scotland Average Band D Council Tax (based on total Band D Equivalents)								£1,543	
#	Council	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
	Valuation Band Range (as at 1991)	Under £27,000	£27,001 to £35,000	£35,001 to £45,000	£45,001 to £58,000	£58,001 to £80,000	£80,001 to £106,000	£106,001 to £212,000	£212,000 and over
	Ratio to Band D	240/360	280/360	320/360	360/360	473/360	585/360	705/360	882/360
1	Midlothian	£1,110.80	£1,295.93	£1,481.07	£1,666.20	£2,189.20	£2,707.58	£3,262.98	£4,082.19
2	Aberdeen City	£1,090.85	£1,272.65	£1,454.46	£1,636.27	£2,149.88	£2,658.94	£3,204.36	£4,008.86
3	Argyll & Bute	£1,083.76	£1,264.39	£1,445.01	£1,625.64	£2,135.91	£2,641.67	£3,183.55	£3,982.82
4	Stirling	£1,074.52	£1,253.61	£1,432.69	£1,611.78	£2,117.70	£2,619.14	£3,156.40	£3,948.86
5	Glasgow City	£1,074.00	£1,253.00	£1,432.00	£1,611.00	£2,116.68	£2,617.88	£3,154.88	£3,946.95
6	East Ayrshire	£1,070.96	£1,249.45	£1,427.95	£1,606.44	£2,110.68	£2,610.47	£3,145.95	£3,935.78
7	Dundee City	£1,070.23	£1,248.60	£1,426.97	£1,605.34	£2,109.24	£2,608.68	£3,143.79	£3,933.08
8	East Dunbartonshire	£1,066.47	£1,244.21	£1,421.96	£1,599.70	£2,101.83	£2,599.51	£3,132.75	£3,919.27
9	Clackmannanshire	£1,062.92	£1,240.07	£1,417.23	£1,594.38	£2,094.84	£2,590.87	£3,122.33	£3,906.23
10	East Lothian	£1,052.79	£1,228.25	£1,403.72	£1,579.18	£2,074.87	£2,566.17	£3,092.56	£3,868.99
11	Falkirk	£1,051.18	£1,226.38	£1,401.57	£1,576.77	£2,071.70	£2,562.25	£3,087.84	£3,863.09
12	Orkney Islands	£1,049.73	£1,224.69	£1,399.64	£1,574.60	£2,068.85	£2,558.73	£3,083.59	£3,857.77
13	Moray	£1,049.17	£1,224.04	£1,398.90	£1,573.76	£2,067.75	£2,557.36	£3,081.95	£3,855.71
14	Renfrewshire	£1,040.41	£1,223.14	£1,397.88	£1,572.61	£2,066.23	£2,555.49	£3,079.69	£3,852.89
15	South Ayrshire	£1,046.27	£1,220.65	£1,395.03	£1,569.41	£2,062.03	£2,550.29	£3,073.43	£3,845.05
16	City of Edinburgh	£1,042.34	£1,216.06	£1,389.79	£1,563.51	£2,054.28	£2,540.70	£3,061.87	£3,830.60
17	West Dunbartonshire	£1,039.91	£1,213.22	£1,386.54	£1,559.86	£2,049.48	£2,534.77	£3,054.73	£3,821.66
18	North Ayrshire	£1,035.85	£1,208.49	£1,381.13	£1,553.77	£2,041.48	£2,524.88	£3,042.80	£3,806.74
19	Inverclyde	£1,034.20	£1,206.57	£1,378.93	£1,551.30	£2,038.24	£2,520.86	£3,037.96	£3,800.69
20	Perth & Kinross	£1,024.69	£1,195.48	£1,366.26	£1,537.04	£2,019.50	£2,497.69	£3,010.04	£3,765.75
21	Aberdeenshire	£1,021.84	£1,192.15	£1,362.45	£1,532.76	£2,013.88	£2,490.74	£3,001.66	£3,755.26
22	East Renfrewshire	£1,018.96	£1,188.79	£1,358.61	£1,528.44	£2,008.20	£2,483.72	£2,993.20	£3,744.68
23	Highland	£1,018.06	£1,187.74	£1,357.41	£1,527.09	£2,006.43	£2,481.52	£2,990.55	£3,741.37
24	West Lothian	£1,010.30	£1,178.68	£1,347.07	£1,515.45	£1,991.13	£2,462.61	£2,967.76	£3,712.85
25	Fife	£999.17	£1,165.70	£1,332.23	£1,498.76	£1,969.20	£2,435.49	£2,935.07	£3,671.96
26	Scottish Borders	£994.48	£1,160.23	£1,325.97	£1,491.72	£1,959.95	£2,424.05	£2,921.29	£3,654.71
27	Angus	£974.35	£1,136.74	£1,299.13	£1,461.52	£1,920.27	£2,374.97	£2,862.14	£3,580.72
28	Dumfries & Galloway	£969.99	£1,131.65	£1,293.32	£1,454.98	£1,911.68	£2,364.34	£2,849.34	£3,564.70
29	North Lanarkshire	£968.57	£1,130.00	£1,291.43	£1,452.86	£1,908.90	£2,360.90	£2,845.18	£3,559.51
30	Na h-Eileanan Siar	£925.04	£1,079.21	£1,233.39	£1,387.56	£1,823.10	£2,254.79	£2,717.31	£3,399.52
31	Shetland Islands	£924.45	£1,078.52	£1,232.60	£1,386.67	£1,821.93	£2,253.34	£2,715.56	£3,397.34
32	South Lanarkshire	£919.23	£1,072.44	£1,225.64	£1,378.85	£1,811.66	£2,240.63	£2,700.25	£3,378.18

Excludes Water and Sewerage
Source: As reported by the Local Authorities on the statistical return Council Tax Assumptions 2024

Appendix 5.

Financial Settlement 2026 to 2027

Financial Settlement Details.	2025 to 2026	2026 to 2027
	£	£
Total Estimated Expenditure.	115,571,000	128,634,000
Funded by:		
Assumed Council Tax.	8,462,000	8,504,000
Ring-fenced Grants.	21,054,000	490,000
Non-Domestic Rates.	11,759,000	14,090,000
General Revenue Funding.	74,296,000	105,550,000
Totals.	115,571,000	128,634,000
Government Grants:		
Ring-fenced Grants.	21,054,000	490,000
Non-Domestic Rates.	11,759,000	14,090,000
General Revenue Funding.	74,296,000	105,550,000
Totals.	107,109,000	120,130,000
Grant Movement.	10,748,000	13,021,000
Grant Movement.	11.1%	12.2%
Council Budget Calculation:		
Non-Domestic Rates.	11,759,000	14,090,000
Revenue Support Grant.	74,296,000	105,550,000
Council Tax.	12,663,000	13,837,000
Use of Strategic Reserve Fund.	20,000,000	19,869,600
Use of Other Reserves	487,000	0
Use of General Fund Reserve	0	0
Totals.	119,205,000	153,346,600
Budget Movement.	6,902,000	34,141,600
Budget Movement.	6.1%	28.6%

Settlement Increase Breakdown

Description	Total.
	£.
GAE (Grant Aided Expenditure)	(4,199,000)
SINA (Special Islands Needs Allowance)	37,000
2008-25 Change	5,024,000
Loans and leasing charges	(434,000)
Former ring-fenced grants	(20,564,000)
Baselined Redeterminations and in year funding	30,791,000
The Floor	(1,462,000)
New Money*	1,497,000
Non-Domestic Rates	2,331,000
	13,021,000

New Money Breakdown

New Money 2026/27	£.
Early Learning and Childcare	43,000
Local Authority Pay	604,000
Children's Services	105,000
Health and Social Care Uplift	714,000
Scottish Assessors	17,000
Discretionary Housing Payments	14,000
	1,497,000



Equality Impact Assessment

The purpose of an Equality Impact Assessment (EqIA) is to improve the work of Orkney Islands Council by making sure it promotes equality and does not discriminate. This assessment records the likely impact of any changes to a function, policy or plan by anticipating the consequences, and making sure that any negative impacts are eliminated or minimised and positive impacts are maximised.

1. Identification of Function, Policy or Plan	
Name of function / policy / plan to be assessed.	Setting the budget and Council Tax levels for 2026 to 2027.
Service / service area responsible.	Enterprise and Sustainable Regeneration.
Name of person carrying out the assessment and contact details.	Erik Knight, Head of Finance.
Date of assessment.	20 February 2026
Is the function / policy / plan new or existing? (Please indicate also if the service is to be deleted, reduced or changed significantly).	New following the grant settlement from the Scottish Government and setting of the Council budget from 2026 to 2027.

2. Initial Screening	
What are the intended outcomes of the function / policy / plan?	<p>To set the budget and Council Tax levels for financial year 2026 to 2027 and consider budget uprating assumptions, unavoidable service pressures and efficiency savings.</p> <p>In this assessment, we have tried to consider the emerging cumulative impacts of the budget proposals to ensure that the decisions making process is informed by an understanding of the likely impacts on people and communities.</p> <p>Recognising that the Council faces a very difficult task in bringing its revenue budget into line with available resources and a sustainable draw on Reserves, services are encouraged to find efficiency savings or undertake service redesign</p>

	<p>within their own service areas.</p> <p>As a consequence, there is a recognition that due to the scope of some of the proposals, this assessment process will need to continue to form part of any development and implementation plans of the way in which we provide our services.</p>
Is the function / policy / plan strategically important?	Yes.
State who is, or may be affected by this function / policy / plan, and how.	Users of Council services will be affected by changes in service provision or charges and employees will be affected if implementation of efficiencies or service redesign results in a reconfiguring of staffing numbers or posts as a result of these proposals.
How have stakeholders been involved in the development of this function / policy / plan?	<p>It remains vital to ensure that our limited resources are prioritised in ways that are fair and that any inevitable negative impacts of some of the proposals are properly assessed and mitigated as far as possible. All proposed efficiencies, services redesign, charges and unavoidable pressure bids have been subject to debate, review and challenge by the Corporate Leadership Team and further challenge by elected members at a series of budget seminars held as part of the 2026 to 2027 budget setting process.</p> <p>These processes have had due regard to how these proposals relate to the Council's priorities and its meeting of the Council's statutory duties.</p> <p>Public consultation on our Budget Challenge was launched in December 2025 to gather local views on potential changes to Council services and charges. These views have helped inform the Council's budget setting process in February 2026. The results of the consultation can be found at www.orkney.gov.uk/budget26.</p>
Is there any existing data and / or research relating to equalities issues in this policy area? Please summarise. E.g. consultations, national surveys, performance data, complaints, service user feedback, academic / consultants' reports, benchmarking (see equalities resources on OIC information portal).	<p>Conducting a cumulative impact assessment is a critical step in ensuring that Orkney Islands Council meets its obligations under the Public Sector Equality Duties and Fairer Scotland Duties. By systematically assessing the collective impact of budgetary proposals on equality groups, the Council can promote fairness, eliminate discrimination, foster good relations and reduce socio-economic inequalities within the community.</p> <p>The primary purpose of this assessment is to ensure that Orkney Islands Council meets its obligations under the PSED and Fairer Scotland Duty by:</p> <ul style="list-style-type: none"> • Eliminating unlawful discrimination,

	<p>harassment, and victimisation.</p> <ul style="list-style-type: none"> • Advancing equality of opportunity between people who share a protected characteristic and those who do not. • Fostering good relations between people who share a protected characteristic and those who do not. • Reducing inequalities of outcome caused by socio-economic disadvantage. <p>This assessment aims to assess the collective impact of budgetary proposals on different equality groups, ensuring that no group is disproportionately affected and that positive outcomes are promoted for all.</p> <p>Individual equality impact assessments have been carried out where required and this overarching assessment highlights any cumulative impacts.</p> <p>Many residents in Orkney are geographically disadvantaged by their distance from a major centre of population, except for the more easily accessible parts of the region, as they do not have access to all the services that their counterparts in a town/city centre may have.</p> <p>Combinations of circumstances such as low income, disability, poor quality accommodation and no private transport can exacerbate access deprivation for vulnerable people, making it more difficult for them to access services.</p>
<p>Is there any existing evidence relating to socio-economic disadvantage and inequalities of outcome in this policy area? Please summarise.</p> <p>E.g. For people living in poverty or for people of low income. See The Fairer Scotland Duty Guidance for Public Bodies for further information.</p>	<p>Almost any change to a council service has some socio-economic impact. This is because the nature of our responsibilities and the extent to which the more deprived communities and more vulnerable people in Orkney rely on our services. Poor social and economic circumstances affect people's health and quality of life.</p> <p>Steps such as paying the Scottish Living Wage go some way to help tackle levels of child poverty by making more money available to help families bring up their children. Generally, this benefits lower-paid workers and their families.</p> <p>Women have been identified as being disproportionately vulnerable to socio-economic impacts and elements of welfare reform are likely to have a disproportionate impact on women and lone parents.</p> <p>Reduced services for children, young people and older people can place additional burdens of care</p>

	<p>on women. Women are more likely than men to manage reduced family budgets, have primary caring responsibilities and act as the buffers, going without to protect their children from the worst effects of poverty and also continue to report higher levels of concern about their financial situation.</p> <p>A high percentage of women in Orkney work part time in the public, voluntary and community sectors. The continued reduction in the public and voluntary workforces impact disproportionately on this group.</p> <p>Inevitably, the overall effect of the combination of age, disability and deprivation means that changes to support services are likely to increasingly impact disproportionately on women and lone parent families.</p> <p>Children in out-of-work households are at greater risk of poverty although there are a significant number of children nationally who are classed as living in poverty who live in households where someone is working (in-work poverty). Children of lone parents, children with disabilities and those in large families are at greater risk of living in poverty.</p> <p>There is huge pressure on the unprotected areas of the Council budget with an effective real terms reduction in resources to deliver services for which demand has not reduced. The continuing mismatch between demand and provision builds upon a gap from previous years.</p> <p>By retaining core services focused on supporting the most vulnerable children, including those with specialist needs, and families, councils can continue to address the greatest levels of disadvantage and tackle inequality.</p>
<p>Could the function / policy have a differential impact on any of the following equality areas?</p>	<p>There are proposals that present charges should be reviewed and increased by a minimum of 3.8% from April 2026, if possible, to do so. These charges relate to a very wide range of services with the following exceptions, where alternative arrangements are required or proposed:</p> <ul style="list-style-type: none"> • Building Warrant and Planning fees. • Harbour charges. • Ferry fares. • Car park and electric vehicle charges. • Residential care and Home care. • Very Sheltered Housing. • Supported accommodation.

	<ul style="list-style-type: none"> • Licensing fees. • Ship sanitation certification. • Marriage / civil partnership. • Roads Inspection Fees. • Trade waste charges. • Homelessness rents. • Selected quarry products. <p>The summary below provides more information relating to people in Orkney by protected characteristic. It is important to note that intersectionality (the complex and cumulative way in which the effects of multiple protected characteristics have on the experiences of individuals or groups) is of particular relevance when considering inequalities and socio-economic disadvantage. Inevitably any potential changes to way in which services are delivered as a result of the budget, will impact on particular groups. Further work will be required to assess the impacts on a service-by-service basis.</p>
<p>1. Race: this includes ethnic or national groups, colour and nationality.</p>	<p>The majority of the population of Orkney is White Scottish (75.1%) or White Other British (20.5%). Whilst figures for other ethnic groups are low in comparison to the Scotland average, we see that the ethnic make-up of Orkney is becoming more diverse and this is likely to continue.</p> <p>See section 3 below.</p>
<p>2. Sex: a man or a woman.</p>	<p>There is a fairly even gender split for the population of Orkney comprising 49.2% Male and 50.8% female (2022 Census).</p> <p>Research shows that men are more likely to work full time than women, while women are more likely to hold part time positions than men.</p> <p>See section 3 below.</p>
<p>3. Sexual Orientation: whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.</p>	<p>88.6% of the Orkney population is heterosexual according to the Census 2022. 1.1% identifies as gay or lesbian, 1.5% is bisexual and 0.5% is other sexual orientation. 8.2% did not answer this question. Research shows that one in six LGBT people have been discriminated against when using a public service in the last three years (Stonewall Scotland).</p> <p>See section 3 below.</p>
<p>4. Gender Reassignment: the process of transitioning from one gender to another.</p>	<p>94% of the Orkney population is not trans and has no trans history according to Census 2022. 0.4% are trans or have a trans history and 5.6% did not</p>

	provide an answer to this question.
5. Pregnancy and maternity.	See section 3 below.
6. Age: people of different ages.	<p>Orkney's demographic is changing and in line with the rest of Scotland the shift is towards an older average age.</p> <p>Census 2022 results show that 16% of people in Orkney are aged 0 to15, 7.4% are aged 16 to 24, 10.9% are aged 25 to 34, 16.7% are aged 35 to 49, 24.2% are aged 50 to 64 and 24.9% are aged 65 and over.</p> <p>As people get older, they are more likely to acquire a disability or to need higher levels of support, therefore proposals impacting older people are also likely to have impacts for those with disabilities and those with caring responsibilities. Similarly, proposals impacting children and young people may also have impacts for those with caring responsibilities.</p> <p>Some proposals are potentially more likely to affect specific age groups (e.g. Older people and Children and Young people) as they are heavier users of services, rather than because the council's savings have disproportionately targeted these groups.</p> <p>See section 3 below.</p>
7. Religion or beliefs or none (atheists).	<p>According to the Census 2022, 56.3% of people in Orkney have no religion. 26.7% are Church of Scotland, 2.7% are Roman Catholic, 6.9% are other Christian. Other religions represented in the data include Buddhist, Jewish, Muslim, Pagan and Other.</p> <p>See section 3 below.</p>
8. Caring responsibilities.	<p>The Census 2022 has provided updated figures for unpaid carers aged 3 and over in Orkney. 7.6% of people provide between 1-19 hours of care per week, 1% provide 20 to 34 hours per week, 0.9% provide 35 to 49 hours per week and 2.5% provide 50+ hours of care per week.</p> <p>See also section 3 below.</p>
9. Care experienced.	<p>Young people can be treated differently because of their care identity - that they have experience of care. In an effort to address the disadvantages faced by people with care experience, OIC is now assessing the impact of any proposals for those with care experience as part of the equality impact assessment process. These steps aim to provide care experienced young people with protection from discrimination and harassment because of</p>

	<p>their care identity. See section 3 below.</p>
10. Marriage and Civil Partnerships.	See section 3 below.
11. Disability: people with disabilities (whether registered or not).	<p>People with a disability are more likely to experience poorer outcomes in terms of employment, income and education. They are more likely to face discrimination and negative attitudes and often experience greater difficulties in accessing housing and transport. The 2022 Census figures show that 9.5% of the population in Orkney reported a disability; and 22.8% of the population reported a long-term illness, disease or condition. 9.9% of the Orkney population have a mental health condition and 9.7% have a physical disability.</p> <p>See section 3 below.</p>
12. Socio-economic disadvantage.	<p>Tackling deprivation and reducing inequalities remains a priority and as such it is recognised that fuel poverty is a significant issue across Orkney. In addition, evidence suggests that child poverty in Orkney is variable and the Isles locality has the greatest level of housing deprivation. Whilst Orkney does not have data zones within the greatest areas of deprivation across Scotland within the SIMD analysis, it is acknowledged that in remote and rural settings SIMD may be a less useful marker of deprivation.</p> <p>See section 3 below.</p>

3. Impact Assessment

Does the analysis above identify any differential impacts which need to be addressed?	<p>This document covers the totality of the overall proposals in general terms. This assessment has identified some cumulative differential impacts in relation to Sex and Age, Pregnancy and Maternity, and Disability. At this stage, it is difficult to assess whether these differential impacts are likely to result in cumulative negative impacts.</p> <p>Discrete equality impact assessments for individual proposals have been carried out where required which has afforded an opportunity to consider differential impacts in more detail.</p> <p>Impacts identified for budget reduction proposals are listed below. Further information on each impact is available from the individual equality impact assessment.</p>
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	<p>ECH02 – Differential impact relating to age.</p> <p>ECH03 – Differential impact for women and negative impact for younger age.</p> <p>ECH04 – Differential impact relating to age, disability, pregnancy and maternity, sex, care experienced, caring responsibilities and socio-economic disadvantage.</p> <p>CE01 – Differential impacts relating to pregnancy and maternity, older age, marriage and civil partnership and disability.</p> <p>The proposed budget reductions may inevitably have an impact on staffing in some cases. Some directorates and associated roles have a high percentage of female staff and therefore reviews could have a disproportionate impact on women. However, the overall gender balance of the workforce is weighted towards female and therefore there is unlikely to have a negative impact on the overall workforce profile. There may, however, be an impact on the Gender Pay Gap although at this stage, there is not enough detail to assess this fully. As part of our commitment to tackling inequalities and providing services that are fit for purpose, we continue to analyse the composition of our workforce by protected characteristic. Work is also identified as part of the Equality Outcomes to support gender balance within the workforce.</p> <p>The reality is that in times of financial constraints public authorities have to make difficult decisions regarding service provision and the Council has a legal duty to continue to provide its core statutory services.</p>
<p>How could you minimise or remove any potential negative impacts?</p>	<p>Individual equality impact assessments have been carried out for savings proposals where:</p> <ul style="list-style-type: none"> • The proposal would result in a change to service. • The proposal could result in a change noticeable to service users. • The proposal could affect employees. <p>Some proposals are potentially more likely to affect specific protected groups as they are heavier users of services, rather than because the council's savings have disproportionately targeted these groups. Indeed, this is the case in most of the equality analysis undertaken as part of this report.</p> <p>As stated above, differential and negative impacts have been identified for budget reduction</p>

	<p>proposals for Sex and Age (older people, young people and children).</p> <p>Where negative impacts have been identified the individual assessments will detail any mitigation that can be taken, and members will consider these when making a decision.</p> <p>Potential negative impacts will have to be considered by elected members as well as taking cognisance of any cumulative effects on any of the protected characteristics resulting from a range of proposals.</p> <p>It is also important to consider wider socio-economic issues affecting Orkney when making informed decisions.</p>
Do you have enough information to make a judgement? If no, what information do you require?	Yes.

4. Conclusions and Planned Action

Is further work required?	No, although this is dependent on elected members decisions relating to all budget proposals.
What action is to be taken?	N/A
Who will undertake it?	N/A
When will it be done?	N/A
How will it be monitored? (e.g. through service plans).	N/A

Signature:



Date: 20 February 2026

Name: ERIK KNIGHT

(BLOCK CAPITALS).

Please sign and date this form, keep one copy and send a copy to HR and Performance. A Word version should also be emailed to HR and Performance at hrsupport@orkney.gov.uk