

Minute

Policy and Resources Committee

Tuesday, 25 February 2025, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Heather N Woodbridge, Alexander G Cowie, Graham A Bevan, Stephen G Clackson, David Dawson, P Lindsay Hall, Steven B Heddle, Rachael A King, Kristopher D Leask, W Leslie Manson, James R Moar, Raymond S Peace, John A R Scott, Gwenda M Shearer, Gillian Skuse, Jean E Stevenson, Ivan A Taylor, Owen Tierney and Duncan A Tullock.

Present via remote link (Microsoft Teams)

Councillors Janette A Park and Mellissa-Louise Thomson.

Clerk

- Hazel Flett, Service Manager (Governance).

In Attendance

- Oliver D Reid, Chief Executive.
- Stephen Brown, Chief Officer, Orkney Health and Social Care Partnership.
- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- James Wylie, Corporate Director for Education, Leisure and Housing.
- Peter Diamond, Head of Education.
- Frances Troup, Head of Community Learning, Leisure and Housing.
- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Erik Knight, Head of Finance.
- Gavin Mitchell, Head of Legal and Governance.
- Catherine Diamond, Service Manager (Early Learning and Childcare).
- Shonagh Merriman, Service Manager (Corporate Finance).
- Pat Robinson, Service Manager (Accounting).

In Attendance via remote link (Microsoft Teams)

- Maya Tams-Gray, Committees Officer.

Observing

- Kenny MacPherson, Head of Property, Asset Management and Facilities (for Items 1 to 3).
- Alex Rodwell, Head of Improvement and Performance.
- Glen Thomson, Service Manager (Property and Capital Projects) (for Items 1 to 3).
- Kirsty Groundwater, Communications Team Leader.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Heather N Woodbridge.

1. Capital Programme Affordability

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Service Manager (Corporate Finance), the Committee:

Noted:

1.1. The Scottish Government financial settlement for 2025/26 in respect of capital funding comprising £5,541,000 General Capital Grant and specific grants of £10,096,000.

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

1.2. That the net loan charges budget be set at £3,100,000 for 2025/26, which equated to headroom for General Fund services to borrow a maximum of £24,800,000 from the Loans Fund over the next 5 years, from 1 April 2025 to 31 March 2030.

2. General Fund Reserves Strategy

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

Noted:

2.1. The balance and purpose for holding each of the Council's earmarked reserves and the non-earmarked General Fund Balances, as set out in Appendix 1 to the report by the Head of Finance.

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

2.2. That the minimum non-earmarked General Fund Balance for 2025/26 be set at 2% of the net revenue budget for 2025/26, with a minimum balance of approximately £2,385,000 as a contingency for in-year pressures.

2.3. That, should the Council return an overspend position for 2024/25, any uncommitted balances held within earmarked funds should be returned to non-earmarked General Fund reserves, to meet in-year overspends and retain the 2% contingency balance for non-earmarked General Fund balances.

2.4. That powers be delegated to the Head of Finance, in consultation with the Chief Executive and Corporate Directors, to make adjustments to reserves balances, taking account of the 2024/25 year-end position and ongoing budget pressures for 2025/26.

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:

Resolved to **recommend to the Council:**

3.1. 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 2025/26.

3.2. That the Strategic Reserve Fund budget for financial year 2025/26, together with indicative budgets for 2026/27 and 2027/28, attached as Appendix 1 to this Minute, be approved.

3.3. That the long-term 10-year budget forecast for the Strategic Reserve Fund, attached as Appendix 2 to this Minute, be endorsed as a financial planning document.

3.4. That powers be delegated to the Head of Finance, in consultation with the Chief Executive and Corporate Directors, to make any adjustments to the Strategic Reserve Fund contribution to the General Fund, taking account of the 2024/25 year-end position and ongoing budget pressures for 2025/26.

4. Budget and Council Tax Level for 2025/26

After consideration of a joint report by the Chief Executive, the Corporate Director for Enterprise and Sustainable Regeneration and the Head of Finance, together with Equality Impact Assessments and Island Communities Impact Assessments, copies of which had been circulated, on the motion of Councillor Heather N Woodbridge, seconded by Councillor Alexander G Cowie, the Committee:

Resolved:

4.1. That the public be excluded from the meeting in respect of discussion of the matters contained in Appendices 3 and 4 of the joint report by the Chief Executive, the Corporate Director for Enterprise and Sustainable Regeneration and the Head of Finance, on the grounds that it involved the disclosure of exempt information as defined in paragraphs 1, 4, 6 and 8 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

Officers responded to questions from elected members on the detail contained within Appendices 3 and 4 to the joint report by the Chief Executive, the Corporate Director for Enterprise and Sustainable Regeneration and the Head of Finance regarding proposed efficiency savings and unavoidable service pressures.

Upon conclusion of discussion of the matters contained in Appendices 3 and 4 to the joint report by the Chief Executive, the Corporate Director for Enterprise and Sustainable Regeneration and the Head of Finance and, thereby, the exclusion of the public, Councillor Heather N Woodbridge, seconded by Councillor Alexander G Cowie, moved that Option 2, namely an 11% increase in Council Tax for 2025/26, increasing Band D liability to £1,519.82, be approved.

Councillor Kristopher D Leask, seconded by Councillor Rachael A King, moved an amendment that Option 3, namely a 15% increase in Council Tax for 2025/26, increasing Band D liability to £1,574.60, be approved.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Stephen G Clackson, David Dawson, P Lindsay Hall, Rachael A King, Kristopher D Leask, Janette A Park, John A R Scott, Gwenda M Shearer, Jean E Stevenson, Mellissa-Louise Thomson and Duncan A Tullock (11).

For the Motion:

Councillors Graham A Bevan, Alexander G Cowie, Steven B Heddle, W Leslie Manson, James R Moar, Raymond S Peace, Gillian Skuse, Ivan A Taylor, Owen Tierney and Heather N Woodbridge (10).

The Amendment was therefore carried and became the Motion.

Councillor David Dawson, seconded by Councillor Duncan A Tullock, moved a further amendment, notice of which had been given, that Option 4, namely a 20% increase in Council Tax for 2025/26, increasing Band D liability to £1,595.53, be approved.

The result of a recorded vote was as follows:

For the Amendment:

Councillors David Dawson and Duncan A Tullock (2).

For the Motion:

Councillors Graham A Bevan, Stephen G Clackson, Alexander G Cowie, P Lindsay Hall, Steven B Heddle, Rachael A King, Kristopher D Leask, W Leslie Manson, James R Moar, Janette A Park, Raymond S Peace, John A R Scott, Gwenda M Shearer, Gillian Skuse, Jean E Stevenson, Ivan A Taylor, Mellissa-Louise Thomson, Owen Tierney and Heather N Woodbridge (19).

The Motion was therefore carried and the Committee thereafter:

Resolved to **recommend to the Council:**

4.2. That service budget savings and/or income targets for 2026/27 and 2027/28 be reviewed.

4.3. That the unavoidable service pressures and uprating assumptions, as set out in Appendices 3 and 4 respectively to this Minute, be included in the 2025/26 budget.

4.4. That Option 3, a 15% increase in Council Tax for 2025/26, increasing Band D liability to £1,574.60, be approved.

4.5. That the savings proposals detailed in Appendix 5 to this Minute, be approved, with the exception of the following, where significant opposition was evident from the budget consolidation feedback:

- Papdale Halls of Residence – Charging for extra-curricular trips – £1,700.
- Papdale Halls of Residence – Charging for placing requests – £600.
- Dounby recycling centre – £12,000.
- Skip emptying on Saturday – £12,000.
- Black bags in isles – £6,000.

4.6. That the General Fund revenue budget for 2025/26 be set at £119,205,000, as detailed in Appendix 6 to this Minute.

4.7. 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.

4.8. That Corporate Directors should review and increase existing charges by a minimum of 10%, from 1 April 2025, if possible to do so, or as early as possible thereafter, apart from the undernoted exceptions, where alternative arrangements were required:

- 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.
- Meals at Home service.
- Licensing fees.
- Ship sanitation certification.
- Marriage/Civil Partnership fees.

- Roads inspection fees.
- Trade waste charges.
- Homelessness rents.
- Selected quarry product sales.

4.9. That powers be delegated to the Head of Finance, in consultation with the Corporate Director for Enterprise and Sustainable Regeneration and the Chief Executive:

- To determine further variations in charges during 2025/26 where it was deemed expedient to do so.
- To allocate any General Fund underspend from 2024/25 to the setting of the General Fund revenue budget for 2025/26.
- To determine where any General Fund overspends from 2024/25 would be funded from General Fund earmarked reserves balances, while ensuring that the non-earmarked General Fund reserves balance, amounting to 2% of the overall revenue budget for 2025/26, was 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.

5. Conclusion of Meeting

At 13:42 the Chair declared the meeting concluded.

Signed: Heather N Woodbridge.