

Corporate Risk Register – June 2026

Strategic Risks

Cluster.	Risk No.	Risk.	Owner.
Physical.	1.	Transport.	Chief Executive, Director of Enterprise and Resources, and Director of Infrastructure and Organisational Development
Financial.	2.	Economic Sustainability.	Chief Executive and Director of Enterprise and Resources.
Reputational.	3.	Adverse Communications.	Chief Executive.
Physical.	4.	Workforce.	Director of Infrastructure and Organisational Development.
Physical.	5.	Asset Management.	Director of Infrastructure and Organisational Development.
Economic.	6.	Economic.	Director of Enterprise and Resources.
Technological.	7.	Cyber Security.	Chief Executive and Director of Infrastructure and Organisational Development.
Technological.	8.	Connectivity.	Director of Enterprise and Resources.
Legislative.	9.	Procurement.	Chief Executive.
Legislative.	10.	Health and Safety.	Director of Infrastructure and Organisational Development.
Physical.	11.	Climate Change	Director of Infrastructure and Organisational Development.
Financial.	12.	Housing.	Director of Education, Communities and Housing.
Professional.	13.	Childcare Services.	Director of Education, Communities and Housing.
Physical.	14.	Pandemic.	Director of Infrastructure and Organisational Development.
Legislative.	15.	Children and Young People.	Chief Officer, Orkney Health and Social Care Partnership.
Economic.	16.	Budget Shortfall (UHI).	Director of Education, Communities and Housing.
Reputational.	17.	Additional Support Needs	Director of Education, Communities and Housing.

Risks by cluster

Cluster.	Risk No.	Risk.	Owner.
Economic.	6.	Economic.	Director of Enterprise and Resources.
Economic.	16.	Budget Shortfall (UHI).	Director of Education, Communities and Housing.
Financial.	2.	Economic Sustainability.	Chief Executive and Director of Enterprise and Resources.
Financial.	12.	Housing.	Director of Education, Communities and Housing.
Legislative.	15.	Children and Young People.	Chief Officer, Orkney Health and Social Care Partnership.
Legislative.	10.	Health and Safety.	Director of Infrastructure and Organisational Development.
Legislative.	9.	Procurement.	Chief Executive.
Physical.	5.	Asset Management.	Director of Infrastructure and Organisational Development.
Physical.	1.	Transport.	Chief Executive, Director of Enterprise and Resources, and Director of Infrastructure and Organisational Development
Physical.	14.	Pandemic.	Director of Infrastructure and Organisational Development.
Physical.	4.	Workforce.	Director of Infrastructure and Organisational Development.
Physical.	11.	Climate Change.	Director of Infrastructure and Organisational Development.
Professional.	13.	Childcare Services.	Director of Education, Communities and Housing.
Reputational.	3.	Adverse Communications.	Chief Executive.
Reputational.	17.	Additional Support Needs	Director of Education, Communities and Housing.
Technological	7.	Cyber Security.	Chief Executive and Director of Infrastructure and Organisational Development.
Technological.	8.	Connectivity.	Director of Enterprise and Resources.

Risks by owner

Owner.	Cluster.	Risk Number.	Risk.
Director of Education, Communities and Housing.	Economic.	16.	Budget Shortfall (UHI).
Director of Education, Communities and Housing.	Reputational.	17.	Additional Support Needs.
Director of Education, Communities and Housing.	Financial.	12.	Housing.
Director of Education, Communities and Housing.	Professional.	13.	Childcare Services.
Chief Executive, Director of Enterprise and Resources, and Director of Infrastructure and Organisational Development	Physical.	1.	Transport.
Director of Enterprise and Resources.	Economic.	6.	Economic.
Director of Enterprise and Resources.	Technological.	8.	Connectivity.
Chief Executive and Director of Enterprise and Resources.	Financial.	2.	Economic Sustainability.
Director of Infrastructure and Organisational Development.	Physical.	11.	Climate Change.
Director of Infrastructure and Organisational Development.	Physical.	5.	Asset Management.
Chief Executive and Director of Infrastructure and Organisational Development.	Technological.	7.	Cyber Security.
Director of Infrastructure and Organisational Development.	Legislative.	10.	Health and Safety.
Director of Infrastructure and Organisational Development.	Physical.	14.	Pandemic.
Chief Executive.	Reputational.	3.	Adverse Communications.
Director of Infrastructure and Organisational Development.	Physical.	4.	Workforce.
Chief Executive.	Legislative.	9.	Procurement.
Chief Officer, Orkney Health and Social Care Partnership.	Legislative.	15.	Children and Young People.

Risks by rating

Owner.	Cluster.	Risk Number.	Risk.	Risk Rating.
Chief Executive, Director of Enterprise and Resources, and Director of Infrastructure and Organisational Development	Physical.	1.	Transport.	25.
Chief Executive and Director of Enterprise and Resources.	Financial.	2.	Economic Sustainability.	25.
Director of Enterprise and Resources.	Economic.	6.	Economic.	25.
Director of Education, Communities and Housing.	Reputational.	17.	Additional Support Needs	25
Director of Infrastructure and Organisational Development.	Physical.	12.	Climate Change	20
Director of Infrastructure and Organisational Development.	Physical.	4.	Workforce.	16.
Director of Enterprise and Resources.	Technological.	8.	Connectivity.	16.
Director of Education, Communities and Housing.	Economic.	16.	Budget Shortfall UHI	16.
Director of Infrastructure and Organisational Development.	Physical.	13.	Pandemic.	15.
Chief Executive and Director of Infrastructure and Organisational Development.	Technological.	7.	Cyber Security.	12.
Chief Executive.	Reputational.	3.	Adverse Communications.	12.
Director of Infrastructure and Organisational Development.	Physical.	5.	Asset Management.	12.
Director of Education, Communities and Housing.	Financial.	12.	Housing.	12.
Director of Education, Communities and Housing.	Professional.	13.	Childcare Services.	12.
Chief Executive.	Legislative.	9.	Procurement.	9.
Chief Officer, Orkney Health and Social Care Partnership.	Legislative.	15.	Children and Young People.	8.
Director of Infrastructure and Organisational Development.	Legislative.	10.	Health and Safety.	6.

Risk matrix

			IMPACT				
			1.	2.	3.	4.	5.
			Insignificant	Minor	Moderate	Major	Severe
LIKELIHOOD	5.	Almost Certain.	Medium	Medium	High	High	Extreme
	4.	Likely.	Medium	Medium	Medium	High	Extreme
	3.	Possible.	Low	Medium	Medium	High	High
	2.	Unlikely.	Low	Low	Medium	Medium	High
	1.	Rare.	Low	Low	Low	Medium	High

Risk Number.		Risk Title.				Cluster.		Owner.	
1.		Transport				Physical.		Chief Executive, Director of Enterprise and Resources	
Likelihood:	5.	Impact:	5.	RAG:	Red.	Current Risk Score:	25.	Target Risk Score:	15 (3x5)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>1a. Internal Ferries.</p> <p>Failure to secure agreement with Scottish Government on appropriate funding arrangements to deliver the Scottish Ferries Plan in relation to ferry and terminal replacement for Orkney.</p> <p>Ferry and Terminal replacement programme currently unfunded with ageing infrastructure.</p>	<p>Internal Ferries.</p> <p>Ferries reach end of service life with no solution in place. High repair costs indicate that buying new would be more cost effective.</p> <p>Deterioration of piers infrastructure.</p> <p>Reductions in lifeline provisions for the community are below Scottish Ferries Plan standards.</p> <p>Services become unaffordable.</p> <p>Significant increase in marine fuel costs.</p>	<p>Internal Ferries.</p> <p>Ferries reach end of life with no replacement – rapid service deterioration. Excessive support costs as aged ferries kept running. Reduced capacity and flexibility to maintain scheduled services.</p> <p>Excessive running costs of old ferries. No opportunities to achieve expected service levels.</p> <p>Risk of delay in procurement leading to reduced capability to purchase fit for purpose new tonnage. Buying piecemeal also reduces economy of scale; community unrest due to people depopulating the isles due to lack of lifeline transport connectivity.</p> <p>Increased operational costs leading to financial pressure on Council budgets.</p>	<p>Internal Ferries.</p> <p>Treat</p>	<p>Internal Ferries.</p> <p>Ongoing dialogue with the Scottish Government through the Ferries Taskforce.</p> <p>£3M of funding for development of the business case for vessel replacement was secured from the Scottish Government in 2024/25. A further £10m for connectivity was received in 2025/26. In 2026/27 this connectivity funding was included in the Settlement: £2m capital, and £8m revenue.</p>
<p>1b. External Ferries.</p> <p>Loss of service on the lifeline ferry route.</p>	<p>External Ferries.</p> <p>Scottish Government announcement of reduction in ferry timetable, ferry replacement, RET or rescheduling of service.</p>	<p>External Ferries.</p> <p>Reduction in available spaces.</p> <p>Transport disruption.</p> <p>Re-routing of supply import/ export lines.</p> <p>Pressure on non-lifeline ferry.</p>	<p>External Ferries.</p> <p>Treat.</p>	<p>External Ferries.</p> <p>Relationship with contract provider.</p> <p>Lobby Scottish Government.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
	Operator response to rising fuel costs (reduced sailings, increased fares).	Increased ticket prices and reduced accessibility. Disruption to supply chains due to higher freight costs.		
<p>1c. Air.</p> <p>Loss of internal/ external air service currently operated by Loganair. Reduction in services.</p>	<p>Air.</p> <p>Collapse of business. Tender application for internal air service. Aviation fuel price increases impacting viability of routes.</p>	<p>Air.</p> <p>Increased demand on internal ferries. Lack of transport provision for itinerant service provision. Increased demand for temporary accommodation. Reduced flight frequency or higher ticket costs. With potential knock-on effect leading to higher dependency on ferries.</p>	<p>Air.</p> <p>Treat .</p>	<p>Air.</p> <p>Relationship with contract provider. Lobby Scottish Government. Review of tender specification.</p>
<p>1d. Causeways.</p> <p>Failure of the Churchill barriers, given their age (now 70+ years old) combined with increasing use of heavier vehicles, especially but not only associated with the freight vehicles using the external ferry service from St Margaret's Hope. Barrier 1 is known to have a degraded surface and the presence of some voids within the structure. Barrier 2 continues to be problematic to cross in adverse weather conditions, specifically where tidal and wind conditions produce overtopping.</p>	<p>1d. Causeways.</p> <p>Failure in substrate leading to road closure.</p>	<p>1d. Causeways.</p> <p>No alternative route. Disruption for linked south isles residents. Disruption for businesses due to ferry access, displacement of employees, lack of supply routes. Increased freight costs. Ferry availability during peak periods.</p>	<p>1d. Causeways.</p> <p>Treat.</p>	<p>1d. Causeways.</p> <p>Engineering studies on Barrier 1 road surface and substrate complete, including an assessment of any voids within the barrier structure. No further action required at this time. Previous studies on Barrier 2 overtopping with suggested engineering control measures widely known. No further action required at this time. Traffic management arrangements are in place. The decision to close the barriers is taken by Police Scotland, in consultation with OIC and HM Coastguard.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Closure of the barriers are required to maintain public safety, usually for 2 hours either side of a high tide when certain weather/ tidal conditions prevail.</p>				<p>Implementation of the decision falls to OIC Roads staff. Patching and maintenance of the road surfaces as required. Opportunities to flag concern with Scottish Government are taken, where possible.</p>

Risk Number.	Risk Title.					Cluster.	Owner.		
2.	Economic Sustainability					Financial.	Chief Executive and Director of Enterprise and Resources.		
Likelihood:	5.	Impact:	5.	RAG:	Red.	Current Risk Score:	25.	Target Risk Score:	16 (4x4)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Reduced funding across Council Services.</p> <p>Reduced income as a result of economic pressures.</p> <p>Increased costs to capital projects.</p> <p>Increased costs to revenue budgets.</p> <p>Increased energy costs.</p> <p>Increased demands to existing services.</p> <p>Lack of capacity to deliver core services.</p> <p>Impacts to supply chain.</p> <p>Increased costs to capital replacement programme.</p> <p>Impacts to Council investments.</p> <p>Inflationary rises.</p>	<p>Increase to energy costs.</p> <p>Increase to CPI/RPI costs.</p> <p>Increase in transportation and delivery costs.</p> <p>Increase to running costs for Council fleet and internal ferries.</p> <p>Increase of salaries due to pay awards.</p> <p>Increase to cost of living.</p> <p>Increase in expectations from community.</p> <p>Increase in rent and Council Tax default.</p> <p>Increase in requests for statutory services.</p> <p>Reduction in grant from Scottish Government.</p> <p>Reduction in requests for Council paid services.</p> <p>Reduction in capacity to deliver services.</p> <p>Reduction in investments.</p> <p>Expectations outstrip capacity to deliver.</p> <p>The Scottish Government fails to provide sufficient funding for essential services.</p>	<p>Community unrest.</p> <p>Unhappy service users.</p> <p>Elected members unable to meet need.</p> <p>Loss of credibility of Council.</p> <p>Inability to deliver the range of services expected and legal challenge.</p> <p>Capital projects are delivered late or not at all leading to increased costs and difficulties in delivering services.</p> <p>Local economy adversely impacted by labour shortages and high price of materials.</p> <p>Non-payment of rent and Council Tax.</p> <p>Inability to pay for Council services.</p> <p>Increased demand on Food Banks, free school meals, school clothing grants, crisis grants, Scottish Welfare Fund.</p> <p>Financial pressures impacting adversely on mental wellbeing, and</p>	<p>Treat.</p>	<p>Ownership of the Budget Setting Process by the Corporate Leadership Team / Extended Corporate Leadership Team with openness and transparency around the identification of potential areas for re-provisioning of services.</p> <p>Development of a range of actions (savings and other budget improvement measures) to address whatever financial environment the Council faces to inform future business and budget planning.</p> <p>A strategy on the use of Reserves.</p> <p>Delivery of budget savings will be monitored within Services and reported to the Policy and Resources Committee.</p> <p>There must be an acknowledgement of reality with the focus on continuation of the delivery of minimum Statutory Provision versus Statutory with Discretion, Non-Statutory but Essential or Discretionary Expenditure whilst having regard to the Council Priorities.</p> <p>Improved project planning with much longer lead in times.</p> <p>Additional staff capacity in Infrastructure and Organisational Development to manage the capital programme.</p> <p>The Child Poverty Action Plan.</p> <p>Signposting to financial advice.</p> <p>Exploration of market supplements.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Council tax levy during period.</p> <p>Impact on staffing recruitment and retention.</p> <p>Availability of key products.</p>	<p>UK Government fails to provide funding equivalent to shortfall consequent from loss of EU Funding following UK exit from European Union.</p> <p>Government movement to energy cost caps.</p>	<p>relationships leading to increased demand on Council wellbeing services.</p> <p>Strike action on pay leading to disruption in the delivery of Council services.</p> <p>Inability to recruit or retain staff.</p> <p>Community expectations are not reduced due to a failure to communicate and engage effectively with communities.</p> <p>Failure to demonstrate the value of the Council's ongoing services to the public.</p> <p>Living costs outstrip available income as a result of pay awards, benefits and other income receipts not keeping up with inflation leading to inability to meet household outgoings.</p>		<p>Promotion in the reduction of energy usage and access to funding for energy improvements to domestic and commercial properties e.g. Warmer Homes Scotland</p> <p>Hybrid working policy.</p> <p>Reduction in heating and utilities usage for offices.</p>

Risk Number.	Risk Title.				Cluster.	Owner.			
3.	Adverse reactions in communications with staff, the public and stakeholders including social media.				Reputational.	Chief Executive.			
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	9. (3x3)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>The Council's resources made available by Government will continue to reduce or remain static over the next few years despite growing need and demand. The Council is increasingly reliant on the use of its General Fund and Strategic Reserve Fund resources to maintain services whilst areas for savings / efficiencies and income generation are progressed. The Council must ensure that communities continue to be appropriately engaged about the efficiency measures and inevitable transformation / service changes and are proactively informed so that customer expectations are realistic.</p> <p>There is the potential that staff do not feel engaged in the inevitable change processes or valued as active contributors to corporate change, service realignments or developments.</p>	<p>Customers have unrealistic expectations of what Council services can deliver.</p> <p>Customers do not understand the reasons for the changes and blame the Council.</p> <p>Good ideas are not harvested from effective community consultation.</p> <p>Failure to demonstrate the value of the Council's on-going services to the public.</p> <p>Council is unable to demonstrate the ability to work corporately.</p> <p>Staff are not given the opportunity to engage with and contribute to service transformation / redesign or reductions; staff become disengaged in essential change processes.</p> <p>The Council does not maintain an effective presence on social media as a communication tool.</p> <p>The opportunity for reasonable debate, scrutiny and discourse of Council work is replaced by aggressive and abusive comment on issues and activities, reducing the quality and effectiveness of information to drive decision</p>	<p>Reputational risk.</p> <p>Misplaced criticism.</p> <p>Good ideas lost.</p> <p>Confusion about what the Council's priorities are.</p> <p>More difficult to align resources to priorities.</p> <p>Lack of understanding of what the Council wants to achieve.</p> <p>Changes are not achieved.</p> <p>Staff morale is adversely affected.</p> <p>Customers may not get a joined-up service.</p> <p>Inter-service tensions undermine corporate achievements.</p> <p>Legal implications.</p> <p>Exclusion of sectors of the community.</p>	Treat.	<p>A Communications and Engagement Strategy 2024-2028 was approved by the Council in December 2024.</p> <p>Supporting Internal and External Communications Delivery Plans have been approved by the Communications and Engagement Consultative Group and the actions within these Plans are well underway.</p> <p>In addition, work continues to publicise the Council's objectives and priorities, existing services and service change to ensure that communities are engaged.</p> <p>There is continuing use of digital communications, including the increased use of social media as a platform and tool for community engagement.</p> <p>A review of community engagement methods is underway as part of the Communications and Engagement Strategy 2024-2028. Feedback from public consultations such as Orkney Matters 2 will be fed into this process.</p> <p>Proactive press releases and campaigns are prepared and released to promote positive stories about the services provided by the Council.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>There is potential that the Council fails to manage how we respond to social media - both to take advantage of the potential benefits of social media and additionally to mitigate the misuse of social media including online abuse and the unchecked propagation of disinformation that can circulate online creating negative discourse.</p>	<p>making, community fragmentation and disenfranchisement.</p>			

Risk Number.		Risk Title.				Cluster.	Owner.		
4.		Workforce planning – lack of skills, experience and capacity.				Physical.	Director of Infrastructure and Organisational Development.		
Likelihood:	4.	Impact:	4.	RAG:	Amber.	Current Risk Score:	16.	Target Risk Score:	6. (3x2)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Insufficient workforce planning actions underway to shape future workforce through redeployment, succession planning, recruitment, training and retention strategies to sustain critical skills and experience. etc.</p> <p>Capacity issues make it difficult for the service to realise its priorities.</p> <p>Increasingly limited and competitive market for recruitment of key leadership and professional roles.</p>	<p>Council staff become overstretched.</p> <p>Council staff become demoralised.</p> <p>Increasing levels of staff turnover</p> <p>The Council does not have the right staff, in the right place, at the right time, to deliver set priorities and / or statutory functions.</p> <p>The Council is unable to meet its statutory obligations.</p> <p>Statutory officers are unable to discharge their statutory functions adequately.</p> <p>EU nationals unable to gain Visas to work in the UK or unwilling to move to the UK under a more challenging post Brexit process.</p>	<p>Council cannot manage within its resources.</p> <p>Existing workforce becomes overstretched.</p> <p>Key pieces of work are not able to be undertaken.</p> <p>Loss of council organisation knowledge and experience.</p> <p>Service standards drop and vulnerable people are placed at risk.</p> <p>Council is reactive rather than proactive.</p> <p>An increased risk in legal challenges and complaints.</p> <p>Risk of financial penalties.</p> <p>Recruitment taking place from a smaller pool of potential staff.</p>	Treat.	<p>The Council's People Plan is being reviewed and implemented to mitigate workforce challenges by strengthening recruitment, improving staff retention, supporting career development, and aligning workforce capacity with strategic and statutory priorities.</p> <p>Projects within the Council Plan and Directorate Delivery Plans are in planned to target improvements in Transforming Our Council including workforce planning, culture and performance.</p> <p>Leadership and management development programme to grow / upskill leaders.</p> <p>Continue to work with UHI Orkney to develop taster courses such as 'Introduction to Care' with guaranteed interviews for participants who complete the course. Explore retraining opportunities offered through the wider UHI network (e.g. courses delivered to UHI Orkney by other UHI colleges).</p> <p>Increased commitment to proactive communications particularly related to staff and trade unions.</p> <p>Regular monthly Trade Union meeting at corporate level.</p>

Title					Cluster		Owner		
5 Failure to ensure we obtain and retain maximum benefit from Council's assets.					Physical		Chief Executive		
Likelihood	4	Impact	3	RAG	Amber	Current Risk Score	12	Target Risk Score	9 (3x3)

Vulnerability	Trigger	Consequences	Options	Mitigating Actions
<p>The Council may not have enough funds to sustain assets, replace ageing assets and develop key assets (also see Risk 1 which is particularly significant).</p> <p>Essential buildings and infrastructure for travel, communications etc must be maintained to ensure property and roads, IT, telecoms and other infrastructure continue to be able to support the Council's services.</p>	<p>The Council cannot maintain or develop its essential assets to provide public services.</p> <p>The Council cannot implement an asset management strategy.</p> <p>The public is unable to communicate with services.</p> <p>Professionals are unable to communicate with each other to provide effective services.</p>	<p>Roads and buildings deteriorate.</p> <p>IT infrastructure cannot support services.</p> <p>Unused / surplus buildings.</p> <p>Services are not delivered.</p> <p>Lifeline routes compromised.</p> <p>Risk of accident and potential claim.</p> <p>Vulnerable people are at risk.</p> <p>Communication is not possible between agencies to co-ordinate services.</p> <p>Council's reputation is at risk.</p>	Treat	<p>The Corporate Asset Management Plan 2026-2031 has been updated and approved by Asset Management Sub-committee in November 2025. The plan overarches multiple subsidiary asset management plans and strategies including property, fleet and plant, waste, ICT, open spaces, harbours and housing.</p> <p>Property Asset Management Plan 2024 to 2029 considered by Asset Management Sub-committee in September 2024.</p> <p>ICT & Cybersecurity Strategy 2025-2029 was considered by Asset Management Sub-committee in 2025 while the existing ICT Asset Management Plan 2021-2026 last updated in 2021 will be reviewed in 2026.</p> <p>The Plant and Vehicle Asset replacement programme is a 3-year rolling programme which is reviewed January/February of each year.</p> <p>Asset Management for Open Spaces and Play Areas is informed by the Physical Activity and Wellbeing Strategy (2025) and the Play Area Strategy (2021), led by Active Communities.</p>

Vulnerability	Trigger	Consequences	Options	Mitigating Actions
				<p>Asset Management of Roads is set out in the Roads Asset Management Plan 2023-2028 and the associated Roads Management and Maintenance Plan 2023-2028.</p> <p>The Fleet Asset Management Plan is out of date and requires to be updated. This will be completed by the end of financial year 2025/26.</p> <p>All asset replacement programmes (budgets) for roads, fleet and property (revenue repairs and capital improvements), are monitored in detail to ensure planned, cyclical, reactive and emergency works are completed in context of significant budget pressures (efficiencies).</p> <p>Where works exceed the capacity of the annual budget, these are escalated to the Capital Project Appraisal (CPA) process.</p> <p>The Capital Programme Board (CLT) has executive ownership of the CPA process and Capital Programme and approves and endorses Capital projects before CPA1 approval at Service Committee and CPA2 approval at Policy and Resources Committee.</p> <p>The Capital Programme Advisory Board meets on a 6-monthly basis and provides a forum for member oversight and comment outwith the formal Committee Process.</p>

Risk Number.		Risk Title.				Cluster.		Owner.	
6.		Inability to sustain and enhance economic opportunities.				Economic.		Director of Enterprise and Resources.	
Likelihood:	5.	Impact:	5.	RAG:	Red.	Current Risk Score:	25.	Target Risk Score:	20. (5x4)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Commercial sectors are vulnerable to market forces and changing national and international economic circumstances.</p> <p>Orkney's population is also ageing, leading to a range of challenges and opportunities in managing the impact of this demographic shift in terms of service provision.</p> <p>Deliverability of key project and political agendas including the Islands Deal, Harbours Masterplan, Grid and Digital Connectivity, Shared Prosperity Fund, Ferry Replacement, Arctic Strategy and Innovation Freeport concepts.</p> <p>COVID 19 Recovery and Response challenges.</p> <p>Insolvency of or desertion by private companies with Section 75 obligations revert those responsibilities to Council</p>	<p>The Council fails to support a diverse economy.</p> <p>Decline in farming and other traditional industries.</p> <p>External market forces and economic factors lead to increasing pressure on local businesses.</p> <p>Cost of transportation threatens travel of goods and people to and from Orkney.</p> <p>The Council fails to support emerging industries.</p> <p>The Council fails to ensure community benefits arise from developing industries.</p> <p>The Council fails to secure long term benefits from Renewables sector.</p> <p>Increasing pressure on services for older people.</p> <p>Reducing work age.</p> <p>Government fails to deliver on or support economic opportunities and regulatory change or an appropriately designed and timed Shared Prosperity Fund.</p>	<p>Local economy struggles pushing additional responsibilities onto the public sector.</p> <p>Council budgets become increasingly pressed.</p> <p>Staffing shortages.</p> <p>Loss of jobs, increase in unemployment, reduced economic performance.</p> <p>Council is left with burdens of site remediation.</p>	<p>Treat.</p>	<p>The budgets for revenue repairs and capital improvements are reviewed annually as part of the Council's budget process.</p> <p>Seek to identify additional options for delivery of the maintenance programmes.</p> <p>Where unavoidable pressures are identified these are managed through an allocated 'contingency' or capacity within the Enterprise and Sustainable Regeneration Directorate given positive trading performance.</p> <p>To ensure the delivery of approved plans is achieved, there has been additional investment in people resources in roads, waste, fleet and soon to be the quarry and property teams (as part of workload analysis and mini restructuring).</p> <p>Political engagement and lobbying at UK and Scottish Government levels.</p> <p>Establishment of Crown Estate Economic Development Fund to support local business.</p>

Title					Cluster		Owner		
7 Inadequate information security and management, and inadequate cyber security					Technological		Chief Executive		
Likelihood	3	Impact	4	RAG	High Risk	Current Risk Score	12	Target Risk Score	6 (2x3)

Vulnerability	Trigger	Consequences	Options	Mitigating Actions
<p>The Council fails to maintain an adequate audit trail of all information created.</p> <p>The Council does not handle, share and release all of its data adequately.</p> <p>The Data Protection Act 2018 has introduced new duties for the Council.</p> <p>Failure to implement and maintain suitable cyber controls to protect assets.</p> <p>Wider cybersecurity incidents in the private and public sector have major impacts on Orkney's supply chains, food security or transport</p>	<p>Inappropriate disclosure, sharing, retention or loss of data.</p> <p>Failure to comply with information governance legislation including the Data Protection Act 2018.</p> <p>Unauthorised access to systems, loss or theft of a device containing sensitive data, phishing or credential harvesting, accidental disclosure, or system misconfiguration.</p> <p>Internal process failures, such as inappropriate data sharing, weak password enforcement, or expired certificates.</p> <p>External cybersecurity incidents in key organisations concerned in the supply of goods and materials inhibits the delivery and distribution of food, fuel or other key resources to locations such as Orkney.</p>	<p>Customer distress and harm.</p> <p>Financial and legal implications.</p> <p>Reputational risk.</p> <p>Inability to access information when required.</p> <p>Failure to deliver services.</p> <p>Failure to share information leading to duplication of effort.</p> <p>Not responding to information requests on time.</p> <p>Complaints against the Council.</p>	Treat	<p>The Records Management Improvement Plan sets out further actions required to ensure the Council maintains compliance with its legal responsibilities, including the Data Protection Act 2018.</p> <p>Senior Management leadership is in place regarding delivery of the Records Management Improvement Plan. In order to support key elements of the Plan, the Council has implemented an Electronic Document and Records Management System (EDRMS) through the use of the Microsoft 365 platform, with full implementation achieved across the Council in March 2025.</p> <p>PSN reaccreditation is achieved via a major penetration testing and vulnerability scanning exercise and is in date.</p> <p>IT Security is managed proactively and there is an ongoing programme of patching / updating the hardware and software in operation across the Council.</p> <p>As part of the Council's resilience planning, it has completed cybersecurity exercises designed by</p>

Vulnerability	Trigger	Consequences	Options	Mitigating Actions
				<p>the National Cyber Security Centre and adapted by officers, focused on a Cybersecurity Ransomware attack with attendance from all Council services and reported to Corporate Leadership Team.</p> <p>Ongoing work on business continuity actions, aligned to Cyber Scotland incident response planning.</p> <p>The Council has implemented a multi-site infrastructure to host its on-premises services and data and immutable backup and disaster recovery.</p> <p>Services as assessed by the Information Security Officer with providers required to complete a questionnaire to provide assurance that their arrangements are satisfactory.</p> <p>The Council participates in and supports national cybersecurity and resilience partnerships to ensure good communication and promotion of cybersecurity cyber-resilience and business continuity in the Council, in the community and across sectors.</p>

Risk Number.		Risk Title.			Cluster.	Owner.			
8.		Inadequate availability and reliability of ultrafast and mobile connectivity across Orkney.			Technological.	Director of Enterprise and Resources.			
Likelihood:	4.	Impact:	4.	RAG:	Amber.	Current Risk Score:	16.	Target Risk Score:	8. (2x4)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Failure to lobby Governments to address the current digital divide and put in place infrastructure to ensure a step change in speeds.</p> <p>Lack of mobile coverage.</p> <p>Failure to press the Government to deliver a longer-term plan to ensure that there are the right mechanisms, partnerships and commercial models in place.</p> <p>Limited subsea backhaul constrains network speeds while failures leave homes and business at risk of disruption.</p>	<p>Orkney fails to secure maximum and equitable geographic coverage of availability and reliability of ultrafast broadband and mobile connectivity across Orkney, and the required improvements to Broadband services and mobile network across the islands are not delivered.</p> <p>Orkney is unable to attract inward investment and sustain fragile communities.</p> <p>Educational infrastructure disadvantaged by lack of service.</p> <p>Critical links to the Scottish Mainland fail leaving Orkney with poor or no digital connectivity.</p>	<p>Failure to attract inward investment.</p> <p>Failure to attract skilled employees.</p> <p>Digital isolation across age groups.</p> <p>Failure to realise opportunities in respect of Telehealth, Telecare, mobile working and tele-learning.</p> <p>Poor online public service access including welfare benefits, etc.</p> <p>Disruption to homes and business operations.</p>	Treat.	<p>Continue to support political lobbying and seek opportunities to progress policy.</p> <p>Support the Scottish Government in the roll out of R100 infrastructure in Orkney, including improvements to subsea backhaul.</p> <p>Support development and introduction of alternative commercial models, including 5G infrastructure.</p> <p>The Council has commissioned development of a digital strategy for Orkney which presents options for enhancing digital connectivity provision. Leveraging the benefits of the Council's membership of SWAN2 and the additional infrastructure delivered to support this.</p>

Risk Number.		Risk Title.				Cluster.	Owner.		
9.		Inadequate procurement compliance and sustainable communities.				Legislative.	Chief Executive.		
Likelihood:	3.	Impact:	3.	RAG:	Yellow.	Current Risk Score:	9.	Target Risk Score:	6.(2x3)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Financial and non-financial savings not fully achieved. Procurement Legislation, Policy and Procedures not adhered to.</p> <p>Ongoing engagement to be maintained to support local businesses to help them participate in procurement opportunities, building on the Meet the Buyer events which are held as required to highlight contract specific tendering opportunities.</p>	<p>Legal challenge is a possibility unless the Procurement Regulations are complied with and processes followed.</p> <p>Officers fail to understand the limitations that the Procurement Regulations place on the Council.</p> <p>Officers do not follow due process and tendering must be repeated.</p> <p>Anticipated savings may not be fully realised through collaborative contracts.</p> <p>The local economy may not be as well supported as it could be.</p> <p>Member / officer disharmony due to lack of understanding of responsibilities.</p>	<p>Financial loss due to legal challenge.</p> <p>Reputational harm.</p> <p>Delays in services being procured due to re-tendering or court action.</p> <p>Loss to the local economy.</p> <p>Loss of effectiveness and efficiency.</p> <p>Lost opportunity in terms of savings.</p>	<p>Treat.</p>	<p>Procurement Consultative Group comprising Elected Members and Officers is in place and meets when required.</p> <p>Procurement Working Group (Officers with delegated procurement authority) set up to provide training, support and a corporate approach to procurement exercises and priorities.</p> <p>Frequent communication with this group is in place, with information provided by email, and training on the use of the updated Contract Standing Orders and Procurement Plan was provided by the Procurement Team in April 2024.</p> <p>Procurement Improvement Plan developed and kept under review.</p> <p>A new Procurement Strategy, to align with the Council Plan 2023-2028, was consulted upon over Summer 2023 and was adopted by the Council in December 2023.</p> <p>An updated Sustainable Procurement Policy, to align with the Council's Climate Change Strategy and Action Plan, was approved by the Council in December 2024.</p> <p>The Procurement Manual was reviewed and updated in April 2025.</p> <p>Procurement and Commercial Improvement Programme (PCIP) assessment by Scotland</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Excel was undertaken in March 2024 and feedback received.</p> <p>Meet the Buyer events held successfully as required e.g. for the operation of a new nursery in June 2024.</p> <p>Contracts Register is now updated continuously with reference to the Procurement Plan, and the importance of the Contracts Register is stressed to all staff who are making purchasing decisions.</p> <p>Proactive work with the Corporate Administration Group to look at the creation and use of local Framework Agreements, for example, a local framework for stationery.</p> <p>Contract Standing Orders under regular review, with the last formal review carried out in February 2026 and updated Contract Standing Orders formally approved by Council in March 2026.</p>

Risk Number.	Risk Title.				Cluster.	Owner.			
10.	Health and Safety non-conformance.				Legislative.	Director of Infrastructure and Organisational Development.			
Likelihood:	3.	Impact:	2.	RAG:	Yellow.	Current Risk Score:	6.	Target Risk Score:	4. (2x2)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
Non-compliance with health and safety policies, rules and procedures by employees, members of the public, contractors etc.	Reportable accidents, work related ill health and dangerous occurrences.	<p>Staff exposed to unnecessary risk or harm.</p> <p>Increase in staff absence or sickness.</p> <p>Reduction in staff morale.</p> <p>Enforcement action from the Health and Safety Executive. This may include improvement and prohibition notices and prosecution.</p> <p>Material breaches, if identified, are subject to cost recovery by way of 'fees for intervention'.</p> <p>Civil action resulting in the payment of compensation for injury or damage etc.</p>	Treat.	<p>Frequency of Safety Committee meetings increased including a review of adverse events.</p> <p>Corporate Leadership Team to promote a positive health and safety culture.</p> <p>Occupational Health, Safety and Welfare Policy updated in February 2025 and approved by Council. Significant focus on Health and Safety incident reporting including increased incident and near miss reporting and proactive engagement with services as detailed in reports to Safety Committee and in Annual Report.</p> <p>Proactive health and safety to feature as a standing item in Senior Management meetings as appropriate.</p> <p>IOSH 'Leading Safely' training has been refreshed for the majority of Corporate Leadership Team and Extended Corporate Leadership Team members. Assessment of training needs for new members to be completed and training to be held in person.</p> <p>Resilience training programmes for senior leaders are now developed and have been rolled out across the organisation.</p> <p>Ongoing increased levels in corporate reporting of incidents via focussed Service engagement across the organisation.</p> <p>Proactive Health and Safety campaigns organised and promoted to all Council employees.</p>

Risk Number.		Risk Title.				Cluster.		Owner.		
11.		Climate Change				Physical.		Director of Infrastructure and Organisational Development		
Likelihood:	4	Impact:	5	RAG:	Red	Current Risk Score:		20	Target Risk Score:	12 (3x4)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Council infrastructure impacted by extreme and unpredictable weather, resulting in increased costs of maintenance and weakened or disrupted delivery of services including travel disruption.</p> <p>Communities facing increased frequency of coastal flooding and increased volumes of surface water.</p> <p>Local economic production affected by climate impacts.</p> <p>Transition to support climate response initiatives require significant capital investment and officer resource to manage.</p> <p>Climate impacts on food security – both production and supply chain.</p>	<p>Extreme and unpredictable sustained weather (lightning, winds, tides) causes increased damage or wear and tear to Council infrastructure.</p> <p>Increased severity of coastal flooding leads to damage of property in coastal communities, while surface water levels impact transport routes and agricultural activities in the community.</p> <p>Surface water and other climate impacts affect normal activity cycles impacting food production including agriculture.</p> <p>Move to Net Zero requires capital funding and resourcing beyond Council capacity.</p> <p>Climate impacts the production and supply of essential goods</p>	<p>Weakened or disrupted delivery of Council services including transport, roads maintenance, property access and digital services.</p> <p>Increased costs of service delivery reduce capacity due to constraints in budgets.</p> <p>Reduced economic output in Orkney requires increased Council interventions.</p> <p>Failure to meet targets or reductions in funding of other Council Priorities to support initiatives.</p> <p>Key aspects of food supply to Orkney disrupted and not sufficient due to “just-in-time” nature of supply chain in this area.</p>	<p>Treat.</p>	<p>Declaration of Climate Emergency.</p> <p>Council Plan has specific climate related goals including Net Zero Strategy and Action Plan.</p> <p>Local Heat and Energy Efficiency Strategy</p> <p>Flood Risk Management Plan 2022 – 2028.</p> <p>Coastal Change Adaptation Plan, being developed and due to be finalised in Q2 2026.</p> <p>Action plans to be set up, delivery will be dependent on funding. LIDAR work is complete, data is available to be used as part of the development of local plans.</p> <p>Resilience review and response to SEPA Flood Warnings as an Incident Management process.</p> <p>Emissions strategic review first phase reported November 2025. Study completed and reported in February 2026.</p> <p>Work with Community partners on developing Orkney’s food resilience has commenced following the seminar on food security and resilience. A paper will be brought to P&R in June 2026.</p> <p>In February 2026, the Council adopted a revised net zero target of 2045, based on a high ambition scenario. CLT has established leadership of Climate Strategy and Action Plan to enable prioritisation of delivery across Directorates.</p>

Vulnerability.		Trigger.		Consequences.		Options.	Mitigating Actions.		
Risk Number.		Risk Title.				Cluster.		Owner.	
12.		House Build Programme – Risk of being unable to fully utilise Affordable Housing Supply Programme funding from the Scottish Government.				Financial.		Director of Education, Communities and Housing.	
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	9.(3x3)

Vulnerability.		Trigger.		Consequences.		Options.	Mitigating Actions.	
<p>A range of factors are affecting the Council's ability to spend the Affordable Housing Supply Programme's funding, in partnership with relevant delivery partners. These factors include:</p> <p>Contractors are currently under significant pressure with substantial amounts of work and limited resources. The Housing Revenue Account holds a relatively high level of debt, and debt repayments are substantial. The cost of meeting the Scottish Social Housing Net Zero Standard which is expected to be required by 2032 is serving to exacerbate Housing Revenue Account challenges. Similar challenges exist for other delivery partners.</p> <p>Price rises impacting on materials and labour, coupled with supply issues, will</p>		<p>Inability to commit to fully utilising the funding that the Scottish Government allocate to Orkney each financial year.</p>		<p>Loss of funding that is essential to Orkney meeting need for social / affordable housing.</p> <p>Rising pressure as more applicants further increase pressure on the Council's growing housing waiting list.</p> <p>Difficulties in the Council meeting its statutory homelessness requirements through placing households into permanent accommodation.</p> <p>Barriers to implementing the Rapid Rehousing Transition Plan. Inflationary impact on other housing sectors, particularly the private rented sector.</p> <p>Negative impact on local economy if economically active households or those requiring to live and work in Orkney cannot secure affordable housing in the area.</p>		<p>Treat.</p>	<p>Hub North/Indigo House assisted the Council to undertake key strategic work including the Housing Needs and Demand Assessment (including analysis of need amongst essential workers), Local Housing Strategy, Strategic Housing Investment Plan and Housing Revenue Account Business Plan.</p> <p>The Housing Supply Target for Orkney has been determined to be 1,040 properties over a 10-year term with a 60/40 affordable split.</p> <p>Housing Market Partnership established with a range of key partners. All parties involved in seeking to deliver house build in partnership. These include Housing, Infrastructure and Organisational Development (Environmental, Property Development and Planning), NHS Orkney, Orkney Housing Association Ltd, Scottish Government, Scottish Water etc.</p> <p>Also looking at processes around house build so we can move this forward. This includes looking at potentially bringing in an alternative provider.</p> <p>Working in partnership with Scottish Government and other delivery partners to deliver projects.</p> <p>Off the shelf purchases are being undertaken (while considering the ability for the properties concerned to be brought up to the energy</p>	

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>impact on the affordability of the house build programme and more generally on the Housing Revenue Account.</p> <p>The impact of the above on the level of affordability of rents for tenants, given that a small Housing Revenue Account suffers from limited economies of scale. Orkney generally has rents which are within the highest six in Scotland.</p> <p>There is a lack of resource across all partner agencies (and the construction sector) which places limitations on responsiveness to additional demands.</p>		<p>Orkney residents including families are increasingly being priced out of the private rented sector, cannot secure a suitable mortgage and / or are not high enough up the priority list to secure social rented housing. The frustration this causes can increase the likelihood that some of these households leave Orkney, resulting in further inhibition to the social fabric and economy of Orkney.</p>		<p>efficiency standards required by the Council where relevant). Currently house prices are such that the number of off the shelf purchases is likely to be low.</p> <p>The Council is working through its role as housing enabler to seek to bring in an additional housing association with development capacity.</p>

Risk Number.		Risk Title.				Cluster.	Owner.		
13.		Early Learning and Childcare Expansion Plan.				Reputational.	Director of Education, Communities and Housing.		
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	9. (3x3)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
Leadership capacity.	Failure to recruit high quality candidates.	Lack of leadership in settings.	Treat.	Refocus the Leadership pathway to develop leadership capacity within the workforce.
Insufficient number of high quality and / or qualified practitioners.	Failure to recruit high quality candidates.	Vacant posts and repeated recruitment. Impact on quality and outcomes for children. Failure to meet quality requirements and National Standard.		Support practitioners to gain qualifications relevant to their role, including SVQs and degrees Continue head teacher training to support development of pedagogical leadership capacity. Work with UHI Orkney to review the availability and quality of courses on offer.
Insufficient budget to meet emerging demands of Scottish Government and regulatory bodies.	New legislation/policy insufficiently funded for the local context (e.g. discretionary deferrals, nursery milk and snack, safe staffing).	Budget overspend.		Ensure Orkney attendance at national meetings / forums to ensure the remote and rural voice is heard. Ensure Elected Members and the Corporate Leadership Team are well briefed prior to national meetings.
Financial model for 0-3 service becomes unviable.	Inability to appoint adequate numbers of practitioners to ensure maximum ratio and maximum income.	Greater than acceptable losses. Service failure in workplaces due to lack of childcare available.		Carefully monitor occupancy, staff ratios and fee payment to ensure the setting is running as efficiently as possible.

Title					Cluster		Owner		
14. Pandemic					Pandemic		Chief Executive		
Likelihood	3	Impact	5	RAG	High Risk	Current Risk Score	15	Target Risk Score	9 (3x3)

Vulnerability	Trigger	Consequences	Options	Mitigating Actions
<p>A pandemic or similar incident regarding widespread health infection and illness would present a major challenge to the community and the Council with impacts including both immediate health and wellbeing and also to the continuity of core services and ways of life, if organisational structures, workforce arrangements, or service dependencies are not sufficiently resilient to widespread disruption of people, supply chains, or operational environments.</p> <p>This may include high reliance on physical presence, limited capacity for remote working, inadequate infection control measures, or dependence on single suppliers for critical goods and services.</p>	<p>In the event of a declaration of a global pandemic by World Health Organisation which leads to the declaration of a Major Emergency and temporary amendments to Standing Orders.</p> <p>Confirmed infection within the workforce, mandated lockdown or travel restrictions, non-availability of key personnel, interruption to supply chains, or the rapid escalation of public health measures affecting operations.</p> <p>Changes in demand, government policy, or public behaviour that significantly alter service delivery patterns.</p>	<p>Service Delivery:</p> <p>Failure to carry out statutory duties - demand outstrips capacity.</p> <p>Cessation of non-urgent and elective work.</p> <p>Unable to provide certain services.</p> <p>Delays to capital programmes.</p> <p>Ability to successfully resolve emergency incidents.</p> <p>Deterioration in staff experience adversely affecting team performance.</p> <p>Financial management and budgetary impact:</p> <p>Incurring additional unbudgeted spend</p> <p>Increased costs, reduced income, impact on capital projects etc.</p> <p>Appropriate governance.</p> <p>Ability to pay staff.</p> <p>Legacy financial impact.</p> <p>Impact on Strategic Reserve Fund.</p> <p>Health and Safety:</p> <p>Failure to provide appropriate PPE.</p>	Treat	<p>Learning points and outcomes from Covid-19 pandemic and current participation in the national resilience Exercise Pegasus (on a global pandemic) will lead to further reform and update of Pandemic Mitigating Actions including Business Continuity planning,</p> <p>Staff Deployment Considerations, Risk Assessments, Communications covering response and recovery.</p>

Vulnerability	Trigger	Consequences	Options	Mitigating Actions
<p>Insufficient business continuity planning, unclear communication protocols, or lack of cross-training to cover essential roles.</p> <p>These weaknesses reduce the organisation's ability to maintain continuity of service, protect staff, and adapt quickly to sustained disruption.</p>		<p>Ability to carry out statutory duties and support frontline response.</p> <p>Exposure to virus, potential spreading and related absences.</p> <p>Potential harm to critical service users and providers.</p> <p>Demand outstrips supply for business-as-usual supplies.</p> <p>Demand outstrips supply for PPE.</p> <p>If the organisation does not seek to maintain and improve officer and staff wellbeing during the response to Pandemic, there is a risk of increased absences, loss of discretionary effort and overall decrease in operational capacity.</p> <p>Lack of scrutiny surrounding Council functions.</p> <p>Mandatory duties of the Council – schooling, social services.</p> <p>Permissive duties of the Council – education and economic development.</p> <p>Regulatory powers – trading standards, environmental health and licensing.</p> <p>Joint working arrangements.</p>		

Risk Number.	Risk Title.				Cluster.	Owner.			
15.	Inability to deliver core protection and support services for children and young people.				Legislative.	Chief Officer, Orkney HSCP.			
Likelihood:	2.	Impact:	4.	RAG:	Yellow.	Current Risk Score:	8.	Target Risk Score:	6. (2x3)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
Children and young people are vulnerable due to the Council's need to improve policies, procedures and services as part of multi-agency child protection and support services, highlighted in the 'Report of a joint inspection of services for children and young people in need of care and protection in Orkney', February 2020.	Children and young people in need of protection and/or support do not have their needs met by the multi-agency team.	Children and young people are exposed to harm; children and young people are not provided with the best chances in early life; children and young people are not supported in closing the opportunity gap. When performance shortfalls are highlighted in inspection reports, this clearly drives improvement. However, a collateral consequence can be that it makes it more difficult to attract permanent good quality staff to work in Orkney children's and young people's social work and social care services, exacerbating vulnerabilities.	Treat.	Comprehensive multi-agency improvement plan has been developed which addresses all areas for improvement. Progress with this plan is closely monitored by the Chief Officers' Group and the relevant partner governance bodies. A follow-up inspection was undertaken by the Care Inspectorate and reported in August 2021. The findings indicated we have made significant progress and there was still considerable work to be done. Findings were mainly consistent with our own view of where we are in children's services improvement from a self-evaluation perspective which was positive. The findings have been reported to Council and IJB and the Improvement Plan has been adjusted to reprioritise key actions. The Second Progress Review was undertaken by the Care Inspectorate and reported in May 2022. The findings indicated that considerable further work had been completed since the first Progress Review and key improvement areas were progressed. Inspections in Summer 2024 across four regulated Services in Children & Families have all reflected significant notable improvement in performance with grades moving to good. This reflects a significant lift with consistency across the grades which evidences improvement The Care Inspectorate will not require a further Progress Review

Vulnerability.		Trigger.		Consequences.		Options.	Mitigating Actions.			
Risk Number.		Risk Title.				Cluster.		Owner.		
16.		UHI Orkney (previously known as Orkney College UHI) Budget Shortfall				Economic		Director of Education, Communities and Housing.		
Likelihood:	4.	Impact:	4	RAG:	Amber	Current Risk Score:		16.	Target Risk Score:	9 (3x3)

Vulnerability.		Trigger.		Consequences.		Options.	Mitigating Actions.		
<p>UHI Orkney fails to achieve zero budget.</p> <p>UHI Orkney requires financial support from the Council to continue to operate in a sustainable manner.</p> <p>Curriculum and/or staffing cuts are required to balance budget.</p>		<p>Flat/capped funding from Scottish Funding Council in Further Education (FE) sector.</p> <p>Challenges in recruiting sufficient Higher Education (HE) students and subsequent shortfall in activity-based funding. Exacerbated by lack of student housing.</p> <p>Demand for student support services significantly above budgeted provision and rising.</p> <p>Signing up to the National Recognition and Procedure Agreement for Scotland's Colleges.</p> <p>Staff costs at 77% of budget; Distant Islands Allowance not funded by Scottish Funding Council.</p> <p>Rising costs (see Risk 2 which is particularly significant).</p> <p>Expenditure on staff costs insufficiently offset by grant, fee, credit and commercial income.</p> <p>Insufficient funding to sustain ageing property assets, which</p>		<p>UHI Orkney cannot manage within its resources.</p> <p>Falling student satisfaction.</p> <p>Student Support expenditure above budget and/or needs go unmet meaning vulnerable students are placed at risk, increased risk in course delivery and practice, additional pressure and strain on teaching staff or refusal/ inability to accommodate some students.</p> <p>Reputational damage, increased complaints against the College and legal challenge.</p> <p>Staff exposed to unnecessary risk or harm.</p> <p>Increase in staff absence or sickness.</p> <p>Reduction in staff morale.</p> <p>Lack of skills, experience and capacity (link to Risk 4).</p> <p>Growth potential lost.</p> <p>Reduced curriculum leads to skill shortages in the local economy and restricts economic growth for Orkney.</p>		Treat.	<p>Advance from loans fund approved to balance 2025/26 budget and to set balanced budget for 2026/27</p> <p>Officer Task Force instigated, reported to Education, Leisure and Housing Committee in November 2025 and February 2026.</p> <p>Improve and reinforce budget monitoring.</p> <p>Work with budget holders collaboratively to understand the budget as a whole and take collective responsibility for balancing income and expenditure across the College.</p> <p>Ensure appropriate budget profiling and timely invoicing to support budget monitoring.</p> <p>Implement common course viability assessments ensuring all teaching staff resource is directed to income-generating activity, or less viable but locally significant delivery is offset by income elsewhere.</p> <p>Departmental reconfiguration to allow restructure of management.</p> <p>Increase corporate training via UHI Orkney for OIC staff training.</p> <p>Work with Island Colleagues to request unions to push for Distant Islands Allowance</p>		

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
	are self-financed by UHI Orkney.			to be incorporated into national pay bargaining for academic staff. Capitalise on the rebranding of the College and strongly promote the strengths of UHI Orkney.

Risk Number.		Risk Title.				Cluster.		Owner.	
17		Support for Learning and Inclusion – Catering for additional support needs in schools and nurseries				Reputational and Legislative		Director of Education, Communities and Housing.	
Likelihood:	5	Impact:	5	RAG:	RED	Current Risk Score:	25	Target Risk Score:	12 (3x4)

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Data from the last 6 years indicates significant growth in the number of children and young people in Orkney with additional support needs. In 2017 31% of our children and young people were considered to have additional support needs. In 2022 the number was 41%. This includes 50.5% of our young people in secondary school.</p> <p>There are growing numbers of children and young people on part time timetables as the school environment struggles to meet individual needs.</p> <p>The number of support staff in schools has not increased in line with growth need.</p> <p>Due to rising costs in other areas and changes in funding in others, the baseline funding for support staff in school is no longer sufficient to maintain the current level of staffing.</p> <p>Due to the above circumstances, we have a growing level of unmet need across our schools and nurseries which poses significant risk to the local authority.</p>	<p>Growing needs in schools and insufficient funding.</p>	<p>Due to the increasing level of unmet need, the Education service risks failing to meet their statutory duty in meeting the needs of all children and young people. Challenges are arising highlighting this risk which are leading to tribunal proceedings.</p> <p>The growing need combined with the lack of support staff puts increasing pressure on existing staff structures which makes recruitment and retention difficult and adds to our high rates of sickness absence. The number of temporary positions makes the positions unattractive for retention of the workforce.</p> <p>A lack of capacity for early intervention means problems become more complex before they are addressed. This requires more resource and a greater cost as a result. Without support at an early stage, long term outcomes for young people in our community become poorer.</p> <p>Unmet needs in the classroom place more pressure on teaching staff and the ability to make improvements in overall attainment and progress for all children and young people suffers as a result.</p> <p>Social, emotional and behavioural needs are increasing rapidly and we are seeing a rise in serious incidents, including incidents of violent behaviour in schools.</p>	<p>Treat.</p>	<p>Creating a cohesive, consistent staged intervention framework to ensure levels of additional support needs are consistently assessed across learning establishments.</p> <p>Creating early intervention pathways to ensure support is in place for children, young people and their families at the earliest possible stage.</p> <p>Reviewing Additional Support for learning provision including structures to support children and young people outside of school.</p> <p>Work with colleagues in CLD&E to use Whole Family Welfare Funding to create additional model of family support based around a youth work model to help put in place support at the earliest possible stage for children, young people and families.</p> <p>Investing in the current workforce through training and professional learning to increase existing capacity.</p> <p>Centralising the resource to enable dynamic and targeted staffing. Ensure that all Support for Learning Posts are permanent and that staff entitled to permanency are provided with and reducing the number of temporary short-term contracts.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Using, Support for Learning External Review, complaints and concerns as learning points to create an action plan which will result in reviewing processes and procedures. Creating greater clarity and consistency of approach across the local authority.</p> <p>Ensuring all Headteachers and establishment managers have an awareness of the legislative context which we are working. Regular updates and training to occur.</p>

Orkney Islands Council



Revenue Budgets 2026/27

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GENERAL FUND

STRATEGY AND ASSUMPTIONS

STRATEGY AND ASSUMPTIONS

1 THE BUDGET STRATEGY

- 1.1 The Council agreed and set the Council Tax for 2026/27 based on the allocations in Finance Circular 1/2026 and subsequent updates. The Council's settlement from the Scottish Government was confirmed in Finance Circular No 2/2026 at £120.130m as set out in the table below.

	P&R Report	Finance	
	Mar-26	Circular	Difference
	£m	2/2026	£m
Ring-Fenced Grants	0.490	0.490	0.000
Non-Domestic Rates	14.090	14.090	0.000
General Revenue Funding	105.550	105.550	0.000
Total General Revenue Funding	120.130	120.130	0.000

- 1.2 Accordingly, the General Fund revenue budget for financial year 2026/27 has been set at £153.762m, an increase of £0.415m from that reported in March 2026. The changes are as follows:-

	£m
P&R 03 March 2026 Report	153.347
Staffing Budgets and Alignment of Budgets	0.415
General Fund Revenue Budget 2026/27	153.762

- 1.3 Budget uprating assumptions, detailed below, were agreed during the 2026/27 budget setting process.

Budget Element	%
Staff Costs Non-Teaching	3.50%
Pension Costs Non-Teaching	0.00%
Staff Costs Teaching 01/04/26	0.25%
Staff Costs Teaching 01/08/26	3.25%
Pension Costs Teaching	0.00%
Property Costs (specifically energy costs)	2.00%
Supplies and Services	2.00%
Transport Costs	2.00%
Administration Costs	2.00%
Third Party Payments	2.00%
Transfer Payments	2.00%
Third Sector	2.00%
Other Costs	2.00%
Trading Organisations and Orkney Ferries	2.00%
Internal Transport	2.00%
Sales	3.80%
Fees and Charges	3.80%
Other Income	3.80%

STRATEGY AND ASSUMPTIONS

2 HEADLINE GRANT SETTLEMENT FIGURES

2.1 At Council level, the settlement has delivered an increase in the revenue grant that will be received of £13.021m, as illustrated below:

	£m
2026/27 (FC 2/2026)	120.130
2025/26 (FC 1/2025)	107.109
Estimated Grant Increase	<u>13.021</u>

Represented by:-

GAE	(4.199)
SINA	0.037
2008-25 Change	5.024
Loans and leasing charges	(0.434)
Total Former Ring-Fenced Grants	(20.564)
Baselined Redeterminations and in Year Funding	30.791
The Floor	(1.462)
New Money*	1.497
Non Domestic Rates	2.331
	<u>13.021</u>

*New Money

Early Learning and Childcare	0.043
Local Authority Pay	0.604
Children's Services	0.105
Health & Social Care Uplift	0.714
Scottish Assessors	0.017
Discretionary Housing Payments	0.014
	<u>1.497</u>

3 PROJECTED SPENDING PRESSURES

3.1 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, Children's Residential and Out of Orkney Placements.
- Budgets becoming detached from actual performance, i.e. contracts/ Service Level Agreements higher than budget allocated.

3.2 The approved spending pressures, totalling £2.510m, can be found on page 5.

4 RESERVES AND BALANCES

4.1 The General Fund Reserves Strategy report presented to the Policy and Resources Committee at its meeting of 3 March 2026 stated that it was anticipated that there will be no excess General Fund reserves to contribute to the 2026/27 budget setting.

4.2 The General Fund Reserves Strategy report recommended that General Fund non-earmarked balances for 2026/27 be set at at least 3% of the net revenue budget for 2026/27, with a minimum balance of approximately £4,600,000 as a contingency for in-year pressures.

4.3 In setting the revenue budget for 2026/27, a contribution of up to £20.0m from the Strategic Reserve Fund be budgeted as a means of cushioning efficiency targets/requirements, and maintain and protect spending and services which might otherwise have been reduced or removed when setting the budget.

STRATEGY AND ASSUMPTIONS

5 COUNCIL TAX

- 5.1 The budget announcement by the Deputy First Minister on 13 January 2026, confirmed that the Scottish Government would not seek to impose a freeze to Council Tax for 2026/27.
- 5.2 The budget report to Policy and Resources Committee on 03 March 2026 recommended a 6% increase which was ratified at the General Meeting on 10 March 2026, increasing Band D liability to £1,669.07.

6 EFFICIENCY SAVINGS FOR 2026/27

- 6.1 As part of the budget setting process for 2026/27, Services were asked to present proposals for increasing charges, implementing efficiencies or for service redesign. This resulted in only £0.247m of efficiency savings being identified that can be applied to the 2026/27 budget.
- 6.2 The full list of savings is included on page 7.

7 TARGET SAVINGS AND FUTURE SAVINGS PROPOSALS

- 7.1 The current level of budgeted expenditure is more than can be sustained through the ongoing support from Scottish Government and locally raised revenue from Council Tax and fees and charges. There is also a high level of risk inherent in propping up the budget through contributions from reserves.
- 7.2 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 will be asked to make tough decisions in order 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 third sector or through the private sector – so removing Council provision means removing services for the whole community.
- 7.3 Going forward, the Corporate Leadership Team need to make recommendations to identify savings proposals in future budget cycles.

8 CHARGING FOR SERVICES

- 8.1 The February budget report recommended, subject to usual exceptions, that Corporate Directors should look to review and increase existing charges by a minimum of 3.8% as proposed by the Corporate Charging Working group meeting of 15 September 2025.

9 REVENUE BUDGET SUMMARY

- 9.1 A summary of the net budget movement between 2025/26 and 2026/27 is set out below.

	2026/27
	£m
Overall Budget Increase	
Movement 2025/26 to 2026/27	<u>35.557</u>
Represented By:	
Movement in Gross Revenue Grant	31.539
Non-Domestic Rates	2.331
Council Tax	0.605
Increase draw on Strategic Reserve Fund	1.082
	<u>35.557</u>

APPROVED BUDGET CALCULATION 2026/27

	£000
Approved Budget 2025/26	118,205.0
Add: Baseline Movement	(2,205.2)
Add: Inflation	1,108.9
Add: One-Off Service Pressures	0.0
Add: Baseline Service Pressures	7,638.6
Less: Savings	(238.3)
Add: Settlement Adjustment	29,416.7
Less: Final Adjustment	(163.7)
Approved Budget 2026/27	<u>153,762.0</u>

COUNCIL TAX CALCULATION 2026/27

	£000
Approved Budget 2026/27	153,762.0
Less: Movement in Reserves	(20,000.0)
	<u>133,762.0</u>
Finance Settlement	(120,130.0)
Redeterminations after settlement	(285.0)
Ring Fenced Grants	490.0
	<u>13,837.0</u>
Expenditure to be met by Council Tax	13,837.0
No. of Band D Properties Forecast	8,591
Assumed Collection rate	96.5%
No. of Band D Equivalent Tax Payers	8,290
Band D Council Tax 2026/27	<u>£ 1,669.07</u>

Band	Property Value (£)	Proportion	Tax (£)
A	up to 27,000	240/360	1,112.71
B	over 27,000-35,000	280/360	1,298.17
C	over 35,000-45,000	320/360	1,483.62
D	over 45,000-58,000	360/360	1,669.07
E	over 58,000-80,000	473/360	2,192.97
F	over 80,000-106,000	585/360	2,712.24
G	over 106,000-212,000	705/360	3,268.60
H	above 212,000	882/360	4,089.22

SUMMARY OF APPROVED SERVICE PRESSURES 2026/27

SUMMARY BY SERVICE AREA	Service Area Code	Approved Service Pressure £000
Education	ED	1,517.5
Leisure Services	LS	0.0
Orkney Health and Care	SC	878.6
Law & Order	LO	0.0
Roads	RD	0.0
Transportation	TR	0.0
Operational Environmental Services	OE	0.0
Environmental Health & Trading Standards	EH	0.0
Other Housing	OH	0.0
Economic Development	DV	0.0
Planning	PL	0.0
Other Services	OS	113.9
Totals		2,510.0

SUMMARY BY ITEM	Service Area Code	Approved Service Pressure £000
Budget Increase		
License Costs	OS	113.9
Nursery Provision	ED	300.0
Support For Learning	ED	376.0
Outwith Orkney Placements	SC	878.6
Outwith Orkney Placements	ED	841.5
Totals		2,510.0

SUMMARY OF SETTLEMENT ADJUSTMENTS 2026/27

SUMMARY BY SERVICE AREA	Service Area Code	Settlement Adjustment £000
Education	ED	(6.2)
Leisure Services	LS	0.0
Orkney Health and Care	SC	834.0
Law & Order	LO	0.0
Roads	RD	0.0
Transportation	TR	28,588.9
Operational Environmental Services	OE	0.0
Environmental Health & Trading Standards	EH	0.0
Other Housing	OH	0.0
Economic Development	DV	0.0
Planning	PL	0.0
Other Services	OS	0.0
Totals		29,416.7

SUMMARY BY ITEM	Service Area Code	Settlement Adjustment £000
Budget Increase/Decrease		
Pupil Equity Fund	ED	(6.2)
Children's Services	SC	120.0
Health & Social Care Uplift	SC	714.0
Inter-Island Connectivity	TR	28,588.9
Totals		29,416.7

SUMMARY OF EFFICIENCY SAVINGS 2026/27

SUMMARY BY SERVICE AREA	Service Area Code	Efficiency Savings £000
Education	ED	58.8
Leisure Services	LS	96.3
Orkney Health and Care	SC	0.0
Law, Order and Protective Services	LO	0.0
Roads	RD	0.0
Transportation	TR	0.0
Operational Environmental Services	OE	0.0
Environmental Health	EH	1.2
Other Housing	OH	0.0
Economic Development	DV	68.0
Planning	PL	13.0
Other Services	OS	1.0
Asset Management	AM	8.7
Total		247.0

Reduction in Staffing	ED	5.8
Reduction in SLA	ED	20.0
Reduction in Management SLA	LS	37.1
Staffing Reduction	ED	33.0
Reduction in Enterprise and Economic Development	DV	68.0
Sale of Stromness Community Centre	LS	59.2
Increase in Fees	EH	1.2
Increase in Fees	PL	13.0
Printing and Copying Provision	AM	8.7
Isles Home Based Registrars	OS	1.0
Total		247.0

SERVICE COMMITTEE BUDGETS

SERVICE COMMITTEE SUMMARY							
	2025/26		2026/27				
	Budget £000	Change £000	Inflation £000	Pressure £000	Savings £000	Change £000	Budget £000
By Committee (General Fund)							
Enterprise and Infrastructure	17,638.8	267.7	595.3	550.5	(82.2)	28,347.6	47,317.7
Education, Communities & Housing	56,602.3	(1,134.5)	279.8	3,510.6	(155.1)	584.1	59,687.2
Policy and Resources	43,963.9	(1,338.4)	233.8	3,577.5	(1.0)	321.3	46,757.1
Totals	118,205.0	(2,205.2)	1,108.9	7,638.6	(238.3)	29,253.0	153,762.0
By Committee (Non-General Fund)							
Harbour Authority Sub-committee	(2,568.7)	(1,515.2)	(376.2)	668.2	0.0	2,283.5	(1,508.4)
Education, Communities & Housing	(920.0)	0.0	(214.2)	1,361.3	0.0	(1,297.1)	(1,070.0)
Asset Management Sub-committee	0.0	0.0	0.0	0.0	(8.7)	8.7	0.0
Investment Sub-committee	(1,322.3)	208.4	23.1	43.1	0.0	1,804.6	756.9
Pension Fund	(28,605.8)	0.0	285.9	(306.7)	0.0	(6,587.1)	(35,213.7)
Totals	(33,416.8)	(1,306.8)	(281.4)	1,765.9	(8.7)	(3,787.4)	(37,035.2)

NOTES:

For the purposes of the Service Committee Summary, the column headings have been simplified from the information shown within the detailed Service Area Summaries as follows:-

2025/26 Budget	Approved Budget 2025/26
2025/26 Change	Return One-Off Budget 2025/26 + Baseline Other
2026/27 Inflation	Inflation 2026/27
2026/27 Service Pressures	One-Off + Baseline 2026/27
2026/27 Efficiency Savings	Efficiency Savings 2026/27
2026/27 Change	Finance Settlement + Final Adjustments 2026/27
2026/27 Budget	Approved Budget 2026/27

ENTERPRISE AND INFRASTRUCTURE							
	2025/26		2026/27				
	Budget £000	Change £000	Inflation £000	Pressure £000	Savings £000	Change £000	Budget £000
General Fund Services							
Roads	4,132.8	29.6	85.3	200.3	0.0	(16.6)	4,431.4
Transportation	4,383.6	0.0	456.4	129.7	0.0	28,600.1	33,569.8
Operational Environmental Services	3,331.1	0.0	29.5	111.8	0.0	14.0	3,486.4
E/Health and Trading Standards	1,230.1	0.0	2.1	64.5	(1.2)	15.1	1,310.6
Economic Development	2,994.4	235.5	18.5	(110.3)	(68.0)	(240.9)	2,829.2
Planning	1,566.8	2.6	3.5	154.5	(13.0)	(24.1)	1,690.3
	17,638.8	267.7	595.3	550.5	(82.2)	28,347.6	47,317.7
Roads							
Winter Maintenance and Response	1,206.0	0.0	24.1	0.0	0.0	48.5	1,278.6
Street Lighting	247.6	0.0	5.0	0.0	0.0	7.7	260.3
Car Parks	(47.3)	0.0	2.3	4.6	0.0	1.1	(39.3)
Other Works	129.6	0.0	2.9	0.0	0.0	2.5	135.0
Traffic Management	280.7	29.6	3.0	(2.0)	0.0	10.2	321.5
Structural Maintenance	1,636.4	0.0	32.7	0.0	0.0	67.5	1,736.6
Routine Maintenance	963.1	0.0	19.1	0.0	0.0	32.8	1,015.0
Quarries Holding Account	(500.0)	0.0	0.0	25.7	0.0	(25.7)	(500.0)
Roads Holding Account	0.0	0.0	0.0	159.5	0.0	(159.5)	0.0
Garage Holding Account	0.0	0.0	(6.5)	12.5	0.0	(6.0)	0.0
Miscellaneous	126.9	0.0	0.9	0.0	0.0	4.3	132.1
Movement In Reserves	89.8	0.0	1.8	0.0	0.0	0.0	91.6
Net Expenditure	4,132.8	29.6	85.3	200.3	0.0	(16.6)	4,431.4
Transportation							
Administration	280.8	0.0	0.0	12.4	0.0	3.8	297.0
Co-ordination	84.2	0.0	1.2	0.0	0.0	1.2	86.6
Concessionary Fares	130.9	0.0	2.6	0.0	0.0	187.0	320.5
Support for Operators - Bus	1,470.5	0.0	29.4	0.0	0.0	0.2	1,500.1
Support for Operators - Air	1,738.0	0.0	34.8	0.0	0.0	0.0	1,772.8
Support for Operators - Ferries	3.3	0.0	0.1	0.0	0.0	0.0	3.4
Airfields	675.9	0.0	3.0	31.2	0.0	2.3	712.4
Orkney Ferries	0.0	0.0	385.3	86.1	0.0	28,405.6	28,877.0
Movement in Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Expenditure	4,383.6	0.0	456.4	129.7	0.0	28,600.1	33,569.8
Operational Environmental Services							
Burial Grounds	94.7	0.0	(2.9)	0.2	0.0	12.4	104.4
Refuse Collection	654.8	(60.0)	(7.0)	0.0	0.0	51.9	639.7
Waste Disposal	1,452.5	60.0	18.5	0.0	0.0	18.5	1,549.5
Recycling	638.2	0.0	10.9	0.0	0.0	26.2	675.3
Environmental Cleansing	490.9	0.0	10.0	0.0	0.0	16.6	517.5
Environmental Holding Account	0.0	0.0	0.0	111.6	0.0	(111.6)	0.0
Net Expenditure	3,331.1	0.0	29.5	111.8	0.0	14.0	3,486.4
E/Health and Trading Standards							
Administration	781.7	0.0	(0.2)	50.8	(1.2)	8.2	839.3
Trading Standards	325.7	0.0	(0.1)	13.7	0.0	2.5	341.8
Public Toilets	122.7	0.0	2.4	0.0	0.0	4.4	129.5
Net Expenditure	1,230.1	0.0	2.1	64.5	(1.2)	15.1	1,310.6

ENTERPRISE AND INFRASTRUCTURE (CONTINUED)							
	2025/26		2026/27				
	Budget	Change	Inflation	Pressure	Savings	Change	Budget
	£000	£000	£000	£000	£000	£000	£000
Economic Development							
Administration	1,052.2	40.2	0.9	(37.2)	(10.0)	(32.3)	1,013.8
Business Gateway	176.7	0.0	1.2	5.3	0.0	(0.1)	183.1
EEC Expenditure	55.2	55.2	0.0	6.3	0.0	(116.7)	0.0
LEADER Programme	75.6	0.0	0.0	5.1	0.0	(0.1)	80.6
Regeneration	0.0	78.3	0.0	(26.4)	0.0	(51.9)	0.0
Tourism	115.9	(115.9)	0.0	0.0	0.0	0.0	0.0
Economic Development Grants	306.4	0.0	6.2	0.0	(30.0)	0.0	282.6
Other Economic Dev. Grants	123.6	115.9	4.8	0.0	(28.0)	0.0	216.3
Heritage	365.4	31.9	4.3	(26.3)	0.0	(183.6)	191.7
Museums	422.0	29.9	(2.0)	(35.7)	0.0	89.0	503.2
St Magnus Cathedral	301.4	0.0	3.1	(1.4)	0.0	54.8	357.9
Net Expenditure	2,994.4	235.5	18.5	(110.3)	(68.0)	(240.9)	2,829.2
Planning							
Administration	434.1	0.0	0.1	8.6	0.0	15.0	457.8
Development Management	351.2	0.0	2.1	37.2	(10.0)	0.8	381.3
Development Planning	561.4	2.6	1.0	49.1	0.0	(8.2)	605.9
Building Standards	158.6	0.0	0.3	56.9	(3.0)	(31.7)	181.1
Archaeology	61.5	0.0	0.0	2.7	0.0	0.0	64.2
Net Expenditure	1,566.8	2.6	3.5	154.5	(13.0)	(24.1)	1,690.3

EDUCATION, COMMUNITIES AND HOUSING							
	2025/26		2026/27				
	Budget £000	Change £000	Inflation £000	Pressure £000	Savings £000	Change £000	Budget £000
General Fund Services							
Education	50,230.6	(1,313.4)	235.8	3,278.1	(58.8)	723.3	53,095.6
Leisure Services	4,156.5	57.1	19.1	218.3	(96.3)	(15.0)	4,339.7
Other Housing	2,215.2	121.8	24.9	14.2	0.0	(124.2)	2,251.9
	56,602.3	(1,134.5)	279.8	3,510.6	(155.1)	584.1	59,687.2
Non-General Fund Services							
Housing Revenue Account	(920.0)	0.0	(126.4)	48.2	0.0	(71.8)	(1,070.0)
Orkney College	0.0	0.0	(87.8)	1,313.1	0.0	(1,225.3)	0.0
	(920.0)	0.0	(214.2)	1,361.3	0.0	(1,297.1)	(1,070.0)
Education							
Senior Secondary Schools	13,190.3	170.8	54.0	488.3	(5.8)	31.8	13,929.4
Junior Secondary Schools	3,643.3	0.0	15.5	152.8	0.0	5.4	3,817.0
Primary Schools	13,049.5	0.0	50.7	563.9	0.0	25.6	13,689.7
Early Learning and Childcare	5,211.6	(698.4)	(14.0)	583.5	(53.0)	536.2	5,565.9
Additional Support Needs	4,133.9	(655.8)	7.6	1,341.1	0.0	(1.2)	4,825.6
Papdale Halls of Residence	1,022.7	0.0	3.8	29.0	0.0	0.7	1,056.2
Quality Development	75.9	0.0	2.7	5.9	0.0	(1.4)	83.1
Administration	2,253.0	(130.0)	4.7	49.2	0.0	78.1	2,255.0
Assistance For Students	235.5	0.0	4.7	1.3	0.0	0.0	241.5
Community Learning and Development	706.4	0.0	(1.9)	(18.7)	0.0	48.5	734.3
School Meals	2,215.6	0.0	19.6	79.3	0.0	(0.4)	2,314.1
School Transport	4,409.4	0.0	88.2	0.0	0.0	0.1	4,497.7
School Crossing Patrol	72.7	0.0	0.0	2.5	0.0	(0.1)	75.1
Parent Councils	10.8	0.0	0.2	0.0	0.0	0.0	11.0
Net Expenditure	50,230.6	(1,313.4)	235.8	3,278.1	(58.8)	723.3	53,095.6
Leisure Services							
Administration	451.9	0.0	0.2	142.5	0.0	6.7	601.3
Parks and Play Areas	458.8	0.0	8.0	2.1	0.0	0.5	469.4
Healthy Living Centres	90.2	0.0	(1.4)	7.7	0.0	0.1	96.6
Tourism - Caravan Sites	(12.2)	0.0	(2.1)	2.3	0.0	0.3	(11.7)
Tourism - Hostels	4.4	0.0	(1.8)	1.0	0.0	0.1	3.7
Sports Development	109.1	57.1	(0.5)	(14.0)	0.0	(37.9)	113.8
Sports Facilities	1,080.6	0.0	14.9	7.0	(37.1)	1.8	1,067.2
Swimming Pools	364.0	0.0	(1.4)	17.3	0.0	(0.9)	379.0
Active Schools	61.6	0.0	(0.1)	8.0	0.0	0.6	70.1
Community Facilities	414.4	0.0	(3.1)	14.3	(59.2)	3.7	370.1
Libraries	1,133.7	0.0	6.4	30.1	0.0	10.0	1,180.2
Net Expenditure	4,156.5	57.1	19.1	218.3	(96.3)	(15.0)	4,339.7

EDUCATION, COMMUNITIES AND HOUSING (CONTINUED)							
	2025/26		2026/27				
	Budget £000	Change £000	Inflation £000	Pressure £000	Savings £000	Change £000	Budget £000
Other Housing							
Housing support	83.2	0.0	0.0	5.0	0.0	0.0	88.2
Homelessness	1,149.4	0.0	18.9	(5.7)	0.0	1.3	1,163.9
Housing Loans	12.9	0.0	(0.1)	0.0	0.0	0.8	13.6
Energy Initiatives	46.7	0.0	0.0	2.1	0.0	0.0	48.8
Garages	(115.2)	0.0	(4.8)	0.0	0.0	0.0	(120.0)
Miscellaneous	276.0	0.0	1.2	2.1	0.0	9.2	288.5
Housing Benefit	224.3	121.8	3.7	0.0	0.0	(135.5)	214.3
Landlord Registration	(29.0)	0.0	(1.1)	0.0	0.0	0.1	(30.0)
Care & Repair	402.9	0.0	8.0	0.0	0.0	0.0	410.9
Sheltered Housing	190.7	0.0	0.3	10.7	0.0	(0.1)	201.6
Student Accommodation	(26.7)	0.0	(1.2)	0.0	0.0	0.0	(27.9)
Net Expenditure	2,215.2	121.8	24.9	14.2	0.0	(124.2)	2,251.9
Housing Revenue Account							
Administration	1,293.4	0.0	10.0	46.9	0.0	(80.7)	1,269.6
Tenant Participation	30.1	0.0	0.1	1.3	0.0	0.0	31.5
Property Costs	2,167.5	0.0	42.1	0.0	0.0	(12.8)	2,196.8
Finance Charges	635.0	0.0	12.7	0.0	0.0	110.8	758.5
Rent Income	(4,781.0)	0.0	(191.3)	0.0	0.0	(39.1)	(5,011.4)
Other Income	(23.0)	0.0	0.0	0.0	0.0	(50.0)	(73.0)
Movement in Reserves	(242.0)	0.0	0.0	0.0	0.0	0.0	(242.0)
Net Expenditure	(920.0)	0.0	(126.4)	48.2	0.0	(71.8)	(1,070.0)
UHI Orkney							
Business Support	947.6	462.8	13.3	82.6	0.0	210.6	1,716.9
Further and Higher Education	(1,323.3)	(425.1)	(68.0)	784.1	0.0	(961.8)	(1,994.1)
Agronomy Institute	(10.0)	10.0	(1.5)	4.3	0.0	(2.8)	0.0
Orkney Research Centre	317.1	(100.1)	(28.3)	455.5	0.0	(563.0)	81.2
Centre for Nordic Studies	68.6	52.4	(3.3)	(13.4)	0.0	91.7	196.0
Net Expenditure	0.0	0.0	(87.8)	1,313.1	0.0	(1,225.3)	0.0

POLICY AND RESOURCES							
	2025/26		2026/27				
	Budget £000	Change £000	Inflation £000	Pressure £000	Savings £000	Change £000	Budget £000
General Fund Services							
Central Administration	473.5	(9.2)	(2.3)	695.4	0.0	(1,144.2)	13.2
Law, Order & Protective Services	183.1	(29.6)	0.1	15.1	0.0	2.3	171.0
Orkney Health and Care	31,414.3	(1,156.2)	139.1	2,576.0	0.0	786.6	33,759.8
Other Services	11,893.0	(143.4)	96.9	291.0	(1.0)	676.6	12,813.1
	43,963.9	(1,338.4)	233.8	3,577.5	(1.0)	321.3	46,757.1
Sources of Funding	(118,205.0)	12,568.0	0.0	0.0	0.0	(48,125.0)	(153,762.0)
Central Administration							
Chief Executive's	0.0	0.0	0.0	19.6	0.0	(19.6)	0.0
Corporate Services	0.0	0.0	0.0	43.8	0.0	(43.8)	(0.0)
Finance	0.0	(9.2)	9.2	142.5	0.0	(142.5)	0.0
Enterprise & Infrastructure	0.0	0.0	0.0	155.3	0.0	(155.3)	0.0
Human Resources	460.3	0.0	1.7	49.6	0.0	(511.6)	0.0
I.T and Facilities	0.0	0.0	(13.2)	91.8	0.0	(78.6)	0.0
Legal Services	0.0	0.0	0.0	38.6	0.0	(38.6)	0.0
Apportionment Control Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cleaning Holding Account	0.0	0.0	0.0	154.2	0.0	(154.2)	0.0
Movement In Reserves	13.2	0.0	0.0	0.0	0.0	0.0	13.2
Net Expenditure	473.5	(9.2)	(2.3)	695.4	0.0	(1,144.2)	13.2
Law, Order and Protective Services							
Civil Contingencies	183.1	(29.6)	0.1	15.1	0.0	2.3	171.0
Net Expenditure	183.1	(29.6)	0.1	15.1	0.0	2.3	171.0
Orkney Health and Care							
Administration	2,664.6	40.0	16.3	35.0	0.0	73.5	2,829.4
Childcare	5,524.5	(922.0)	37.1	1,116.0	0.0	(188.6)	5,567.0
Elderly - Residential	7,175.4	0.0	(59.2)	596.8	0.0	353.9	8,066.9
Elderly - Independent Sector	702.9	(246.0)	9.7	0.0	0.0	819.1	1,285.7
Elderly - Day Centres	258.6	25.0	1.1	30.4	0.0	(26.6)	288.5
Disability	5,884.6	144.9	82.0	262.8	0.0	(727.8)	5,646.5
Mental Health	389.2	0.0	2.0	17.4	0.0	5.9	414.5
Other Community Care	1,630.8	(20.0)	(2.7)	131.2	0.0	139.9	1,879.2
Occupational Therapy	562.8	0.0	5.1	35.9	0.0	(40.4)	563.4
Home Care	5,564.7	(178.1)	29.4	284.1	0.0	(261.5)	5,438.6
Criminal Justice	244.1	0.0	3.0	65.0	0.0	(59.9)	252.2
Integrated Joint Boards	812.1	0.0	15.3	1.4	0.0	699.1	1,527.9
Net Expenditure	31,414.3	(1,156.2)	139.1	2,576.0	0.0	786.6	33,759.8

POLICY AND RESOURCES (CONTINUED)							
	2025/26		2026/27				
	Budget £000	Change £000	Inflation £000	Pressure £000	Savings £000	Change £000	Budget £000
Other Services							
Corporate Management	4,735.4	0.0	6.3	242.5	0.0	903.3	5,887.5
Corporate Priorities	714.4	94.8	10.1	45.8	0.0	(157.8)	707.3
Area Support Team (CP)	20.7	0.0	0.0	0.9	0.0	0.0	21.6
Registration	63.8	0.0	(1.1)	3.3	(1.0)	1.3	66.3
Miscellaneous Property	247.6	0.0	(3.3)	0.0	0.0	14.5	258.8
Payments to Joint Boards	575.5	0.0	11.5	0.0	0.0	16.1	603.1
Elections	43.7	0.0	0.2	0.0	0.0	1.8	45.7
Licensing	5.7	0.0	(5.8)	8.5	0.0	(2.2)	6.2
Payments to Third Sector	205.3	0.0	3.8	0.0	0.0	(20.0)	189.1
Publicity	21.4	0.0	0.4	8.2	0.0	(30.0)	0.0
Twinning	0.0	0.0	0.3	0.0	0.0	(0.3)	0.0
Community Councils	523.3	0.0	3.9	(18.2)	0.0	8.5	517.5
Interest on Loans and Balances	(500.0)	0.0	0.0	0.0	0.0	0.0	(500.0)
Miscellaneous	336.9	(238.2)	1.9	0.0	0.0	(0.8)	99.8
Cost of Collection	635.9	0.0	2.7	0.0	0.0	21.7	660.3
Finance Charges	3,500.0	0.0	66.0	0.0	0.0	(66.0)	3,500.0
Movement In Reserves	763.4	0.0	0.0	0.0	0.0	(13.5)	749.9
	11,893.0	(143.4)	96.9	291.0	(1.0)	676.6	12,813.1
Sources of Funding							
Non Domestic Rates	(11,759.0)	0.0	0.0	0.0	0.0	(2,331.0)	(14,090.0)
Council Tax	(13,674.0)	0.0	0.0	0.0	0.0	(605.0)	(14,279.0)
Revenue Support Grant	(74,296.0)	0.0	0.0	0.0	0.0	(31,539.0)	(105,835.0)
Movement in Reserves	(18,476.0)	12,568.0	0.0	0.0	0.0	(13,650.0)	(19,558.0)
Total Income	(118,205.0)	12,568.0	0.0	0.0	0.0	(48,125.0)	(153,762.0)

HARBOUR AUTHORITY SUB-COMMITTEE							
	2025/26		2026/27				
	Budget £000	Change £000	Inflation £000	Pressure £000	Savings £000	Change £000	Budget £000
Non-General Fund Services							
Scapa Flow Oil Port	(353.9)	(242.7)	(137.5)	283.1	0.0	182.9	(268.1)
Miscellaneous Piers and Harbours	(2,214.8)	(1,272.5)	(238.7)	385.1	0.0	2,100.6	(1,240.3)
	(2,568.7)	(1,515.2)	(376.2)	668.2	0.0	2,283.5	(1,508.4)
Scapa Flow Oil Port							
Administration	1,022.3	34.9	12.3	148.3	0.0	15.2	1,233.0
Scapa Flow Development	253.9	0.0	4.7	1.6	0.0	0.0	260.2
Oil Pollution	153.0	0.0	(0.6)	2.9	0.0	0.1	155.4
Environmental Unit	163.5	0.0	0.1	(5.3)	0.0	(292.5)	(134.2)
Marine Officers & Pilots	781.9	0.0	(1.3)	27.1	0.0	1.2	808.9
Navigational Aids	103.8	0.0	2.0	0.0	0.0	0.0	105.8
Weather Forecasts	7.9	0.0	0.2	0.0	0.0	0.0	8.1
Harbour Launches	698.5	0.0	2.3	25.2	0.0	(0.8)	725.2
Towage Services	3,472.3	(500.0)	22.5	83.3	0.0	57.2	3,135.3
Harbour Dues	(8,707.0)	0.0	(218.1)	0.0	0.0	(117.7)	(9,042.8)
Finance Charges	1,696.0	222.4	38.4	0.0	0.0	520.2	2,477.0
Net Expenditure	(353.9)	(242.7)	(137.5)	283.1	0.0	182.9	(268.1)
Miscellaneous Piers and Harbours							
Miscellaneous Piers	(4,212.5)	(2,738.6)	(255.6)	72.9	0.0	2,370.5	(4,763.3)
Administration	600.0	0.0	2.2	152.4	0.0	8.8	763.4
Miscellaneous Piers Development	302.2	0.0	4.8	6.4	0.0	0.0	313.4
Environmental Unit	50.8	7.8	(1.2)	(0.6)	0.0	(152.0)	(95.2)
Marine Officers & Pilots	705.9	0.0	(3.9)	120.2	0.0	(0.2)	822.0
Navigational Aids	37.6	0.0	0.6	0.0	0.0	0.0	38.2
Weather Forecasts	7.8	0.0	0.2	0.0	0.0	0.0	8.0
Harbour Launches	936.9	0.0	4.5	31.3	0.0	0.0	972.7
Oil Pollution	123.6	0.0	0.0	2.5	0.0	0.0	126.1
Pilotage Income	(825.0)	0.0	(20.6)	0.0	0.0	20.6	(825.0)
Movement in Reserves	(2,738.6)	2,738.6	0.0	0.0	0.0	(2,855.6)	(2,855.6)
Finance Charges	2,796.5	(1,280.3)	30.3	0.0	0.0	2,708.5	4,255.0
Net Expenditure	(2,214.8)	(1,272.5)	(238.7)	385.1	0.0	2,100.6	(1,240.3)

ASSET MANAGEMENT SUB-COMMITTEE							
	2025/26		2026/27				
	Budget £000	Change £000	Inflation £000	Pressure £000	Savings £000	Change £000	Budget £000
Non-General Fund Services							
Corporate Holding Accounts	0.0	0.0	0.0	0.0	(8.7)	8.7	0.0
	0.0	0.0	0.0	0.0	(8.7)	8.7	0.0
Corporate Holding Accounts							
Repairs & Maintenance GF	1,866.5	0.0	28.2	0.0	0.0	23.7	1,918.4
Repairs & Maintenance HRA	2,014.8	0.0	35.1	0.0	0.0	5.2	2,055.1
Repairs & Maintenance Piers ALWC	2,738.6	(2,738.6)	0.0	0.0	0.0	2,855.6	2,855.6
Repairs & Maintenance Contributions	(7,128.9)	2,738.6	(72.3)	0.0	0.0	(2,887.6)	(7,350.2)
Ground Maintenance	509.0	0.0	9.0	0.0	0.0	3.1	521.1
Utilities Holding Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance Holding Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Telephones Holding Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Photocopiers Holding Account	0.0	0.0	0.0	0.0	(8.7)	8.7	0.0
Postages Holding Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Expenditure	0.0	0.0	0.0	0.0	(8.7)	8.7	0.0

INVESTMENT SUB-COMMITTEE							
	2025/26		2026/27				
	Budget £000	Change £000	Inflation £000	Pressure £000	Savings £000	Change £000	Budget £000
Non-General Fund Services							
Strategic Reserve Fund	(1,322.3)	208.4	23.1	43.1	0.0	1,804.6	756.9
	(1,322.3)	208.4	23.1	43.1	0.0	1,804.6	756.9
Strategic Reserve Fund							
Investment Activities	(19,144.0)	0.0	0.0	0.0	0.0	(578.0)	(19,722.0)
Investment Properties	(933.6)	0.0	4.8	0.0	0.0	37.8	(891.0)
Development Grants W/O	(60.0)	208.4	(1.2)	43.1	0.0	136.2	326.5
County Fund	(2,000.0)	2,000.0	0.0	0.0	0.0	0.0	0.0
Conservation Fund	0.2	0.0	0.1	0.0	0.0	(0.3)	0.0
Travel Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Talented Performers Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Flotta Decommissioning Fund	953.0	0.0	19.1	0.0	0.0	299.9	1,272.0
Talented Young Persons Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Orkney Memorial Fund	0.0	0.0	0.3	0.0	0.0	0.0	0.3
Renewable Energy Investment Fund	(138.0)	0.0	0.0	0.0	0.0	(137.0)	(275.0)
Movement In Reserves	19,933.1	(2,000.0)	0.0	0.0	0.0	2,061.0	19,994.1
Finance Charges	67.0	0.0	0.0	0.0	0.0	(15.0)	52.0
Net Expenditure	(1,322.3)	208.4	23.1	43.1	0.0	1,804.6	756.9
PENSION FUND							
	2025/26		2026/27				
	Budget £000	Change £000	Inflation £000	Pressure £000	Savings £000	Change £000	Budget £000
Non-General Fund Services							
Pension Fund	(28,605.8)	0.0	285.9	(306.7)	0.0	(6,587.1)	(35,213.7)
	(28,605.8)	0.0	285.9	(306.7)	0.0	(6,587.1)	(35,213.7)
Pension Fund							
PF Operations	(1,316.1)	0.0	217.8	(242.2)	0.0	891.2	(449.3)
PF Admitted Bodies	(635.7)	0.0	11.9	(97.0)	0.0	(16.2)	(737.0)
PF Administration	457.4	0.0	3.2	32.5	0.0	33.3	526.4
PF Investments	(27,111.4)	0.0	53.0	0.0	0.0	(7,495.4)	(34,553.8)
Net Expenditure	(28,605.8)	0.0	285.9	(306.7)	0.0	(6,587.1)	(35,213.7)

GLOSSARY OF TERMS

Approved Growth	Additional funding allocated to a service.
Band D Properties	No. of properties within Orkney which are charged Council Tax at the Band D level. Used as the basis for calculating all other Council Tax bands.
Budget	Statement of planned financial resources available to meet organisational objectives.
Council Tax	Established basis of local taxation. Eight separate charging bands, from A to H. All Councils determine their Council Tax level based on the number of Band D Properties.
Discretionary Service	A service which the Council is not legally obliged to carry out.
Efficiency Savings	Cut in spending, usually linked to service reduction.
Financial Ledger	Financial System for recording financial information.
Finance Settlement	The level of revenue and capital funding received from the Scottish Government to deliver local services.
General Fund	Collective terms given to the service activities for which all local authorities are responsible for.
Grant Aided Expenditure (GAE)	A systematic means of allocating grant funding totals amongst local authorities.
Grant Settlement	See Finance Settlement above.
Harbour Accounts	Collective term given to the financial statements of Scapa Flow Oil Port and Miscellaneous Piers and Harbours.
Housing Revenue Account	Ring-fenced financial statement relating to the management and maintenance of the Council housing stock.
Inflation	Term given to the general increase in prices.
Miscellaneous Piers and Harbours	Financial statement which provides details of services which relate to the Council's piers and harbours.
Movement in Reserves	Term given to the Strategic Reserve Fund contribution.
Non-Domestic Rates	Established basis of local taxation for businesses.

GLOSSARY OF TERMS

Non-General Fund	Collective term given to Council activities which do not fall within the General Fund and not funded by the government's financial settlement.
UHI Orkney	Financial statement which provides details of services which relate to the activities of UHI Orkney.
Revenue Expenditure	Day to day recurring costs of providing services.
Revenue Support Grant	The largest element of the Total Revenue Support and consists of a block grant paid weekly to finance the cost of all General Fund activities.
Ring-Fenced Grant	Grant awarded for a particular purpose. Within the context of this document, refers to the replacement term for <i>Specific Grants</i> .
Scapa Flow Oil Port	Financial statements which provide details of the activities surrounding the Scapa Flow Port operation.
Corporate Leadership Team	Executive Management team consisting of Chief Executive, Executive Directors, Head of Legal and Governance and Head of HR and Organisational Development
Single Outcome Agreement	Provides the framework through which the Scottish Government and Orkney Islands Council can achieve a set of mutually agreed high level national and local outcomes.
Spending Pressures	Term given to additional costs being incurred within a particular service area which were not budgeted for.
Spend to Save	Investment in service or project which will deliver permanent revenue savings year on year.
Statutory Service	A service which the Council is legally obliged to carry out.
Strategic Reserve Fund	Fund established through the income generated from the activities of the Scapa Flow Oil Port.
Total Government Funding	Term given to total revenue funding received from the Scottish Government through the finance settlement. Consists of 3 elements:- Ring-fenced grants, General Revenue Grant and Non Domestic Rates.
Up-rating Assumptions	Alternative term for inflationary assumptions.

GLOSSARY OF TERMS

Approved Budget 2025/26	Approved budget to 31 March 2025. As approved by Council, 11 March 2025.
Baseline Movement 2025/26	Budget movements made in respect of permanent virements and return of one-off budgets 2025/26 to the Revised Budget in light of agreed service changes.
Revised Baseline 2025/26	Approved budget 2025/26 + Baseline movement 2025/26.
Inflation 2026/27	Increases at agreed rate of uplift following the application of the approved budget uplifts.
One-off Adjustments 2026/27	Changes made primarily to time-limited funding arrangements, therefore not part of the Baseline.
Service Pressures 2026/27	New and additional service spending pressures as proposed collectively by the Corporate Leadership Team and approved by Council.
Efficiency Savings 2026/27	Savings and efficiencies as proposed collectively by the Corporate Leadership Team and approved by Council.
Finance Settlement 2026/27	Additional funding from the Scottish Government through the finance settlement.
Final Adjustment 2026/27	Final budget changes have been made primarily in relation to known funding levels.
Approved Budget 2026/27	Approved budget to 31 March 2027. As approved by Council, 10 March 2026.

The following terms are used throughout the estimates with the undernoted definitions:

Service Area	Specific area within a Service Committee e.g. Social Care, Transportation, etc.
Service Function	Specific function within a Service Area e.g. Childcare, Elderly Residential, etc.
Subjective Group	Expenditure & Income Grouping e.g. Staff, Property, Fees & Charges etc.

More detailed descriptions of each element within each of the Subjective Groups now follow:

Subjective Group (Expenditure)

Staff Costs	Salaries, Wages, Pension Contributions, National Insurance.
Property Costs	Rent, Rates, Insurance, Heat, Light and Power, Repairs and Maintenance, Cleaning.
Supplies and Services	Purchases of Supplies, Materials, Equipment, Contract Services, Consultants, IT costs.
Transport Costs	Vehicle and Plant Costs, Transport, Fares, Staff

GLOSSARY OF TERMS

	Mileage.
Administration Costs	Office Stationery, Photocopying, Telephones, Postage, Printing, Subsistence, Training, non-Property Insurance.
Apportioned Costs	The cost of Central Support Services (Chief Executive, Administration, Legal, Finance & Technical Services) recharged to Service Areas.
Third Party Payments	Payments for the provision of services on an Agency basis, such as Other Local Authorities, Voluntary Organisations, and Private Contractors.
Transfer Payments	Payments to individuals for which no goods or services are received, such as Student Bursaries, Housing Benefits and other Grant Payments.
Loan Charges	Financing of the Capital Programme.
Miscellaneous Expenditure	Other Expenditure
Subjective Group (Income)	
Government Grants	Scottish Government Grants.
Other Grants & Reimbursements	Health Authority, Other Agencies and Voluntary Organisations.
Rents & Lettings	Hire of Equipment, Lettings and Rents.
Sales	Sale of equipment and materials, Canteen, Refectory and School Meals.
Interest & Loans	Interest on Revenue Balances and Loans.
Fees & Charges	Licenses, Admission Charges, Harbour Dues and Care Charges.
Apportioned Income	The recharge of Central Support Services (Chief Executive, Administration, Legal, Finance & D&I Support) recharged from Service Areas.
Miscellaneous Income	Other Income.

Chief Executive's Service Risk Register – December 2025

Strategic Risks

Cluster.	Risk Number.	Owner.
Financial.	1.	Head of Corporate Governance.
Governance.	5, 7.	Head of Corporate Governance.
Legislation.	6.	Head of Corporate Governance.
Communication.	2.	Head of Corporate Governance.
Reputational.	3.	Head of Corporate Governance.
Reputational / Physical.	8.	Head of Corporate Governance.
Legislative / Governance.	4.	Head of Corporate Governance.

Risk by Rating

Risk Rating.	Risk.	Owner.	Cluster.	Risk number.
20.	Finance and budget cuts.	Head of Corporate Governance.	Financial.	1.
12.	Business continuity.	Head of Corporate Governance.	Governance.	5.
12.	Climate change.	Head of Corporate Governance.	Reputational / Physical.	8.
9.	Internal and External Communications.	Head of Corporate Governance.	Communication.	2.
9.	Failure to comply with statutory timings.	Head of Corporate Governance.	Legislative / Governance.	4.
9.	Procurement.	Head of Corporate Governance.	Governance.	7.
9.	Breach of GDPR.	Head of Corporate Governance.	Legislation.	6.
9.	Failure to meet customer and stakeholder expectations.	Head of Corporate Governance.	Reputational.	3.

Risk Matrix

			IMPACT				
			1.	2.	3.	4.	5.
			Insignificant	Minor	Moderate	Major	Severe
LIKELIHOOD	5.	Almost Certain.	Medium	Medium	High	High	Extreme
	4.	Likely.	Medium	Medium	Medium	High	Extreme
	3.	Possible.	Low	Medium	Medium	High	High
	2.	Unlikely.	Low	Low	Medium	Medium	High
	1.	Rare.	Low	Low	Low	Medium	High

Risk Title: 01 – Finance and Budget Cuts

Likelihood.	5	Impact.	4	RAG.	High	Current Risk Score.	20	Target Risk Score.	9
Owner	Head of Corporate Governance					Cluster	Financial		

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Small size of teams means a budget cut could have a high impact as budgets are mainly staff costs.</p> <p>Services may have to be cut to meet budget.</p> <p>Core back-office functions may have to be cut to protect front line services.</p>	<p>Government cuts in budgets reducing Council budget and subsequently team budgets.</p>	<p>Failure to deliver core and statutory services of the Chief Executive's Service.</p> <p>Failure to support service areas to deliver core statutory services.</p>	<p>Tolerate.</p>	<p>01.01 - Review of overheads although this is limited due to low level of costs relating to overheads.</p> <p>01.02 – Service analysis to identify areas for efficiencies and a review of services to ensure staff resource is focussed on essential functions.</p>

Risk Title:02 – Internal and External Communication

Likelihood.	3	Impact.	3	RAG.	Medium	Current Risk Score.	9	Target Risk Score.	4
Owner	Head of Corporate Governance						Cluster	Communication	

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Poor communication leads to an unawareness of Council priorities and intended outcomes.</p> <p>Staff, customers, and stakeholders must be appropriately engaged about efficiency measures and service changes and proactively informed, so expectations are realistic.</p> <p>We fail to manage how we respond to social or mainstream media and fail to take advantage of potential benefits.</p>	<p>Staff, customers, and stakeholders do not understand the reasons for the changes.</p> <p>Good ideas are not collected from effective communication and engagement.</p> <p>Staff are not given the opportunity to contribute to corporate organisational development and become disengaged.</p> <p>There is not an effective management of social or mainstream media or use of these as effective engagement tools.</p>	<p>Poor morale, staff disengagement.</p> <p>Higher turnover of staff.</p> <p>Reputational risk – increase in complaints and adverse publicity.</p> <p>Misplaced criticism.</p> <p>Lack of understanding of what the Service / Council wants to achieve.</p> <p>Increased cost to the Council if work has to be reformed.</p> <p>Good ideas, lost.</p>	Treat.	<p>02.01 – Leadership development and staff training.</p> <p>02.02 – Internal and External Communications delivery plans developed and implemented.</p> <p>02.03 – Regular communication with customers and stakeholders.</p> <p>02.04 - Actively seek customer / stakeholder feedback.</p>

Risk Title: 03 – Failure to Meet Customer and Stakeholder Requirements

Likelihood.	3	Impact.	3	RAG.	Medium	Current Risk Score.	9	Target Risk Score.	4
Owner	Head of Corporate Governance						Cluster	Reputational	

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
Customer and stakeholders' expectations not clearly defined or agreed.	Service delivery standards not met. Customer / stakeholder complaints.	Reputational risk – increase in complaints and adverse publicity. Increased cost to the Council if work has to be reformed.	Treat.	03.01 – Ensure appropriate staff training is in place and undertaken. 03.02 - Regular communication with customers and stakeholders to articulate and manage expectations. 03.03 – Actively seek customer / stakeholder feedback and identify any improvements required. 03.04 - Agreed brief / terms of reference / service standards with full understanding of customer and stakeholder requirements. 03.05 – Fill vacant posts timeously where appropriate to ensure where possible services are operating at optimum staff complement.

Risk Title: 04 – Failure to Comply with Statutory Timings / Agreed Timescales

Likelihood.	3	Impact.	3	RAG.	Medium	Current Risk Score.	9	Target Risk Score.	9
Owner	Head of Corporate Governance						Cluster	Legislative / Governance	

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Volume of work, competing priorities, lack of staffing could lead to not adhering to Service Level Agreements, service standards or statutory timings and not adhering to agreed timescales for specific service processes.</p> <p>This may additionally lead to poor assessment / audits.</p>	<p>Failure to meet statutory timings and requirements of legislation.</p> <p>Failure to adhere to agreed timings for staffing policies – e.g., disciplinary etc.</p> <p>Failure to adhere to timings for court cases, employment tribunals, social work orders etc.</p> <p>Failure to meet deadlines for support to services including project delivery.</p>	<p>Reputational risk.</p> <p>Lost opportunities.</p> <p>Possible financial implications.</p>	Treat.	<p>04.01 - Ensuring staff are familiar with and adhere to the requirements and relevant standards / timescales.</p> <p>04.02 - Staff awareness of critical timings across service and wider Council services.</p> <p>04.03 - Managers supporting staff to prioritise and diarise timings to ensure adherence.</p>

Risk Title: 05 – Business Continuity

Likelihood.	3	Impact.	4	RAG.	High	Current Risk Score.	12	Target Risk Score.	9
Owner	Head of Corporate Governance						Cluster	Governance	

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
An event or incident leads to the inability of teams to carry out their core functions.	Pandemic, IT incident, power outage, fire, flood, act of aggression etc.	Backlog of work and failing to meet deadlines. Loss of critical documents.	Treat.	05.01 – Service ensures that service business continuity plans are in place. 05.02 - Remote working possible at home on laptops. 05.03 - Ensuring documents are stored in the cloud using the Microsoft 365 stack (OneDrive, Teams, and SharePoint).

Risk Title: 06 – Breach of General Data Protection Regulation (GDPR)

Likelihood.	3	Impact.	3	RAG.	Medium	Current Risk Score.	9	Target Risk Score.	9
Owner	Head of Corporate Governance						Cluster	Legislation	

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
Personal information could be processed for Planning Committee, Local Review Body, staff and education appeals, Licensing, Complaints, Freedom of Information requests.	Sensitive information is leaked or goes to wrong recipients.	Monetary penalty from the Information Commissioner's Office. Reputational Risk to Council.	Treat.	06.01 - Training and awareness of General Data Protection Regulation. 06.02 - Handling as little personal information as required. 06.03 - Secure disposal of personal information in accordance with policy. 06.04 - Strong IT and document security. 06.05 - Redacting of personal information. 06.06 – Use of Electronic Document and Records Management System (EDRMS) to support secure and effective handling of information.

Risk Title: 07 – Procurement

Likelihood.	3	Impact.	3	RAG.	Medium	Current Risk Score.	9	Target Risk Score.	8
Owner	Head of Corporate Governance						Cluster	Governance	

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
Procurement Legislation, Policy and Procedures not adhered to.	Unsuccessful bidders lodging a legal challenge.	Reputational damage. Interruption of Council service delivery. Financial awards where a contract award is overturned. Staff resources. Low staff morale. Increased scrutiny and pressure on staff.	Treat.	07.01 - Training and awareness raising. 07.02 - Procurement team suitably resourced including additional resource to support significant capital projects where applicable. 07.03 – Contract Standing Orders updated in March 2026.

Risk Title: 08 – Climate Change

Likelihood.	3	Impact.	4	RAG.	High	Current Risk Score.	12	Target Risk Score.	8
Owner	Head of Corporate Governance						Cluster	Reputational / Physical	

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Council services disrupted due to infrastructure or travel impacted by extreme and unpredictable weather.</p> <p>Communities facing increased frequency of coastal flooding and increased volumes of surface water.</p> <p>Local economic production affected by climate impacts.</p> <p>Transition to support climate response initiatives require significant capital investment.</p>	<p>Extreme and unpredictable weather (lightning, winds, tides) causes increased damage or wear & tear to Council infrastructure disrupting service delivery.</p> <p>Increased severity of coastal flooding leads to damage of property in coastal communities, while surface water levels impact transport routes and agricultural activities in the community.</p> <p>Surface water and other climate impacts affect normal activity cycles impacting food production including agriculture.</p> <p>Move to Net Zero requires capital funding and resourcing beyond Council capacity.</p>	<p>Weakened or disrupted delivery of Council services.</p> <p>Reduced economic output in Orkney requires increased Council interventions.</p> <p>Failure to meet targets or reductions in funding of other Council priorities to support initiatives.</p>	Treat.	<p>08.01 – Business continuity plans in place.</p> <p>08.02 – Staff awareness of Council Plan priorities, targets, and milestones.</p> <p>08.03 – Staff awareness of appropriate plans for example Flood Risk Management Plan, Coastal Change Adaption Plan.</p> <p>08.04 – Staff participation in resilience reviews and response to incidents through Incident Management process.</p> <p>08.05 – Staff participation in cross-council Officer Working Group and recognition that Climate Change impacts all Directorates and Services.</p> <p>08.06 – Exploration of potential sources of external funding for responding to climate change.</p>