

Appendix 1.

Previous Council Decisions

At its special meeting held on 16 December 2015, the Policy and Resources Committee noted:

1.1. That, on 25 November 2015, the Development and Infrastructure Committee recommended, to the Council, that the Council should request that the Scottish Government transfer the funding of Orkney's inter-island ferry services from the Local Government settlement to Transport Scotland's budget for ferry services in Scotland.

1.2. That, in terms of the Scheme of Administration, the establishment and review of policies for revenue support grant and other systems of grant was a referred function of the Policy and Resources Committee.

1.3. That, accordingly, on 8 December 2015, the Council resolved that the recommendation from the Development and Infrastructure Committee, referred to at paragraph 1.1 above, be considered by the Policy and Resources Committee in the first instance.

1.4. The options available to the Policy and Resources Committee, as outlined in section 8 of the joint report by the Executive Director of Corporate Services and the Executive Director of Development and Infrastructure.

1.5. The Committee recommended that, in pursuance of equity of treatment with other Scottish island communities, the Council should request that the Scottish Government transfer the funding of Orkney's inter-island ferry services from the Local Government settlement to Transport Scotland's budget for ferry services in Scotland, subject to:

- No financial detriment to the Council.
- Terms and conditions to be agreed with the Council.

At its meeting held on 28 November 2017, the Policy and Resources Committee noted:

2.1. That, on 19 December 2012, Transport Scotland published the Scottish Ferry Services: Ferries Plan, setting a way forward for improved services and infrastructure over a 10 year period.

2.2. That the Ferries Plan made reference to the potential for some local authority operated lifeline ferry services to transfer to the Scottish Government, as outlined in section 4 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure.

2.3. That excess expenditure incurred by the Council over funding received in support of Inter Island ferry services continued to rise.

2.4. The comparisons in terms of revenue and capital expenditure levels between Orkney services and those services which were the direct responsibility of the Scottish Government, as outlined in section 9.4 of the joint report by the Chief Executive and the Executive Director of Development and Infrastructure.

2.5. That it was not sustainable for the Council to provide the level of revenue and capital support towards Orkney's Inter Island Ferry Services without additional support from Scottish Government.

2.6. That, without a fair funding settlement from the Scottish Government for 2018 to 2019, there was a high risk that the Council would need to implement significant reductions to ferry services, which were already below Scottish Government standards.

2.7. That, whilst it was likely that discussions would continue with the Scottish Government regarding fair funding, it was now necessary to consider the issue of transfer of responsibility directly as a context to funding.

2.8. The options appraisal, outlined at section 8 of the report joint report by the Chief Executive and the Executive Director of Development and Infrastructure, with Option 2 representing the most financially prudent option, based on the high level of risk that the Scottish Government would not confirm a fair funding settlement for 2018 to 2019.

The Committee recommended:

3.9. That Option 2, namely passing responsibility of Orkney's inter island ferry services to Transport Scotland, be approved.

3.10. That powers be delegated to the Chief Executive, in consultation with the Leader, the Head of Finance and the Solicitor to the Council, to agree terms for the transfer of responsibility for Orkney's inter island ferry services to the Scottish Government, where those were of no net detriment to the Council, as soon as possible.

3.11. That the Chief Executive and the Executive Director of Development and Infrastructure should submit a joint report, to a future meeting of the Policy and Resources Committee, in respect of progress with passing responsibility of Orkney's inter island ferry services to Transport Scotland.

At the General Meeting of the Council held on 12 December 2017, when considering the recommendations detailed at paragraphs 3.9 to 3.11 above, the Council resolved that responsibility for Orkney's inter-island ferry services be referred back to the Policy and Resources Committee for further consideration.