

Minute

Policy and Resources Committee

Tuesday, 26 November 2024, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

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

Present via remote link (Microsoft Teams)

Councillors David Dawson (for Items 3.3 and 4) and Steven B Heddle (for Items 5 to 10).

Clerk

- Hazel Flett, Service Manager (Governance).

In Attendance

- Oliver D Reid, Chief Executive.
- Stephen Brown, Chief Officer, Orkney Health and Social Care Partnership.
- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- James Wylie, Corporate Director for Education, Leisure and Housing.
- Gavin Mitchell, Head of Legal and Governance.
- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Erik Knight, Head of Finance.
- Kenny MacPherson, Head of Property, Asset Management and Facilities (for Items 1 to 5).
- Alex Rodwell, Head of Improvement and Performance (for Items 1 to 4).
- Emma Chattington, Service Manager (Organisational Development) (for Items 9 and 10).
- Rosemary Colsell, Service Manager (Procurement) (for Items 7 to 9).
- Donna-Claire Hunter, Service Manager (Safety and Resilience) (for Items 1 to 5).
- Shonagh Merriman, Service Manager (Corporate Finance) (for Items 1 and 2).
- Pat Robinson, Service Manager (Accounting) (for Items 1 and 2).
- William Moore, Service Manager (Improvement and Performance) (for Items 1 to 4).
- Lindsey Johnson, CLD Employability Team Manager (for Items 10 to 12).

- Nick Blyth, Climate Change Strategy Officer (for Items 7 to 11).

In Attendance via remote link (Microsoft Teams)

- Darren Morrow, Chief Social Work Officer and Head of Children, Families and Justice Services.
- Maya Tams-Gray, Committees Officer.

Observing

- Frances Troup, Head of Community Learning, Leisure and Housing (for Items 10 to 18).
- Susan Shearer, Service Manager (Development and Marine Planning) (for Items 7 to 11).
- Kerry Spence, Service Manager (Community Learning, Development and Employability) (for Items 10 to 12).
- Glen Thomson, Service Manager (Property and Capital Projects) (for Items 1 and 2).
- Fiona Bain, Equality, Diversity and Inclusion Adviser (for Items 9 and 10).
- Nicola Fyffe, Organisational Development Adviser (for Items 9 and 10).

Apology

- Councillor Alexander G Cowie.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Heather N Woodbridge.

1. Revenue Expenditure Monitoring

1.1. Policy and Resources

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

Noted:

1.1.1. The revenue expenditure monitoring statement in respect of service areas for which the Policy and Resources Committee was responsible, for the period 1 April to 30 September 2024, attached as Annex 1 to the report by the Head of Finance, indicating a budget underspend position of £903,400.

1.1.2. The revenue financial detail by service area statement in respect of service areas for which the Policy and Resources Committee was responsible for the period 1 April to 30 September 2024, attached as Annex 2 to the report by the Head of Finance.

The Committee scrutinised:

1.1.3. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that appropriate action was being taken with regard to significant budget variances.

1.2. Orkney Health and Care

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

Noted:

1.2.1. The revenue expenditure monitoring statement in respect of service areas within the Orkney Health and Social Care Partnership, for which the Council was responsible, for the period 1 April to 30 September 2024, attached as Annex 1 to the report by the Head of Finance, indicating a budget overspend position of £1,569,900.

1.2.2. The revenue financial detail by service area statement in respect of service areas within the Orkney Health and Social Care Partnership, for which the Council was responsible, for the period 1 April to 30 September 2024, attached as Annex 2 to the report by the Head of Finance.

The Committee scrutinised:

1.2.3. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that appropriate action was being taken with regard to significant budget variances.

1.3. Summary

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

Noted:

1.3.1. The summary revenue expenditure monitoring statement for the period 1 April to 30 September 2024, attached as Annex 1 to the report by the Head of Finance, indicating the following:

- A total General Fund overspend of £942,600.
- A surplus in Sources of Funding of £600,000.
- A net Non-General Fund surplus of £1,823,800.

1.3.2. The sources of funding statement for the period 1 April to 30 September 2024, attached as Annex 2 to the report by the Head of Finance.

The Committee scrutinised:

1.3.3. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that appropriate action was being taken with regard to significant budget variances.

Councillor Janette A Park left the meeting during discussion of this item.

2. Capital Expenditure Monitoring

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

Noted:

2.1. The summary financial position as at 30 September 2024, in respect of the General Fund and Non-General Fund capital programmes, as detailed in section 1.6 of the report by the Head of Finance.

The Committee scrutinised:

2.2. The detailed analysis of expenditure figures and project updates, attached as Appendix 1 to the report by the Head of Finance, and obtained assurance regarding significant budget variances and progress being made with delivery of the approved General Fund and Non-General Fund capital programmes.

Councillor Janette A Park rejoined the meeting during discussion of this item.

3. Performance Monitoring

3.1. Strategy, Performance and Business Solutions

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, the Committee:

Scrutinised:

3.1.1. The performance of Strategy, Performance and Business Solutions for the reporting period 1 April to 30 September 2024, in respect of directorate priorities and performance indicators, as set out in Annexes 1 and 2 respectively to the report by the Corporate Director for Strategy, Performance and Business Solutions, and obtained assurance.

3.1.2. The complaints and compliments made to Strategy, Performance and Business Solutions in the six-month period 1 April to 30 September 2024, and for the two preceding six-month periods, as set out in section 4 of the report by the Corporate Director for Strategy, Performance and Business Solutions, and obtained assurance.

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

3.1.3. That the following action, which had been progressed to completion, be removed from the Strategy, Performance and Business Solutions Directorate Delivery Plan:

- SPBS DDP 5 Customer complaints handling – Ongoing review of Complaints Handling Procedure and associated procedures and processes.

3.1.4. That the following actions be amended as indicated and thereafter incorporated within the Strategy, Performance and Business Solutions Directorate Delivery Plan:

- SPBS DDP 11b External communication – Develop supporting external communications delivery plan – target date to be extended to 30 September 2025.
- SPBS DDP 12b Internal communication – Develop supporting internal communications delivery plan – target date to be extended to 30 September 2025.

3.2. Orkney Health and Care

After consideration of a report by the Chief Officer, Orkney Health and Social Care Partnership, copies of which had been circulated, the Committee:

Scrutinised:

3.2.1. The performance of Orkney Health and Social Care Partnership services delivered by the Council, for the reporting period 1 April to 30 September 2024, attached as Appendix 1 to the report by the Chief Officer, Orkney Health and Social Care Partnership, and obtained assurance.

3.2.2. The complaints and compliments made to the Orkney Health and Social Care Partnership, in the six-month period 1 April to 30 September 2024, and for the two preceding six-month periods, as set out in section 4 of the report by the Chief Officer, Orkney Health and Social Care Partnership, and obtained assurance.

3.3. Council Delivery Plan

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, the Committee:

Scrutinised:

3.3.1. Performance made in respect of the Council's priorities and performance measures detailed within the Council Delivery Plan 2023 to 2028, for the reporting period 1 April to 30 September 2024, as set out in Annex 1 to the report by the Corporate Director for Strategy, Performance and Business Solutions, and obtained assurance.

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

3.3.2. That the following Council Delivery Plan actions, which had been progressed to completion, be closed:

- Infrastructure I1ii – Improve Isles transport links – Developing integrated, effective, sustainable, and reliable inter-islands connectivity through the development and maintenance of transport infrastructure and links. Areas to be considered include:

- Carry out reconstruction of pavement surface of Barrier No 1.
- Infrastructure I10 – Integrated waste facility – Review and prioritisation of the capital programme. This will result in the list of capital projects, including new build and building refurbishment projects, being considered and prioritised for delivery. The programme covers a diverse range of projects, for example the construction of new buildings, the refurbishment of leisure facilities and the development of critical infrastructure across Orkney, including the ferry linked isles.

Councillor David Dawson joined the meeting during discussion of this item.

4. Corporate Risk Register

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, and after hearing a report from the Head of Property, Asset Management and Facilities, the Committee:

Resolved to **recommend to the Council** that the updated Corporate Risk Register, as at November 2024, attached as Appendix 1 to this Minute, be approved.

5. Evaluation of Service Health and Safety Performance

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Service Manager (Safety and Resilience), the Committee:

Scrutinised the Evaluation of Service Health and Safety Performance for 2023/24, attached as Appendix 1 to the report by the Corporate Director for Neighbourhood Services and Infrastructure, and obtained assurance.

6. People Plan – Progress Update

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, and after hearing a report from the Head of Human Resources and Organisational Development, the Committee:

Scrutinised:

6.1. Progress against the People Plan Delivery Plan priorities, as outlined in Appendices 1 to 3 of the report by the Corporate Director for Strategy, Performance and Business Solutions.

The Committee noted:

6.2. The proposed review of the priorities contained within the People Plan, together with the timeline of the Plan, as a result of a recommendation arising from the Best Value Thematic Review conducted by KPMG, the Council's external auditors.

7. Chief Social Work Officer Annual Report

After consideration of a report by the Chief Social Work Officer, copies of which had been circulated, the Committee:

Scrutinised the Chief Social Work Officer's Annual Report for 2023/24, attached as Appendix 1 to the report by the Chief Social Work Officer, and obtained assurance that social work and social care services were being delivered to an acceptable standard.

8. Registered Services with Orkney Health and Care

Inspection Assurance

After consideration of a report by the Chief Officer, Orkney Health and Social Care Partnership, copies of which had been circulated, and after hearing a report from the Head of Children, Families and Justice Services and Chief Social Work Officer, the Committee:

Scrutinised the inspection activity for registered services within Orkney Health and Care, for the period 1 June 2024 to date, as detailed in sections 4 to 14 of the report by the Chief Officer, Orkney Health and Social Care Partnership, and obtained assurance.

9. Procurement Annual Report

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, and after hearing a report from the Service Manager (Procurement), the Committee:

Resolved to **recommend to the Council** that the Procurement Annual Report for the period 1 April 2023 to 31 March 2024, attached as Appendix 2 to this Minute, be approved for publication.

10. Equality, Diversity and Inclusion Priorities Progress Report

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, and after hearing a report from the Service Manager (Organisational Development), the Committee:

Resolved to **recommend to the Council** that the Equality, Diversity and Inclusion Priorities Progress Report 2023/2024, attached as Appendix 3 to this Minute, be approved for publishing, insofar as it applied to the Council.

Councillors David Dawson, Steven B Heddle and Rachael A King left the meeting during the discussion of this item.

Councillors David Dawson and Rachael A King rejoined the meeting at this point.

11. Climate Change Reporting Duties

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Climate Change Strategy Officer, the Committee:

Resolved to **recommend to the Council** that the Climate Change Duties Report, attached as Appendix 4 to this Minute, be approved for submission to the Scottish Government.

12. Local Employability Partnership Annual Report

After consideration of a report by the Corporate Director for Education, Leisure and Housing, copies of which had been circulated, and after hearing a report from the CLD Employability Team Manager, the Committee:

Scrutinised the Local Employability Partnership Annual Report 2023-24, attached as Appendix 1 to the report by the Corporate Director for Education, Leisure and Housing, in so far as it related to the Council, and obtained assurance that the aims and priorities detailed in the Orkney No One Left Behind 3 Year Operational Plan were being met.

13. Asset Management Sub-committee

After consideration of the draft Minute of the Meeting of the Asset Management Sub-committee held on 14 October 2024, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Heather N Woodbridge, seconded by Councillor Ivan A Taylor, to approve the Minute of the Meeting of the Asset Management Sub-committee held on 14 October 2024, attached as Appendix 5 to this Minute, as a true record.

14. Investments Sub-committee

After consideration of the draft Minute of the Meeting of the Investments Sub-committee held on 18 September 2024, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor P Lindsay Hall, seconded by Councillor Mellissa-Louise Thomson, to approve the Minute of the Meeting of the Investments Sub-committee held on 18 September 2024, attached as Appendix 6 to this Minute, as a true record.

15. Pension Fund Sub-committee, together with Pension Board

After consideration of the draft Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 19 September 2024, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor P Lindsay Hall, seconded by Councillor Mellissa-Louise Thomson, to approve the Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 19 September 2024, attached as Appendix 7 to this Minute, as a true record.

16. Pension Fund Sub-committee, together with Pension Board

After consideration of the draft Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 26 September 2024, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Heather N Woodbridge, seconded by Councillor Kristopher D Leask, to approve the Minute of the Meeting of the Pension Fund Sub-committee, together with the Pension Board, held on 26 September 2024, attached as Appendix 8 to this Minute, as a true record.

17. Asset Management Sub-committee

After consideration of the draft Minute of the Meeting of the Asset Management Sub-committee held on 5 November 2024, copies of which had been circulated, the Committee:

Resolved, on the motion of Councillor Heather N Woodbridge, seconded by Councillor Ivan A Taylor, to approve the Minute of the Meeting of the Asset Management Sub-committee held on 5 November 2024, attached as Appendix 9 to this Minute, as a true record.

18. Human Resources Sub-committee

After consideration of the draft Minute of the Meeting of the Human Resources Sub-committee held on 5 November 2024, copies of which had been circulated, the Committee:

Resolved:

18.1. On the motion of Councillor Heather N Woodbridge, seconded by Councillor John A R Scott, to approve the Minute of the Meeting of the Human Resources Sub-committee held on 5 November 2024 as a true record.

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

18.2. That the recommendation at paragraph 2 of the Minute of the Meeting of the Human Resources Sub-committee held on 5 November 2024, attached as Appendix 10 to this Minute, be approved.

19. Conclusion of Meeting

At 16:41 the Chair declared the meeting concluded.

Signed: (Chair).

Corporate Risk Register – November 2024

Strategic Risks

Cluster.	Risk No.	Risk.	Owner.
Physical.	1.	Transport.	Corporate Director for Enterprise and Sustainable Regeneration.
Financial.	2.	Economic Sustainability.	Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.
Reputational.	3.	Adverse Communications.	Corporate Director for Strategy, Performance and Business Solutions.
Physical.	4.	Workforce.	Corporate Director for Strategy, Performance and Business Solutions.
Physical.	5.	Asset Management.	Corporate Director for Neighbourhood Services and Infrastructure.
Economic.	6.	Economic.	Corporate Director for Enterprise and Sustainable Regeneration.
Technological.	7.	Cyber Security.	Corporate Director for Neighbourhood Services and Infrastructure and Corporate Director for Strategy, Performance and Business Solutions.
Technological.	8.	Connectivity.	Corporate Director for Enterprise and Sustainable Regeneration.
Partnership.	9.	Partnerships.	Corporate Director for Strategy, Performance and Business Solutions.
Legislative.	10.	Procurement.	Corporate Director for Strategy, Performance and Business Solutions.
Legislative.	11.	Health and Safety.	Corporate Director for Neighbourhood Services and Infrastructure.
Physical.	12.	Climate Change	Corporate Director for Neighbourhood Services and Infrastructure.
Financial.	13.	Housing.	Corporate Director for Education, Leisure and Housing.
Professional.	14.	Childcare Services.	Corporate Director for Education, Leisure and Housing.
Physical.	15.	Pandemic.	Corporate Director for Neighbourhood Services and Infrastructure.
Legislative.	16.	Children and Young People.	Chief Officer, Orkney Health and Social Care Partnership.
Economic.	17.	Budget Shortfall (UHI).	Corporate Director for Education, Leisure and Housing.
Reputational.	18.	Additional Support Needs	Corporate Director for Education, Leisure and Housing.

Risks by cluster

Cluster.	Risk No.	Risk.	Owner.
Economic.	6.	Economic.	Corporate Director for Enterprise and Sustainable Regeneration.
Economic.	17.	Budget Shortfall (UHI).	Corporate Director for Education, Leisure and Housing.
Financial.	2.	Economic Sustainability.	Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.
Financial.	13.	Housing.	Corporate Director for Education, Leisure and Housing.
Legislative.	16.	Children and Young People.	Chief Officer, Orkney Health and Social Care Partnership.
Legislative.	11.	Health and Safety.	Corporate Director for Neighbourhood Services and Infrastructure.
Legislative.	10.	Procurement.	Corporate Director for Strategy, Performance and Business Solutions.
Partnership.	9.	Partnerships.	Corporate Director for Strategy, Performance and Business Solutions.
Physical.	5.	Asset Management.	Corporate Director for Neighbourhood Services and Infrastructure.
Physical.	1.	Transport.	Corporate Director for Enterprise and Sustainable Regeneration.
Physical.	15.	Pandemic.	Corporate Director for Neighbourhood Services and Infrastructure.
Physical.	4.	Workforce.	Corporate Director for Strategy, Performance and Business Solutions.
Physical.	12.	Climate Change.	Corporate Director for Neighbourhood Services and Infrastructure.
Professional.	14.	Childcare Services.	Corporate Director for Education, Leisure and Housing.
Reputational.	3.	Adverse Communications.	Corporate Director for Strategy, Performance and Business Solutions.
Reputational.	18.	Additional Support Needs	Corporate Director for Education, Leisure and Housing.
Technological	7.	Cyber Security.	Corporate Director for Neighbourhood Services and Infrastructure and Corporate Director for Strategy, Performance and Business Solutions.
Technological.	8.	Connectivity.	Corporate Director for Enterprise and Sustainable Regeneration.

Risks by owner

Owner.	Cluster.	Risk Number.	Risk.
Corporate Director for Education, Leisure and Housing.	Economic.	17.	Budget Shortfall (UHI).
Corporate Director for Education, Leisure and Housing.	Reputational.	18.	Additional Support Needs.
Corporate Director for Education, Leisure and Housing.	Financial.	13.	Housing.
Corporate Director for Education, Leisure and Housing.	Professional.	14.	Childcare Services.
Corporate Director for Enterprise and Sustainable Regeneration.	Physical.	1.	Transport.
Corporate Director for Enterprise and Sustainable Regeneration.	Economic.	6.	Economic.
Corporate Director for Enterprise and Sustainable Regeneration.	Technological.	8.	Connectivity.
Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.	Financial.	2.	Economic Sustainability.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	12.	Climate Change.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	5.	Asset Management.
Corporate Director for Neighbourhood Services and Infrastructure and Corporate Director for Strategy, Performance and Business Solutions.	Technological.	7.	Cyber Security.
Corporate Director for Neighbourhood Services and Infrastructure.	Legislative.	11.	Health and Safety.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	15.	Pandemic.
Corporate Director for Strategy, Performance and Business Solutions.	Reputational.	3.	Adverse Communications.
Corporate Director for Strategy, Performance and Business Solutions.	Physical.	4.	Workforce.
Corporate Director for Strategy, Performance and Business Solutions.	Partnership.	9.	Partnerships.
Corporate Director for Strategy, Performance and Business Solutions.	Legislative.	10.	Procurement.
Chief Officer, Orkney Health and Social Care Partnership.	Legislative.	16.	Children and Young People.

Risks by rating

Owner.	Cluster.	Risk Number.	Risk.	Risk Rating.
Corporate Director for Enterprise and Sustainable Regeneration.	Physical.	1.	Transport.	25.
Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.	Financial.	2.	Economic Sustainability.	25.
Corporate Director for Enterprise and Sustainable Regeneration.	Economic.	6.	Economic.	25.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	12.	Climate Change	20
Corporate Director for Education, Leisure and Housing.	Reputational.	18.	Additional Support Needs	20
Corporate Director for Strategy, Performance and Business Solutions.	Physical.	4.	Workforce.	16.
Corporate Director for Enterprise and Sustainable Regeneration.	Technological.	8.	Connectivity.	16.
Corporate Director for Education, Leisure and Housing.	Economic.	17.	Budget Shortfall UHI	16.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	15.	Pandemic.	15.
Corporate Director for Neighbourhood Services and Infrastructure and Corporate Director for Strategy, Performance and Business Solutions.	Technological.	7.	Cyber Security.	12.
Corporate Director for Strategy, Performance and Business Solutions.	Reputational.	3.	Adverse Communications.	12.
Corporate Director for Neighbourhood Services and Infrastructure.	Physical.	5.	Asset Management.	12.
Corporate Director for Education, Leisure and Housing.	Financial.	13.	Housing.	12.
Corporate Director for Education, Leisure and Housing.	Professional.	14.	Childcare Services.	12.

Owner.	Cluster.	Risk Number.	Risk.	Risk Rating.
Corporate Director for Strategy, Performance and Business Solutions.	Partnership.	9.	Partnerships.	9.
Corporate Director for Strategy, Performance and Business Solutions.	Legislative.	10.	Procurement.	9.
Corporate Director for Neighbourhood Services and Infrastructure.	Legislative.	11.	Health and Safety.	9.
Chief Officer, Orkney Health and Social Care Partnership.	Legislative.	16.	Children and Young People.	8.

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, Corporate Director for Enterprise and Sustainable Regeneration, and Corporate Director for Neighbourhood Services and Infrastructure	
Likelihood:	5.	Impact:	5.	RAG:	Red.	Current Risk Score:	25.	Target Risk Score:	25.

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.</p> <p>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>Internal Ferries.</p> <p>Ferries reach end of life with no replacement – rapid service deterioration. Excessive support costs as aged ferries kept running.</p> <p>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</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 has been secured from the Scottish Government.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<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>lifeline transport connectivity.</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>
<p>1c. Air.</p> <p>Loss of internal/ external air service currently operated by Loganair.</p> <p>Reduction in services.</p>	<p>Air.</p> <p>Collapse of business.</p> <p>Tender application for internal air service.</p>	<p>Air.</p> <p>Increased demand on internal ferries.</p> <p>Lack of transport provision for itinerant service provision.</p> <p>Increased demand for temporary accommodation.</p>	<p>Air.</p> <p>Tolerate.</p>	<p>Air.</p> <p>Relationship with contract provider.</p> <p>Lobby Scottish Government.</p> <p>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</p>	<p>1d. Causeways.</p> <p>Failure in substrate leading to road closure.</p>	<p>1d. Causeways.</p> <p>No alternative route.</p> <p>Disruption for linked south isles residents.</p> <p>Disruption for businesses due to ferry access, displacement of</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.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>vehicles using the external ferry service from St Margaret's Hope.</p> <p>Barrier 1 is known to have a degraded surface and the presence of some voids within the structure.</p> <p>Barrier 2 continues to be problematic to cross in adverse weather conditions, specifically where tidal and wind conditions produce overtopping.</p> <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>employees, lack of supply routes.</p> <p>Increased freight costs.</p> <p>Ferry availability during peak periods.</p>		<p>Previous studies on Barrier 2 overtopping with suggested engineering control measures widely known. No further action required at this time.</p> <p>Traffic management with the decision to close the barriers taken by Police Scotland, in consultation with OIC and HM Coastguard.</p> <p>Implementation of the decision falls to OIC Roads staff.</p> <p>Ongoing patching and maintenance of the road surfaces as required.</p>

Risk Number.		Risk Title.				Cluster.	Owner.			
2.		Economic Sustainability				Financial.	Chief Executive and Corporate Director for Enterprise and Sustainable Regeneration.			
Likelihood:	5.	Impact:	5.	RAG:	Red.	Current Risk Score:	25.	Target Risk Score:	16.	

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>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>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</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 Neighbourhood Services and Infrastructure to manage the capital programme.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Inflationary rises.</p> <p>Council tax levy during period.</p> <p>Impact on staffing recruitment and retention.</p> <p>Availability of key products.</p>	<p>The Scottish Government fails to provide sufficient funding for essential services.</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>grants, crisis grants, Scottish Welfare Fund.</p> <p>Financial pressures impacting adversely on mental wellbeing, and 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>The Child Poverty Action Plan.</p> <p>Signposting to financial advice.</p> <p>Increased applications for use of the Welfare Fund.</p> <p>Exploration of market supplements.</p> <p>Promotion in the reduction of energy usage.</p> <p>Hybrid working policy.</p> <p>Reduction in heating costs for offices.</p>

Risk Number.	Risk Title.				Cluster.	Owner.			
3.	Adverse reactions in communications with staff, the public and stakeholders including social media.				Reputational.	Corporate Director for Strategy, Performance and Business Solutions.			
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	9.

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 use its General Fund and Strategic Reserve Fund resources to maintain services whilst areas for savings / efficiencies and income generation are progressed.</p> <p>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</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>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>Development of revised Communication and Engagement Plan for the Council.</p> <p>Development of a Communications Plan (Internal and External) for the budget setting process will be developed.</p> <p>In addition, work continues to publicise the Council's objectives and priorities, existing services and service change to ensure communities are engaged.</p> <p>The continued 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. Feedback from public consultations such as Orkney Matters 2 will be fed into the decision making 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>active contributors to corporate change, service realignments or developments.</p> <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>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 making, community fragmentation and disenfranchisement.</p>			

Risk Number.		Risk Title.				Cluster.	Owner.		
4.		Workforce planning – lack of skills, experience and capacity.				Physical.	Corporate Director for Strategy, Performance and Business Solutions.		
Likelihood:	4.	Impact:	4.	RAG:	Amber.	Current Risk Score:	16.	Target Risk Score:	6.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Insufficient workforce planning actions underway to shape future workforce through redeployment, succession planning, recruitment, training etc. 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>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>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>	<p>Treat.</p>	<p>Review of staffing model seeking to increase staffing resource where possible in pressure areas has been completed and implemented.</p> <p>New corporate People Plan has been developed to identify and address strategic workforce challenges.</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>More proactive approach to recruitment, succession planning and attraction of people to live and work in Orkney.</p> <p>Adoption of Investors in People in 2022.</p> <p>Leadership Development programme to grow / upskill leaders.</p> <p>Development of programmes around youth employment, attracting young people into the workforce and improving career pathways.</p> <p>Continued use and development of remote and flexible working will encourage improved working methods and retention of key staff.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Inclusion of staff in re-design of operations.</p> <p>Social Work Traineeship introduced to 'grow our own workforce' and reduce the need for agency staff.</p> <p>Care at Home posts regraded to recognise the increased complexity of the role and make the salary more attractive to those considering a career in care.</p> <p>Joint initiative with UHI Orkney to create a 6-week 'Introduction to Care' taster course. Guaranteed interviews for participants who complete the course.</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> <p>Formal Consultation protocol as agreed with the Trade Unions and approved by Council in 2023.</p> <p>Regular staff / Trade Union meetings at Service level, when required.</p> <p>Change in emphasis of staff engagement to include the process of change.</p>

Risk Number.	Risk Title.				Cluster.	Owner.			
5.	Failure to ensure we obtain and retain maximum benefit from Council's assets.				Physical.	Corporate Director for Neighbourhood Services and Infrastructure.			
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	10.

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). 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. 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>	<p>Treat.</p>	<p>The Council has in place annual top-sliced capital asset improvement programmes and following review in 2024 by Policy and Resources Committee, an increase in budgets by 40% has been agreed. This includes Corporate Asset Improvement, Road Asset Replacement, IT Replacement and Plant and Vehicle Replacement Programmes.</p> <p>The Property Asset Management Plan (PAMP) 2024 to 2029 has been considered and approved by Asset Management Sub-committee in September 2024. One of the key objectives of the PAMP is disposal of assets not required by the Council.</p> <p>Existing ICT Asset Management Plan was updated in 2021 and approved by Asset Management Sub-committee.</p> <p>The Fleet and Plant Asset replacement programme which is reviewed at least annually and service requirements are checked on a regular basis.</p> <p>Service Asset Management Plans have commenced on Open Spaces and thereafter Heritage. They have been completed for Roads in terms of the Roads Asset Replacement Programme 2024-2026, the Roads Management and</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Maintenance Plan 2023 – 2028 and the Roads Maintenance Programme 2024-2025.</p> <p>Capital Planning and Asset Management Working Group holds regular meetings to consider prioritisation of future works.</p>

Risk Number.	Risk Title.					Cluster.		Owner.	
6.	Inability to sustain and enhance economic opportunities.					Economic.		Corporate Director for Enterprise and Sustainable Regeneration.	
Likelihood:	5.	Impact:	5.	RAG:	Red.	Current Risk Score:	25.	Target Risk Score:	20.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Commercial sectors are vulnerable to market forces and changing national and international economic circumstances. 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>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 fail to deliver on or support economic opportunities and regulatory change and an appropriately</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>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>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
	designed and timed Shared Prosperity Fund.			

Risk Number.	Risk Title.	Cluster.	Owner.						
7.	Inadequate information security and management, and inadequate cyber security – With the increase in the use of publicly visible technology and the increasing ingenuity and elaborateness of threat actors there is an increased risk of exposure to threats from criminal and other malicious parties.	Technological.	Corporate Director for Neighbourhood Services and Infrastructure and Corporate Director for Strategy, Performance and Business Solutions.						
Likelihood:	3.	Impact:	4.	RAG:	Amber.	Current Risk Score:	12.	Target Risk Score:	6.

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 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>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>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 that the Council maintains compliance with its legal responsibilities, including the Data Protection Act 2018.</p> <p>In order to increase compliance with data retention and disposal periods, the Council's existing retention schedule has been revised in order to make it more accessible to staff.</p> <p>Senior Management leadership in place regarding delivery of the Records Management Improvement Plan. In order to support key elements of the Plan, the Council is undertaking implementation of an Electronic Document and Records Management System (EDRMS) through the use of the Microsoft 365 platform, with a target date for full implementation across the Council of September 2025.</p> <p>The Council met the Cyber Essential (Basic) accreditation as required by the Scottish Government in February 2018; the target for this was June 2018.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>PSN reaccreditation was validated in 2024 and the further health check is now being developed for 2025.</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 an exercise in a box, designed by 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. Ongoing work on business continuity actions, aligned to Cyber Scotland incident response planning, following this is now in progress.</p> <p>The Council has invested in a dual site hosting arrangement for its on-premise ICT infrastructure and data co-located in diverse locations.</p> <p>There has been an extensive programme of replacement to upgrade the Council desktop PCs to Windows 11. Any devices which are not compliant are restricted from network access.</p>

Risk Number.		Risk Title.				Cluster.	Owner.			
8.		Inadequate availability and reliability of ultrafast and mobile connectivity across Orkney.				Technological.	Corporate Director for Enterprise and Sustainable Regeneration.			
Likelihood:	4.	Impact:	4.	RAG:	Amber.	Current Risk Score:	16.	Target Risk Score:	8.	

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.	Lack of development of effective partnerships.				Partnership.	Corporate Director for Strategy, Performance and Business Solutions.			
Likelihood:	3.	Impact:	3.	RAG:	Yellow.	Current Risk Score:	9.	Target Risk Score:	6.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>The Council must develop partnership working to maximise use of the cumulative resource and impact on outcomes for the Community Planning Partnership.</p> <p>Resource and key staffing constraints may affect the success of partnerships.</p> <p>Changing ministerial roles in UK Government or Scottish Government which delay progress with key issues.</p> <p>The Scottish Government has started to explore the feasibility of the Single Authority Model.</p> <p>The Scottish Government's intention to create a National Care Service and to amend the functions of Integration Joint Boards could see social care in Orkney delivered in a different way.</p>	<p>The Council does not implement a robust and effective framework for managing its key partnerships.</p> <p>The resource and key staffing pressures on the parent bodies affect the reputation of the partnership.</p> <p>National developments relating to the redesign of adult care services may not take account of the unique requirements of delivering effective care services in remote and rural areas.</p> <p>Ministers in governments change role/ remit.</p>	<p>Impact upon service delivery.</p> <p>Loss of reputation due to inability to meet statutory requirements.</p> <p>Efficiencies not achieved.</p> <p>Reduced ability to deliver on important projects for vulnerable people and their families.</p> <p>Reduced ability to support and protect individuals and families by delivering effective care services within Orkney.</p> <p>Dialogue with ministerial colleagues prolonged and repeated thus delaying progress.</p>	<p>Treat.</p>	<p>The Council will continue to work closely with partners under current frameworks which are monitored closely to ensure they are robust, effective and deliver good governance.</p> <p>The Council will continue to review existing partnerships and explore new ones as opportunities arise to suit Orkney as a whole.</p> <p>Engagement with Scottish Ministers in respect of the Local Governance review and Single Islands Authority feasibility.</p> <p>Engage with the Scottish Government through COSLA.</p> <p>As a separate legal entity, the Integration Joint Board (IJB) will consider its own actions relating to this risk on the IJB's risk register.</p> <p>Engagement with UK Ministers will continue.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Engagement with the National initiatives to ensure proposals do not create unintended consequences which may hinder partners' ability to deliver best outcomes for Orkney.</p> <p>Potential for a Scottish Government Independence referendum may cause further instability and delays in decision making.</p>				

Risk Number.		Risk Title.				Cluster.		Owner.	
10.		Inadequate procurement compliance and sustainable communities.				Legislative.		Corporate Director for Strategy, Performance and Business Solutions.	
Likelihood:	3.	Impact:	3.	RAG:	Yellow.	Current Risk Score:	9.	Target Risk Score:	6.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>Financial and non-financial savings have not yet been fully explored.</p> <p>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>Sustainable Procurement Policy approved by Members in March 2022, and under review to align with the Council's Climate Change Strategy and Action Plan.</p> <p>Procurement Manual was updated in April 2019. Further review is in progress and is due to be completed in Spring 2025.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Procurement and Commercial Improvement Programme (PCIP) assessment by Scotland Excel was undertaken in March 2024 and feedback received.</p> <p>Meet the Buyer event held successfully as required e.g. for the Isles Kerbside Collection Services in 2021, Food Supply Catering Contracts in August 2022, Phase 1 of the Harbours Masterplan in December 2022 and 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 Admin 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 2024 and updated Contract Standing Orders formally approved by Council in March 2024.</p>

Risk Number.	Risk Title.				Cluster.	Owner.			
11.	Health and Safety non-conformance.				Legislative.	Corporate Director for Neighbourhood Services and Infrastructure.			
Likelihood:	3.	Impact:	2.	RAG:	Yellow.	Current Risk Score:	6.	Target Risk Score:	4.

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>Update of Health and Safety Policy and supporting guidance.</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 officers.</p> <p>Ongoing improvements 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.	
12.		Climate Change				Physical.		Corporate Director for Neighbourhood Services and Infrastructure	
Likelihood:	4	Impact:	5	RAG:	Red	Current Risk Score:	20	Target Risk Score:	12

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.</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>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>	Treat.	<p>Declaration of Climate Emergency.</p> <p>New Council Plan has specific climate related goals including Net Zero.</p> <p>Local Heat and Energy Efficiency Strategy</p> <p>Flood Risk Management Plan 2022 – 2028</p> <p>Resilience review and response to SEPA Flood Warnings as an Incident Management process.</p>

Risk Number.		Risk Title.				Cluster.	Owner.		
13.		House Build Programme – Risk of being unable to fully utilise Affordable Housing Supply Programme funding from the Scottish Government.				Financial.	Corporate Director for Education, Leisure and Housing.		
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	9.

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 Orkney Housing Association Ltd. These factors include:</p> <p>Contractors are currently under significant pressure with substantial amounts of work and limited resources.</p> <p>The Housing Revenue Account holds a relatively high level of debt, and debt repayments are substantial.</p> <p>The cost of meeting the Energy Efficiency Standard for Social Housing 2 by 2032 is serving to exacerbate Housing Revenue Account challenges.</p> <p>Price rises impacting on materials and labour,</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.</p> <p>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</p>	<p>Treat.</p>	<p>Hub North/Indigo House have undertaken 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>Housing Market Partnership established with a range of key partners. All parties involved in seeking to deliver house build in partnership. These include Housing, Neighbourhood Services and Infrastructure (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>Multiple actions have been progressed. These include:</p> <p>Four properties are in development at Moar Drive, Kirkwall.</p> <p>The second stage of the build project at Carness, Kirkwall with 14 further properties being developed.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>coupled with supply issues, will 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 Housing Association Limited is also limited in the number of properties that it can develop due to financial constraints of their own.</p> <p>This increases the pressure on the Council to build to utilise the available funding.</p>		<p>work in Orkney cannot secure affordable housing in the area.</p> <p>Young Orkney 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>Orkney Housing Association Ltd has a small development project which compliments the Council's.</p> <p>Working in partnership with Scottish Government 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 efficiency standards required by the Council where relevant).</p> <p>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.		
14.		Early Learning and Childcare Expansion Plan.				Reputational.	Corporate Director for Education, Leisure and Housing.		
Likelihood:	4.	Impact:	3.	RAG:	Amber	Current Risk Score:	12.	Target Risk Score:	10.

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 National Standard.		Support practitioners to gain BA in Childhood Practice and establish requirement within job description. Implementation of head teacher training to support development of pedagogical leadership capacity. Work with the UHI Orkney and the Scottish Government ELC Improvement team to plan alternative pathways. 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.

Risk Number.		Risk Title.				Cluster.	Owner.		
15.		Future Pandemic.				Pandemic.	Corporate Director for Neighbourhood Services and Infrastructure.		
Likelihood:	3.	Impact:	5.	RAG:	Amber.	Current Risk Score:	15.	Target Risk Score:	10.

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
The spread of a pandemic virus is likely to significantly hamper the ability of the Council to perform its statutory functions.	World Health Organisation declaration of a global pandemic. The declaration of a Major Emergency would lead to the appointment of an Emergency Controller and the introduction of Emergency Governance Arrangements, and on approval by Council would include temporary amendments to the Council's Standing Orders.	Service Delivery: Failure to carry out statutory duties - demand outstrips capacity. Cessation of non-urgent and elective work. Unable to provide certain services. Delays to capital programmes. Ability to successfully resolve emergency incidents. Ability to respond to concurrent events including those contained within the Community Risk Register. Deterioration in staff experience adversely affecting team performance. Financial management and budgetary impact: Incurring additional unbudgeted spend.	Treat.	Business Continuity Planning. Redeployment to move staff from non-critical areas to more front-line roles. Amend operational procedures where required e.g. to reflect physical distancing, enhanced hygiene requirements to control/minimise spread within ongoing operational activities. Consideration of issues within Strategic, Tactical and Operational environments. Creation of RENEW framework. Enhanced risk assessments in relation to Pandemic. Regular staff updates online and directly from Chief Executive. Positive staff leadership. Provision of online support packages through HR. Continuation of Duty Tactical Lead arrangements through any declaration of an emergency. Specific Finance code organised to record all spending relating to pandemics. Central tracker evolving to capture pandemic costs, develop forecasts (revenue, capital, cash flow, procurement),

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
		<p>Increased costs, reduced income, impact on 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> <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</p>		<p>management of stock, policy changes and Scottish Government reporting.</p> <p>Finance embedded in Strategic Incident Management Team.</p> <p>Communication with Scottish Government ongoing regarding forecast additional costs and corresponding additional funding required to deliver services to the standard required.</p> <p>Home working solutions in place for staff where required.</p> <p>Dialogue with Banks regarding processes.</p> <p>Some internal audit capacity maintained.</p> <p>Co-ordination of ordering of Personal Protective Equipment (PPE) through Selbro.</p> <p>Collaboration with NHS Orkney regarding PPE availability.</p> <p>Ordering PPE via use of Scotland Excel.</p> <p>Pre planner and continual procurement of relevant supplies to support frontline response.</p> <p>Use of NHS National Services Scotland (NSS) and own routes to market.</p> <p>Critical identification of PPE need.</p> <p>Engagement with Highland and Islands Local Resilience Partnership to identify shortages and need.</p> <p>Procurement reviewing suppliers to allow fast track enabling of different routes to market.</p> <p>Guidance in respect of available support published on Council website.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
		<p>overall decrease in operational capacity.</p> <p>Lack of scrutiny surrounding Council functions.</p> <p>Disruption to delivery of mandatory duties of the Council – schooling, social services.</p> <p>Disruption to delivery of permissive duties of the Council – education and economic development.</p> <p>Disruption to exercise of regulatory powers – trading standards, environmental health and licensing.</p> <p>Impacts on Joint working arrangements.</p>		<p>Advice provided regarding managerial and physical distancing - reduction in face-to-face meetings.</p> <p>Alternative solutions for meetings and working for home were implemented around Microsoft Teams, Microsoft OneDrive and Microsoft SharePoint with additional remote access secure VPN services used when necessary.</p> <p>Council meetings can be held online through Microsoft Teams and audiocast to the public. Recordings of these are published on the Council website together with the associated minutes.</p> <p>Confidential meetings held with Corporate Leadership Team and Elected members when required to discuss declared Pandemic matters.</p> <p>The Strategic Incident Management Team can meet regularly to enable swift determination of strategic matters.</p> <p>The Incident Management Team can meet regularly to manage operational and tactical issues.</p> <p>Corporate Leadership Team and Extended Corporate Leadership Teams would continue to meet to address ongoing Council business.</p> <p>The response and recovery arrangements are regularly reviewed to ensure the declaration of a major emergency remains relevant.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>Emergency response working strategy and structural arrangements are regularly reviewed.</p> <p>Debriefs arranged to capture initial identified points from initial response to the pandemic. Actions arising from the debriefs are being progressed.</p>

Risk Number.	Risk Title.				Cluster.	Owner.			
16.	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.

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

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
				<p>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 improvements.</p> <p>The Care Inspectorate will not require a further Progress Review</p>

Risk Number.	Risk Title.	Cluster.	Owner.						
17.	UHI Orkney (previously known as Orkney College UHI) Budget Shortfall	Economic	Corporate Director for Education, Leisure and Housing.						
Likelihood:	4.	Impact:	4	RAG:	Amber	Current Risk Score:	16.	Target Risk Score:	9

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.</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>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>	Treat.	<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>Participation of budget holders in budget setting.</p> <p>Ensure all grant and teaching income is claimed.</p> <p>Implement common course viability assessments ensuring all teaching staff resource is directed to income-generating</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
	<p>Staff costs at 70% of budget; Distant Islands Allowance not funded by Scottish Funding Council; insufficient funds budgeted for pending pay increases.</p> <p>Rising costs (see Risk 2 which is particularly significant).</p> <p>Expenditure beyond budget on staff costs with limited scope to offset from other budget lines.</p> <p>Commercial income below budget, particularly in Orkney Research Centre for Archaeology (ORCA).</p> <p>Insufficient funding to sustain aging property assets, which are self-financed by UHI Orkney.</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 (see Risk 4 which is particularly significant).</p> <p>Growth potential lost.</p> <p>Reduced curriculum leads to skill shortages in the local economy and restricts economic growth for Orkney.</p>		<p>activity, or less viable but locally significant delivery is offset by income elsewhere.</p> <p>Business planning undertaken with commercial/research areas of College.</p> <p>Restructure admissions process to ensure timely processing of applications to support student numbers.</p> <p>Increase corporate training via UHI Orkney for OIC staff training.</p> <p>Explore provision of student support via schools for Senior Phase.</p> <p>Work with Island Colleagues to request unions to push for Distant Islands Allowance to be incorporated into national pay bargaining for academic staff.</p> <p>Capitalise on the rebranding of the College and strongly promote the strengths of UHI Orkney.</p>

Risk Number.		Risk Title.				Cluster.	Owner.		
18		Support for Learning and Inclusion – Catering for additional support needs in schools and nurseries				Reputational	Corporate Director for Education, Leisure and Housing.		
Likelihood:	4	Impact:	5	RAG:	RED	Current Risk Score:	20	Target Risk Score:	12

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>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</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. If challenged on a specific case, we could be taken to tribunal.</p> <p>The growing need and 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.</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</p>	<p>Treat.</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>Work with colleagues in CLD&E to extend the work of the Pupil Equity Team to 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 and reducing the number of temporary short-term contracts.</p>

Vulnerability.	Trigger.	Consequences.	Options.	Mitigating Actions.
<p>need across our schools and nurseries which poses significant risk to the local authority.</p>		<p>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>		



Procurement Annual Report

1 April 2023 to 31 March 2024.

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Definition of Key Terms

Contract.	An agreement between the Council and any Contractor made by formal agreement or by issue of acceptance or an official order for Supplies, Services or Works.
Contractor(s).	Includes any sole trader, partnership or company (limited or unlimited) or any duly incorporated trade, professional or commercial body.
Delegated Authority.	Officers who have been given formal written authority by their Executive Director or Chief Officer to manage procurement exercises within a specified value range on behalf of the Council.
Threshold.	The threshold for determining the application of the Regulations. In the case of the Public Contracts (Scotland) Regulations 2015 the threshold is £214,904 (indicative value excluding 20% VAT £179,087) for Supplies and Services and £5,372,609 (indicative value excluding 20% VAT £4,477,174) for Works. In the case of the Utilities Contracts (Scotland) Regulations 2016 the threshold is £429,809 (indicative value excluding 20% VAT £358,174) for Supplies and Services and £5,372,609 (indicative value excluding 20% VAT £4,477,174) for Works.
Framework Agreement.	An overarching agreement with supplier(s) to establish terms governing individual contracts that may be awarded during the life of the agreement ('call-offs'), concluded in accordance with Section 34 of the Public Contracts (Scotland) Regulations 2015.
Health and Social Care Services.	A public contract or framework for social and other specific services listed in Schedule 3 of the Public Contracts (Scotland) Regulations 2015.
Life-Cycle Costing.	All consecutive or interlinked stages, including research and development to be carried out, production, trading and its conditions, transport, use and maintenance, throughout the existence of the product or the works or the provision of the service, from raw material acquisition or generation of resources to disposal, clearance and end of service or utilisation.
Procurement.	The process leading to the award of a public contract or framework agreement or establishment of a dynamic purchasing system for the acquisition of works, supplies or services from an economic operator.

Public Contracts Scotland (PCS) portal.	The Scottish Government's official national advertising portal for public sector contract opportunities.
Quick Quote (QQ).	An online quotation facility which allows the Council to obtain competitive quotes electronically for: <ul style="list-style-type: none"> • Low value requirements between £10,000 and £50,000; and • Unregulated Works Contracts, depending on complexity of contract (as defined in Clause 17 of the Council's Contract Standing Orders).
Quotation.	A formal offer to supply or purchase supplies, execute works or provide services where the estimated value of the contract is below £50,000.
Regulated Procurement.	As defined by the Procurement Reform (Scotland) Act 2014 and referred to as the Reform Act 'slice' a regulated procurement for Goods or Services Contracts with a value of £50,000 or above and for Works Contracts over £2,000,000 and less than the relevant Thresholds.
Regulations.	The Public Contracts (Scotland) Regulations 2015, the Procurement Reform (Scotland) Act 2014, the Procurement (Scotland) Regulations 2016 and / or the Concession Contract (Scotland) Regulations 2016 as the context requires, but where the Council is acting as a Harbour Authority and chooses to do so, the Utilities Contracts (Scotland) Regulations 2016.
Supplies.	Goods or the hire of goods and for any siting or installation of those goods.
Tender.	A formal offer to supply or purchase supplies, execute works or provide services where the estimated value of the contract is £50,000 (excluding VAT) or more.
Unregulated Works Procurement.	A contract for Works with a value of between £50,000 and £2,000,000, being a procurement not covered by the Regulations and procured utilising the Council's database of pre-approved contractors.
Works.	Building construction, building maintenance or engineering works.

Introduction

Orkney Islands Council ('the Council'), provides a range of facilities and services to a community with a population estimated as 22,020 in mid 2022 by the Office of National Statistics. The Council is also the Harbour Authority with a port estate of 29 piers and harbours, a Roads Authority for the islands and operates a network of inter-island air and ferry services.

The Council provides procurement and related services for a wide range of works, supplies and services with an annual spend, for the financial year 2023 to 2024, of over £61 million.

The Council operates a devolved model of procurement across five directorates. The central Procurement Services Team is based within Legal and Governance and consists of 4.7 full-time equivalent staff: a Service Manager (Procurement), three Procurement Officers and an Assistant Procurement Officer post. The Service Manager's responsibilities include the development of a network of 16 trained and experienced officers across the Council who are assigned delegated responsibility for the procurement of supplies, services and works.

The Council published its Procurement Strategy, as required by the Procurement Reform (Scotland) Act 2014 ("the [Act](#)"), in December 2016, and updated this in January 2019, June 2020, June 2023 and most recently in March 2024. To report compliance with its Procurement Strategy and the Act itself, the Council must publish an annual report.

There are 11 key priorities identified in the Procurement Strategy as follows:

- Sustainability, Climate Change and Net Zero Targets.
- Working with local suppliers.
- Value for money.
- Collaboration and partnering.
- Governance.
- Contract management.
- Communication.
- E-Procurement.
- Monitoring and measurement.
- Guidance.
- Training.

There are six key priority areas where targets and indicators have been identified and are attributable for the Procurement Strategy reporting period ending 31 March 2024 and are as follows:

- Sustainability.
- Working with local suppliers.
- Value for money.
- Collaboration and partnering.
- Contract management.
- E-Procurement.

The guidance and template issued by the Scottish Government has been used for this seventh Procurement Annual Report. The reporting period for this seventh annual report is from 1 April 2023 to 31 March 2024.

In addition to the required information set out in the Act, this report includes performance against several strategic indicators as detailed in the Council's Procurement Strategy 2023 to 2028.

To evidence our progress against our strategic targets and the new duties introduced by the Act, the published Annual Report details the form of measurements taken. The statistics presented in this report provide the evidence which should, over time, show how the Council is progressing against both the national and local objectives. Targets were set in the Council's Procurement Strategy and progress towards these has been noted in this seventh Procurement Annual Report.

Section 1 – Summary of Regulated Procurements Completed

Section 18(2) of the Act requires organisations to include **‘a summary of the regulated procurements that have been completed during the year covered by the report’**.

As defined by the Act and referred to as the Reform Act ‘slice’ a regulated procurement is for Goods or Services Contracts with a value of £50,000 or above and for Works Contracts over £2,000,000 and less than the relevant Thresholds.

A Regulated Procurement is completed when the award notice is published or where the procurement process otherwise comes to an end. This includes contracts and framework agreements.

Appendix 1 provides the breakdown of the Regulated Procurements completed for the reporting period of 1 April 2023 to 31 March 2024.

Section 2 – Review of Regulated Procurement Compliance

All procurement exercises carried out by the Council are required to be carried out in accordance with the Council's Contract Standing Orders (CSOs) and these are regularly updated to take account of changes in legislation and best practice in procurement. The CSOs were last reviewed and updated in February 2024.

Prior to the point of contract award, all recommendation reports are required to include a statement that the CSOs have been complied with, therefore full compliance is anticipated. Examples of internal and external review of the Council's processes and compliance with these processes are detailed in the audit / improvement capability outcomes as follows:

Procurement and Commercial Improvement Programme (PCIP)

The Council first completed Scotland Excel's PCIP in July 2017. The PCIP is undertaken every two years. A second PCIP assessment for the Council took place on 3 September 2019 with the most recent undertaken on 19 March 2024. Outcomes and recommendations from this exercise are incorporated into the Procurement Team Service Improvement Plan as a process of ongoing improvement.

The objective of the PCIP is to assist the Council to improve its structure, capability, processes and ultimately performance by attaining a level of procurement performance that is appropriate to the scale and complexity of its business. As part of the PCIP the Council is required to demonstrate a prudent and well-planned approach to defining its supply needs. Assessment of the Council's procurement improvement capability is carried out by Scotland's Centre of Expertise, Scotland Excel, and covers procurement activities carried out by the Council's Officers with Delegated Authority in the Procurement, Capital Projects, Facilities and Engineering Teams.

The PCIP identified the following Key Opportunities for further improvement, all of which have been incorporated into the Procurement Service Improvement Plan.

Ref	Description
I1	The Council can benefit from expanding the content of procurement plans, namely collating a view of high value and high-risk procurement activities across the Council. This would allow the team to focus their resources on these key areas.
I2	The team recognised the need for a suite of documents and processes to cover a number of key procurement areas including Contract and Supplier Management.
I3	Although the team seek to utilise available learning and development opportunities, a more structured approach may benefit the organisation. Use of the competency framework within the team and with delegated procurement officers would be a positive step.
I4	The Council would benefit from including a risk status on each of its procurement contracts within the contract register. The majority of risks are about procurement and not the wider risk post-award. It would be ideal to include the risks of managing the supplier post-award. This would allow greater clarity and focus on key areas.
I5	Although Procurement Influence achieved Developing, should the Council add evidence that the whole organisation has embedded corporate sourcing

Ref	Description
	procedures which recognise sustainable and climate considerations, using the relevant tools throughout the procurement processes, then Improving Area or more could be achieved.
I6	The Council would benefit from undertaking a Conflict-of-Interest form annually. Consider that the DPOs do this too.

Internal Audit

The following two internal audits were undertaken within the reporting period of 1 April 2023 to 31 March 2024.

Orkney College Archaeology Institute

An internal audit of Orkney College Archaeology Institute was completed during the reporting period 2023/24. The findings of this report were presented to the Monitoring and Audit Committee on 21 September 2023 and provided limited assurance around the framework of governance, risk management and control relating to the Orkney Archaeology Institute. The Audit Report is available [here](#).

Orkney College UHI Institute for Northern Studies

An internal audit of Orkney College UHI Institute for Northern Studies was completed prior to the end of the reporting period 2023/24. The findings of this report were presented to the Monitoring and Audit Committee on 21 September 2023 and provided limited assurance around the procedures and controls relating to the business aspects of the Institute. The Audit Report is available [here](#).

Contract Standing Orders

The Council's Contract Standing Orders are regularly updated to take account of changes in legislation with the latest update of the Council's Contract Standing Orders undertaken in February 2024 to take account of the Threshold changes which took effect in January 2024, and the addition of a new internal audit action to undertake financial assessments for contracts put in place using the Non Competitive Action procedure.

All Contracts that are awarded by the Council, regardless of value, are subject to an obligation to seek best value and to demonstrate transparency, equal treatment, non-discrimination and proportionality.

Contracts awarded by the Council must comply with the CSOs.

Officers are required to comply with the CSOs, the Scheme of Delegation to Officers, the Scheme of Administration and the Financial Regulations.

Procurement Strategy

The Council's Procurement Strategy was first published in December 2016.

The Strategy was updated in January 2019, again for the period 2021 to 2023 and a further revised strategy approved in December 2023 for the period 2023-2028 following a public consultation undertaken in the Summer of 2023.

Appendix 2 attached to this report are the revised Procurement Strategy targets set out in the latest Strategy for 2023 to 2028 and records the progress made over the last financial year.

Section 3 – Community Benefit Summary

The Council has a Sustainable Procurement Policy. This policy sets out the general principles that the Council will follow across all its procurement and commissioning activities to ensure that these are undertaken in a sustainable manner.

This Policy also sets out how the Council will plan and manage its procurement activities to meet the Council's corporate aims and objectives and comply with regulatory and legislative requirements. Finally, the Policy supports the Council's commitment to sustainable procurement which is set out in the Council's Corporate [Procurement Strategy 2023-2028](#).

The Procurement Strategy is intended for all of those who are involved in, or affected by, the Council's procurement activities throughout our community and beyond. The Council spends tens of millions of pounds each year on a diverse range of goods, services and works from third parties. It is important therefore that this spending power is used to support key Council objectives. The Sustainable Procurement Policy has been developed to help the Council to meet its legal duties and to deliver its key strategic objectives. The Sustainable Procurement Policy available [here](#) was updated and approved by Council in March 2022. Due to the Council's fast developing policy to meet its Climate Change Duties and progress to Net Zero, the Sustainable Procurement Policy has been reviewed following a public consultation in 2024 to align with the Council Plan and the latest Procurement Strategy and is due for consideration by the Council in November 2024.

Sustainable procurement supports the Council's values, as outlined in the [Council Plan 2023-2028](#) and the [Council Delivery Plan 2023-2028](#) which cover the reporting period of this Procurement Annual Report.

This Procurement Annual Report will report on the Procurement Strategy 2023 to 2028 which is aligned to the new [Council Plan 2023-2028](#), which has the following strategic priorities:

- Growing our Economy.
- Strengthening our Communities.
- Developing our Infrastructure.
- Transforming our Council.

It is a statutory requirement that Community Benefits must be considered for all procurement processes at or above £4 million in value to meet the Council's requirement to meet the sustainable procurement duty.

For each individual Regulated Procurement exercise, Officers with Delegated Procurement Authority must complete a 'Commodity Strategy for all Regulated Procurements' which includes a section on Community Benefits to be considered where applicable.

Procurements that have included Community Benefits

There have been three procurements, where Community Benefits for procurements with a contract value over the £4,000,000 threshold, have been included and have been carried out by the Council.

For procurement of Category C (local contract / framework including local collaborative framework agreements) Contracts which are undertaken by the Council, Community Benefits are included without exception as part of the award criteria where the value of the contract is over £4 million. This is recorded in the Procurement Strategy Improvement Action Plan, attached at Appendix 2.

These contracts are as follows, and have either been completed or have ongoing spend within the reporting period for this annual report:

Date of Award.	Subject Matter.	Estimated Value (£).	Start Date.	End Date.
05/01/2021	Inter-island Air Services	4,880,363.	01/04/2021.	31/03/2025.
09/04/2021	School and Public Bus Contracts	4,672,014.	16/08/2021.	15/08/2031.
15/03/2022	New Kirkwall Care Facility	12,641,675.	25/05/2022	23/08/2024

Where the Council can access Category A (national collaborative) contracts or Category B (sectoral collaborative) contracts via Framework Agreements the overall anticipated value of the Framework is inevitably of a high value and likely to be over the £4 million threshold for the inclusion of community benefits.

Contracts awarded under Framework Agreements are required to achieve Community Benefits as mandatory. However, for contracts awarded via a Framework Agreement it is more difficult to identify Community Benefits which will be realised locally, except where the local supply chain is involved in the delivery of the Contract.

Monitoring of Community Benefits for exercises before this year have continued as planned.

There has been no increase in the number of contracts over the value of £4 Million with Community Benefit Clauses over the past financial year. However, the inclusion of Community Benefit Clauses is now routinely considered where appropriate for all procurements.

Community Benefit Analysis.	1 April 2023 to 31 March 2024.
Total Number of Contracts where Community Benefit Clauses have been included.	3.
Number of Applicable Contracts with Community Benefit Clause.	3.
Percentage of total *Applicable Contracts with Community Benefit Clauses.	100%.

Other considerations

The following factors are routinely taken into consideration in relevant procurements, especially in construction or social care procurement. However, these may not always be specifically labelled as Community Benefit Award Criteria:

- Climate change (carbon and energy consumption, carbon in production, adaption, carbon in vehicle emissions).
- Materials (scarcity, security).
- Waste (production, reuse / recondition / remanufacture).
- Hazardous materials / emissions.
- Biodiversity (protection and enhancement).
- Heritage (protection and enhancement).
- Water (consumption and production).
- Employment (skills and training, SMEs / social enterprises / supported businesses).
- Communities.
- Fair and ethical trading (working conditions, conflict materials).
- Equality (protected characteristics).

Following the legislative changes, and as recorded for the financial years covered by this report on the Council's On-Contract Spend Register, Fair Work Practices are routinely included in the award criteria for all contracts. In addition, a Sustainable Procurement award criterion has been developed which can be adapted to use where relevant and proportionate for the procurement exercise undertaken. This is now included in contracts where there is an activity identified that would impact on climate change impact. There has been a total of **112** procurements undertaken including live ongoing contracts to the end of the March 2024 reporting period where Community Benefits / Sustainability Clauses have been part of the award criteria regardless of value.

The most notable significant procurement exercises which were undertaken during the current reporting period include transport and haulage services where a direct impact is made on greenhouse gas emissions, consultancy services where maximum use is made of on-line meetings and services where delivery is part of the contract, for example.

In the main, responses to the sustainable procurement and community benefits sections for these contracts have been positive and ranged from a strong awareness of the principles of Fair Work Practice and a focus on offering work placements, employment opportunities for individuals experiencing long term unemployment, apprenticeships etc to supporting community events by providing free transport.

In accordance with the Council's Sustainable Procurement Policy, the inclusion of sustainable procurement clauses in award criteria are considered for all contracts where this is appropriate.

All Category A, B and C1 contracts awarded under a framework, either at national or UK wide level all now include both Community and/or Sustainable Procurement clauses in accordance with legislation.

A summary of the Community Benefits and Sustainable Procurement clauses as part of the award criteria for the procurements included within the reporting period are as follows:

- Employment (skills and training, small or medium-sized enterprises (SMEs) / social enterprises / supported businesses).
- Fair Work Practices.
- Transport and emissions.
- Employment opportunities for people who experience barriers to employment.

Included in the Sustainable Procurement Policy, a Sustainable Procurement Impact Assessment (SPiA) tool has been developed and is now in use. This approach assists Senior Officers and Officers with Delegated Procurement Authority to assess where a specific procurement exercise should consider these factors at the planning stage of the procurement. For the 2023-24 reporting period, SPiAs have been undertaken at the planning stage of predominantly major capital projects which have not yet reached the award stage of the procurement process.

Section 4 – Supported Businesses Summary

The Procurement Reform (Scotland) Act 2014 (“the [Act](#)”) includes a classification for supported business, and defines a supported business as ‘an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons and where at least 30% of the employees of the economic operator are disabled or disadvantaged’.

Public organisations can restrict the right to participate in procurement for the award of a public contract / framework to supported businesses only.

This change expanded the potential for more businesses to be included in this category. The Council’s contract activity for the reporting year includes the Community Interest Company, Scottish Supported Business and Social Enterprise Company, Hey Girls period products, available in Council facilities and online through the Council’s online ordering process.

Section 5 – Future Regulated Procurements Summary

The Procurement team has worked with Corporate Directors across the Council to develop a forward procurement plan for their service areas. These plans identify the Council's anticipated procurement activity for the coming year for Category C and C1 procurement (excluding Category A and B activity).

The Act has extended this timeframe to two years and Appendix 3 includes information regarding anticipated Regulated Procurements for that period. As referenced in the introduction above, this report includes information on all procurement activity and this is included in the Forward Plan, i.e. it also covers 'non-regulated' procurement.

Section 6 – Other Information

Supplier Development

In the past an annual Meet the Buyer event was held annually for the years 2018 to 2020.

Since the Covid-19 pandemic and with the increase in online events, there have been no overarching Meet the Buyer events organised. However, contract specific market engagement events are considered in consultation with the service area in a format compatible with the market at the time where required and on a case-by-case basis and include in person events now. These events are organised by the service area and in conjunction with the Council's Procurement Team. A Business Forum meeting was organised by the Council's Economic Development Service to engage with the local supplier market. This event highlighted the Council's Capital Programme approved projects list, promoted the route to market for Council contracts, contract access points via Public Contracts Scotland advertising portal and highlighted local buying and sustainable procurement with a breakdown of Council spend locally and number of suppliers. This event also included an opportunity to promote the Orkney Logistics Base (Hatston) Phase 1 project, an upcoming significant construction contract opportunity. A feature of all Meet the Buyer events is to signpost the support available via the Business Gateway Orkney Service and the Supplier Development Programme, both of which continue to be active in providing support to contractors and are actively involved in helping local firms do business better with the Council.

Meet the Buyer events, following the format of focused upcoming contract opportunities, will continue to be undertaken where this is deemed a suitable route for contract/sector specific market engagement for future procurement exercises.

Collaboration and Partnering Opportunities

In accordance with the Council's Procurement Strategy there is a Council commitment regarding collaboration and partnering. It is recognised that greater efficiencies can be achieved by improved collaboration between different organisations within the public sector with similar requirements, whether within the local government sector or in other areas of the public sector, such as the Scottish Government, the Crown Commercial Service, Non-Departmental Public Bodies and the National Health Service (NHS).

Collaboration maximises the value of procurement whether it be through aggregation of demand or through the sharing of resources to reduce administration. Framework Agreements are noted as either a Category A Contract or a Category B Contract or Category C1 for local collaborative contracts in place. The Council's use of these is shown in the tables below.

The Council's internal contract register lists all purchases for works, services and supplies known to have a contract in place. This register does not include ad hoc purchases for values typically under the £10,000 minimum threshold as noted in the Council's CSOs. There are exceptions to this rule where the nature or complexity of the contract does warrant having a contract in place regardless of being of low value (under £10k, for example, IT licensing agreements, cleaning contracts etc).

In total there are **450** live contracts listed in the Council's contract register for the year 1 April 2023 to 31 March 2024.

Tables 1 to 5 below summarise all live contracts as recorded on the Council's Contract Register by category for the previous five complete financial years and a corresponding split between Services, Supplies and Works.

Table 1 – 1 April 2019 to 31 March 2020

Contract Category Analysis.	Number.	Percentage of Total Value.	Estimated Contract Value (£).
Category A (national).	35.	7.63%.	£3,158,775.74.
Category B (sectoral).	33.	5.83%.	£2,413,179.78.
Category C (local single supplier).	201.	71.40%.	£29,559,423.37.
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	12.	0.75%.	£311,378.48.
Category O (other).	145.	14.39%.	£5,959,463.85.
Total.	426.	100.00%.	£41,402,221.23.

Type of Contract.	Number of Contracts.	Percentage of Total Contracts.	Value of Contracts (£).	Percentage of Total Value.
Service.	277.	65.02%	£18,328,542.27	44.27%
Supply.	80.	18.78%	£12,044,994.21	29.09%
Works.	69.	16.20%	£11,028,684.75	26.64%
Total.	426.	100.00%.	£41,402,221.23	100.00%.

Table 2 – 1 April 2020 to 31 March 2021

Contract Category Analysis.	Number.	Percentage of Total Value.	Estimated Contract Value (£).
Category A (national).	25.	7.69%.	£2,828,299.00.
Category B (sectoral).	29.	7.24%.	£2,662,194.74.
Category C (local single supplier).	212.	58.82%.	£21,618,832.83.

Contract Category Analysis.	Number.	Percentage of Total Value.	Estimated Contract Value (£).
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	13.	1.02%.	£373,967.50.
Category O (other).	149.	25.23%.	£9,540,039.67.
Total.	428.	100.00%.	£37,023,333.74.

Type of Contract	Number of Contracts	% of Total Contracts	Value of Contracts	% of Total Value
Service	275.	64.25%.	£19,064,537.13.	51.49%.
Supply	57.	13.32%.	£10,829,453.22.	29.25%.
Works	96.	22.43%.	£7,129,343.39.	19.26%.
Total.	428.	100%.	£37,023,333.74.	100%.

Table 3– 1 April 2021 to 31 March 2022

Contract Category Analysis.	Number.	Percentage of Total Value.	Estimated Contract Value (£).
Category A (national).	54	2.39%	£1,002,229.10
Category B (sectoral).	58	10.21%	£4,282,885.39
Category C (local single supplier).	222	63.22%	£26,531,161.52
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	10	1.20%	£503,333.29
Category O (other).	159	22.98%	£9,643,541.36
Total.	503	100.00%	£41,963,150.67

Type of Contract	Number of Contracts	% of Total Contracts	Value of Contracts	% of Total Value
Service	323	64.21%	£22,203,979.34	52.91%
Supply	109	21.67%	£4,544,836.92	10.83%
Works	71	14.12%	£15,214,334.41	36.26%
Total.	503	100%	£41,963,150.67	100%

Table 4 – 1 April 2022 to 31 March 2023

Contract Category Analysis.	Number.	Percentage of Total Value.	Estimated Contract Value (£).
Category A (national).	65	9.70%	£5,477,199.06
Category B (sectoral).	50	7.86%	£4,438,800.93
Category C (local single supplier).	212	54.81%	£36,577,955.46
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	10	1.51%	£850,084.39
Category O (other).	135	16.11%	£9,094,367.60
Total.	472	100.00%	£56,438,407.43

Type of Contract	Number of Contracts	% of Total Contracts	Value of Contracts	% of Total Value
Service	310	65.82%	£25,980,242.68	46.03%
Supply	115	24.36%	£16,015,275.65	27.38%
Works	47	9.96%	£14,442,889.10	25.59%
Total.	472	100%	£56,438,407.43	100%

Table 5 – 1 April 2023 to 31 March 2024

Contract Category Analysis.	Number.	Percentage of Total Value.	Estimated Contract Value (£).
Category A (national).	69	15.33%	£7,466,414.32
Category B (sectoral).	54	12.00%	£6,556,422.98
Category C (local single supplier).	209	46.44%	£28,591,864.28

Contract Category Analysis.	Number.	Percentage of Total Value.	Estimated Contract Value (£).
Category C1 (local contract / framework including local collaboration). (Examples for Category C1, are as for 2016 / 2017, the provision of contracts for food, specialist legal services working collaboratively and e-learning working collaboratively with other Public Authorities with the addition of the provision of tax advisory services).	21	4.67%	£1,563,626.49
Category O (other).	97	21.56%	£8,991,766.46
Total.	450	100.00%	£53,170,094.52

Type of Contract	Number of Contracts	% of Total Contracts	Value of Contracts	% of Total Value
Service	305	67.78%	£28,455,583.61	53.52%
Supply	100	22.22%	£11,214,984.10	21.09%
Works	45	10.00%	£13,499,526.81	25.39%
Total.	450	100%	£53,170,094.52	100%

Procurement Annual Spend Data

The Council is required by the Scottish Government to input its annual spend data to the Procurement Hub which records all purchasing transactions made by the Council for each financial year. The information is processed and released back to the Council for the purposes of analysis and forward planning.

The following table provides a summary of key data for the Council spend data for the past five financial years.

Table 6

Financial Year.	2019 / 2020.	2020 / 2021.	2021 / 2022.	2022 / 2023.	2023 / 2024.
Total Spend (£).	£45,351,144	£40,405,786.00	£53,235,315.00	£69,968,064	£65,829,641
Core Trade (£).	£41,136,579	£37,412,755.00	£50,458,363.00	£66,663,75	£61,867,089
Input suppliers.	2,143	1,802.00	2,205.00	2,168	2,211
De-duplicated Suppliers.	2,103.00	1,764.00	1,998.00	2,136	2,176
Duplicate Suppliers.	40	38	27	32	35
SME Suppliers.	730	670	971	794	951
Local Suppliers.	249	217	294	269	282
Transactions.	35,299	29,226	34,999	36,472	37,963

Financial Year.	2019 /2020.	2020 / 2021.	2021 / 2022.	2022 / 2023.	2023 / 2024.
Average Spend per	£21,564	£22,906	£26,644	£32,757	£30,253
Percentage of Spend.	65%.	61%.	62%.	59%	61.10%
Percentage of Local Spend.	41%.	38%.	41%.	41%	40.51%
Amount of Local Spend (£)	£19,334,192.00	£17,583,994.00	£23,715,430.61	£31,331,966.00	£25,365,506.49
Percentage of Core Trade Spend of Total	90.70%.	92.59%.	94.50%.	95.28%	93.98%

Key to categories in Procurement Annual Spend table:

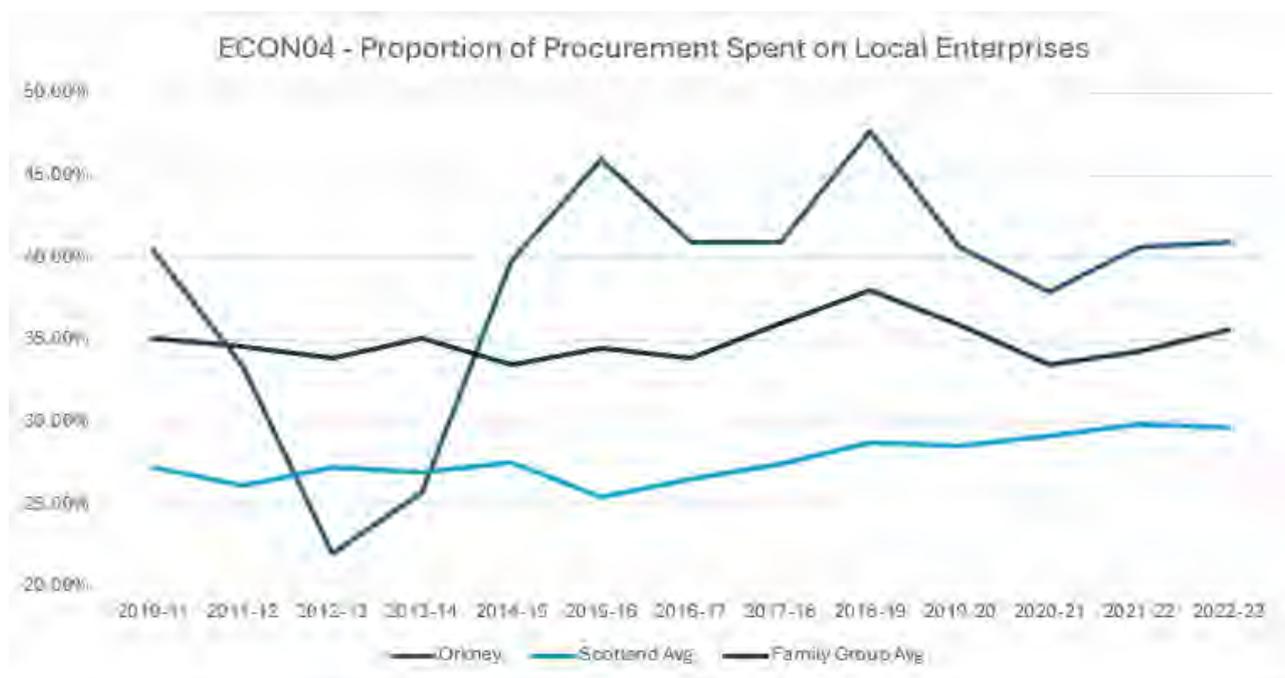
- Total Spend – total amount of spend for the financial year.
- Input Suppliers – number of suppliers, before de-duplication.
- De-duplicated Total Suppliers – number of unique suppliers.
- Duplicate Suppliers – number of suppliers which are duplicates of another supplier.
- Transactions – total number of transactions.
- Avg. spend per supplier – average spend per unique supplier.
- Core Trade – sub-set of supply base that includes all Trade Suppliers and Social Care Provider with spend of £1,000 or more in the financial year.
- SME Supplier – Small and Medium sized businesses where the supplier has less than 249 employees or where the annual revenue is less than £22.8m.
- SME Spend – Spend with SME as a percentage of Core Trade Spend.
- Local Suppliers – Spend with suppliers within the same local authority area as the organisation (based on Postcodes).
- Local Spend – Spend with local suppliers as a percentage of Core Trade Spend.

Procurement Spend – National Context

The proportion of the Council's spend on local enterprises was 41% for the reporting period 2022/23 (figures accessed in October 2024). In comparison, the proportion of procurement spend on local enterprises for all Scotland spend on local enterprises for the same period was 29.62% and for similar* councils an overall average of 35.60% spend on local enterprises.

*Orkney is part of the Local Government Benchmarking Framework Group 1 which is grouped for the above indicator with similar Councils (East Renfrewshire, East Dunbartonshire, Aberdeenshire, Edinburgh City, Perth & Kinross, Aberdeen City and Shetland Islands).

Graph 1



Ref: Local Government Benchmarking Framework

Orkney's procurement spend on local SMEs is 11.5 % above the 'all Scotland' national average of 29.6% for the 2022 to 2023 period.

Please note that the figures referred to in this section are the percentages of the Council's spend on local Enterprises which is a different data set to the figures recorded for percentage of Enterprises Spend and percentage of Local Spend in Table 6. This information is sourced from the Local Government Benchmarking data sets and are the 2022 to 2023 figures, which are the most up to date statistics available to illustrate the national context.

Climate Change Duties

The Climate Change (Scotland) Act 2009 places 'Climate Change Duties' (CCD) on public bodies, which require them to:

- Contribute to national carbon emissions reduction targets.
- Contribute to climate change adaptation.
- To do this sustainably.

All public bodies are required to prepare reports on compliance with climate change duties for submission to the Sustainable Scotland Network at the Edinburgh Centre for Carbon Innovation, setting out what they are doing to fulfil their CCD. The Council has a statutory requirement to provide the above information in annual reports from reporting year 2021/22 onwards, as part of The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2020.

The Council's annual CCD report for 2023/24 will be considered by Council in November 2024. Copies of previous CCD reports may be accessed [here](#).

Biodiversity Duty

Section 8.2.1 of the Sustainable Procurement Policy states that the Council will meet the duty to further the conservation of biodiversity arising from the Nature Conservation (Scotland) Act 2004. This will be done, where appropriate, by specifying through the procurement processes requirements that protect and enhance green spaces, habitats, species, sustainable farming practices and biodiversity both locally and globally.

Scotland's Public Procurement Reporting Requirements for 2023-24

The Scottish Government produced a policy note [SPPN 2/2023](#) on 4 May 2023 regarding future reporting requirement for the 2022/23 and 2023/24 reporting periods.

To date there has been no change to the reporting requirements requested by the Scottish Government.

Appendix 1 – Summary of Regulated Procurements 1 April 2023 to 31 March 2024

Date of Award	Supplier Name	Subject Matter	Estimated Value	Start Date	End Date
01/04/2023	Orkney Housing Association	Care and Repair 12 month contract	£331,869.94	01/04/2023	31/03/2024
01/04/2023	Various	Social Care Agency Staff	£3,906,898.90	01/04/2023	31/03/2024
01/04/2023	Faststream	Recruitment Marine Recruitment	£140,132.20	01/04/2023	31/03/2024
05/04/2023	Softcat Plc	Oracle Support - 3 year term	£53,143.53	06/04/2023	05/04/2026
06/04/2023	Andrew Sinclair Ltd	A965 Finstown West Surfacing	£295,627.12	21/04/2023	TBC
11/04/2023	Harper Macleod	Legal Specialist Advice - Orkney Harbour Master Plan	£500,000.00	05/04/2023	04/04/2031
18/04/2023	CRC Advisory Ltd	Business Gateway Contract	£395,250.00	01/06/2023	31/05/2026
26/04/2023	Mott Macdonald	Owners Engineer - Wind Energy	£444,286.00	02/05/2023	01/05/2025
02/05/2023	Bill Mackie Engineering Ltd	Replacement Crane - Earl Sigurd	£157,928.00	09/05/2023	Purchase
22/05/2023	Alfred Flett Ltd	Cursiter Quarry Salt Storage Facility	£547,300.70	06/06/2023	TBC
09/06/2023	Williamsons	Fresh Butchers Meat and Meat Products	£1,396,970.00	13/06/2023	12/06/2028
05/07/2023	Malakoff Limited	Stromness Linkspan & Walkway Painting	£200,233.02	20/07/2023	TBC

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Date of Award	Supplier Name	Subject Matter	Estimated Value	Start Date	End Date
13/07/2023	LandScope Engineering Ltd	Scapa Flow South Approach Hydrographic Survey	£130,000.00	28/07/2023	TBC
23/08/2023	Action for Children Services Ltd	Childrens and Young People Mental Health and Wellbeing Service	£64,062.00	01/10/2022	31/03/2024
01/09/2023	MetDesk	Weather Forecasting Service	£197,500.00	01/09/2023	31/08/2026
01/09/2023	Civica UK	Paris - Case Record Management system for OHAC	£482,705.00	01/09/2023	31/08/2028
05/09/2023	Terberg DTS UK Ltd	Supply and Delivery of 2 Fire Appliances	£140,428.66	05/09/2023	31/03/2024
15/09/2023	HP	Laptops	£194,000.00	15/09/2023	Purchase
09/10/2023	S & D Muir	Part time 20 MPH Speed Limit Signs Lot 1	£394,800.00	09/10/2023	Purchase
10/10/2023	Northwards Ltd	Haulage of Waste - Lot 3	£60,000.00	01/11/2023	31/10/2025
24/10/2023	Hub North Scotland	LHEES Framework Hub North	£65,124.00	01/11/2023	01/06/2024
30/10/2023	Link Treasury Services Limited	Professional Treasury Management	£60,000.00	16/09/2023	15/09/2027
15/11/2023	Verb Interactive Incorporated	BOOKIT Web Booking Interface	£62,500.00	15/11/2023	03/05/2024
15/11/2023	Instock Ltd	Capital catering equipment for school estate	£60,927.72	15/11/2023	Purchase

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Date of Award	Supplier Name	Subject Matter	Estimated Value	Start Date	End Date
04/12/2023	A M Phillip Trucktech Ltd	Four new pickups	£204,540.00	04/12/2023	Purchase
08/01/2024	Bill Mackie Ltd	Earl Sigurd Refit 2024	£121,383.60	08/01/2024	24/01/2024
02/02/2024	Bill Mackie Ltd	MV Varagen Refit 2024	£194,509.00	20/02/2024	04/03/2024
15/01/2024	Bill Mackie Ltd	MV Earl Thorfinn Refit 2024	£170,000.00	29/01/2024	08/02/2024
15/01/2024	Robertsons Orkney	Tractor and Loader	£71,354.00	15/01/2024	Purchase
26/01/2024	Park's Motor Group	7 X Electric vehicle Vans	£177,711.72	26/01/2024	Purchase
01/02/2024	Scot JCB	1 x 4-wheel drive telescopic handler	£62,000.00	01/02/2024	Purchase
22/02/2024	A M Phillip Trucktech Ltd	Hook Lift Truck	£150,360.00	22/02/2024	Purchase
26/02/2024	Phoenix Software Limited	Microsoft EA Licencing	£938,000.00	01/03/2024	28/02/2027
27/02/2024	Robertsons Orkney	Tractor and Loader	£57,755.00	27/02/2024	Purchase
11/03/2024	Bill Mackie Ltd	MV Hoy Head	£230,000.00	11/03/2024	27/03/2024
26/03/2024	British Telecommunications PLC	SWAN2	£579,047.62	01/04/2024	31/03/2035
29/03/2024	Bill Mackie Ltd	2024 Refit MV Eynhallow	£90,000.00	08/04/2024	24/04/2024

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Appendix 2 – Procurement Strategy Targets/Indicators 2023 to 2028

What will success look like?

The measures below are designed to stretch us as we strive to achieve our ambitions. Despite these uncertain times, we must be bold in what we aim to achieve and not just settle for simply maintaining the current position.

21.1. Sustainability, Climate Change and Net Zero Targets

Target/Indicator 2023 to 2028	Target	Actual 2023 / 2024
Number of Procurements where Community Benefit Clauses have been included in the award criteria. (To include contracts under £4,000,000 for reporting period 2024 / 2025 and beyond)	70	3 (Contracts with a value of over £4m)
Number of Procurements for higher value contracts where climate change selection criteria have been included in the initial selection process for contracts identified as likely to impact on climate change.	30	0
Percentage of procurements where a sustainability award criteria clause has been included. (Excluding frameworks)	50%	21%
Percentage of procurement spend on local enterprises – Council Plan target.	45%	41%
Percentage of overall spend with the Third Sector and supported businesses.	10%	7.3%

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21.2. Working with local suppliers

Target/Indicator 2023 to 2028	Target	Actual 2023 / 2024
Number of local suppliers registered with the Supplier Development Programme.	80	6
Number of local supply base registered on the Public Contracts Scotland Advertising Portal.	100	80
Percentage of Council spend attributable to SMEs (currently 41%).	45%	41%

Target/Indicator 2023 to 2028	Target	Actual 2023 / 2024
To review contract award procedure – to ensure that they place the minimum possible burden on suppliers.	2024	Ongoing

21.3. Value for Money

Target/Indicator 2023 to 2028	Target	Actual 2023 / 2024
Actual spend expressed as a percentage of the contract award criteria value compared to expenditure over the value of £1,000.	90%	86%

21.4. Collaboration and partnering

Target/Indicator 2023 to 2028	Target	Actual 2023 / 2024
Percentage of contract spend utilising Collaborative Contracts.	30%	2.94%

21.6. Contract Management

Target/Indicator 2023 to 2028	Target	Actual 2023 / 2024
Contract Management Materials Toolkit (to include small contracts where applicable) for services to be developed.	2026	To be completed by July 2025
All contracts classified as high value and/or high risk to have an appropriate contract management plan in place.	2026	To be completed by April 2026

Target/Indicator 2023 to 2028	Target	Actual 2023 / 2024
Exit plans in place for all appropriate contracts.	2027	To be completed by Dec 2026

21.7. Communication

Target/Indicator 2023 to 2028	Target	Actual 2023 / 2024
To seek customer satisfaction/feedback from bidders.	2026	TBD
To advertise contract opportunities on the Council website.	2024	Ongoing

21.8. e-Procurement

Target/Indicator 2023 to 2028	Target	Actual 2023 / 2024
Review of internal processes carried out to identify opportunities to integrate with other Council electronic systems.	2028	TBD

21.11. Training

Target/Indicator 2023 to 2028	Target	Actual 2023 / 2024
Sustainable Procurement and Procurement Climate Change Training to be undertaken by all Officers and Managers with Delegated Procurement Authority.	2024	Dec 2025
Induction for all new employees to include procurement awareness.	2025	TBD

Appendix 3 - Forward Plan for Regulated and Unregulated Procurements April 2024 to March 2026

Subject Matter of Contract	New / Extended / Re-let	Expected Contract Notice / Publication Date	Expected Award Date	Expected Start Date	Estimated Value of the Contract (£)	Regulated / Unregulated
Climate Change Consultancy	New	February 2024	Summer 2024	June 2024	£60,000	Regulated
Social Media Management Services	Re-let	February 2024	April 2024	April 2024	£360,000	Regulated
PR and Media Management Services	Re-let	February 2024	April 2024	April 2024	£184,000	Regulated
Nursery Operator	New	2024	TBC	TBC	TBC	Regulated
Orkney Logistics Base (Hatston)	New	April 2024	TBC	TBC	£7,750,000	Regulated
Roads Maintenance 2024-25: Various	New	April 2024	June 2024	July 2024	TBC	Unregulated
Roads Maintenance 2024-25: Misc Bridge Repairs.	New	April 2024	June 2024	July 2024	TBC	Unregulated
Roads Maintenance 2024-25: Footways.	New	April 2024	June 2024	July 2024	TBC	Unregulated
Kirkwall Surface Water Management Plan – Modelling consultancy	New	May 2024	August 2024	September 2024	£86,792	Unregulated
Orkney.com Web Services	Re-let	May 2024	August 2024	August 2024	£250,000	Regulated
Viking Integrated Exhibition Design & Build	New	May 2024	August 2024	August 2024	£264,000	Regulated

1487

Subject Matter of Contract	New / Extended / Re-let	Expected Contract Notice / Publication Date	Expected Award Date	Expected Start Date	Estimated Value of the Contract (£)	Regulated / Unregulated
Provision of Air Services	Re-let	September 2024	January 2025	April 2025	£4,747,600 (4 year contract)	Regulated
Plant Hire Framework	New	September 2024	November 2024	November 2025	£800,000 (4 year contract)	Regulated
Occupational Health Services	New	September 2024	November 2024	December 2025	£425,000 (5 year contract)	Regulated
Outer North Isles Vessel Design – Ferry Replacement Programme	New	September 2024	November 2024	December 2025	£250,000	Regulated
Integrated Waste Management Strategy	New	September 2024	October 2024	October 2024	£40,000	Unregulated
Dementia Post-Diagnostic Support Worker	Re-let	October 2024	December 2024	February 2025	£177,500 (5 year contract)	Regulated
Cruise Liner Shuttle Bus Services	Re-let	October 2024	December 2024	February 2025	£1,650,000 (5 year contract)	Regulated
Vessel Re-fit and Repair Framework	New	November 2024	Various throughout 2025 to 2029	Various throughout 2023 to 2027	£9,271,500 (over the lifetime of the framework)	Regulated
Visitor Levy Feasibility Study	New	November 2024.	January 2025	January 2025	£60,000	Regulated
Coastal Change Adaptation Plan - consultancy	New	November 2024	December 2024	January 2025	£200,000	Regulated

1488

Subject Matter of Contract	New / Exten ded / Re-let	Expected Contract Notice / Publication Date	Expected Award Date	Expected Start Date	Estimated Value of the Contract (£)	Regulated / Unregulated
Lightning Protection Testing and inspection.	New	November 2024	January 2025	Spring 2025	TBC	Regulated
Weyland Bay Coastal Path	New	November 2024	December 2024	January 2025	£225,000	Unregulated
Coastal Change Adaptation Plan - consultancy	New	November 2024	December 2024	January 2025	£200,000	Regulated
Lightning Protection Testing and inspection	New	November 2024	January 2025	Spring 2025	TBC	Regulated
Weyland Bay Coastal Path	New	November 2024	December 2024	January 2025	£225,000	Unregulated
Consultancy and Technical Services for Orkney Ferry Replacement Programme and Orkney Harbours Master Plan (Phase 2)	New	November 2024	January 2025	February 2025	£1,415,000	Regulated
Seabed Survey	Re-let	November 2024	December 2024	Spring 2025	£70,000	Regulated
Ballast Water Sampling	Re-let	December 2024.	January 2025	April 2025	£195,000 (5 year contract)	Regulated
Aquatic Sample Processing and Taxonomic Determination	Re-let	December 2024	January / February 2025	April 2025	£186,642.50 (5 year contract)	Regulated
Container Shipment of Waste to Shetland	Re-let	December 2024	February 2025	April 2025	£1,951,572 (5 year contract)	Regulated
Misc Pier Ladder Replacements	New	December 2024	January 2025	February 2025	£175,000	Unregulated

1489

Subject Matter of Contract	New / Extended / Re-let	Expected Contract Notice / Publication Date	Expected Award Date	Expected Start Date	Estimated Value of the Contract (£)	Regulated / Unregulated
NI Linkspans Control Systems upgrades	New	January 2025	March 2025	May 2025	£1,000,000	Unregulated
Net Zero Living EV Infrastructure for Ferries – Eday and Kirkwall Pier	New	January 2025	March 2025	April 2025	£600,000	Unregulated
Kirkwall Pier Lighting	New	January 2025	March 2025	April 2025	£250,000	Unregulated
Stronsay Channel Dredge	New	January 2025	March 2025	August 2025	£250,000	Unregulated.
Fender Re-design Consultancy	New	January 2025	March 2025	April 2025	TBC	Unregulated.
Annual Fire Fighting Equipment Inspections	Re-let	January 2025	February 2025	Feb/March 2025	TBC	Regulated
Eday Pier Refurbishment	New	April 2025	June 2025	August 2025	£400,000	Unregulated
Chinglebraes Retaining Wall	New	April 2025	June 2025	July 2025	£50,000	Unregulated.
A965 Finstown Drainage	New	April 2025	June 2025	July 2025	£250,000	Unregulated
Houton Sea Wall Repairs	New	April 2025	June 2025	July 2025	£35,000	Unregulated
Student Accommodation Letting	Re-let	May 2025	July 2025	August 2025	£23,920 (5 year contract)	Unregulated
Whitehall Pier Refurbishment	New	May 2025	July 2025	September 2025	£350,000	Unregulated
Banking Services.	Re-let.	March 2026	May 2026	August 2026	£22,980 (4 year contract)	Unregulated

1490

Subject Matter of Contract	New / Extended / Re-let	Expected Contract Notice / Publication Date	Expected Award Date	Expected Start Date	Estimated Value of the Contract (£)	Regulated / Unregulated
Port Marine Safety Code – Designated Person	Re-let	May 2026	July 2026	October 2026	£67,590 (5 year contract)	Regulated
Independent Mobility Assessor	Re-let	May 2026	July 2026	October 2026	£5,000 (5 year contract)	Unregulated
Lift Servicing and Maintenance 2026-2031	Re-let	June 2026	August 2026	December 2026	£112,516 (5 year contract)	Regulated
Kerbside Collections (Island/Island Groups)	Re-let	August 2026	October 2026	December 2026/January 2027	Various	Regulated
Mobile Phone Contract	Re-let	Spring 2024	Spring 2024	June 2024	£159,000 (2 year contract)	Regulated
Islands Haulage – Various isles	Re-let	Spring 2024	Summer 2024	October 2024	£400,000 (5 year contract)	Unregulated
SIM and Data Package for EV Chargers	Re-let	Spring 2024	Summer 2024	Summer 2024	TBC	Unregulated
Dounby Visitor Infrastructure	New	Spring 2024	Summer 2024	Winter 2024	£1,000,000	Unregulated
Hatston Depot. Re-roofing	New	Spring 2024	Spring 2024	Summer 2024	£300,000	Unregulated
Stromness Swimming Pool Air source heat pump	New	Summer 2024	Summer 2024	Autumn 2024	TBC	Unregulated
Eday & Westray Airfields	New	Winter 2024	Winter 2024	Summer 2025	TBC	Unregulated
Glaitness School heat pump & pool ventilation	New	Winter 2024	Spring 2025	Summer 2025	TBC	Unregulated

1491

Subject Matter of Contract	New / Exten ded / Re-let	Expected Contract Notice / Publication Date	Expected Award Date	Expected Start Date	Estimated Value of the Contract (£)	Regulated / Unregulated
Hatston Depot fire safety work	New	Winter 2024	Spring 2025	Summer 2025	TBC	Unregulated
Orkney Library Air source heat pumps	New	Winter 2024	Spring 2025	Summer 2025	TBC	Unregulated
White Street Housing re-roofing	New	Winter 2024	Winter 2024	Summer 2025	TBC	Unregulated
Cathedral & Heritage properties Architectural services	New	Winter 2024	Spring 2024	Summer 2024	£243,000	Unregulated
Hope School boiler replacement	New	Winter 2024	Spring 2024	Summer 2025	TBC	Unregulated
Kirkwall Town Hall – External Stone Works	New	Spring 2025	Spring 2025	Summer 2025	£450,000	Unregulated
Birsay Campsite amenity block	New	Summer 2025	Summer 2025	Autumn 2025	£640,000	Unregulated
Houton Ferry Terminal Car Park and Marshalling	New	Summer 2025	Autumn 2025	TBC	TBC	Unregulated
Orphir School External Wall Insulation and Boiler Replacement	New.	Winter 2025	Spring 2026	Spring 2026	£462,000	Unregulated
Tankerness House external fabric repairs	New	Winter 2025	Winter 2025	Spring 2026	TBC	Unregulated

1492

Subject Matter of Contract	New / Exten ded / Re-let	Expected Contract Notice / Publication Date	Expected Award Date	Expected Start Date	Estimated Value of the Contract (£)	Regulated / Unregulated
Inspection and Testing of Vehicles for use as Taxi and Private Hire Cars	Re-let.	Spring 2026.	Summer 2026	Summer 2026	£20,000 (5-year contract)	Unregulated.
Various IT Contracts	New and Re- let	Various 2024 Ongoing	TBC	TBC	TBC	Regulated / Unregulated
Cleaning Services (Waiting Rooms and Public Conveniences various mainland and island locations)	Re-let	Various 2024 to 2026	Various throughout 2024 to 2026	Various throughout 2024 to 2026	TBC	Unregulated
Vehicles and Plant replacement	New	Various throughout 2024, 2025 and 2026	TBC	TBC	£1,400,000 2025 / 2026	Regulated / Unregulated
Vessel Re-fits 2024 individual contracts	Re-let	Various throughout 2024 2025	TBC	TBC	TBC	Regulated
Paper and Stationery Supply	New	2024 / 2025	February 2025	April 2025	TBC	Regulated
North Isles Cycling, Walking and Safer Routes	New	TBC	TBC	TBC	TBC	Unregulated
Kirkwall to Scapa Active Travel Route	New	TBC	TBC	TBC	TBC	Unregulated
Misc Culvert Platforms	New	TBC	TBC	TBC	£50,000	Unregulated

1493

Future Capital Projects

Subject Matter of Contract	New / Extended / Re-let	Expected Contract Notice / Publication Date	Expected Award Date	Expected Start Date	Estimated Value of the Contract (£)	Regulated / Unregulated
Additional Support Needs Facility	New	Subject to Council approval to proceed	TBC	TBC	TBC	TBC
Scapa Deep Water Quay	New	Subject to Council approval to proceed	TBC	TBC	TBC	Regulated
Orkney Logistics Base Hatston	New	Subject to Council approval to proceed.	TBC	TBC	TBC	Regulated
Orkney Harbours Master Plan – Lyness Base	New	Subject to Council approval to proceed	TBC	TBC	TBC	Regulated
Royal Oak Memorial	New	Subject to external funding being secured	TBC	TBC	TBC	Unregulated
Construction of Balance of Plant Orkney Community Wind Farm	New	Subject to Council approval to proceed	TBC	TBC	TBC	Regulated
Ferry Replacement New Vessels	New	Subject to Council approval to proceed and external funding being secured.	TBC	TBC	TBC	Regulated
A961 Road Realignment	New	Subject to Council approval to proceed	March 2025	May 2025	£2,000,000	Unregulated

1494

Subject Matter of Contract	New / Extended / Re-let	Expected Contract Notice / Publication Date	Expected Award Date	Expected Start Date	Estimated Value of the Contract (£)	Regulated / Unregulated
Orkney Community Wind Farms – Turbine Supply Agreement & Full Service Agreement	New	Subject to Council approval to proceed	TBC	TBC	£90,000,000	Regulated



Equality, Diversity and Inclusion Priorities Progress Report 2023/2024

Orkney Islands Council

Orkney Islands Council Education Authority

Orkney Islands Area Licensing Board

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Orkney Islands Council Equality Statement

We are committed to fulfilling the three key elements of the general equality duty as outlined in the Equality Act 2010:

- Eliminating discrimination, harassment and victimisation.
- Advancing equality of opportunity between people who share a protected characteristic and those who do not. This means removing barriers, meeting different needs and encouraging participation.
- Fostering good relations between people who share a protected characteristic and those who do not, improving integration, building understanding, and reducing bullying and harassment.

The protected characteristics as defined by the Equality Act 2010 are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race, this includes ethnicity, colour, and national origin
- Religion or belief
- Sex
- Sexual orientation
- Marriage or civil partnership

Everyone has protected characteristics, but it is the treatment individuals and groups experience, the level of autonomy they have, and the positive or negative outcome for them, that are its focus. As a Council we will seek to:

- Remove or minimise disadvantages experienced by people due to their protected characteristics.
- Meet the needs of people from protected groups where these are different from the needs of other people.
- Encourage people with protected characteristics to participate in public life or other activities where their participation is disproportionately low.
- Be transparent, accessible and accountable.

Mainstreaming Equality

Mainstreaming is an approach to delivering equality within an organisation and it contributes to continuous improvement, better performance and better value. It is primarily a long-term strategy aimed at ensuring that equality principles and practices are integrated into every aspect of an organisation from the outset. The focus should not only be internal (mainstreaming equality principles into procedures and systems) but also external (mainstreaming equality principles into policies and customer service delivery). Mainstreaming provides a framework that facilitates and complements equalities legislation and other equality measures.

This simply means integrating equality into our day-to-day work. We take equality and fairness into account in the way we go about our business when acting as an employer, when planning and providing services and when making decisions.

Mainstreaming ensures that equality becomes part of our culture. This benefits both employees and service users who know that they will be treated fairly and contributes to continuous improvement and better performance.

We are committed to promoting equality, which means recognising that everyone has different needs and taking action to ensure that we are all able to participate in society. Our aim is that Orkney is a community where we all have the opportunity to fulfil our potential.

Orkney Islands Council is the public body responsible for all local government services in Orkney. We have an impact on many aspects of everyday life and our activities touch the lives of everyone living in our island community, from schools to the care of older people. Our councillors meet regularly to make decisions about local services and about various aspects of life. These decisions are then implemented by our workforce. With equality at the heart of everything we do, we never forget that we are here to serve the public and have a big role to play in improving the quality of life enjoyed by people throughout the islands.

Leadership

Our Elected Members have responsibility for promoting equality and diversity within the Council and externally. They engage and listen to the views of our local communities through a range of methods enabling them to take a more collaborative approach to addressing inequalities within Orkney.

Policies and practices

Policies and practices internal to our organisation should not be discriminatory. Equality, diversity and inclusion issues are fully considered when developing new policies and processes and when they are reviewed periodically.

Human Resources and Organisational Development (HR and OD) delivers a programme of workshops and training events for staff to ensure that our human resources policies and procedures are understood. This includes training on Recruitment and Selection, Grievance, Managing Sickness Absence, Dignity at Work and Learning and Development policies. Mental Health and Wellbeing remain a priority for the Council and HR and OD have launched a new Employee Assistance Programme this year. More details can be found under the Human Resources and Organisational Development section.

Assessing impact

The Council has systematic arrangements in place to ensure equalities issues are part of decision-making processes. The Equality Impact Assessment process ensures that we consider the impact that various policies, strategies, activities and approaches have on different groups, both within our organisation and for the wider public. Equality Impact Assessments (EqIAs) aim to help ensure our services are fair. They provide an opportunity to stop or revise a policy or function which is potentially unfair or unlawful. They identify mitigating actions wherever possible to minimise any adverse impacts. They also identify opportunities for positive impacts such as advancing equality of opportunity and fostering good relations. We use internal and external data to provide evidence for the assessments and consult directly with equalities groups as required. Impact assessments are organic documents and are developed and added to as a project or plan progresses.

The impact assessment takes an integrated approach to include assessment of impacts relating to socio-economic disadvantage as required by the Fairer Scotland Duty along with care-experienced people. We will continue to utilise feedback and best practice when reviewing the impact assessment process and will also consider best practice approaches to incorporating Children's Rights and Wellbeing Impact Assessments.

The Internal Audit team have recently undertaken a review of the Equality Impact Assessment process and determined that the framework of governance, risk management and control is comprehensive and effective. The review identified a number of areas of good practice as well as a number of recommendations for further development. These developments include making additional training available on our iLearn platform, adding the EqIA training to the mandatory training programme for key officers, adjusting the committee report template and the complaints process monitoring. An action plan has been developed to deliver these improvements and the internal audit report is available [here](#).

Raising and maintaining awareness

It is important in mainstreaming equality that the Council builds and maintains awareness of our duties as an employer and service provider.

As part of induction to Orkney Islands Council, all new employees are required to complete an e-learning course which aims to raise awareness about the importance of equality and diversity. The course covers equality legislation and is designed to encourage employees to think about and challenge their own perceptions. Equality and diversity awareness is also one of the core mandatory courses and is completed periodically by all employees. Equality and diversity awareness forms part of the induction programme for Elected Members, as well as ongoing briefings relating to the general equality duty, updates on changes to equality legislation and other equality related topics.

Increasing awareness of the value of diversity can help further mainstream equality within the Council. Regular organisation-wide communication is utilised to raise awareness of

equality, diversity and inclusion related topics throughout the year including, Pride month, International Women's Day, Menopause Awareness day and Carers Week.

Human Resources and Organisational Development

As part of our commitment to employee wellbeing, the Council has recently launched an OIC Wellbeing Hub which provides access to our Employee Assistance Programme (EAP) and a range of benefits and discounts. The EAP gives colleagues access to free, confidential and independent support to help with personal, work and family-related issues and includes:

- 24/7 telephone counselling advice and information service.
- Dedicated support and information service for managers.
- Online, mobile enabled EAP and wellbeing resources.

The OIC Wellbeing Hub offers support across a range of topics including work-life balance, health and wellbeing, childcare and other caring responsibilities, financial advice and disability and illness. It provides access to dedicated Menopause Matters support services and professionally qualified counsellors.

A variety of communication methods were utilised to launch the OIC Wellbeing Hub including organisation-wide emails, manager specific communications, poster campaign and EAP business cards provided to all employees to help ensure everyone has access to these services. Next steps include a roadshow in November 2024 to showcase some of the benefits available to colleagues as well as introducing the new Cycle to Work scheme and Smart Pay options to further support colleague financial wellbeing.

As part of the recruitment and selection review, work is underway to improve the experience of candidates, in particular those facing barriers to employment. The new [Join our Team](#) website was launched at the recent Careers Fair hosted by the Developing the Young Workforce team. The site aims to simplify the information available to candidates, adopting Plain English and aims to provide inclusive support to help prospective candidates navigate the recruitment process. Work on this initiative is ongoing.

Housing

The resettlement scheme project team established an Orkney-Ukraine Language Café to help Ukrainians improve their English skills. The first meeting took place in May 2023, and sessions have been held weekly since then.

Attendance is generally good, although it can vary due to work and personal commitments. Out of the 20 Ukrainian adults living in Orkney, more than 50% regularly attend the language Café, with 18 Ukrainians benefiting from the Language Café since it started. The project team appreciate the ongoing support of the volunteers running the Café on a weekly basis.



Inclusive services

Orkney and Shetland Libraries have engaged in a joint project to boost services for the visually impaired.

'Make a Noise in the North' highlights what libraries and their partners can offer people with sight problems. This project is supported by the Public Library Improvement Fund via the Scottish Library and Information Council.

The libraries have already developed a good range of services such as large print, audiobooks and support with technology. This project will provide extra equipment including lighted magnifiers and text-to-voice pens, and popular materials such as board games and jigsaws.

It will also allow some of the library team members to visit each other's libraries later this year to gain experience of another service, something isles colleagues rarely do because of travel costs. The Libraries will promote services and events through their busy social media channels.

The project was launched during 'Hi Vis' fortnight in June 2024, with Orkney Library colleagues experiencing some visual impairments by being blind-folded and challenging any friendly on-comers to a tactile game of Connect 4, using an RNIB approved version of the game. Sessions took place in Orkney Library and Archive and Stromness Warehouse Buildings throughout June along with a display of accessible equipment and electronic services and information from Orkney Talking Newspaper, Access Orkney, and the RNIB.

Vikki Kerr, Orkney's Team Manager (Libraries and Archives) said: 'This joint project is a fantastic opportunity for both library services to further improve access to the world of books and reading opportunities for our visually impaired and dyslexic communities.

'By highlighting the brilliant services and resources available, our libraries can be seen as places where all are welcome, and able to enjoy the social aspects of visiting the library too.'

The original news story can be found [here](#).

Education

Mainstreaming equalities is integral to the delivery of education services and are embedded through supporting strategies, plans and activities including Orkney Children's Services Plan, Good Parenting Plan, Community Learning and Development Partners Plan, Local Employability Plan and within work relating to the Scottish Attainment Challenge.

Work continues with the KGS Anti-Racism Group with plans to publish challenging racism vocabulary conversation cards focused on conversations about race. The cards are designed to explain what racism is, how it happens, why it should never be acceptable and what people can do to eradicate it.

Plans are to distribute the cards in Orkney, including libraries and those business who ally with the group to help make a difference.

Transport and travel

We are committed to continuing the programme to improve accessibility to all transport services, taking advantage of contract, vehicle, infrastructure and vessel replacement and renewal opportunities where possible.

The number of people using public buses in Orkney continues to grow with figures increasing by 18% in May 2024 in comparison to May 2023.

Bus passenger figures are not just positive on Mainland Orkney but there has also been growth in our island public bus services operated in Westray, Sanday and Hoy.

Passenger growth equates to additional ticket sales income on public bus services subsidised by the Council which are kept by the Council and invested back into the Sustainable and Green Transport Fund. This fund has helped to establish community transport in a number of island communities as well as improvements and enhancements to existing bus services.



Sport and Leisure

Organised by our Sports and Leisure team, along with the support of local sporting clubs, Scottish Disability Sport, Picky Centre team members and sports leaders from Stromness Academy, we hosted our third annual Parasport festival for children with physical disabilities, vision impairments, hearing loss, or Down syndrome. The festival offers a variety of sports and activities tailored to individual needs and includes opportunities to try out rugby, athletics, climbing, kayaking and swimming.

This year, sports leaders from Stromness Academy played a key role in planning the event as part of the Events and Inclusivity elements of their Level 6 Sports Leaders award, providing a great opportunity to support the integration of equality, diversity and inclusion into sports.

Feedback was really positive and folk were pleased to see teachers thinking about how to support young people with additional support needs to join sports clubs.

Licensing

Although the Licensing Board has a separate legal status from Orkney Islands Council it is resourced entirely by the Council.

The close connection between the Board and the Council enables the Board to benefit directly from the Council's awareness building, training and actions relating to equality, diversity and inclusion. This means taking into account the way in which the Board achieve their day-to-day business and integrating equalities into everything they do such as regularly equality impact assessing licensing related policies.

British Sign Language Local Plan 2024 - 2030

As required by the BSL (Scotland) Act 2015, Orkney Islands Council launched our BSL Plan earlier this year and set out actions which will improve the way BSL users find out about our services and have access to them. A BSL version of the plan is available [here](#). We have strong links with NHS Orkney and UHI Orkney and whilst we will publish separate plans, we will continue to take a partnership approach in the delivery of the outcomes of these plans.

A BSL Progress Group was set up and met regularly to review actions and feedback and work has been developed to integrate the actions relating to the BSL Local Plan into the wider Equalities mainstreaming and outcomes priorities.

Key actions delivered through the Council's first BSL Local Plan included:

- BSL pendrive training resource provided to all schools.
- BSL and hearing support resources regularly provided to Nurseries.
- Delivery of short online BSL courses at Stromness Academy and Kirkwall Grammar School.
- Let's Sign established as the resource to be used in Orkney Schools and resources regularly updated and shared.
- Class signing projects with signed stories and signed songs.
- S3 Wider Achievement BSL class delivered at Kirkwall Grammar School.
- 6 people including one student at KGS have completed the Level One BSL course.

Jack was in S2 at Kirkwall Grammar School and there had been no Teacher of the Deaf for almost two years. The Hearing Support and Support Teacher spent sessions at school with Jack, getting to know him and learning about how his use of hearing aids and a radio aid in the school setting helped him to access learning. Jack found some aspects of school challenging and he was supported in class by the Hearing Support and Support Teacher, with assignments and with assessments.

Jack was always happy to speak about his deafness and visited both mainland and isles schools, delivering deaf awareness and some signing. Young people and staff had many questions for Jack; his responses were very honest and gave a real picture of how deafness impacts upon daily life.

Towards the end of S3, Jack began an extensive programme of work experience, travelling on the bus independently and building up his skills in communication, gaining experience in the world of work. Jack became a valued member of staff teams and contributed to the workplace in a very positive way. Jack made an impression during these placements: at The Burray Shop, Cats Protection in Stromness, the Balfour Hospital and CLD.

Jack progressed to college after S6. By this time, he had gained SQA qualifications and spent four years at college. He delivered deaf awareness to peers and staff at college. Jack left college with several qualifications.

Equality Outcomes 2023 – 2027 progress update

We are committed to pursuing objectives that make real improvements for people by reducing inequalities and increasing inclusion, whilst fostering good relations and building connections between communities.

These equality outcomes set last year are designed to focus on the areas that we consider most important, and that we have the scope to realistically influence in the next four years as an employer, service provider, and as a partner with communities and other organisations within Orkney.

Delivery plans have been developed for each outcome and progress has been reported below on the first year of related actions.

Outcome	Progress
<p>The Council will aim to attract more diverse talent by reviewing policies and practices to ensure that there are no barriers to entering and sustaining employment for under-represented groups.</p>	<p>Attract candidates from a wider range of backgrounds</p> <p>To support the delivery of some of the actions in this area a working group has been brought together to develop the way in which Orkney Islands Council promotes employment opportunities with prospective candidates.</p> <p>The new Join our Team website has been launched to coincide with the recent Careers Fair and work will continue to further develop content for this.</p> <p>It is acknowledged that the recruitment landscape is changing internally with increasing budget pressures which may impact on how some vacancies are managed. This has a potential to impact this work in the short term.</p> <p>Review supported recruitment and employment process.</p> <p>Work is underway between the HR and OD team and the Community Learning, Development and Employability team to further develop opportunities for routes into supported employment for some under-represented groups. You can see an example of this here:</p> <p>Jack's employment journey</p> <p>This work will be integrated into the review of the recruitment and selection policy.</p>

Outcome	Progress
	<p>Implement workplace adjustment guidance.</p> <p>A Workplace Adjustments guide has been drafted as part of our Disability Confident action plan and is due for review and feedback before being launched.</p> <p>Increase number of employees declaring diversity data.</p> <p>Communications plan launched to provide regular prompts to colleagues to update diversity data via MyView. Monitoring has evidenced an increase in declaration rates and additional areas of action have been identified to specifically target new starts.</p>
<p>The Council will aim to reduce the gender pay gap.</p>	<p>Launch of Equally Safe at Work action plan for Bronze award accreditation.</p> <p>Orkney Islands Council has signed up to the Bronze accreditation for the Equally Safe at Work programme with this 18 month journey starting in October 2024. Initial actions include an employee survey, focus groups and a working group to oversee the action plan and to better help us understand the barriers to progression in the workplace and to identify further actions to help continue to reduce the gender pay gap. More details on the Equally Safe at Work accreditation can be found here.</p>
<p>People have increased confidence and opportunities to express their views and influence decision making and service design.</p>	<p>Review and improve our approach to consultation and engagement, including a focus on engaging with young people and lesser heard voices.</p> <p>Orkney Matters 2, which is a series of engagement events including engaging young people and lesser heard voices is underway and a findings report is due to be completed in 2024/2025.</p> <p>Improve the accessibility of Orkney Islands Council website.</p> <p>The new communications and engagement strategy is at an advanced state and is due to be presented at committee this year. The strategy includes website improvements</p>

Outcome	Progress
	<p>delivered through the 'making the most of our digital platforms' as a strategic priority.</p> <p>Promote resources that provide support for BSL users and inclusive communication to improve participation in democratic life.</p> <p>Elected Office Fund was promoted in the most recent election to support people with disabilities wishing to stand for election.</p> <p>The BSL YouTube playlist from the Electoral Commission was embedded on both the main elections page and general election page of the Council website, along with information signposting support for Trans and Non-binary people with the new Voter ID requirement.</p>
<p>People in Orkney have improved accessibility to all transport services.</p>	<p>Extend Under 22 Concessionary Scheme to Inter Island Ferry and Air Service (residents).</p> <p>Proposal to include Under 22 Concessionary Scheme for Inter-Island Ferries and Air services is currently being reviewed by Transport Scotland.</p> <p>Implementation of Thistle Assistance card and App.</p> <p>The Transport team and Organisational Development team are working in partnership to raise awareness of the Thistle Assistance card and App with transport providers. Cards will be distributed early November 2024 along with a press release.</p> <p>Audio at stops to be rolled out across all public bus services on mainland Orkney.</p> <p>The Transport team has worked with Stagecoach to implement the at stop audio for public bus routes across mainland Orkney. Some minor amendments still to be made to this service.</p>
<p>Pupils have a greater sense of belonging and safety in schools.</p>	<p>Increased awareness in schools of LGBTQ+-based bullying and harassment.</p> <p>A revised Anti-bullying policy for our Children and Young People was launched earlier in 2024. This revised policy includes updated</p>

Outcome	Progress
	<p>guidance to schools on recording incidents of bullying along with specific references to prejudice-based bullying. Feedback sought from young people to inform the update of this policy suggested that education settings should ensure that any programmes and learning have a clear focus on ensuring a greater understanding of equality issues for children and young people and their parents and carers. This would especially include greater awareness of issues relating to LGBTQ+ mental health and hidden disabilities.</p> <p>Continued implementation of the United Nations Convention on the Rights of the Child (UNCRC)</p> <p>Orphir Community School has recently been awarded a Silver accreditation as a UNICEF Rights Respecting School. The School set up a steering group that met regularly to plan and deliver school activities with displays supporting all pupils in learning about the rights of a child. Teachers worked through the rights and used rights tiles to link lessons and routines the school already had to the rights. Staff and the Primary 6 steering group delivered assemblies and whole school activities to promote the rights of a child.</p> <p>Other actions include establishing a Rights Respecting School Working Group and to embed the Northern Alliance 'Include: Equality, Diversity and Inclusion Guidance for Educational Settings.</p>
<p>Young people facing barriers are supported and leave school with sustained positive destinations.</p>	<p>Increasing the number of pupils entering positive destinations.</p> <p>Work continues to implement the Raising Attainment Strategy including the collection and analysis of data, and monitoring of the Pupil Equity Fund spending and impact.</p> <p>Actions to set new three year core stretch aims following updated guidance from Scottish Government, develop the focus on Free (School) Meals Entitlement and Care Experienced Children and Young People.</p>

Outcome	Progress
People in Orkney will have improved choice and accessibility to licensing application processes.	Provide increased choice for people accessing licensing applications. The Licensing team is currently working in partnership with the Organisational Development team to develop editable PDF forms to increase the availability of submitting these online.

Equal Pay

Orkney Islands Council is required to publish information on the percentage difference among our employees between men's average hourly pay (excluding overtime) and our women's average hourly pay (excluding overtime). This is known as the gender pay gap.

The gender pay gap figures are calculated using the average (mean) as well as the median average which gives a greater indicator of any gender inequalities in pay.

The figures have been calculated based on permanent employees and relief workers have not been included. For the purposes of equal pay calculations, the data relating to sex has been taken from the payroll records of employees. This is a separate record to that of the general diversity data held for each employee which relies on self-declaration.

There are some service areas that are traditionally more male-dominated, such as Marine Services and Towage staff, which are not part of most councils' remit in Scotland. These services are competing for some staff within private industry in the islands such as the oil and renewable energy sectors and therefore the level of pay reflects this.

We are committed to ensuring the process to determine pay and conditions of employment for all our employees should be free from bias and should not discriminate.

Reducing pay gaps at Orkney Islands Council is a long-term goal and we acknowledge that it is affected by societal and educational factors and we employ a complex and diverse workforce across a range of services and professional areas.

The following data are the most recent snapshot figures as at 31 March 2024 relating to pay gaps. These figures are used to inform ongoing actions within the plan.

Gender Pay Gap

Category	2023/2024	2022/2023	2021/2022
Total number of employees in top 5% of earners	96	94	92
Total number of women employees in top 5%	33	36	28
Percentage of women employees in top 5%	34.4%	38.3%	30.4%

The Gender Pay Gap for 2022/2023 was reported at 6.6%. The reduction in the gender pay gap figures for this year, as seen below, are as a result of a small increase in the number of female employees being employed in Head Teacher positions. This increase has not been reflected in the Top 5% figures above as this excludes Teaching employees. If Teachers were included in the Top 5% calculation, then female representation rises to 51.8%.

Sex	Post type	Total %	Average (Mean) Hourly Rate	Median Hourly Rate
Female	All	70.3%	17.52	14.13
	Full-time	30.5%	21.25	14.13
	Part-time	70.3%	15.88	14.13
Male	All	29.7%	18.35	14.13
	Full-time	65%	20.20	14.13
	Part-time	35%	14.92	14.13
Gender Pay Gap %			4.55	

Women in leadership

For the first time in the history of UHI Orkney, there's an all-female leadership team at the helm. New Principal, Professor Seonaidh McDonald and Deputy Principal, Pauline Black, took up their roles in April this year joining Claire Kemp, an established Deputy Principal at the facility since 2021.

The facility is an academic partner within the University of the Highlands and Islands (UHI), offering an extensive array of educational opportunities tailored to individuals at every stage of their learning journey. It works closely with the schools in Orkney to support the Curriculum for Excellence, providing a range of Skills for Work courses that allow young people to explore and work towards vocational qualifications.

The team has a strong focus on employee wellbeing and have made an early start building key relationships across the organisation.

James Wylie, Corporate Director of Education, Leisure and Housing at Orkney Islands Council said: 'An exciting new period lies ahead and we look forward to working together with Seonaidh, Pauline, Claire and the rest of the team to continue to go from strength to strength and further build and shape a college suited to the sustainability of Orkney, playing a major role in the Orkney Offer for our learners and continuing to lead very high calibre research.'

You can read the full news article [here](#).

Ethnicity Pay Gap

Our pay gap information for black and minority ethnic employee groups is based on a calculation for minority ethnic combined employees in comparison to white combined employees and does not include data for employees not stating their ethnicity.

No pay gap has been identified based on ethnicity however we acknowledge that we report low figures for ethnic diversity within our workforce. Work continues to address the gaps in employee diversity data.

Disability Pay Gap

Identified pay gaps are based on a calculation for disabled employee groups in comparison against employees with no disability. These calculations do not include the data for employees not providing information in this area, however this information is provided in the table below for transparency in terms of declaration rates.

Work continues to address the gaps in employee diversity data.

Disability	Post Type	Total %	Average (Mean) Hourly Rate	Median Hourly Rate
Yes Disability	All	4.8%	17.68	14.13
	Full-time	40.5%	21.88	19.66
	Part-time	59.5%	14.83	13.30
No Disability	All	65.7%	17.85	14.13
	Full-time	39.9%	20.99	17.83
	Part-time	60.1%	15.77	13.80
Prefer not to say	All	2.6%	17.45	15.67
	Full-time	43.1%	19.29	17.58
	Part-time	60.3%	16.24	13.69
No data	All	26.9%	17.61	14.13
	Full-time	43.1%	20.17	17.36
	Part-time	56.9%	15.67	13.30
Disability Pay Gap (%)			0.91	

Occupational Segregation

Occupational segregation is the concentration in particular grades and occupations of certain groups of employees.

Horizontal segregation is when women and men are concentrated into different types of work.

Vertical segregation is when women and men are concentrated into different levels of work

For example, women tend to be found in lower paid jobs such as in care, cleaning or admin roles and these jobs are also lower paid. It is one of the major causes of the gender pay gap.

From the figures below there is evidence of vertical segregation based on gender. There are high concentrations of women within the lower grade posts. These grades contain the traditionally female dominated roles such as Social Care Assistants, Care at Home, Cleaning and Administrative colleagues. Unlike some councils, OIC continues to directly employ people in lower-paid roles such as cleaning, which has an impact on gender pay gap figures particularly when making comparisons with benchmark data.

Figures show that more women are in lower graded posts across the Council and more men are holding higher grade posts. This changing point is around grade K and is influenced by the significant horizontal and vertical segregation within the Neighbourhood Services and Infrastructure directorate.

The figures also show there are more women than men in part-time roles, and it is noted that part-time work is often lower paid with fewer opportunities for progression. This means the gender pay gap is more apparent when comparing women's average hourly part-time wage versus men's average hourly full-time wage.

Work will be undertaken to analyse this further and be integrated into the Equally Safe at Work accreditation action plan. This will include assessing the data by grade to identify where part-time posts are concentrated and opportunities for part-time staff to progress into other roles, for example through flexible working and better training opportunities.

The following Occupational Segregation report is reported by directorate:

- ELH – Education, Leisure and Housing.
- ESR – Enterprise and Sustainable Regeneration.
- NSI – Neighbourhood Services and Infrastructure.
- OHAC – Orkney Health and Care.
- SPBS – Strategy, Performance and Business Solutions.

Occupational Segregation by Service and Gender 31/03/2024

	ELH		ESR		NSI		OHAC		SPBS		All Services	
Grade	Female	Male	Female	Male								
A	50%	50%	29.17%	70.83%	70.47%	29.53%			46.67%	53.33%	63.26%	36.74%
B	78.78%	21.22%		100%	30.77%	69.23%	77.94%	22.06%		100%	75.84%	24.16%
C	81.51%	18.49%	24.07%	75.93%	26.67%	73.33%	45.83%	54.17%	81.25%	18.75%	65.74%	34.26%
D	84.4%	15.6%	57.69%	42.31%	4.23%	95.77%	87.96%	12.04%	74.36%	25.64%	73.29%	26.71%
E	86.67%	13.33%	32.26%	67.74%	33.33%	66.67%	87.43%	12.57%	89.74%	10.26%	77.41%	22.59%
F	83.77%	16.23%	55.17%	44.83%	21.74%	78.26%	91.53%	8.47%	100%		80.99%	19.01%
G	85.88%	14.12%	56.25%	43.75%	45.45%	54.55%	72.22%	27.78%	84.62%	15.38%	77.46%	22.54%
H	72.34%	27.66%	64.71%	35.29%	21.43%	78.57%	86.84%	13.16%	41.67%	58.33%	62.68%	37.32%
I	71.43%	28.57%	58.82%	41.18%	39.13%	60.87%	50%	50%	70%	30%	56.06%	43.94%
J	87.5%	12.5%	85.71%	14.29%	38.46%	61.54%	87.88%	12.12%	66.67%	33.33%	77.33%	22.67%
K	50%	50%	50%	50%	9.09%	90.91%	66.67%	33.33%	33.33%	66.67%	39.13%	60.87%
L				100%		100%						100%
M	40%	60%	54.55%	45.45%	23.08%	76.92%	100%		60%	40%	46.34%	53.66%
N			33.33%	66.67%		100%	100%				50%	50%
Chief Officials	33.33%	66.67%		100%	50%	50%	100%		25%	75%	29.41%	70.59%
Lecturers	63.22%	36.78%									63.22%	36.78%

1514

	ELH		ESR		NSI		OHAC		SPBS		All Services	
Grade	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
Teachers	78.69%	21.31%									78.69%	21.31%
(Depute) Head Teachers	70.83%	29.17%									70.83%	29.17%
Others	100%		2.04%	97.96%							5.88%	94.12%

Annex 1 - Equalities monitoring data

Employee diversity and monitoring

The Council undertakes its equality duty to monitor and report on specific information about employees to help identify any trends and to address any identified inequalities. We collect, publish and monitor information about the diversity of our employees to help us check that we are supporting a culture of diversity and inclusion and identify areas for improvement. Whilst employees are asked to keep their diversity information up to date, the Council recognises that this is voluntary and not everyone chooses to disclose all information. Increasing disclosure rates on the diversity of our workforce is ongoing work.

When colleagues across Orkney Islands Council feel safe, supported and confident in being themselves at work, we gain the benefit of diversity across our organisation. Diversity of thought, expression and belief impacts how we deliver our services and increases the resilience of our organisation, increasing our ability to respond to the diverse needs of our community.

Employees are asked to update their own personal information held on the electronic HR system MyView. This includes the ability to update details relating to the protected characteristics which can be updated at any time through the self-service system.

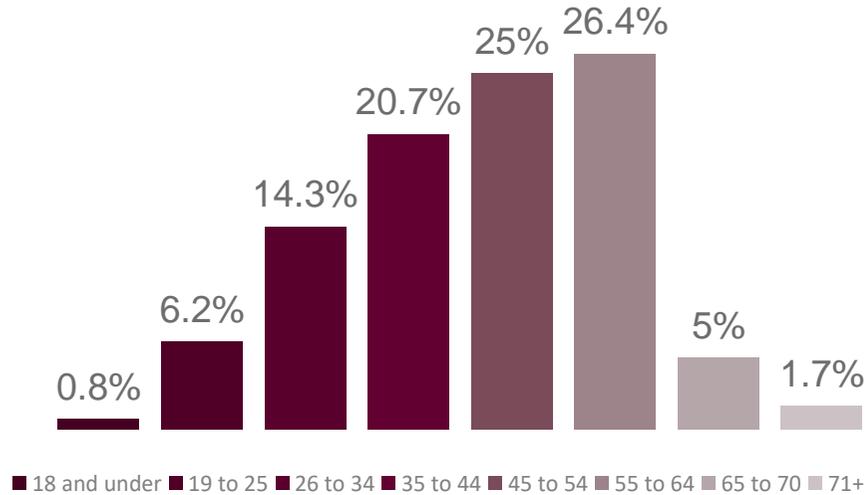
As highlighted in last year's report, work was undertaken to ensure our reporting categories matched the revisions of the Census 2022 to enable more effective benchmarking. These changes prevented us from transferring previously provided data in some of the categories but have also enabled us to include additional information such as caring responsibilities and long-term health conditions.

Actions have been taken over the past year to increase the disclosure rates of employee diversity data. Planned communications have included organisation-wide emails and poster campaigns. This approach has seen some positive results with an additional 120 people updating their diversity details following organisation-wide communications in August. A further 190 employees updated their details after a follow-up email was sent to People Managers asking them to remind their team members to update their details. An ongoing communication plan is in place to further increase declaration rates.

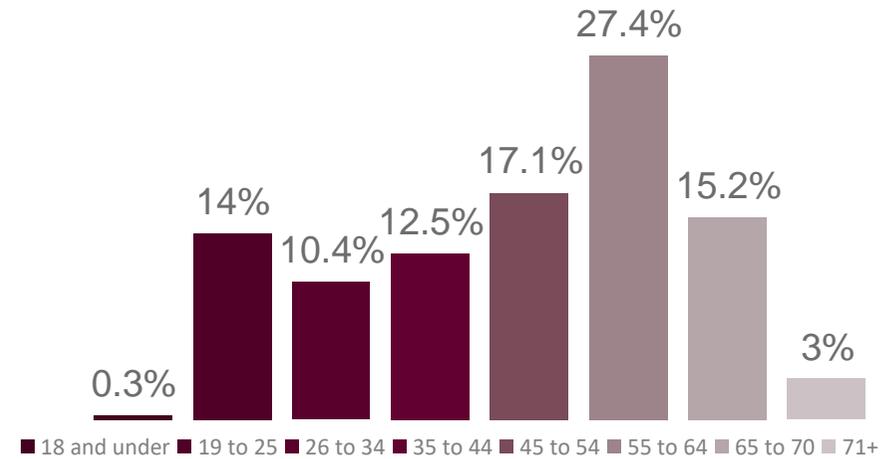
This reporting period highlights the significantly low numbers of new starters completing their diversity details on MyView. The online Induction programme and accompanying Manager toolkit highlights the requirement to complete the diversity data section on MyView for all new employees and further opportunities have been identified to reinforce this message including a short video on how to enter diversity details on MyView to be added to the online induction course and a reminder to update diversity data and emergency contact details as part of the invitation to the Welcome to the Council event. Work is also underway with HR colleagues to identify further opportunities to increase the messaging around this important initiative.

About our workforce

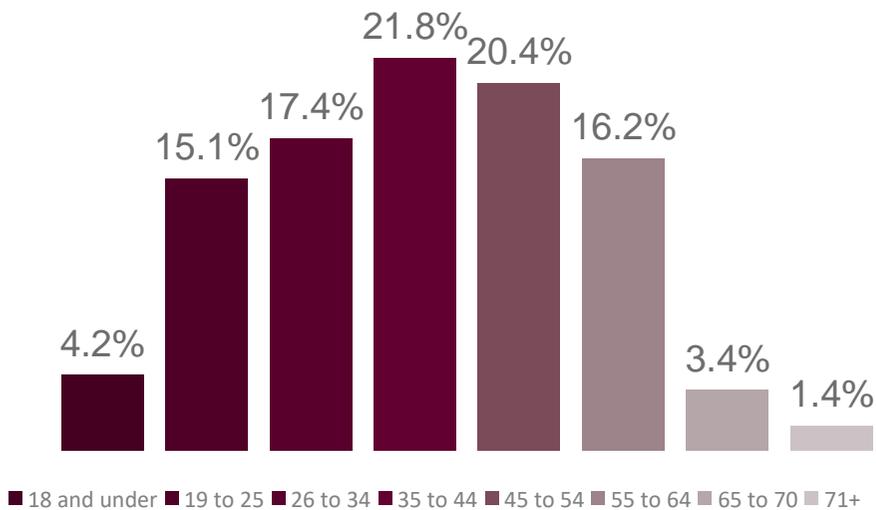
Age - all employees



Age - leavers



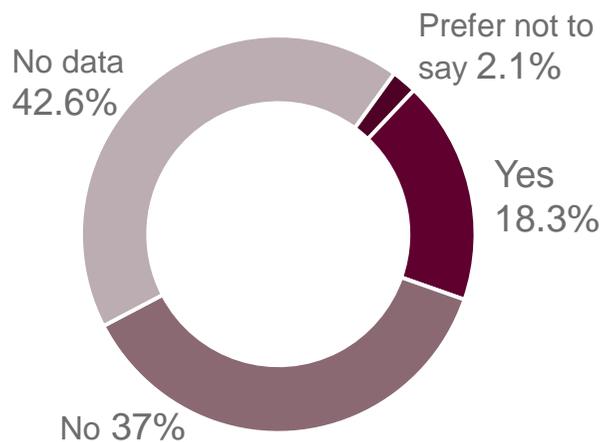
Age - new starts



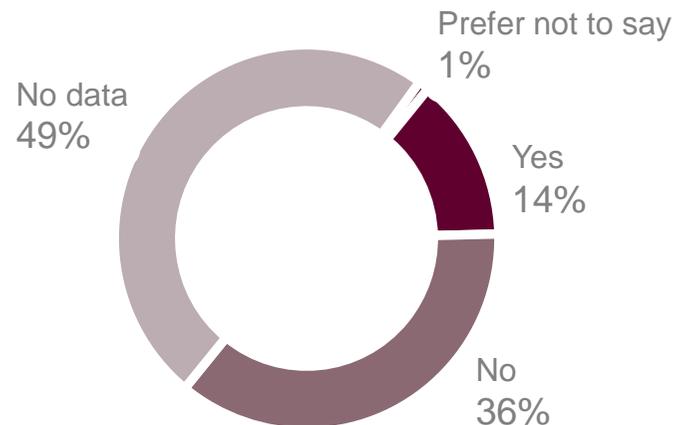
The age profile of the workforce hasn't changed significantly from previous reporting figures with the largest proportion of our employees between the ages of 35 and 64. Figures show a higher proportion of younger employees joining the organisation (15.1%) and slightly higher proportion of new starts between the ages of 25 and 44.

Performance management statistics show of the employees involved in either a grievance, disciplinary or dignity at work process, the majority are between the ages of 45 and 64. These figures are reflective of the age profile of our employees and do not significantly differ from previous years' figures.

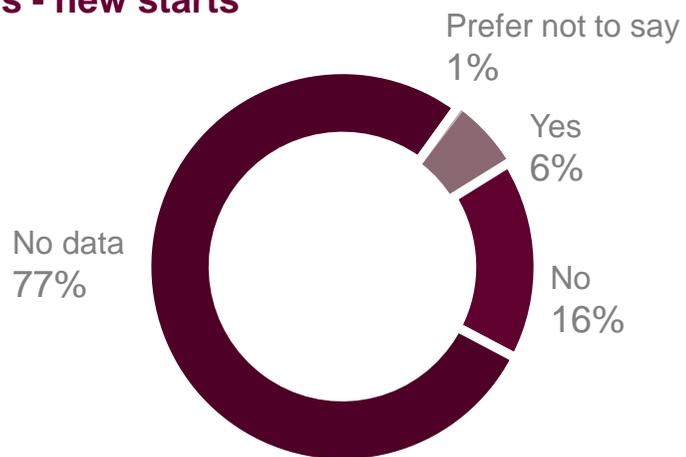
Carers - all employees



Carers - leavers



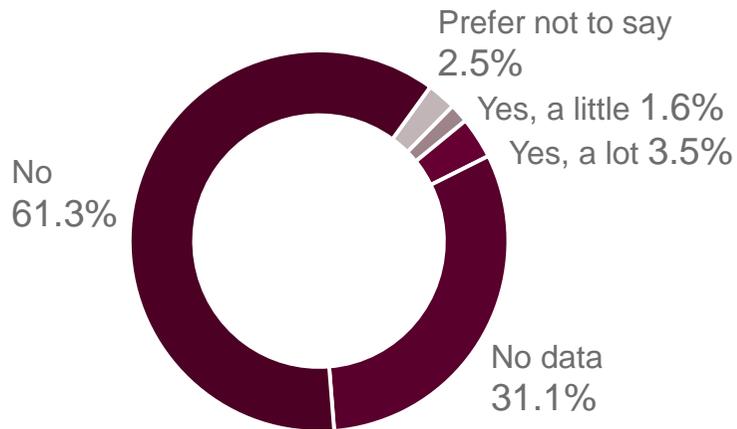
Carers - new starts



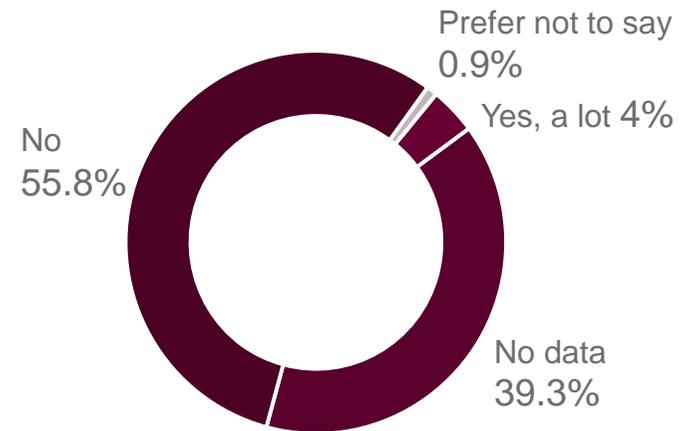
There has been a very slight decrease (1%) in the number of employees stating that they have caring responsibilities since our last report.

Figures for new starts remain consistent from last years' figures and we have seen a slight increase (around 3%) of leavers who have caring responsibilities.

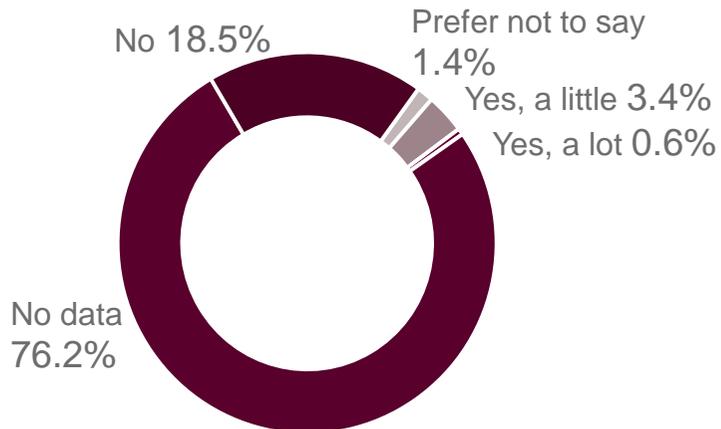
Disability - all employees



Disability - leavers



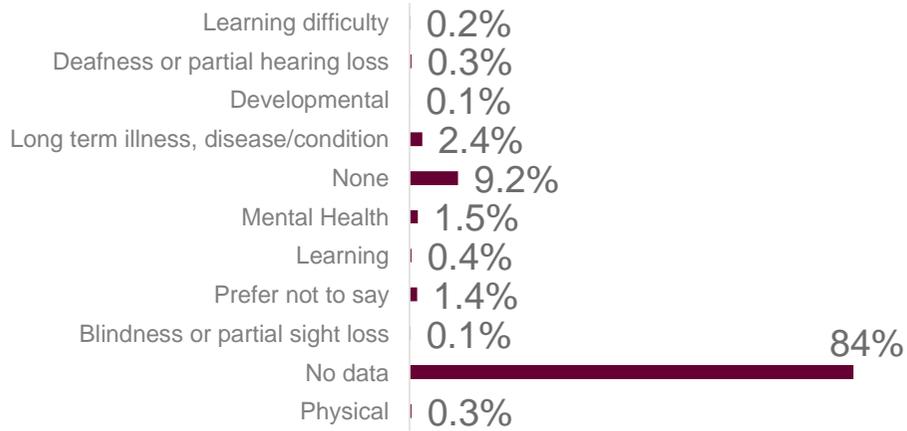
Disability - new starts



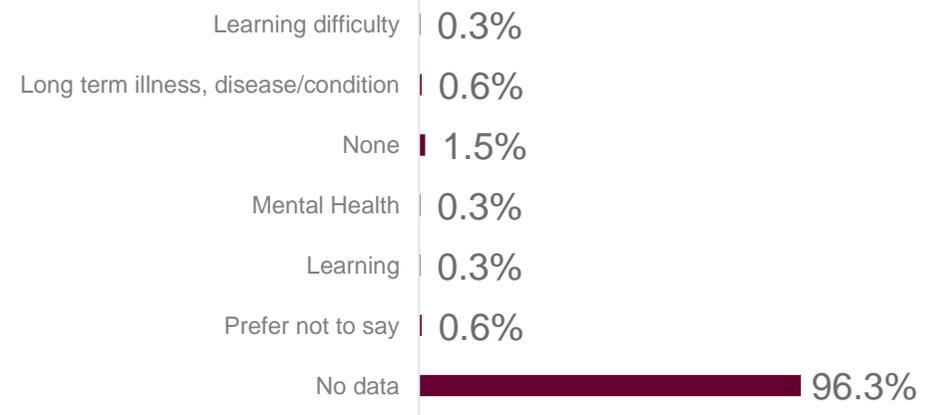
Disability figures have largely remained the same since the previous reporting period for all employees.

New start declaration rates have dipped by around 12% from previous reporting and the New Employee Induction process and Manager toolkit is currently being reviewed to strengthen the opportunities for signposting the requirement to complete emergency contact details and diversity data as part of the onboarding process. This will include links with the HR recruitment process and Welcome to the Council event.

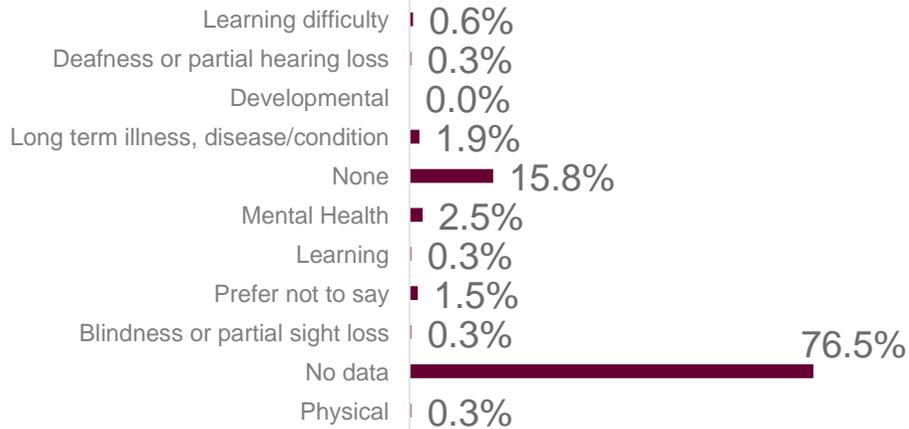
Health condition - all employees



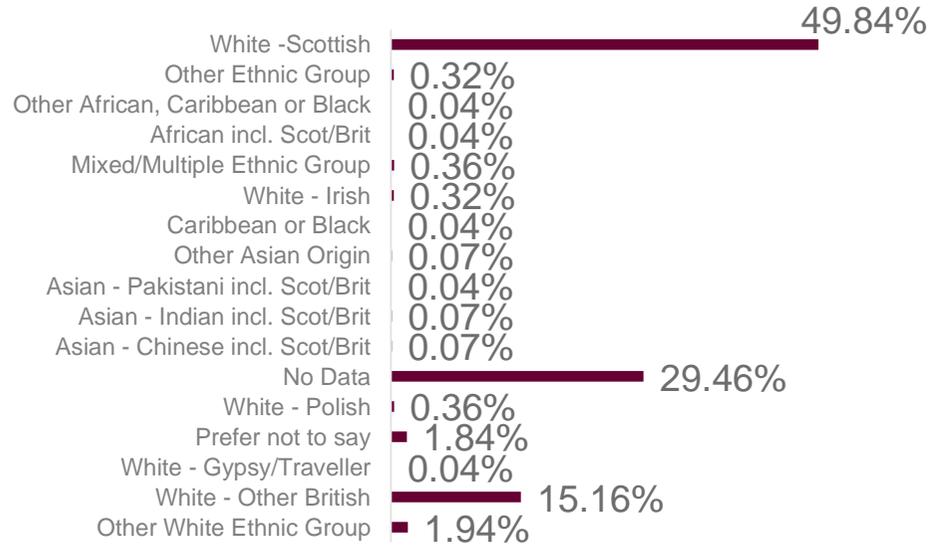
Health condition - leavers



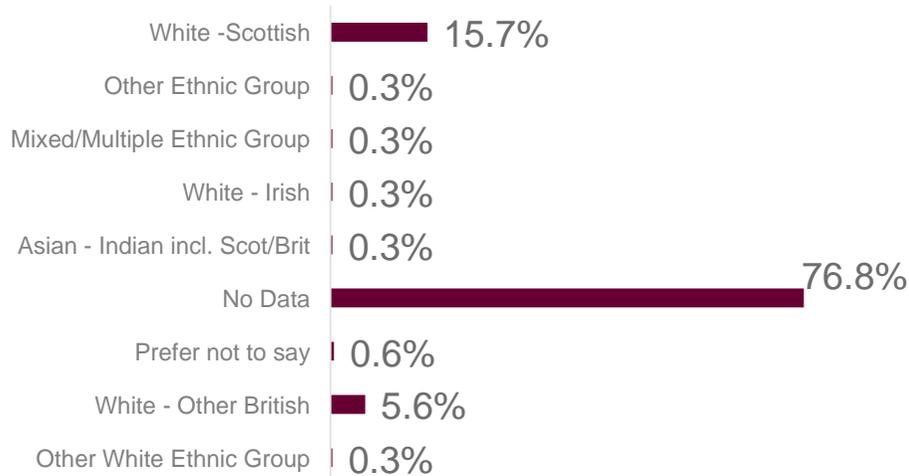
Health condition - new starts



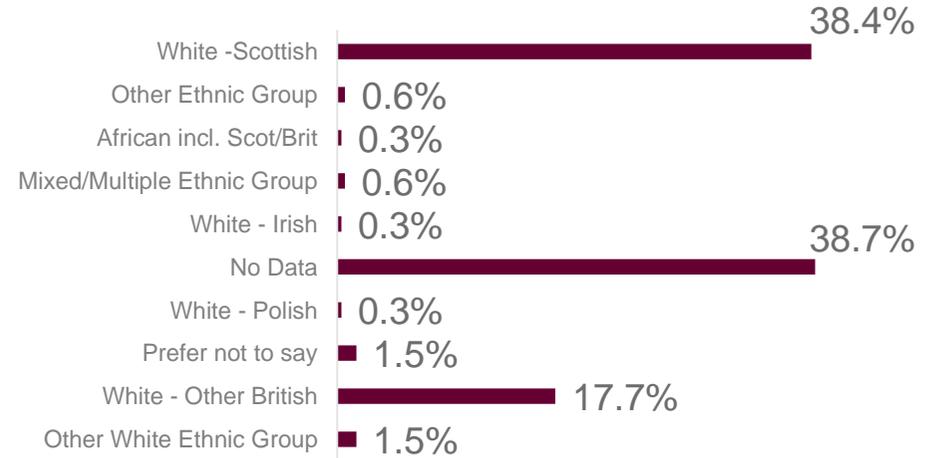
Ethnicity - all employees



Ethnicity - new starts



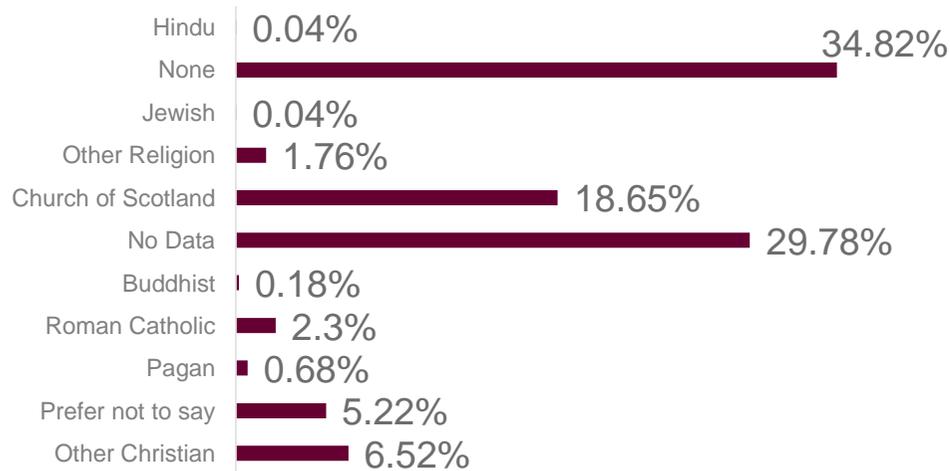
Ethnicity - leavers



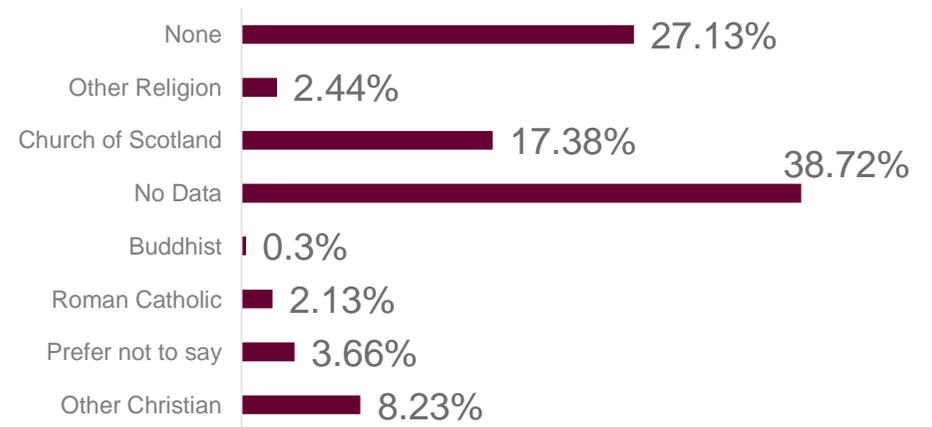
Figures relating to employee ethnicity are similar to those at the end of 2022. For new starts there has been a slight decrease in those identifying as White – Scottish which may be accounted for by the increase in new starter records with no data.

There has been around a 10% decrease in the number of leavers identifying as White – Scottish and an increase of approximately 2% of leavers identifying as White – Other British.

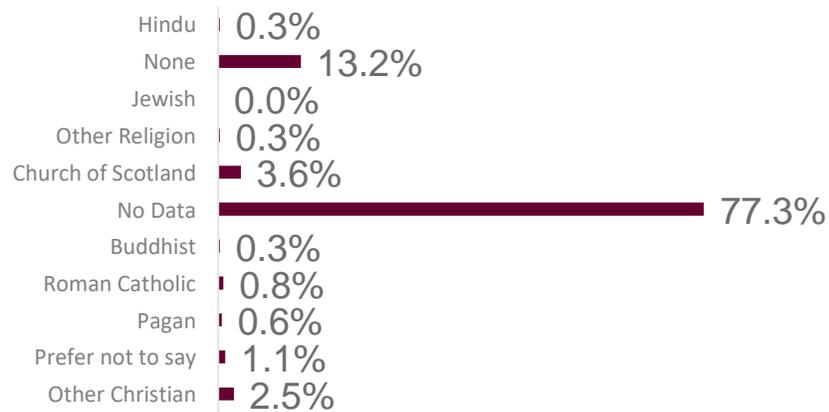
Religion or Belief - all employees



Religion or Belief - leavers



Religion or Belief - new starts

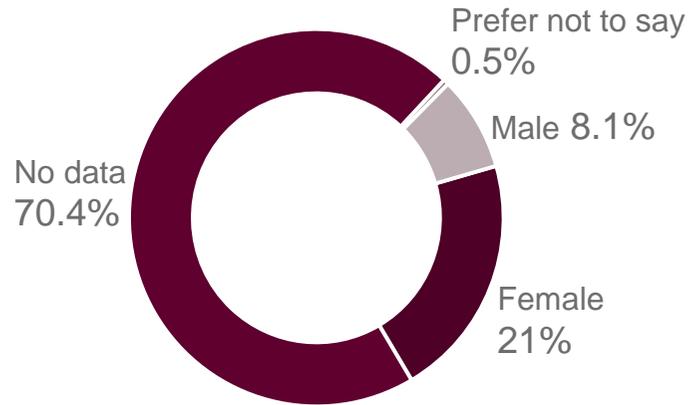


Data comparisons show a very slight drop in employees recording Church of Scotland, Other Christian and Other Religion and a small increase in those recording No Religion, but no significant changes.

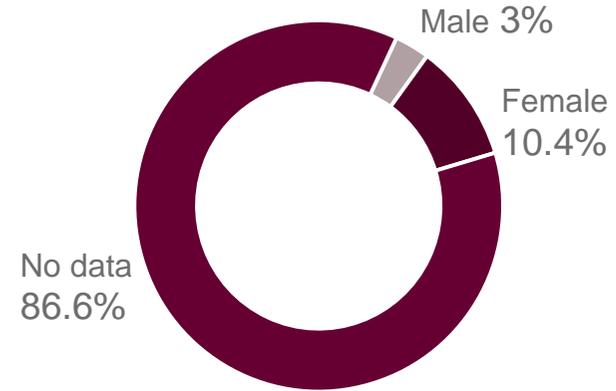
For new starts there has been decrease in those recording religion as Church of Scotland (just under 3%), Other Christian (approximately 2%) and No Religion (approximately 13%) however, a significant increase in new starts not providing data (around 20%).

There has been around a 4% reduction in Leavers recording Church of Scotland, but other figures remain largely consistent with previous years.

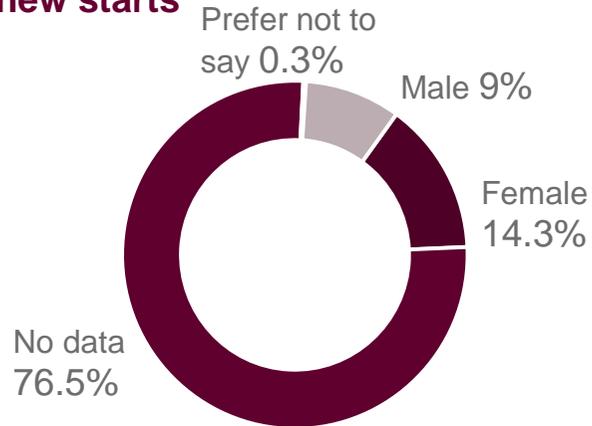
Sex - all employees



Sex - leavers



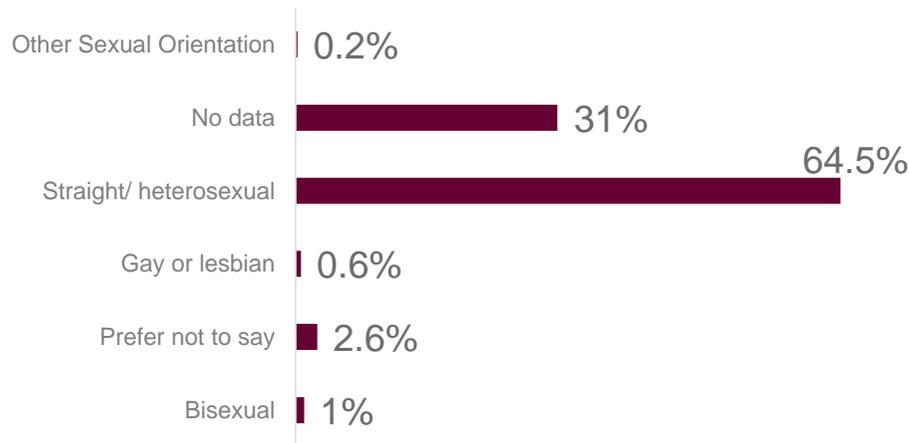
Sex - new starts



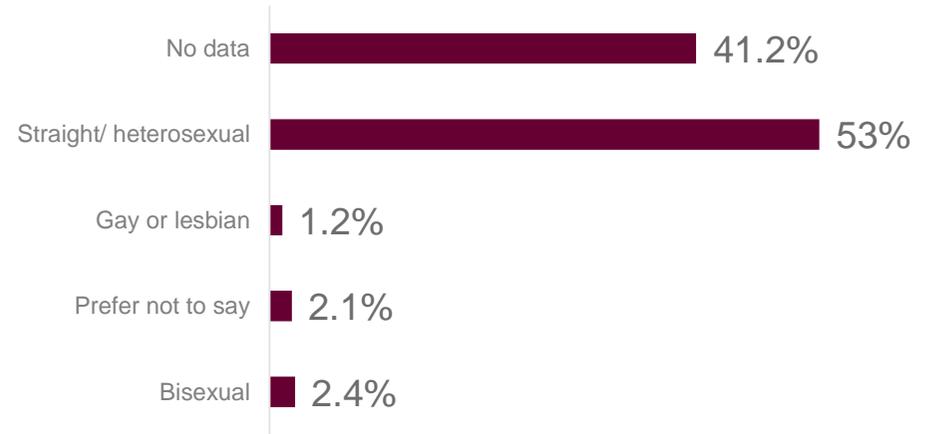
Declaration rates for Sex have increased by around 10% for all employees since the previous reporting period although these still remain low.

Performance management statistics show of the employees involved in either a grievance, disciplinary or dignity at work process, 58% are women and 42% are men. Male representation in this area is slightly higher than the male representation of the overall workforce but is not significantly different from previous years' figures.

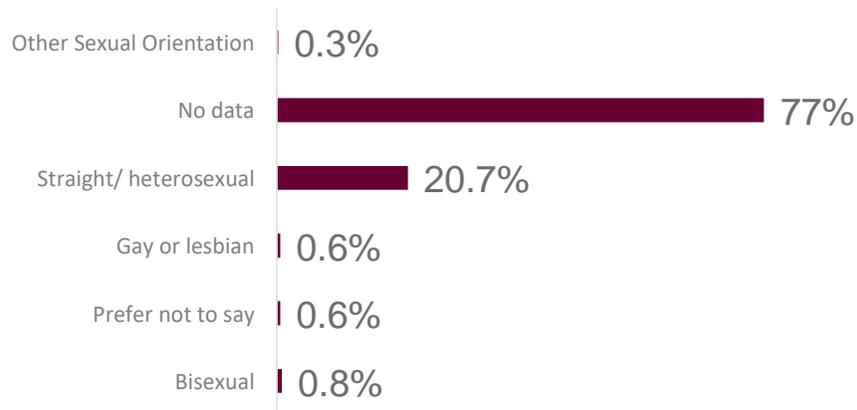
Sexual orientation - all employees



Sexual orientation - leavers



Sexual Orientation - new starts



Overall figures and Leaver figures for Sexual Orientation remain consistent with the previous reporting period.

New start declaration rates are low and is reflective of other protected characteristic disclosure rates.

Transgender employees

Figures are collected for Transgender employees, new starts and leavers and these remain low (less than 1%) but analysis shows that these are consistent with previous years' data.

Orkney Islands Council – Public Bodies Climate Change Duties Report – 2023-24

The following pages set out the draft submission for OIC, for 2023-24. Reports for earlier years are published on the Sustainable Scotland Network (SSN) website

<https://sustainablesotlandnetwork.org/reports>. The sections are as follows (for full descriptions, template sections and notes see the link provided).

- Boundary Info
- Part 1 Profile of reporting body
- Part 2 Governance, Management and Strategy
- Part 3 Emissions
- Part 4 Adaptation
- Part 5 Procurement
- Part 6 Validation
- Part 7 Recommended Reporting – Reporting on wider influence

Public Bodies Climate Change Duties Compliance Reporting Template 2023/24 FY

Please answer all questions below with respect to the public body's reporting boundary for the reporting period. The information is intended to improve data coverage and inform analysis, in particular, to help identify data gaps. There are 3 response options:

- YES - where data is available and is reported
- NA - where a category is relevant but no data is available
- NO - the category is not relevant

Any points of clarification can be added in the comments field for the corresponding emission source(s) in Table 3b on the Emissions tab.

Category		Select from
Owned estate	Are any buildings owned by the public body?	Yes
Managed services	Are building services managed on behalf of another public body that shares or leases space?	Yes
Leased premises -public	Are building services managed and provided by another public body?	Yes
Leased premises - private	Are building services managed and provided by a private landlord?	NA
Streetlighting	Are streetlights owned or operated?	Yes
Fleet and equipment	Are any vehicles or fossil-fueled machinery or equipment owned or leased, excludes short-term or infrequent hires?	Yes
Refrigerants/F-gases	Are there any air conditioning or refrigeration systems that require refrigerant gas top-ups?	Yes
Medical gases	Are medical gases used?	No
Business travel - private	Do staff undertake business travel by private car?	Yes
Business travel - flights	Do staff undertake any business travel by plane?	Yes
Homeworking	Do staff work from home - including hybrid?	Yes
Supply chain	Are any goods or services purchased?	Yes
Land use	Are more than 10 hectares of land owned or managed for public services provision, including for research or recreation?	Yes
Waste services	Is the public body responsible for collecting household or municipal waste?	Yes

Public Sector Report on Compliance with Climate Change Duties 2024 Template FY

PART 1 Profile of Reporting Body

1a Name of reporting body

Provide the name of the listed body (the "body") which prepared this report.

Orkney Islands Council

1b Type of body

Select from the options below

Local Government

1c Highest number of full-time equivalent staff in the body during the report year

1709

1d Metrics used by the body

Specify the metrics that the body uses to assess its performance in relation to climate change and sustainability.

Metric	Units	Comments
Please select from drop down box		
Other (please specify in comments)	Total emissions	TCO2e as per Carbon management Programme baseline

1e Overall budget of the body

Specify approximate £/annum for the report year.

Budget

Budget Comments

£100,777,600 Approved budget figure for the financial year

1f Report type

Check the report year type is correct. The alternative template must be used for academic year reporting.

Reporting type

Report year comments

Financial/Calendar/Other

Financial

1g Context

Provide a summary of the body's nature and functions that are relevant to climate change reporting.

Orkney Islands Council provides the public with a range of services that are statutorily required of Scotland's local authorities.

Additionally, the Council provides a range of inter-island ferries and air flights to link the North and South Islands of Orkney with the Orkney Mainland.

Municipal waste is either recycled or shipped to Shetland for incineration which powers a district heating scheme in the main town of Lerwick.

The authority provides pilotage and towage services for oil and gas at Flotta oil terminal and provides a base within Scapa Flow for ship to ship transfers of oil. It also provides a berth for visiting cruise liners. The Council supports the development of a number of renewable energy projects including, on and offshore wind, solar, heat, green hydrogen and tidal innovations locally. Priority themes in the Council Plan are built upon core principles and 'Protecting our Environment and combating Climate Change' is one of the 5 core principles. The plan states that these will guide future decision making relating to all of the Council's aims. Climate change is therefore embedding as a core consideration into a range of OIC plans and strategies both in relation to mitigation and adaptation (for example the Road Management and Maintenance Plan indicates that the effects of climate change must also be considered in planning for both roads maintenance and for emergency response). The Council is engaged and supporting developing initiatives for net zero transition, such as the Islands Centre for Net Zero (a significant and emergent collaboration) and other Islands Deal initiatives along with Carbon Neutral Islands. In addition, Orkney College in Kirkwall is both part of Orkney Islands Council and one of the 12 Academic Partners of the University of the Highlands and Islands.

Governance and management

2a How is climate change governed in the body?

Provide a summary of the roles performed by the body's governance bodies and members in relation to climate change. If any of the body's activities in relation to climate change sit outside its own governance arrangements (in relation to, for example, land use, adaptation, transport, business travel, waste, information and communication technology, procurement or behaviour change), identify these activities and the governance arrangements. Provide a diagram / chart to outline the governance structure within the body.

Climate Change objectives are established at the Council's Policy and Resources Committee and agreed at full Council. A new Orkney Islands Council Plan 2023-28 was agreed by the Committee on 21 February 2023 along with a delivery plan, including the following reference on Climate Change and the Climate Emergency;

"Underpinning all of our plans is the Council's commitment to combat climate change, having joined councils around the world in declaring a climate emergency in 2019. The opportunity to grow our green and blue economies with land and sea-based renewable energy projects will give Orkney a head start in the race to net zero, reducing energy use whilst simultaneously boosting employment. We will update the Council's own estate to reduce our carbon footprint, improve the energy efficiency of our social housing and facilitate affordable measures to upgrade cold homes and combat fuel poverty".

The new Orkney Community Plan (LOIP) 2023-30 was agreed at the Orkney Partnership Board meeting of 14 March 2023. The planning horizon includes a commitment to net zero and there is more detail as to how we plan to achieve it under the section on Sustainable Development. The Orkney Partnership working groups and governance can be seen on these pages - <https://www.orkneycommunities.co.uk/communityplanning/index.asp>

2b How is climate change action managed and embedded in the body?

is allocated to the body's senior staff, departmental heads etc. If any such decision-making sits outside the body's own governance arrangements (in relation to, for example, land use, adaptation, transport, business travel, waste, information and communication technology, procurement or behaviour change), identify how this is managed and how responsibility is allocated outside the body. Provide a diagram to show how responsibility is allocated to the body's senior staff, departmental

Action on Climate change has been managed through the carbon management programme and the strategic environmental impact assessment (SEA) process. Other policies and projects have been developed and delivered on an ad hoc basis per policy or project. The Council is also a facilitating member of the Orkney Community Planning Partnership which establishes and maintains Orkney's Community Plan. The Council's risk register has been updated to include Climate Change.

The Council Plan and Delivery Plan, together set out the key priorities for the Council over the next five years, including milestones for Climate Change and Net Zero (and are supplemented / supported by Directorate plans). Priorities were developed following feedback from the public, as well as reflecting national priorities set by both the Scottish and UK Governments, the core services which the Council provides day to day and new duties arising from recent legislation. https://www.orkney.gov.uk/media/320prbo/council_plan.pdf

Climate change strategy within Orkney Islands Council is led by its Development and Marine Planning team which, in turn, forms part of the Neighbourhood Services and Infrastructure Directorate. An officer working group with representation across services and Directorates has been established.

2c Does the body have specific climate change mitigation and adaptation objectives in its corporate plan or similar document?

Wording of objective	Name of document
We will work towards becoming net zero	The Council Plan 2023-2028
Orkney is on track to become net zero by 2030	The Council Plan 2023-2028
We have reduced the carbon used during the course of our direct and indirect activities	The Council Plan 2023-2028
We have grown our green and blue economies	The Council Plan 2023-2028
Everyone in Orkney has reduced their carbon footprint (the greenhouse gases generated by their actions)	The Council Plan 2023-2028

2d Does the body have a climate change plan or strategy?

If yes, provide the name of any such document and details of where a copy of the document may be obtained or accessed.

Climate Change milestones and commitments are embedded in the Council's Strategic Plan and Delivery Plan (2023-2027). The Council is also to develop a Climate Change Strategy and Action Plan and in the 2023-2024 financial year, work commenced as summarised in a report to the Council's Policy and Resources Committee (September 2023).

2e Does the body have any plans or strategies covering the following areas that include climate change?

Provide the name of any such document and the timeframe covered.

Topic area	Name of document	Time period covered
Adaptation	Local Flood Risk Management Plan	2022-2028
Business travel	Carbon Management Programme	2016-2026
Staff Travel	Carbon Management Programme	2016-2026
Energy efficiency	Carbon Management Programme	2016-2026
Fleet transport	Carbon Management Programme	2016-2026
ICT	N/A	
Renewable energy	Carbon Management Programme	2016-2026
Sustainable/renewable heat	Carbon Management Programme	2016-2026
Waste management	Orkney and Shetland Waste Plan	
Water and sewerage	Kirkwall Surface Water Management Plan	
Land Use	Local Development plan	
Other (please specify in comments)	The Council Plan	
Please select from drop down box	The Council Delivery Plan	
Please select from drop down box	Procurement Strategy 2023-2028	
Water and sewerage	Orkney Flood Risk Management Plan	
Please select from drop down box	Orkney Harbours Master Plan	
Land Use	Verge Maintenance Plan	

2f What are the body's top 5 priorities for climate change governance, management and strategy for the year

Provide a brief summary of the body's areas and activities of focus for the year ahead.

For the year 2023-24 these include the following - 1) Finalise the Orkney Sustainable Energy Strategy Action Plan 2) Commence development of the Council Climate Change Strategy and Action Plan 3) Commence work on the Coastal Change Adaptation Plan 4) Continue to support the County's energy transition, for example by the development of community wind projects and 5) supporting the growth of Climate Change and Net Zero elements of the Islands Growth Deal.

2g Has the body used the Climate Change Assessment Tool (a) or equivalent tool to self-assess its capability / performance?

If yes, please provide details of the key findings and resultant action taken.

In 2023, a seminar session was held on Climate Change, which included presentations by the Sustainable Scotland Network (SSN) and the Improvement Service and elected members were introduced to the Sustainable Scotland Network's Climate Emergency Leaders Checklist (which is understood to have replaced the Resource Efficient Scotland tool for this context).

2h Supporting information and best practice

Provide any other relevant supporting information and any examples of best practice by the body in relation to governance, management and strategy.

In September, the Council's Policy and Resources Committee received and approved a report, outlining steps (including principles and timeline) for the development of the Council's Climate Change Strategy - <https://www.orkney.gov.uk/media/akqorobh/item-24-climate-change-strategy.pdf>

3a Emissions from the start of the year which the body uses as a baseline (for its carbon footprint) to the end

Reference year	Year	Scope 1	Scope 2	Scope 3	Total	Units	Comments
Baseline Year	2006/07	16,202	5,773	549	22,523.90	tCO ₂ e	
Year 1 carbon footprint	2007/08	15,695	5,992	563	22,249.70	tCO ₂ e	
Year 2 carbon footprint	2008/09	15,617	5,606	495	21,717.40	tCO ₂ e	
Year 3 carbon footprint	2009/10	16,251	5,955	550	22,756.80	tCO ₂ e	
Year 4 carbon footprint	2010/11	15,997	5,443	550	21,990.50	tCO ₂ e	
Year 5 carbon footprint	2011/12	15,033	5,507	470	21,010.50	tCO ₂ e	
Year 6 carbon footprint	2012/13	15,853	5,780	428	22,061.50	tCO ₂ e	
Year 7 carbon footprint	2013/14	14,674	6,543	457	21,675.20	tCO ₂ e	
Year 8 carbon footprint	2014/15	16,531	7,030	649	24,209.60	tCO ₂ e	
Year 9 carbon footprint	2015/16	16,293	6,998	692	23,982.50	tCO ₂ e	
Year 10 carbon footprint	2016/17	16,278	5,320	1,049	22,647.30	tCO ₂ e	
Year 11 carbon footprint	2017/18	16,370	4,535	1,128	22,033.10	tCO ₂ e	
Year 12 carbon footprint	2018/19	16,345	3,381	1,023	20,748.30	tCO ₂ e	
Year 13 carbon footprint	2019/20	16,059	2,869	978	19,905.50	tCO ₂ e	
Year 14 carbon footprint	2020/21	14,287	2,743	646	17,676.00	tCO ₂ e	
Year 15 carbon footprint	2021/22	16,267	2,744	723	19,734.00	tCO ₂ e	Estimate added for home working
Year 16 carbon footprint	2022/23	15,418	2,584	1,192	19,194.47	tCO ₂ e	Waste and T+D now counted as scope 3
Year 17 carbon footprint	2023/24	14,303.90	2,901.01	1,181.67	18,386.58	tCO ₂ e	

3b Breakdown of emission sources

Emission Type	Emission source	Consumption data	Units	Emission factor	Units	Emissions (tCO ₂ e)	Comments
Electricity	Electricity: UK	14,009,500	kWh	0.20707	kg CO ₂ e/kWh	2901.00725	electricity metered
Electricity	Transmission and Distribution	14,009,500	kWh	0.01792	kg CO ₂ e/kWh	250.98175	
Fuels	Gas oil	869,846	litres	2.75541	kg CO ₂ e/litres	2396.78148	
Fuels	LPG	140,126	litres	1.55713	kg CO ₂ e/litres	218.19409	
Transport - car	Average car - UK	1,099,665	km	0.16664	kg CO ₂ e/km	183.24662	
Transport - public	Flights - Domestic	1,154,834	passenger.km	0.27258	kg CO ₂ e/passe	314.78094	
Transport - public	Flights - International	95,737	passenger.km	0.17580	kg CO ₂ e/passe	16.83056	
Transport - public	Ferry - Average	22,112	passenger.km	0.11270	kg CO ₂ e/passe	2.49198	
Fuels	Marine gas oil	2,915,255	litres	2.77139	kg CO ₂ e/litres	8079.30498	ferry fleet
Fuels	Marine gas oil	439,500	litres	2.77139	kg CO ₂ e/litres	1218.02537	Tugs
Fuels	Marine gas oil	177,335	litres	2.77139	kg CO ₂ e/litres	491.46423	harbour craft
Fuels	Aviation spirit	140,000	litres	2.33116	kg CO ₂ e/litres	326.36277	inter island service
Fuels	Diesel (average)	120,000	litres	2.51206	kg CO ₂ e/litres	301.44767	public buses
Fuels	Diesel (average)	506,486	litres	2.51206	kg CO ₂ e/litres	1272.32519	Construction emission
Waste	Household/Municipal	416	tonnes	497.04471	kg CO ₂ e/tonne	206.97737	% estimate as OIC waste
Waste	Paper and board	443	tonnes	21.28081	kg CO ₂ e/tonne	9.43519	% estimate as OIC waste
Waste	Household/Municipal	1,364	tonnes	21.28081	kg CO ₂ e/tonne	29.03638	% estimate as OIC waste
Homeworking	Homeworking (FTE Working Hours)	394,240	FTE Working Hours	0.33378	kg CO ₂ e/FTE Working Hour	131.58990	
Other	Other (please specify)	36,300		1.0000000		36.300	Shipping of Orkney's total waste to

3c Generation, consumption and export of renewable energy

Technology	Electricity	Renewable Heat		Comments
	the body (kWh)	consumed by	Total exported	
Wind	158,740			
Ground Source Heat Pump		2,916,380		GSHPs + 1 Sea Pump
Solar PV	173,412			

3d Organisational targets

Name of target	Target	Year used as baseline	Baseline figure	Units of baseline	Target completion year	Progress against target	Comments
Carbon Management Programme	42 percent reduction	2005/06	26,136	tonnes	2025/26	4	The progress is reported as annual % reduction (over last 12 Months). Following adoption of the Council Plan with net zero objectives and targets, a new baseline will be established.
OIC Council Plan Net Zero	On Course for Net Zero by 2030	Please select from drop down		Other (please specify in comment)	2030/31		The 5 year plan has set a target to be on course for net zero by 2030 - this will require new baseline.
Percentage of Council dwellings that are energy efficient	90% by 2027/2028	2020/21		Please select from drop down	2027/28		Newly adopted 5 year plan has set a target to improve energy efficiency from 88% to 90% in Council dwellings over the period.
CO2 emissions area wide per capita	9 tonnes	2020/21	11	tonnes	2027/28		New 5 year plan has set this target based on per capita area wide emissions
CO2 emissions area wide emissions within scope of Local Authority per capita (in tonnes)	5 tonnes	2020/21	4	tonnes	2027/28		New 5 year plan sets this target - CO2 area wide emissions within scope of Local Authority per capita (in tonnes)
Percentage of dwellings in Orkney in fuel poverty	19	2020/21	31	Other (please specify)	2027/28		New 5 year plan sets this fuel poverty target

3da**How will the body align its spending plans and use of resources to contribute to reducing emissions and delivering its emission reduction targets?**

Spending on climate related projects is undertaken by service areas within the local authority. Significant spend on climate related projects relates to the Local Authority's development of the 'strategic projects' – onshore wind projects at Hoy, Quanterness and Faray. In addition a further capital spend relates to a replacement energy efficient 40 bed Care home and a new nursery building.

Otherwise, the budgets are set and each service has discretion on how they spend their budgets and achieve reductions in emissions. This can be seen, for example, through the purchase of electric vehicles, or the installation of insulation and photovoltaic panels at Council houses.

The Repairs and Maintenance outturn budget monitoring reports will give evidence of repairs and remedial works undertaken. The Capital Expenditure outturn details the Council's capital projects and progress. Progress and spending in relation to Energy Efficiency Standards for Social Housing is reported via the Council chamber on an annual basis

3db

How will the body publish, or otherwise make available, its progress towards achieving its emissions reduction targets?

publication of annual carbon emissions through Scottish Government reporting and also report to elected representatives Policy and Resources Committee (currently every November) - <https://www.orkney.gov.uk/Council/C/policy-and-resources.htm> --
Also, use of branding and Council webspace to communicate Climate Change

3e Estimated Total Carbon Savings in the report year

Estimated total annual carbon savings from all projects implemented by the body in the report year

Emissions source	estimated annual carbon savings (tCO ₂ e)	Comments
Electricity	10	Heat Pumps
Natural gas		
Other heating fuels	20	Two oil heating systems upgraded to improved efficiency in challenging (Historic) buildings
Waste		
Water and sewerage		
Travel		
Fleet transport		Continue to expand electric vehicle fleet as part of vehicle replacement programme. 6 new fleet chargers at council offices
Other (please specify in comments)		Street Lighting - Average annual electricity consumption per lantern has reduced from 344kwh in 2014 to 157kwh in 2024. LED now upgraded = 95% of lighting

3f Detail top 10 carbon reduction projects

Project name	Funding source	First full year of CO ₂ e savings	Are these savings figures estimated or actual?	Capital cost (£)	Estimated carbon savings per year (tCO ₂ e/annum)	Comments
St Andrews School	Capital Project	2023/24	Estimated	3,625,780	10	Oil system replaced with new Heat Pumps - At same time the building size increased 50%
Stromness Town Hall	Capital Project	2024/25	Estimated	231,207	2	Oil heating system replaced / updated in historic building (more efficient oil based system)
St Magnus Cathedral	Capital Project	2024/25	Estimated	310,350	18	Oil heating system replaced / updated in historic building (more efficient oil based system)

3g Estimated decrease or increase in the body's emissions attributed to factors (not reported elsewhere in this form) in the report year

No Entries Made

3h Anticipated annual carbon savings from all projects implemented by the body in the year ahead

Emissions source	Total estimated annual carbon savings (tCO ₂ e)	Comments
Electricity	28	Kirkwall Nursery - Heat Pumps displacing former oil heating

3i Estimated decrease or increase in emissions from other sources in the year ahead

No Entries Made

3j Total carbon reduction project savings since the start of the year which the body used as a baseline for its carbon footprint

Total savings	Total estimated emissions savings (tCO ₂ e)	Comments
Total project savings since baseline year		This will be updated in 2024/25 submission

3k Supporting Information and best practice

Emissions associated with water are not yet included in baseline or in annual reports (in section 3a / 3b). This is being reviewed in 2024, as part of OIC inventory scope and baseline emissions review (Delivery Plan action). It is likely that these emissions will be included from 2024/25 onwards, potentially along with other sources.

PART 4 - ADAPTATION**4a Has the body assessed current and future climate-related risks?**

Orkney Islands Marine Region: State of the Environment Assessment 2020 (<https://www.orkney.gov.uk/our-services/planning-and-building/development-and-marine-planning-policy/marine-planning/state-of-the-environment-assessment/>) provides a snap-shot of the physical, environmental, social and economic condition of the Orkney Islands marine region, including a summary of significant pressures and impacts from climate change.

The Council worked with SEPA and Scottish Water to develop flood risk management actions to be delivered in Orkney between 2022 and 2028. These were published by SEPA in the 2nd Cycle Flood Risk Management Plan for the Orkney Local Plan District in January 2022. The Orkney Local Flood Risk Management Plan (<https://www.orkney.gov.uk/media/4nd11ko1/orkney-local-flood-risk-management-plan-2022-2028.pdf>) published by Orkney Islands Council in December 2022, identifies what actions are to be undertaken locally and how they are to be funded.

In April 2022, Scottish Flood Forum (SFF) inspected and later provided Property Flood Reports for a number of houses on the Orkney mainland and linked isles. Following the April visit, the South Ronaldsay and Burray Flood Group (SRBFG) was initiated by this community, assisted by SFF. From the summer of 2022, the SRBFG worked, with regular meetings, toward the development of a community flood plan.

The Council continues to work with SEPA and Scottish Water to gather data to ensure that the best information on climate and drainage is available as flood risk management actions are undertaken. The Council will continue to raise awareness of flood risk at every opportunity, including school visits and at public events in conjunction with partners such as SEPA, SFF and Sustrans. The Council will continue to raise awareness of flood risk at every opportunity, including school visits and at public events in conjunction with partners such as SEPA, SFF and Sustrans. The Council will continue to promote the SEPA Floodline in all flood related-press releases.

Marine Spatial Planning Addressing Climate Effects (MSPACE) is a UKRI funded project that aims to drive forward the capability of the four UK nations in designing and implementing economically viable and socially acceptable climate-smart marine spatial plans (MSP). The project is designed to support ambitions of government policy, the industrial sector, and communities to ensure sustainable management of marine resources and improve the marine environment for the next generation. The Orkney Islands Regional Marine Plan is a case study within the project. The MSPACE team is working with OIC to provide data and modelling to inform future marine policy and how economic sectors will need to adapt under future climate scenarios. OIC Marine Planning team has participated significantly in the development of the project outputs.

4b What arrangements does the body have in place to manage climate related risks

During Summer 2023-24, the Council has worked with the Marine Directorate of the Scottish Government to secure ministerial sign-off of the Orkney Islands Regional Marine Plan - Consultation Draft. The Plan has been prepared in accordance with the Delegation of Functions (Regional Marine Plan for the Scottish Marine Region for the Orkney Islands) Direction 2020. Public authorities are required to take any authorisation or enforcement decision in accordance with the appropriate regional marine plan, unless relevant considerations indicate otherwise. Public authorities are also required to have regard to the appropriate regional marine plan in making any decision which relates to the exercise by them of any function capable of affecting the Scottish marine area. The plan includes Objective 2 - A rapid and just transition to a low-carbon economy is supported to achieve net-zero commitments and Objective 3 - Mitigation of, and adaptation to, climate change is supported. These objectives will be delivered via the implementation of a suite of relevant policies including General Policy 3: Climate Change which, when adopted, will require public authorities to give significant weight in decision making to the global climate crisis including measures for mitigation and adaptation, when considering proposals for development and/or activities in the Orkney Islands marine region. A consultation on the draft plan will be delivered during Summer 2024 with onward adoption anticipated in 2024.

The Council worked with the Scottish Environment Protection Agency (SEPA) on the development of the revised coastal flood warning system for Orkney. This SEPA system has been live since September 2018. The coastal flood warning system drives public alerts and warnings and operational discussions between the Council and SEPA at times of heightened flood risk.

The Kirkwall Harbour Flood Protection Scheme and associated works were completed in 2018. Operation of the scheme is triggered when Kirkwall threshold values are reached in the SEPA coastal Flood Early Warning System. Forecasts of significant flooding can lead to OLECG, the Orkney Local Emergency Co-ordinating Group, being convened. If appropriate then a multi-agency response across multiple locations, using assets from HMCG, Scottish Fire and Rescue Service, Police Scotland and the Council can be initiated. Each event is reviewed with any lessons learnt incorporated in the respective plan.

The Council is working with consultants to develop water and flooding guidance to developers in Orkney in order to ensure that flood risk management requirements are met, and make sure that opportunities for environmental enhancement, promotion of biodiversity and mitigation of the effects of future climate change are not missed.

4c What action has the body taken to adapt to climate change

Council officers participated in a national steering group led by the Scottish Environment Protection Agency (SEPA) to prepare guidance for local authorities to prepare Coastal Change Adaptation Plans. The resulting Coastal Change Adaptation Guidance was published in February 2023. OIC anticipates work will commence on the Orkney Coastal Change Adaptation Plan (CCAP) from the end of 2024/start of 2025 following the appointment of a consultant. This will be taken forward in accordance with the new Scottish Coastal Change Adaptation Plan Guidance implementing a Dynamic Adaptive Pathways approach that is both flexible and responsive to changes on the ground. Taking forward a CCAP has been approved by Council as part of the agreed actions under the OLFRRMP (Flood Risk Management Plan). The CCAP will provide a strategic level assessment identifying coastal management policies for Orkney's coastal zone, taking account of natural processes and the risks to people, property, transport and service infrastructure and how these factors will change over time due to climate change. The Council has received funding support from the Scottish Government Coastal Change Adaptation component of the General Capital Grant; in Year 1 (2022-23) the Council allocated £160k of this funding towards a coastal LiDAR survey to inform coastal adaptation planning in Orkney. In 2023, £66k was secured to deliver a Communications and Engagement Plan and activities case study as part of the coastal change adaptation planning process and in 2023-24 a further £111k was allocated to prepare the Orkney Coastal Change Adaptation Plan. A Communications and Engagement Plan is required to enable public agencies, communities, businesses, landowners and wider stakeholder to effectively communicate and collaborate to address the impacts of sea level rise driven erosion and flooding in Orkney's coastal areas. Clear communication on how sea level rise is anticipated to impact on coastal property, infrastructure, land and habitats is required, as is communicating the uncertainty in the timescale of change. The Plan will help to build understanding and sustain collaborative relationships between the key stakeholders. Further to this, communities and other stakeholders have valuable information to contribute on how the coast behaves, how assets will be affected and how the coast can be adapted to accommodate change.

Consultants have been appointed to complete the Kirkwall Surface Water Management Plan (SWMP). Work commenced in August 2024 with completion programmed for Spring 2025.

The Kirkwall Surface Water Management Plan is a key action from the Local Flood Risk Management Plan and is to be developed in consultation with flood risk partners. The work to complete the Kirkwall SWMP includes detailed studies of key individual sub-catchments within Kirkwall to inform land use planning.

4d Where applicable, what contribution has the body made to helping deliver the Programme?

On further info added (see 4 a-c above)

4e What arrangements does the body have in place to review current and future climate risks?

Flood risk management actions take place on a 6 year repeating cycle as required by the 2009 Flood Risk Management (Scotland) Act. The national-level Flood Risk Management Plan for the Orkney Local Plan District, produced by the Scottish Environment Protection Agency, is followed within 12 months by the Orkney Local Flood Risk Management Plan, produced by Orkney Islands Council.

A Local Flood Risk Management Plan Interim Report is to be published by the Council 3 years into each Local Flood Risk Management Plan 6 year cycle and at the end of each cycle, a Local Flood Risk Management Plan Final Report is to be published.

Planning and preparatory work for the next Flood Risk Management cycle, informed by new data and outputs from earlier and current cycles, takes place concurrent with the current cycle.

4f What arrangements does the body have in place to monitor and evaluate the impact of the adaptation actions?

In addition to the 6 year do/review cycle under the Flood Risk Management (Scotland) Act, adaptive actions to come from the Orkney Coastal Change Adaptation Adaptive Plan will be based on adaptive pathways and have identified trigger points for following actions. As such, monitoring and review will be central to these adaptive actions.

4g What are the body's top 5 climate change adaptation priorities for the year ahead?

- 1) Publish the Orkney Islands Regional Marine Plan - Consultation Draft for formal public consultation and progress a monitoring and evaluation framework to keep the plan under review
- 2) Commence Coastal Change Adaptation Plan for all of Orkney, including engagement programme - Make appointments and commence work
- 3) Complete the Kirkwall Surface Water Management Plan
- 4) Develop appropriate flood risk guidance for developers.
- 5) Continue to engage with key organisations that could support the development of climate change adaptation for the Orkney Islands, supporting the ambition for adaptation established in the Orkney Partnership

4h Supporting information and best practice

The Communications and Engagement Plan and associated activities will pilot a best practice approach to communication and engagement in the preparation of a Coastal Change Adaptation Plan. This will provide valuable lessons for other coastal local authorities to take forward CCAPs in accordance with the new Scottish CCAP guidance. The lessons learned will be of value for any future update to the CCAP guidance to enable the delivery of best practice.

PART 5 – PROCUREMENT

5a How have procurement policies contributed to compliance with climate change duties?

The Sustainable Procurement Strategy (February) 2022 is now in place following a period of public consultation incorporating updates to climate change and sustainability legislative changes. These included: The Equality Act 2010, the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, The Fairer Scotland Duty, Equality Act (Part 1 of the Equality Act 2010) – commenced 2018, The Climate Change (Emissions Reduction Targets) (Scotland) Order 2015, Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020. The updated Sustainable Procurement Policy has incorporated the Scottish Procurement Policy Note issued by the Scottish Government, taking account of Climate and Circular Economy Considerations (SPPN) 01/2021 and the Implementation of Fair Work First in Scottish Procurement (SPPN) 03/2021. The Sustainable Procurement Strategy 2022 includes the introduction of the Orkney Islands Council Sustainable Procurement Impact Assessment (SPiA) screens climate related action in section 2, as follows:

2.Climate Change: Will the procurement minimise contribution to climate change and support goods, services and works that are well-adapted to the consequences of a changing climate. YES/NO.

Following a public consultation which took place over Summer 2023 the Procurement Strategy 2023 -2028 has been approved by the General Council in December 2023. The new Procurement Strategy 2023 – 2028 is aligned with the new Council Plan 2023-2028 and makes reference to the Council’s Commitment to Net Zero and also the inclusion of the latest SPPN Public Procurement – taking account of climate and circular economy considerations: SPPN 3/2022 and also referring for the new requirement for bidders to provide details of their climate change action plan in accordance with the new guidance on “relevant” and “priority” contract assessment to consider scope 1, 2 and 3 emissions.

A further review of the Council’s Sustainable Procurement Strategy will take place in 2024 and a public consultation over summer 2024, to align with the new Procurement Strategy 2023 and 2028, Council Plan 2023 – 2028 and the more recent work of the Council’s Climate Change Team and the cross Council Climate Change Working Group action plan and the new SG guidance as referred to in the para above.

21.1. Sustainability, Climate Change and Net Zero Targets.

The Council is conscious that its procurement decisions must take account of the social, economic and environmental impact it has on the people and communities of Orkney and elsewhere. Within the latest Council 5-year plan, net zero objectives have been added along with the following aspirational statements -

- Orkney is on track to become net zero by 2030.
- We have reduced the carbon used during the course of our direct and indirect activities.
- We have grown our green and blue economies.
- Everyone in Orkney has reduced their carbon footprint (the greenhouse gases generated by their actions).

Council commitment:

- To embed sustainability into the procurement process where it is relevant to the subject matter of the contract and to comply with the Council’s Sustainability Duty where this is appropriate.
- Implementation of the Scottish Government 10 steps to Sustainable Procurement to assist sustainability and other responsible procurement themes using the Scottish Government Toolkit at Sustainable Procurement ([sustainableprocurementtools.scot](https://www.sustainableprocurementtools.scot))
- To engage with the local supplier base to develop Community Benefit Clauses to maximise the potential of the local economy to compete for Council business for the economic benefit and sustainability of Orkney.
- To implement the use of Community Benefit / Sustainable Procurement Award Criteria in contracts as appropriate.
- Draw on best sustainable procurement practice in Scotland and engage with suppliers to develop and implement carbon management criteria in support of the reduction of direct and indirect emissions (integrating alongside the Council’s developing Climate Change strategy).
- To implement any recommendation relevant to procurement from the Council’s Climate Change Action Plan when this is developed accompanied by relevant commitments and targets.
- To improve streamlining of reporting by cross referencing the Procurement Annual Report with the Climate Change Duties Report in greater detail.

5b How has procurement activity contributed to compliance with climate change duties?

Procurement activity has contributed to compliance with climate change duties by the implementation of the Sustainable Procurement Policy and the Sustainable Procurement Impact Assessment (SPiA) and the introduction of the sustainable procurement award criteria into relevant contracts. Engagement with service areas at the SPiA stage at the procurement/commodity strategy stage early on in the procurement process and at the development of the specification stage of the procurement process are now providing opportunities to address climate change impact in order to develop suitable award criteria dependent of the subject matter of the contract. The SG guidance re requirement to include expanded 5c Environment question in the SPD has been introduced, to include climate change plans including Scope 1, 2 and 3 emissions as appropriate where a contract has been identified as either “relevant” or a “priority” contract.

Delivery of the commitments made in this policy will be supported through the implementation of the Council’s Procurement Strategy 2021 to 2023 and the Council’s Procurement Annual Report. Progress against the stated objectives is monitored and reported on an annual basis as part of the Procurement Service Improvement Action Plan 2021 to 2023 via the Council’s Performance Management System.

5c Supporting Information and best practice

The current Sustainable Procurement Policy outlines how the Council takes a responsible and sustainable approach to procurement, and is being reviewed in 2024 and will be subject to a public consultation in summer 2024 to ensure it is supporting continually developing Council approaches on Climate Change and remains in accord with emerging Scottish Government Policy, reflected in the Paris Agreement on Climate Change, COP 26 and beyond, as appropriate.

Examples of good practice in procurement, exist within building refurbishment and also in supply side emission calculations associated with transport, haulage contracts and major projects being developed for a new deep water quay and the community wind farm project.

The detailed risks and opportunities in the sustainable procurement tools align with Scotland’s National Performance Framework (NPF) and Scotland’s National Outcomes and Indicators, achieving a line of sight between procurement activity and local and national strategic priorities:

- Climate Change.
- Materials.
- Waste.
- Hazardous Materials.
- Biosecurity.
- Biodiversity.
- Heritage.
- Water.
- Employment, Skills and Training.
- Communities.
- Equality.
- Fair Work.
- Fairly and Ethically Traded.
- Health and Wellbeing.
- Security and Crime

PART 6 - VALIDATION AND DECLARATION

6a Internal Validation Process

Briefly describe the body's internal validation process, if any, of the data or information contained within this report.

The Internal Audit Team of the Council carried out a review of a draft submission and supporting evidence in October 2024. Work included identifying the sources of information contained in the report, reviewing that the information submitted is in accordance with the underlying evidence held on source systems, and checking with the relevant guidance. This has helped confirm that there are robust systems in place to produce the report and that there is evidence for the calculation of the emissions in the report to be considered accurate.

6b Peer Review Validation Process

Briefly describe the body's peer validation process, if any, of the data or information contained within this report.

N/A see 6A

6c External Validation Process

Briefly describe the body's external validation process, if any, of the data or information contained within this report.

N/A see 6A - There was no external validation undertaken in year, however consultants will be independently checking data as part of a baseline review study (scheduled in 2024/25).

6d No Validation Process

N/A see 6A -

6e Declaration

Name:	Hayley Green
Role in the body:	Corporate Director Neighbourhood Services and Infrastructure
Date:	

7 Recommended Reporting – Reporting on Wider Influence (Orkney emissions)

Q1 Historic Emissions (from DESNZ data set)

Note : territorial emissions of carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) are provided, but not fluorinated gases, which are also included in the UK territorial greenhouse gas emissions statistics. Prior to the 2005 to 2020 publication the statistics covered emissions of carbon dioxide only

Orkney Islands													
Full													
Sector	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Units
Total Emissions	118.52	121.57	116.09	107.84	101.45	93.09	88.86	87.52	83.65	72.83	76.30	75.34	ktCO ₂ e
Industry and Commercial	22.54	23.41	22.08	20.23	17.52	13.05	11.63	12.91	11.73	10.18	11.12	10.60	ktCO ₂ e
Domestic	65.63	68.23	64.00	56.60	51.65	46.10	42.61	40.96	38.86	37.49	37.32	35.21	ktCO ₂ e
Transport total	30.35	29.93	30.02	31.01	32.28	33.94	34.62	33.65	33.05	25.15	27.86	29.53	ktCO ₂ e
Per Capita	20.23	20.74	19.88	19.47	18.91	18.08	17.36	16.98	16.58	15.88	16.21	16.21	ktCO ₂ e

Q2 Targets

Sector	Description	Type of Target (units)	Baseline value	Start year	Target/End year	Latest Year Measured	Comments
All Sectors	Orkney is on track to become net zero by 2030	Please select from drop down		Please select from drop down	Please select from drop down	Please select from	OIC Council Plan / Delivery plan

2b - Does the organisation have an overall mission statement, strategies, plans or policies outlining ambition to influence emissions beyond your corporate boundaries? If so, please detail below.

The primary documents of note are the Council Plan and Council delivery Plan (2023) - which both outline the ambition towards net zero in the Orkney Islands. Also the Orkney Community Planning Partnership Local Outcomes Improvement Plan (2023-2027). In addition, Orkney Islands Council has facilitated and participated in the development of a number of community strategies that have an impact on climate change action in the region. These include:

- Orkney Sustainable Energy Strategy (2017-2025) - <https://www.oref.co.uk/wp-content/uploads/2017/10/Orkney-Sustainable-Energy-Strategy-2017-2025-1.pdf>
- Orkney Hydrogen Strategy - https://www.orkney.gov.uk/Files/Strategic_Projects/Hydrogen%20projects/Hydrogen%20strategy.pdf#:~:text=The%20Orkney%20Hydrogen%20Strategy%20seeks%20to%20aid%20development,an%20increased%20resilience%20in%20the%20local%20energy%20system
- Orkney Electric Vehicle Strategy (2018-2023) - <https://www.oref.co.uk/draft-orkney-electric-vehicle-strategy-2017-2022/>
- Orkney Sustainable Tourism Strategy
- Strategic Tourism and Infrastructure Development Plan - <https://www.orkney.gov.uk/Files/Committees-and-Agendas/Development%20and%20Infrastructure/DI2022/DI15-02-2022/Item%2016%20%20Strategic%20Tourism%20Infrastructure%20Development%20Plan.pdf>
- Orkney Energy Action Plan
- Island Growth Deal - Islands Centre for Net Zero - Orkney Achieves Net Zero by 2030 - <https://www.islandsdeal.co.uk/leading-way-low-carbon-future/islands-centre-net-zero> (The Islands Centre for Net Zero project will be supported with joint investment of up to £16.5 million from the UK Government and Scottish Government (UKG £16 million/SG £0.5 million).
- The Scapa Flow Future Fuels Hub project will be supported with investment of up to £6.5 million from the Scottish Government - <https://www.orkney.gov.uk/Files/Council/Our%20Future/Islands%20Deal%20Programme.pdf>

Q3 Policies and Actions to Reduce Emissions

Please detail any of the specific policies and actions which are underway to achieve your emission reduction targets

No Response made here – but see Q2b above and Q4 below

Q4 Partnership Working, Communications and Capacity Building

Please detail your Climate Change Partnership, Communication or Capacity Building Initiatives below.

Key Action Type	Description	Organisation's project role	Lead Organisation (if not reporting organisation)	Private Partners	Public Partners	3rd Sector Partners	Outputs	Comments
Partnership Working	Supporting the Orkney Partnership - Sustainable Development Delivery Group	Lead		EMEC	All Public sector bodies participate - e.g - OIC, HIE, NatureScot, NHS Orkney	VAO OREF	Local Outcome improvement Plan - SDDG aiming for net zero by 2030 and supporting climate change adaptation and community wealth building.	Community Planning is a statutory duty placed on a number of organisations and came into force on 1 April 2003, with powers updated under the new Community Empowerment (Scotland) Act 2015 which requires each community planning partnership to prepare and publish a Local Outcomes Improvement Plan (LOIP). In Orkney LOIP delivery groups include a Sustainable Development Delivery Group, with a focus on climate change.
Partnership Working	Supporting the Carbon Neutral Islands initiative	Supporting	Scottish Government		All island Local Authorities in Scotland	Community Energy Scotland	Carbon neutral islands by 2040	Carbon Neutral Islands (CNI) project is a programme for government commitment aimed at supporting six islands to become carbon neutral by 2040. The CNI project provides an opportunity to demonstrate the low carbon energy potential of islands as hubs of innovation in relation to renewable energy and climate change resilience. Hoy in Orkney, is one of the six pilots.
Partnership Working	Supporting the Islands Centre for Net Zero	Participant	N/A	EMEC, Aquatera, Herriot-Watt University	Orkney Islands Council, Shetland Islands Council and Comhairle nan Eilean Siar	Community Energy Scotland	Net Zero Transition	ICNZ is a pan-island distributed innovation centre, funded through the Islands Deal, that will support Orkney, Shetland and the Outer Hebrides to become lighthouse communities in the energy transition. It is being developed by an islands-based consortium, led by EMEC, and including Orkney Islands Council, Shetland Islands Council, Comhairle Nan Eilean Siar, Heriot-Watt University, Aquatera Ltd and Community Energy Scotland.
Partnership Working	North Isles Landscape Partnership	Participant	OIC / HES					https://www.nilps.co.uk/
Partnership Working	Scottish Flood Forum Member	Participant	Scottish Flood Forum		Orkney Islands Council, Highlands and Islands Enterprise, Royal Society for the Protection of Birds, NatureScot		Various - including North Isles Active Travel Improvements, community wildlife recording and educational projects.	

Partnership Working	Orkney Renewable Energy Forum	Participant	N/A	EMEC / Aquatera / various	Orkney Islands Council	Community Energy Scotland	Various - awareness, sustainable energy strategies, networking and consultation responses	Wide and open membership - https://www.oref.co.uk/
Partnership Working	Orkney Nature Network and Delivery Group	Lead			The delivery group currently comprises OIC as lead, with NHS Orkney, UHI Orkney, Scottish Water, HIAL, NatureScot and Crown Estate Scotland as members.		Nature Networks on public land can support a move away from heavily managed uniform spaces to diverse spaces that contribute to biodiversity and carbon sequestration and also providing places for people.	Scottish Biodiversity Strategy requires every local authority to have a nature network of locally driven projects. Within the Policy Framework: Scotland's public bodies will be exemplars, supporting delivery on their land. The Council is working to the definition in the policy framework that "A nature network connects together nature-rich sites, including restoration areas and other environmental projects, through a series of areas of suitable habitat, habitat corridors, and stepping-stones". The Council is coordinating a nature network delivery group for Orkney, commencing preparatory work in 2023-24.
Partnership Working	Arctic Engagement including partnership working with the Nordic Atlantic Cooperation and Sisimuit Movement	Lead					There is a strong focus on place based sustainable development working with the Nordic Atlantic Cooperation (NORA) and UNESCO through the SISIMUIT Movement our 'World Heritage Site Gateway Project and other Islands Deal Projects including a small fund to support communities work collaboratively around areas that support making the North Atlantic a better place. Research, Innovation, Community Led Development, its location and experience as 'remote islands' and shared cultural heritage are key areas that enable opportunities for collaboration and partnership working.	The UK and Scottish Government have frameworks focussed on Arctic, acknowledging that what happens in the Arctic does not stay in the Arctic. The impact of climate change affects communities globally with the Arctic experiencing some of the biggest changes that will have indirect and significant consequences from a social environmental and economic perspective. The post of Service Manager Sustainable Regeneration and Arctic was established in 2022 with a focus on ensuring Orkney Islands Council maintains awareness of the conversations and contributes to the international dialogue engaging with a range of organisations internationally and working in partnership with UK and Scottish Government.

Partnership Working	Active Travel in Orkney	Lead			Range of organisations including Orkney Islands Council, NHS Orkney, Voluntary Action Orkney, Hitrans, and Sustrans	A key part of the Sustainable Travel Group's work has been to establish a baseline for walking and cycling in Orkney, so that we can understand which things Orkney residents would value most. This has led to the publication of the Orkney Travel Matters report. In related developments, in April, the Kirkwall community celebrated the official opening of Pappdale East Park. Delivered by OIC, the project attracted investment from a range of funders including Transport Scotland via Sustrans, NatureScot and the Council's Crown Estate Fund. The park is made up of a network of paths and landscaping features. These include a burn, walking, wheeling, and cycling routes, as well as native shrubs and trees and a wildflower meadow for enhanced biodiversity.	A Sustainable Travel Group was formed in December 2021, with the overall aim to make efficient use of investment in active and sustainable travel by joining up Council plans and strategies, and identifying funding and delivery mechanisms. The group brings together people across a range of organisations including Orkney Islands Council, NHS Orkney, Voluntary Action Orkney, Hitrans, and Sustrans.
Partnership Working	Orkney Energy Stakeholder Group	Participant	EMEC	OIC departments and HIE	Community Energy Scotland and the Orkney Renewable Energy Forum	Received report from OREF for a Draft Orkney Energy Strategy Action Plan	Orkney Islands Council established the Orkney Energy Stakeholder Group, with a remit to a) oversee development and review of the Orkney Energy Strategy and b) to oversee development and delivery of an action plan to progress the Orkney Energy Strategy. In 2024/25 it is proposed that the membership will be extended and further developments include formation of sub-groups to focus on action plan.
Partnership Working	Net Zero Living / Pathfinder	Participant		OIC with partners		Each project will receive Innovate UK funding of between £2 million and £5 million to run practical demonstrator projects to show how the non-technical barriers to implementing carbon cutting measures can be overcome.	A joint decarbonisation project between Orkney and Shetland was awarded £4.9 million in funding by Innovate UK. The Rural Energy Hubs project is one of seven projects selected from across the UK for Innovate UK's £25 million Net Zero Living programme. The Net Zero Living programme will run from 1 February 2024 to 31 October 2025. In addition to Orkney and Shetland, Leicestershire, Liverpool, York, Bristol, Rossendale, and Peterborough have also received funding.
Partnership Working	Orkney Native Wildlife Project	Supporting		OIC with partners		Building a biosecure future for the whole of Orkney by preventing stoats from colonising any new islands, and preventing their return once the eradication is complete.	The Orkney Native Wildlife Project exists to safeguard Orkney's native wildlife against invasive stoats. - https://www.orkneynativewildlife.org.uk/project .

Q5) Please detail key actions relating to Food and Drink, Biodiversity, Water, Procurement and Resource Use in the table below

Key Action Type	Key Action Description	Organisation's Project Role	Comments
Resource Use	Community Wind Farm projects - up to 86Mw of wind development across various sites in Orkney. Three sites are submitted for planning permission (approved). This initiative supports the needs case for an improved grid connection between Orkney and the Scottish Mainland. The projects also have the potential to generate significant revenue for the community in Orkney.	Lead	https://orkneywindfarms.co.uk/
Resource Use	Orkney Islands Council participates in and facilitates a number of high profile hydrogen projects including: BIGHIT, HySeas3, HyDime as well as participation in a number of research and collaboration projects. These demonstrate the production and use of green hydrogen across various sectors of energy use including heat, power and transport (terrestrial, aviation and marine). There are 2MW of green hydrogen capacity, a refueling station at 350bar, 5x mobile storage units (1.25tn storage) and 2x electrolysis sites. The Council own and operate 5x symbio hydrogen fuel cell vans as part of the fleet. £45m project value.	Supporting	https://www.bighit.eu/partners
Resource Use	The Orkney Research & Innovation Campus (ORIC) is a multi-million-pound project creating an improved home for Orkney's wide range of clean energy and low-carbon expertise. ORIC LLP is a joint venture between Orkney Islands Council (OIC) and Highlands and Islands Enterprise (HIE).	Supporting	https://www.orkneycampus.co.uk/
Resource Use	Within the financial year, a grant scheme was launched, offering small to medium-sized Orkney businesses grants up to 50% to support investment which will improve the energy performance and/or lead to carbon reductions arising from the business. This scheme closed due to OIC financial priorities, but had generated local interest and applications.	Lead	Support for local businesses to be more energy efficient and reduce emissions
Resource Use	The Council does work in partnership with Restart. They reuse approximately 100 tonnes of material per annum. The Council also works with the Salvation Army who collect textiles for recycling from our Recycling centres.	Supporting	
Resource Use	Orkney Islands Council is a participant and facilitating partner in the Orkney £26.5m ReFLEX UKPII funded project. ReFLEX Orkney is pioneering an integrated, affordable, low-carbon energy system for the future. ReFLEX (Responsive Flexibility) Orkney is a £28.5 million project aiming to create an Integrated Energy System (IES) in Orkney, Scotland. Funded by UKPII through the Industrial Strategy Challenge Fund, the project is led by the European Marine Energy Centre (EMEC) with cross-sector partners including Aquatera, SMS, Community Energy Scotland, Heriot-Watt University and Orkney Islands Council.	Supporting	https://www.reflexorkney.co.uk/

Minute

Asset Management Sub-committee

Monday, 14 October 2024, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Alexander G Cowie, Steven B Heddle, Kristopher D Leask, Ivan A Taylor and Heather N Woodbridge.

Present via remote link (Microsoft Teams)

- Councillor Janette A Park.
- Councillor Mellissa-Louise Thomson.

Clerk

- Hazel Flett, Service Manager (Governance).

In Attendance

- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Erik Knight, Head of Finance.
- Kenny MacPherson, Head of Property, Asset Management and Facilities.
- Frances Troup, Head of Community Learning, Leisure and Housing.
- Garry Burton, Service Manager (Leisure and Culture).
- Paul Maxton, Solicitor.

Observing

- Rebecca McAuliffe, Press Officer.
- Maya Tams-Gray, Committees Officer.

Apologies

- No apologies for absence had been intimated.

Declaration of Interest

- Councillor Janette A Park – Item 2.

Chair

- Councillor Alexander G Cowie.

1. Exclusion of Public

On the motion of Councillor Heather N Woodbridge, seconded by Councillor Kristopher D Leask, the Sub-committee resolved that the public be excluded from the meeting as the business to be considered involved the disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Proposed Sale of Property in Stromness

Councillor Janette A Park declared an interest in this item and was not present during discussion thereof.

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 1, 4 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a joint report by the Corporate Director for Education, Leisure and Housing and the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, the Sub-committee:

Resolved, in terms of delegated powers, what action should be taken with regard to the proposed sale of property in Stromness.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

3. Conclusion of Meeting

At 14:19 the Chair declared the meeting concluded.

Signed: Alexander G Cowie.

Minute

Investments Sub-committee

Wednesday, 18 September 2024, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors P Lindsay Hall, Rachael A King and Mellissa-Louise Thomson.

Present via remote link (Microsoft Teams)

Councillor Kristopher D Leask.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Erik Knight, Head of Finance.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Katie Gibson, Team Manager (Corporate Finance).
- Michael Scott, Solicitor.

In Attendance via Remote Link (Microsoft Teams)

- David Walker, Partner, Hymans Robertson.

Apologies

- Councillor Alexander G Cowie.
- Councillor Steven B Heddle.
- Councillor Heather N Woodbridge.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Sandra Craigie, Committees Officer (for Item 1).
- Councillor P Lindsay Hall (for Items 2 to 9).

1. Appointment of Chair

As both the Leader and the Depute Leader had intimated their apologies for this meeting, the Clerk called for nominations for a Chair, and the Sub-committee:

Resolved that Councillor P Lindsay Hall be appointed Chair for this meeting.

Councillor P Lindsay Hall took the Chair for the remainder of the meeting.

2. Revenue Expenditure Outturn

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

Noted:

2.1. The revenue expenditure outturn statement in respect of service areas for which the Investments Sub-committee was responsible, for financial year 2023/24, attached as Annex 1 to the report by the Head of Finance, indicating a budget underspend position of £1,421,400.

2.2. The financial detail by service area statement, in respect of service areas for which the Investments Sub-committee was responsible, for financial year 2023/24, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

2.3. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that appropriate action was taken with regard to significant budget variances.

3. Revenue Expenditure Monitoring

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

Noted:

3.1. The revenue financial summary statement in respect of service areas for which the Investments Sub-committee was responsible, for the period 1 April to 30 June 2024, attached as Annex 1 to the report by the Head of Finance, indicating a budget deficit position of £1,451,100.

3.2. The revenue financial detail by service area statement in respect of service areas for which the Investments Sub-committee was responsible, for the period 1 April to 30 June 2024, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

3.3. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that appropriate action was being taken with regard to significant budget variances.

4. Treasury Management – Annual Report

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

Scrutinised the Treasury Management Review for financial year 2023/24, attached as Appendix 1 to the report by the Head of Finance, and obtained assurance that the Treasury Management Practices had operated effectively.

5. Treasury Management – Monitoring

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

Scrutinised:

5.1. The quarterly report, attached as Appendix 1 to the report by the Head of Finance prepared by Link Treasury Services, the Council's Treasury Adviser, which covered the undernoted elements of treasury management, and obtained assurance that the Treasury Management Practices were operating effectively:

- An economic update for the quarter ended 30 June 2024.
- Interest rate forecasts.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- A review of prudential and treasury indicators for 2024/25, as at 30 June 2024.

5.2. The status of the temporary loans portfolio as at 30 June 2024, as detailed in section 4 of the report by the Head of Finance, and obtained assurance that the Treasury Management Practices were operating effectively and the portfolio was producing an acceptable rate of return.

6. Exclusion of Public

On the motion of Councillor P Lindsay Hall, seconded by Councillor Rachael A King, the Sub-committee resolved that the public be excluded from the meeting for the remainder of the meeting, as the business to be considered involved the disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

7. Statement of Managed Funds

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 6 of Part 1 of Schedule 7A of the Act.

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

Scrutinised:

7.1. The investment monitoring report for the Strategic Reserve Fund produced by Hymans Robertson, the Council's appointed investment advisor, attached as Appendix 1 to the report by the Head of Finance, relating to the performance of managed funds for the quarter to 30 June 2024 and obtained assurance.

7.2. The Barings Global High Yield Credit Strategies Fund ESG report for the quarter ending 30 June 2024, attached as Appendix 2 to the report by the Head of Finance.

7.3. The Schroders Sustainable Investment report for the quarter ending 30 June 2024, attached as Appendix 3 to the report by the Head of Finance.

8. Strategic Reserve Fund – Investment Strategy – Review

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 6 of Part 1 of Schedule 7A of the Act.

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

Resolved, in terms of delegated powers, what action should be taken with regard to a review of the Investment Strategy for the Strategic Reserve Fund.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

9. Conclusion of Meeting

At 14:54 the Chair declared the meeting concluded.

Signed: P Lindsay Hall.

Minute

Pension Fund Sub-committee, together with Pension Board

Thursday, 19 September 2024, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Pension Fund Sub-committee:

Councillors P Lindsay Hall, Rachael A King, Kristopher D Leask and Mellissa-Louise Thomson.

Pension Board:

Employer Representatives:

Councillors Graham A Bevan, David Dawson and Owen Tierney, Orkney Islands Council.
Karen Ritch, Orkney Ferries Limited.

Trade Union Representatives:

Karen Kent (Unison) and Eileen Swanney (Unison).

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Erik Knight, Head of Finance.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Katie Gibson, Team Manager (Finance).
- Paul Maxton, Solicitor.

In Attendance via remote link (Microsoft Teams)

- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.

Apologies

Pension Fund Sub-committee:

- Councillor Alexander G Cowie.
- Councillor Steven B Heddle.
- Councillor Heather N Woodbridge.

Pension Board:

- Eoin Miller, Trade Union Representative.

Not Present

Trade Union Representative:

- Mark Vincent (GMB).

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Sandra Craigie, Committees Officer (for Item 1).
- Councillor P Lindsay Hall (for Items 2 to 5).

1. Appointment of Chair

As both the Leader and the Depute Leader had intimated their apologies for this meeting, the Clerk called for nominations for a Chair for this meeting, and the Sub-committee:

Resolved that Councillor P Lindsay Hall be appointed Chair for this meeting.

Councillor P Lindsay Hall took the Chair for the remainder of the meeting.

2. Revenue Expenditure Outturn

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

Noted:

2.1. The revenue expenditure outturn statement in respect of service areas for which the Pension Fund Sub-committee was responsible, for financial year 2023/24, attached as Annex 1 to the report by the Head of Finance, indicating a budget underspend position of £33,004,100.

2.2. The financial detail by service area statement in respect of service areas for which the Pension Fund Sub-committee was responsible, for financial year 2023/24, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

2.3. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that appropriate action was taken with regard to significant budget variances.

3. Revenue Expenditure Monitoring

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

Noted:

3.1. The revenue financial summary statement in respect of service areas for which the Pension Fund Sub-committee was responsible, for the period 1 April to 30 June 2024, attached as Annex 1 to the report by the Head of Finance, indicating a budget deficit position of £7,878,900.

3.2. The revenue financial detail by Service Area statement in respect of service areas for the Pension Fund Sub-committee was responsible, for the period 1 April to 30 June 2024, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

3.3. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that appropriate action was being taken with regard to significant budget variances.

4. Statement of Managed Funds

On the motion of Councillor P Lindsay Hall, seconded by Councillor Rachael A King, the Sub-committee resolved that the public be excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 6 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

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

Scrutinised:

4.1. The investment monitoring report for the Pension Fund produced by Hymans Robertson, the Council's appointed investment advisor, attached as Appendix 1 to the report by the Head of Finance, relating to the performance of managed funds for the quarter to 30 June 2024 and obtained assurance.

4.2. The Baillie Gifford Global Alpha Task Force on Climate-related Financial Disclosures report for the year ending 31 March 2024, attached as Appendix 2 to the Head of Finance.

4.3. The LGIM Climate Impact Pledge 2024, attached as Appendix 3 to the Head of Finance.

Councillors David Dawson and Kristopher D Leask joined the meeting during discussion of this item.

5. Conclusion of Meeting

At 10:08 the Chair declared the meeting concluded.

Signed: P L Hall.

Minute

Pension Fund Sub-committee, together with Pension Board

Thursday, 26 September 2024, 10:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Pension Fund Sub-committee:

Councillors Alexander G Cowie, P Lindsay Hall, Rachael A King, Kristopher D Leask, Mellissa-Louise Thomson and Heather N Woodbridge.

Pension Board:

Employer Representatives:

Councillors David Dawson and Owen Tierney, Orkney Islands Council.
Karen Ritch, Orkney Ferries Limited.

Trade Union Representatives:

Karen Kent (Unison) and Eileen Swanney (Unison).

Present via remote link (Microsoft Teams)

Pension Fund Sub-committee:

Councillor Steven B Heddle.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- Erik Knight, Head of Finance.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Katie Gibson, Team Manager (Corporate Finance).
- Paul Maxton, Solicitor.

In Attendance via remote link (Microsoft Teams)

KPMG:

- Julie Radcliffe, Audit Director.
- Kunal Malhotra, Audit Manager.

Observing

- Pat Robinson, Service Manager (Accounting).
- Kirsty Groundwater, Team Manager (Communications) (for Items 2 and 3).
- Karen Rorie, Senior Accounting Officer.
- Maya Tams-Gray, Committees Officer.

Apologies

Pension Board:

- Councillor Graham A Bevan, Employer Representative.
- Eoin Miller, Trade Union Representative.

Not Present

Trade Union Representative:

- Mark Vincent (GMB).

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Alexander G Cowie.

1. Orkney Islands Council Pension Fund

Audit Report to those charged with Governance

After consideration of a report by the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, and after hearing reports from the Head of Finance and the Audit Director, KPMG, the Sub-committee:

Scrutinised:

1.1. The Annual Audit Report to members of the Pension Fund Sub-committee and the Controller of Audit, in respect of the Orkney Islands Council Pension Fund, attached as Appendix 2 to the report by the Corporate Director for Enterprise and Sustainable Regeneration, and obtained assurance.

The Sub-committee resolved, in terms of delegated powers:

1.2. That Orkney Island's Council's Letter of Representation to KPMG in connection with its audit of the financial statements of Orkney Islands Council Pension Fund for the year ended 31 March 2024, attached as Appendix 1 to this Minute, be approved.

Councillor P Lindsay Hall joined the meeting during discussion of this item.

2. Pension Fund – Annual Accounts

After consideration of a report by the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, and after hearing a report from the Head of Finance, the Sub-committee:

Resolved, in terms of delegated powers, that the Annual Report and Accounts of the Orkney Islands Council Pension Fund 2023/24, attached as Appendix 2 to this Minute.

3. Conclusion of Meeting

At 10:43 the Chair declared the meeting concluded.

Signed: Alexander G Cowie.

ENTERPRISE AND SUSTAINABLE REGENERATION

Corporate Director: Gareth O Waterson BAcc CA
Council Offices, Kirkwall, Orkney, KW15 1NY

Tel: (01856) 873535

Website: www.orkney.gov.uk



Julie Radcliffe
Director
KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

26 September 2024

Dear Julie,

This representation letter is provided in connection with your audit of the financial statements of Orkney Islands Council Pension Fund ("the Fund"), for the year ended 31 March 2024, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities;
- ii. whether the financial statements have been properly prepared in accordance with UK adopted international accounting standards, as interpreted, and adapted by the 2023/24 Code; and
- iii. whether the financial statements have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

These financial statements comprise the Pension Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies.

I confirm that the representations I make in this letter are in accordance with the definitions set out in the Appendix to this letter.

I confirm that, to the best of my knowledge and belief, having made such inquiries as it is considered necessary for the purpose of appropriately informing myself:

Financial statements

1. I have fulfilled my responsibilities, as set out in the terms of the audit engagement letter dated 18 May 2022, for the preparation of financial statements that:
 - i. give a true and fair view of the financial transactions of the Fund during the year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities;
 - ii. have been properly prepared in accordance with UK adopted international accounting standards, as interpreted, and adapted by the 2023/24 Code; and
 - iii. have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.

Information provided

4. I have provided you with:

- access to all information of which I am aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
- additional information that you have requested from myself for the purpose of the audit; and
- unrestricted access to persons within the Fund from whom you determined it necessary to obtain audit evidence.

5. All transactions have been recorded in the accounting records and are reflected in the financial statements.

6. I confirm the following:

- i) I have disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) I have disclosed to you all information in relation to:

- a) Fraud or suspected fraud that I am aware of and that affects the Fund and involves:
- management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements; and
- b) allegations of fraud, or suspected fraud, affecting the Fund's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, I acknowledge my responsibility for such internal control as I determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, I acknowledge my responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and I believe, I have appropriately fulfilled those responsibilities.

7. I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
8. I have disclosed to you and have appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
9. I have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which I am aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as I understand them and as defined in IAS 24 and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

10. I confirm that:

- a) The financial statements disclose all of the matters that are relevant to the Fund's ability to continue as a going concern, including the key risk factors, assumptions made and uncertainties

surrounding the Fund's ability to continue as a going concern as required to provide a true and fair view and to comply with IAS 1 *Presentation of Financial Statements*.

- b) No material uncertainties related to events or conditions exist that may cast significant doubt upon the ability of the Fund to continue as a going concern.

11. On the basis of the process established by the Fund and having made appropriate enquiries, I am satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with my knowledge of the business and are in accordance with the requirements of IAS 26 *Accounting and Reporting by Retirement Benefit Plans*.

I further confirm that:

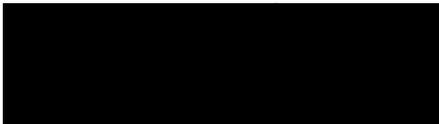
- a) all significant retirement benefits, including any arrangements that are:

- statutory, contractual or implicit in the employer's actions;
- arise in the UK and the Republic of Ireland or overseas;
- funded or unfunded; and
- approved or unapproved,

have been identified and properly accounted for; and

- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

Yours faithfully,



Gareth Waterson, BAcc, CA
Section 95 Officer

26 September 2024

Appendix to the Pension sub-committee Representation Letter of Orkney Islands Council Pension Fund: Definitions

Financial Statements

A complete set of financial statements comprises:

- Net Assets Statement as at the end of the period;
- Pension Fund Account for the period
- notes, comprising a summary of significant accounting policies and other explanatory information.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity’s general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity’s own circumstances.

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.”

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity’s assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel in a local authority context are all chief officers (or equivalent), elected members, the chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

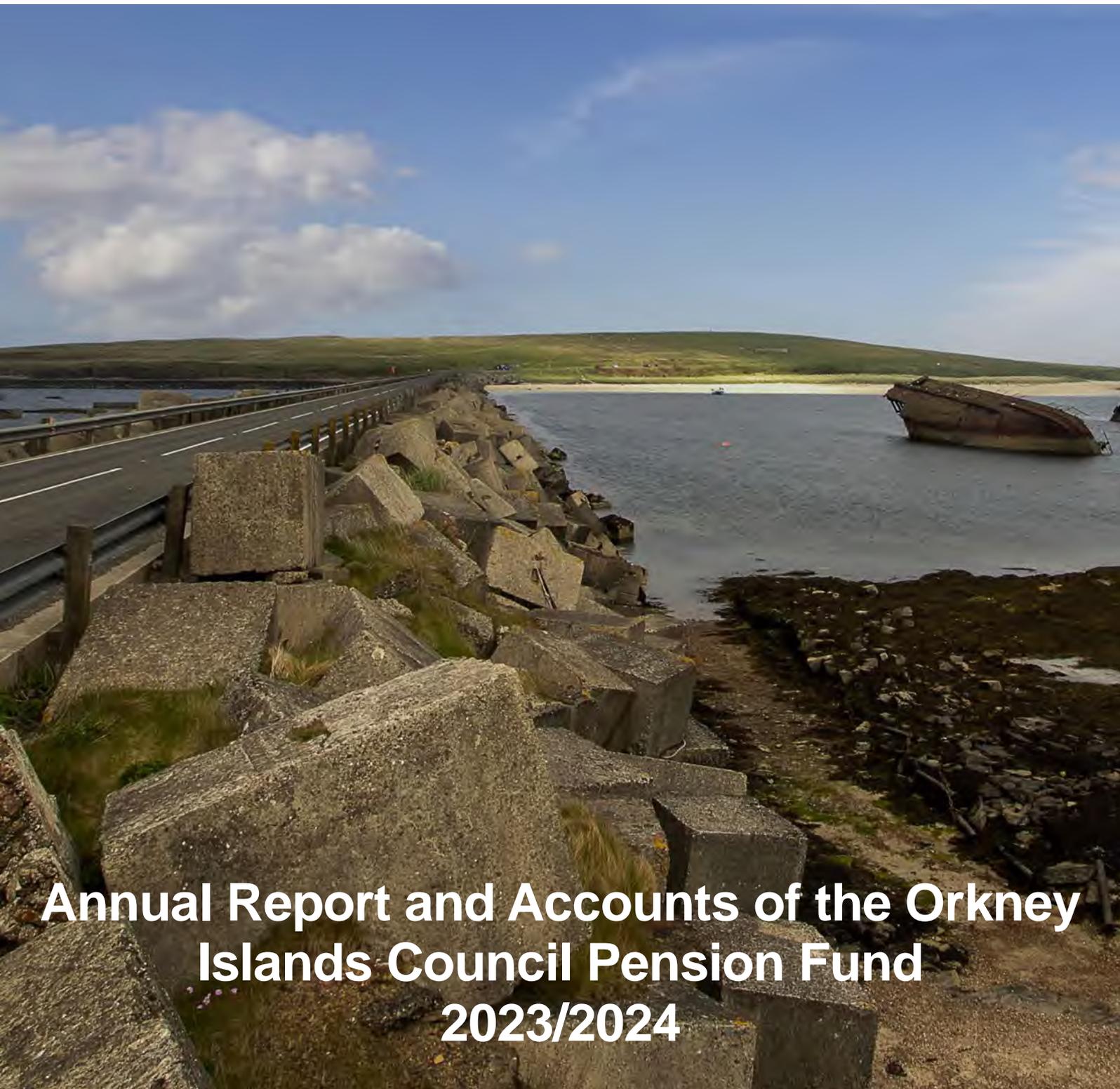
A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a) a government that has control or joint control of, or significant influence over, the reporting entity; and

- b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.



**Annual Report and Accounts of the Orkney
Islands Council Pension Fund
2023/2024**

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Management Commentary

Introduction

Welcome to the Annual Report and Accounts for the Orkney Islands Council Pension Fund for the year ended 31 March 2024.

The Local Government Pension Scheme (Scotland) Regulations 2018 require the Council, as administering authority for the Fund, to produce a separate statement of accounts for the Pension Fund and incorporate it into an Annual Report.

This Annual Report has been produced to provide Elected Members, employers, scheme members and other interested parties with information concerning the administration and performance of the fund for financial year 2023/2024 and we hope you find its content useful.

To assist in the understanding of the Annual Report and Accounts we would encourage you to make reference to the Management Commentary in the first instance.

We realise that pensions are a highly complicated subject. It is, however, important that fund members take the time to try and understand the scale of benefits that they will receive when they retire - whether this is from the Local Government Pension Scheme itself or through other pension arrangements, such as the State Pension.

Overview of Fund Business

Under the statutory provisions of the Local Government Pension Scheme, Orkney Islands Council is designated as an “Administering Authority” and is required to operate and maintain a pension fund – the Orkney Islands Council Pension Fund (“the Fund”).

The Fund is used to pay pensions, lump sum benefits and other entitlements to scheme members and their dependants. Contributions to the Fund are made by employee members and by participating employers. The Fund also receives income from its investments, which include equities and pooled investment vehicles.

The Fund operates under the terms of the Local Government Pension Scheme, which is a public sector pension arrangement. Scheme membership is made up of active, deferred and pensioner members. To be able to join the scheme, a person must be employed by a relevant employer and not eligible to join another public sector pension scheme. Teachers are not included as they have a separate national pension scheme.

Review of the Year

Key Facts and Figures:
Value of the Fund at 31 March 2024 was £535.8 million (£479.9m at 31 March 2023).
An Operational and Investment Income Gain of £55.9 million was incurred on the activities of the fund (compared to a loss of £28.7m for the year ended 31 March 2023).
The increase in fund value over the year was largely the result of an increase in the market value of investments of £43.7m. Outflows, including benefits payable (£11.2m) and management expenses (£3.4m) were offset by investment income of £11.9m and contributions receivable of £13.5m. Overall, this represents a year-on-year increase of 11.7% in the value of the fund.
Performance of the Fund on a three-year rolling average basis has been 0.4% p.a., giving a relative return below benchmark of 5.9%.
Fund membership increased by 186 to 4,661.
Employers contributed £9.9 million to the Fund (£8.7m to 31 March 2023).
Employees contributed £3.6 million (£3.1m to 31 March 2023).
Pension and other benefits paid out were £11.2 million (£10.3m to 31 March 2023).
Transfer values paid into the Fund because staff changed employers was £2.4 million (£1.1m to 31 March 2023).
Transfer values out of the Fund because staff changed employers was £1.0 million (£3.2m to 31 March 2023).

Over the 2023/2024 financial year, the Fund returned 11.7% as the global investment markets gained momentum over the last 12 months.

The majority of the Fund's mandates had positive returns this year in absolute terms, with the exception of fixed gilt and index-linked gilt holdings with LGIM.

Amongst the growth assets, the Baillie Gifford Global Alpha fund was the best performing mandate over the year, returning 17.6%, in absolute terms. Although the manager underperformed its benchmark by 3.0% over this period. Over the last 12 months global equities rebounded strongly as fears of a deep recession faded away. The underperformance of the manager was partially style driven, as higher yields led to lower valuation of the mandate's high duration assets.

In a similar fashion, the Baillie Gifford UK equity fund returned 6.0% (in absolute terms) over the 12-month period but underperformed its benchmark by 4.9% (net of fees). The underperformance was largely driven by the manager's sector positioning relative to its benchmark.

The Fund's multi asset funds (Baillie Gifford Diversified Growth Fund and Multi-asset Fund), returned 3.3% and 2.1% over the last 12 months, underperforming the benchmark by 4.9% and 6.0% (net of fees), respectively. Both mandates were subsequently terminated in Q2 of 2024.

The Fund's protection assets with LGIM, (gilts and index-linked gilts) detracted from the overall performance, returning -3.2% combined. Fixed income assets continued to suffer throughout the year as high inflation and rising interest rate expectations resulted in the rise of yields and the fall in prices (bond prices fall as their yields rise). UK bonds in particular dropped in value as rates rose throughout the year as the Bank of England attempted to tame inflation.

Within the Fund's income assets, Barings Global Private Loan Fund (GPLF) 3 and 4 posted positive returns over the 12-month period, outperforming their benchmark, by 3.0% and 1.4%, respectively.

Similarly, IFM Infrastructure had a positive return over a 12-month period in absolute terms, returning 5.1%, albeit falling behind the benchmark by 4.4%. We note it is too early to meaningfully evaluate the manager's performance, given this is a relatively newly appointed manager.

The overall benchmark return of 13.7% generally reflects variable market conditions for investors over the 12 months to 31 March 2024.

The table shown within the investment strategy section, page 6, details the allocation of the fund within asset class or pooled investment vehicle.

The value of the fund increased by £55.9m or 11.7% in the financial year and totalled £535.8m at 31 March 2024.

The change in value of the fund over any given period is a combination of the net money flows into or out of the Fund and any gain or loss on the capital value of its investments. During the year, a gain on member contributions receivable and transfers in over pension payments and management expenses of £0.4m (2023: £3.3m loss) was increased by income from dividends and interest of £11.9m (2023: £9.6m). The Fund was further increased by a net capital gain of £43.7m (2023: £34.8m loss).

The Accounts are based on the market value of investments at 31 March 2024. This means that they include the profit or loss that has been made, due to the change in the value of investments, over the period from the date of their purchase to 31 March 2024 even though no actual sale has taken place. This notional value is defined as "unrealised" profit or loss. By contrast "realised" profits and losses are those that have arisen from actual sales throughout the year. Of the net capital gain of £43.7m in the year, £31.8m was an unrealised gain (2023: £30.6m loss) and £11.8m realised gain (2023: £4.2m realised loss).

After allowing for projected liabilities on the fund, the funding level has increased to 174% at 31 March 2024 from its value of 164% last financial year end, calculated on an ongoing funding basis. This improved investment outlook has been partially offset by an increase to future inflation expectations.

We are pleased to report that the Fund maintains a position above its 100% funding target, being in surplus by £221m at the financial year end (2022/2023: £188m) according to the actuary's most recent funding update.

Economic and Market Background

Global growth has been stronger than expected over the past 12 months, particularly in the US, and, given ongoing improvements in activity survey data, global growth forecasts for 2024 have also been revised up, and now suggest only a marginal slowdown in 2024 versus 2023.

Year-on-year headline CPI fell to 3.2%, 3.5% and 2.4%, in the UK, US and eurozone, respectively, in March 2024, from 10.1%, 5.0% and 6.9% a year earlier. Core inflation, which excludes volatile energy and food prices, fell less but still declined materially, to 4.2%, 3.8% and 2.9% in the UK, US and eurozone.

The US Federal Reserve raised rates 0.5% pa, to 5.5% pa, in the 12 months to end-March 2024, while the Bank of England and European Central Bank both raised rates by 1.0% pa, to 5.25% pa and 4% pa, respectively. However, amid progress on inflation, the major western central banks have left rates unchanged since the summer of 2023 and markets were expecting them to deliver between 2 and 3 interest rate cuts in 2024 at the end of Q1. In March, the Bank of Japan raised rates for the first time in 17 years, exiting negative interest rates.

Trade-weighted US dollar, sterling and euro rose 2.3%, 4.6%, and 3.6%, respectively. The equivalent measures for Japanese yen declined 9.1%, as investors continue to bet on a wide interest rate differential between Japan and its global peers. Gold prices rose 12.0% on the back of lingering inflation concerns and strong central bank reserve demand, and oil prices rose 11.7% amid supply cuts and conflict in the Middle East.

Sovereign bond yields rose sharply in March amid expectations that rates might be cut less than previously anticipated. Over the past 12 months, UK and US 10-year bond yields rose 0.4% pa and 0.7% pa to 3.9% pa and 4.2% pa, respectively, while equivalent German yields remained broadly unchanged at 2.3% pa. Equivalent Japanese yields rose 0.4% pa, to 0.7% pa, as the Bank of Japan loosened its yield curve control policy and raised interest rates.

Global credit spreads fell, reflecting both the improved outlook and yield-driven demand from institutional investors. Global investment-grade credit spreads declined 0.5% pa, to 1.0% pa, over the past 12 months while global speculative credit spreads fell by 1.6% pa, to 3.4% pa. Despite a rise in underlying sovereign bond yields UK investment-grade and US high yield returned 7.4% and 11.0%, respectively.

The FTSE All World Total Return Index rose 25.0% in local-currency terms amid improving economic activity, declining inflation, and enthusiasm for all things AI. Japan strongly outperformed as yen weakness lent support to the export-heavy index and optimism around corporate governance reforms gained momentum. North American equities also modestly outperformed, given their large exposure to the outperforming technology sector. Emerging markets and Asia Pacific ex-Japan notably underperformed as investors remained concerned about China's growth prospects amid ongoing property market weakness and disappointment with policy stimulus unveiled so far. The UK also underperformed, given little exposure to technology and above-average exposure to underperforming energy and basic materials.

Global growth momentum improved as the beginning of 2024, and there are tentative signs of a recovery in manufacturing activity, following the global industrial recession of the past 18 months. As a result, global growth is now expected to slow only modestly in 2024, and recession fears have rapidly receded. However, better activity data have been accompanied by a resurfacing of inflation fears, with markets now expecting two to three interest-rate cuts from the major central banks in 2024, down from six to seven at the start of the year.

The fundamental outlook for risk assets has improved, but our concerns are shifting towards valuations, which have baked in a lot of good news. Razor-thin credit spreads are supported by strong demand, but we think attractive yields are mostly a reflection of underlying sovereign bond yields, and credit risk premia look exceptionally low, particularly in fixed-rate bond markets. We do not suggest an imminent reversal of fortunes is likely, but global equity valuations point to a more subdued medium term return outlook. There are also hints of stabilisation in the UK commercial property market. Valuations are no longer demanding, given the steep declines in capital values over the last couple of years. However, the technical backdrop is still challenging.

While short-term sovereign bond yields, at best, fairly reflect the likely extent of near-term rate cuts, and underlying inflation pressures suggest central banks might cut even less than expected, we still think longer-term bond yields are attractive. A more modest pace of interest-rate cuts would also extend the shelf life of cash, which offers a positive real yield to sit on the sidelines.

Investment Strategy

The investment strategy of the Fund is to invest monies in a prudent and diversified manner, in accordance with the Scheme regulations and in recognition of the inherent risks that accompany any investment in the respective asset classes. The strategy is set out in the Statement of Investment Principles which can be viewed on request.

A revised investment strategy was approved in February 2019. The process of transitioning to the revised strategy started during 2019 with the selection, appointment, and onboarding of new fund managers. The process of diversification commenced in financial year 2019/20 and was still ongoing during financial year 2023/2024. Significant steps have been taken towards the Fund's interim-target allocation during the year. The revised asset allocation and range guidelines were applied with effect from December 2019 and have been regularly reviewed with the most recent review in February 2024. The agreed interim and long-term target allocations are shown in the Asset Allocation table below together with the actual asset allocation at 31 March 2024.

Asset Class	Asset Allocation at 31/03/2024	Interim Target	Range	Revised Long-term Target
	%	%	%	%
Growth				
UK Equities	7.5	8.0	46-56	7.0
Overseas Equities	49.8	43.0		43.0
Global Pooled - Diversified/Multi-Asset Growth	16.7	21.5	9-19	0.0
Total Growth	74.0	72.5	55-75	50.0
Income				
Infrastructure Credit	8.3	5.0	5-15	10.0
Private Debt	9.8	7.5	5-15	10.0
Total Income	18.1	12.5	10-30	20.0
Protection				
UK Gilts	3.3	7.5	2.5-12.5	10.0
UK Index-Linked Gilts	2.7	7.5	2.5-12.5	10.0
Corporate Bonds	-	0.0	-	10.0
Cash	1.9	0.0	-	0.0
Total Protection	7.9	15.0	5-25	30.0
Total	100.00	100.0		100.0

In time the strategy will transition towards the relevant target allocations. As at 31 March 2024 the equities asset allocation was overweight when compared to the target range, however, was within the overall range for total growth. The Fund has acted to reduce its holdings in growth-seeking assets in favour of funding a new allocation to income generating assets as part of a strategy to further diversify the Fund's investments. Nevertheless, holdings in equities still account for 57.3%, with indirect holdings in Diversified Growth and Multi-Asset Growth pooled funds accounting for a further 16.7% of the Fund's portfolio as at 31 March 2024. The remaining 26.0% is held in Infrastructure Credit, Private Debt, Bonds and Cash at 8.3%, 9.8%, 6.0% and 1.9% respectively.

Along with new allocations to global infrastructure credit and private debt, other changes included an increase in the bonds allocation which is now managed on a passive basis. In 2022 it was agreed to increase the Fund's infrastructure allocation through a commitment to a net zero infrastructure fund. The most recent review in 2024 agreed a full disinvestment from the multi-asset mandates and subsequent investment of those proceeds into protection assets. These changes are intended to reduce the risk profile of the fund and will be matched by a proportionate reduction in growth assets.

As a result of its exposure to equities, the relative performance of the Fund against its benchmark can be volatile over the short term. However, the Fund continues to have a strong funding position together with a net contribution from its dealings with members which allows it to take a long-term view across successive investment cycles.

A Responsible Investment Policy was approved in February 2024 which sets out the underlying objectives and beliefs of the Sub-committee on behalf of the Fund and what the Sub-committee expects to achieve from having this policy in place. It details the actions that the Sub-committee will take to achieve those actions and the means by which the actions will be assessed in order to judge whether the expected outcomes have or have not been achieved.

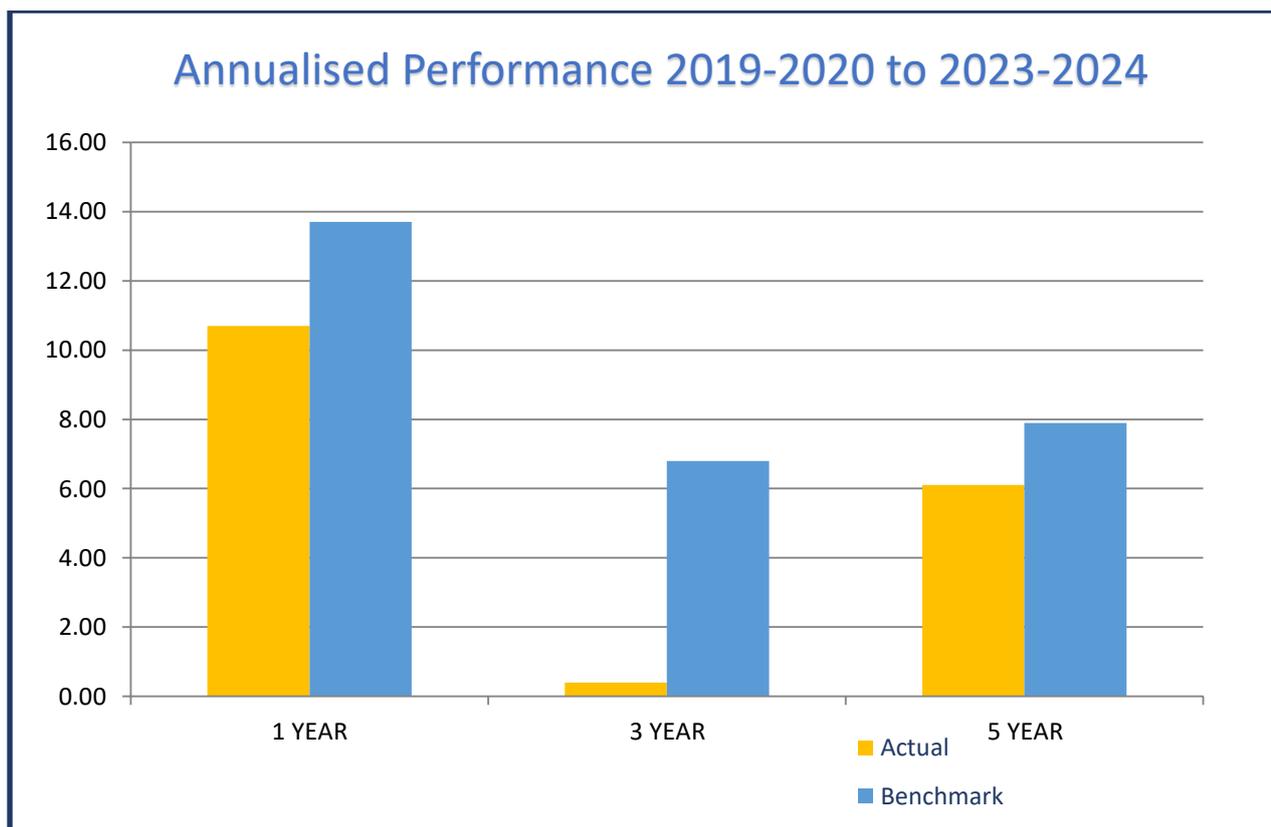
The top 10 direct equity holdings within the Fund at 31 March 2024 were:

Company	Market Value of Holding £m
Baillie Gifford Diversified Growth	47.7
Baillie Gifford Multi Asset Growth	41.6
Meta Platforms Inc	11.1
Microsoft	10.5
Amazon.com	10.3
Martin Marietta Materials	10.3
Elevance Health Inc	9.3
CRH	8.0
Reliance Industries	8.0
TSMC	7.1

Investment Performance

The performance of the Pension Fund managed investments has been measured against a bespoke or fund specific benchmark since the 1 April 2018, following the closure of the previous peer group benchmark, and reflects the weighting or concentration of individual asset classes within the approved investment strategy. The benchmark is maintained by Hymans Robertson. The revised investment strategy approved in February 2019 included principally new allocations to infrastructure equity and private debt, funded by a further reduction in the Fund's exposure to equities. The weightings of the fund specific benchmark were subsequently amended in December 2019 to reflect the revised investment strategy and signalled the start of the process to transition the Fund's investments to the new strategy. The Fund's performance target for this accounting period is to outperform the fund specific benchmark measured over a rolling 5-year period. The average performance over the last 5 years of 6.1% is behind the benchmark of 7.9%.

The following graph summarises investment performance on an annualised basis over 1, 3 and 5-year periods.



Structure of Administration

Staffing

Administration of the Fund is carried out in-house and undertaken by the Payroll and Pensions section within Orkney Islands Council's Enterprise & Sustainable Regeneration Service.

The Pensions team within the Payroll and Pensions section has 3.7 full time equivalents, consisting of a Service Manager, one full time Team Manager, two part time Senior Assistants and an Administrative Assistant. In addition to maintaining Fund members' records using data supplied by all Fund employers, the Pensions team also provides frontline services to scheme members. As well as answering telephone calls and responding to electronic and written correspondence, meetings are provided where requested.

The staff resources detailed above are supplemented by shared staff resources within the Enterprise & Sustainable Regeneration Service, providing additional governance, payments, investment, and accounting expertise. In addition, the Human Resources and Organisational Development section, within Orkney Islands Council's Strategy, Performance & Business Solutions Service also supports the work of the Pension section by arranging pre-retirement workshops for scheme members who are within two years of retirement.

Systems

Fund members' records are maintained on Aquila Heywood's pensions administration system known as Altair. Every current and former employee of Fund employers, including Orkney Islands Council, who has a pension entitlement in the Fund is included in the Altair system.

The Council's ResourceLink Payroll system is used to pay pensioner benefits. The Pensions team is restricted to read only access of the payroll system, with amendments being made to pensioner records via a formal request process to the Payroll team.

Administration Performance

Orkney Islands Council as administering authority is committed to providing a high-quality pension service to both members and employers and ensuring members receive their correct pension benefits entitlement.

Administration performance figures are monitored by the Pension Fund for financial year 2023/2024, against the key service standards set by the Pension Fund Sub-committee, as follows:

Category	Performance Standard – No of Working Days	Number of records processed within standard	Number of records processed Outwith standard	Percentage of records processed within standard	Prior Year Performance
New Entrant Information	10	280	0	100.0%	100.0%
Leaver Information	10	185	3	98.4%	99.4%
Pension Estimates	10	89	16	84.8%	95.5%
Retirements	5	83	2	97.6%	100.0%
Transfers In	10	46	3	93.5%	94.0%
Transfers Out	10	6	1	85.7%	100.0%
Refunds	5	32	1	97.0%	100.0%

Scheme Arrangements

Career Average Revalued Earnings Scheme (CARE) – LGPS 2015

A number of important changes have been made to the LGPS from 1 April 2015. The changes, which have been agreed between the Trade Unions, COSLA and the Scottish Government, ensure that the scheme complies with the terms of the Public Pensions Act 2013.

From 1 April 2015 the pension scheme moved away from a final salary to a career average revalued earnings scheme (CARE).

The main changes of this scheme were:

- A move towards benefits being worked out using career average revalued earnings (CARE) rather than final salary.
- Pensions being built up at a rate of 1/49th of annual pensionable pay.
- Member's normal retirement age being linked to their own State Pension Age. Members may still be able to retire from age 60 but a reduction for early payment may apply.
- Protection of benefits for members aged 55 and over at 1 April 2012 who will be guaranteed that their benefits will not be less than they would have been if the 2015 scheme had never been introduced, and
- Benefits built up before April 2015 will continue to be calculated using actual final pensionable pay at date of leaving.

Fund Update

Membership details are shown below along with a short description for each membership status:

Membership	2022/2023	2023/2024
Contributing members	2,167	2,224
Pensioners	1,227	1,295
Deferred members	1,081	1,145
Total	4,475	4,664

Contributing Member	Someone who is currently employed by a scheduled or admitted body and is making contributions from their pay to the Pension Fund. Such a person is referred to as an “active” member.
Deferred Member	Someone who was once a contributing member and who has chosen to leave his or her accumulated contributions in the Fund to benefit from a pension in due course.
Pensioner/Dependent Member	Someone who is receiving benefits from the Fund either as a former contributor or as a dependant of a former contributor who has deceased.

Employer Bodies

The Fund invested and administered pensions on behalf of 4 current and former employers during financial year 2023/2024. These include scheduled bodies, brought into the Fund by legislation, and admitted bodies, which chose to join the Fund. The detailed listing of employers and their membership numbers is contained in Note 1 of the Annual Report and Accounts for the Fund.

Pension Increases

Pensions which are in payment and deferment are increased each April in accordance with the Pension (Increase) Act 1971. Since April 2011, this increase has been linked to the Consumer Price Index (CPI) rather than the Retail Price Index (RPI).

Actuarial Valuation

Annex 2 contains the formal Actuarial Statement for financial year 2023/2024 which is prepared in line with International Accounting Standard (IAS) 26 and supports the preparation of the Accounts for the Pension Fund.

The last triennial valuation, as at the 31 March 2023, calculated that the Fund's assets were valued at £480m, and were sufficient to meet 164.0% of the liabilities (i.e., the present value of promised retirement benefits) accrued up to that date. This compared with 118% at the previous March 2020 valuation. The resulting surplus at the 2023 valuation was £188m.

For the purpose of reporting a funding level and an associated surplus/deficit for the 2023 valuation a prudent future investment return of 5.2% p.a with a 75% likelihood of success has been used, this compared to 2.9% p.a for the 2020 valuation.

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date and makes an allowance for expected future salary growth and inflation to retirement or expected earlier date of leaving pensionable membership.

Since the previous valuation, various events have taken place which affect the value placed on the liabilities, including:

- Decrease due to future investment returns being anticipated to be higher than at 2020.
- Increase due to the significant increase in short-term future inflation expectations.
- Decrease due to a slight reduction in life expectancy (not allowing for Covid-related excess deaths).
- Decrease due to updated model of future improvements to the most recent model available, including allowance for some recent mortality experience related to the excess deaths from the Covid 19 pandemic.

This overall decrease in liabilities has been offset by an increase in the Fund's assets resulting from a positive investment return and a net cash inflow over the period since the last full valuation at 31 March 2023.

As recommended by the Fund's Actuary (Hymans Robertson) the employers contribution rate has been reduced to 15.0% for the period 1 April 2024 to 31 March 2027 with reference to the future costs and also taking account of the current funding position, which is based on past service benefits.

The LGPS regulations state that a Primary Contribution Rate should also be set, which is the cost of active members accruing benefits in the scheme. The overall contribution rate, expressed as a percentage of pay, has reduced due to both an improvement in the past service funding position and higher assumed future investment returns at 2023 compared to 2020.

The most recent funding update produced at 31 March 2024 indicates that the funding surplus has increased from 164% to 174% since 31 March 2023. The improvement has been driven by strong investment performance since 31 March 2023 and the changes to the economic outlook. A summary of these results is shown below:

	31 March 2023	31 March 2024
Assumed Future Investment Return (Based on a 75% Likelihood of Success)	5.2% p.a.	5.7% p.a.
Salary Increase Assumption	2.8% p.a.	2.9% p.a.
Pension Increase Assumption	2.3% p.a.	2.4% p.a.
Assets	£480m	£519m
Past Service Liabilities	£292m	£298m
Surplus/ (Deficit)	£188m	£221m
Funding Level	164%	174%
Future Investment Return Required to be 100% Funded	2.2% p.a.	2.4% p.a.
Likelihood of Achieving This Return	95%	95%

The assessed Primary contribution rate for 1 April 2024 – 31 March 2027 at March 2023 was 22.1%. On applying a Secondary contribution rate of -7.1% to give a required minimum contribution, against the background of increased uncertainty over the future impacting on actuarial assumptions the employer contribution rate will be reduced to 15.0% for the three-year period 2024 to 2027.

Main Risks and Uncertainties facing the Fund

Awareness of risk and risk mitigation is a key facet of the Fund's strategic and operational activities. Whilst it is not possible to eliminate risk entirely, the Fund has taken steps to evaluate risk and put strategies and controls in place to minimise its adverse effects.

The Fund has its own risk register, which details some 24 risks faced by the Fund and can be viewed at the related downloads section [here](#). The risk register is reviewed annually by the Pension Fund Sub-committee and Pension Board.

Principal risks, and the way in which they are managed, are as follows:

Financial Mismatch, the risk that the Fund's assets fail to grow in line with the cost of meeting its liabilities. The Pension Fund Sub-committee measures and manages financial mismatch in several ways. It has set a strategic asset allocation benchmark for the Fund and assesses risk relative to that benchmark by monitoring the Fund's asset allocation and investment returns. It also assesses risk relative to liabilities by monitoring benchmark returns relative to liabilities. The Pension Fund Sub-committee keeps under review demographic assumptions which could impact on the cost of benefits. These assumptions are considered formally in the triennial valuation and reviewed annually within funding update reports (Navigator) produced by the Fund's Actuary, Hymans Robertson.

Systemic Risk, the risk of an interlinked and simultaneous failure of several asset classes and/or investment managers. The Pension Fund Sub-committee seeks to manage systemic risk by the appointment of investment managers. The Pension Fund Sub-committee regularly reviews total asset values within asset class.

Liquidity Risk, the risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets. This is controlled by the regular estimation of cash flow to ensure that sufficient cash balances are available. By holding the majority of its assets in liquid assets such as equities and bonds, unexpected cash flow requirements can be met by the realisation of assets. Liquidity risk is also moderated by the Fund continuing to have a surplus of contributions receivable over pensions payable.

Custody Risk, the risk of losing rights to Fund assets when they are held in custody or being traded. The Pensions Sub-committee manages custody risk by the monitoring of custodian activities. The Fund has appointed Bank of New York Mellon's London branch as its Custodian.

Transition Risk, the risk of incurring unexpected costs or losses when assets are transferred between asset classes. When carrying out significant transitions the Pensions Sub-committee will take professional advice and consider the appointment of specialist transition managers.

Pension Fund Sub-Committee and Pensions Board

In line with scheme regulations, and the respective terms of reference for the Pension Fund Sub-committee and Pensions Board, the group met concurrently on four occasions during 2023/2024.

Training activity for the members of the Pension Fund Sub-committee and Pension Board was undertaken during the financial year 2023/2024, in accordance with the agreed training plan, to enable Councillors charged with the governance of the Fund to execute their role as quasi-trustees effectively. In recognition of the complex and ever-changing environment of Local Government Pension Scheme finance, and specifically to address the governance requirements, the Chartered Institute of Public Finance and Accountancy Code of Practice on Public Sector Pensions Finance Knowledge and Skills has been adopted.

Acknowledgement

We would like to take this opportunity to thank our colleagues in the Enterprise & Sustainable Regeneration Service and the members of the Pension Fund Sub-committee and the Pensions Board for their help and co-operation in managing the financial affairs of the Pension Fund.

Gareth Waterson, BAcc, CA
Section 95 Officer

Councillor Heather Woodbridge
Leader

Oliver D Reid
Chief Executive

Statement of Responsibilities for the Annual Accounts

Responsibilities of the Orkney Islands Council as Administering Authority

The Council is required to:

- Make arrangements for the proper administration of the financial affairs of the Orkney Islands Council Pension Fund (the Fund) and to secure that one of its officers has the responsibility for the administration of those affairs (Section 95 of the Local Government (Scotland) Act 1973). In this Council, that officer is the Corporate Director of Enterprise & Sustainable Regeneration.
- Manage the affairs of the Fund to secure economic, efficient, and effective use of resources and safeguard its assets.
- Ensure the Annual Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014) and the Local Authority (Capital Finance and Accounting) (Scotland) (Coronavirus) Amendment Regulations 2021, and so far, as is compatible with that legislation, in accordance with proper accounting practices (Section 12 of the Local Government in Scotland Act 2003).
- Approve the Annual Accounts for signature.

Signed on behalf of Orkney Islands Council

Councillor Heather Woodbridge
Leader

The Corporate Director of Enterprise & Sustainable Regeneration Service responsibilities

The Corporate Director of Enterprise & Sustainable Regeneration is responsible for the preparation of the Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC Code on Local Authority Accounting in the United Kingdom (the Code).

In preparing these Annual Accounts, the Corporate Director of Enterprise & Sustainable Regeneration has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with legislation.
- Complied with the Code (in so far as it is compatible with legislation).

The Corporate Director of Enterprise & Sustainable Regeneration Service has also:

- Kept adequate accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the annual accounts give a true and fair view of the financial position of the Orkney Islands Council Pension Fund as at 31 March 2024, and of its transactions for the year ended 31 March 2024.

Gareth Waterson, BAcc, CA
Section 95 Officer

Remuneration Report

The Pension Fund does not directly employ any staff. We have therefore not included a remuneration report within the Annual Report.

All staff are employed by Orkney Islands Council, and their costs reimbursed by the Pension Fund.

The Councillors, who are members of the Pension Fund Sub-committee and Pension Board are also remunerated by Orkney Islands Council.

Details of Councillor and Senior Employee remuneration can be found in the statement of accounts of Orkney Islands Council on the Council's website:

<https://www.orkney.gov.uk/your-council/finances/budgets-and-accounting/statement-of-accounts/>.

The Statement of Accounts of Orkney Islands Council do not form part of the Pension Fund's Annual Report and Accounts.

Annual Governance Statement

Scope of Responsibility

The Orkney Islands Council acts as Administering Authority for the Orkney Islands Council Pension Fund. The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The Council has a statutory duty to make arrangements to secure best value under the Local Government in Scotland Act 2003.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. This includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA)/Society of Local Authority Chief Executives and Senior Managers (SOLACE) framework 'Delivering Good Governance in Local Government'. The Code is available on the Council's website. The authority's financial and management arrangements conform to the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in local government.

The Local Code of Corporate Governance evidences the Council's commitment to achieving good governance and demonstrates how it complies with the governance standards recommended by CIPFA. The document is regularly reviewed and updated.

Purpose of the Governance Framework

The governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled, and the activities used to engage with and lead the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level, and provide reasonable, but not absolute, assurance that the policies, aims and objectives can be delivered. The system of internal control is based on an ongoing process designed to identify and prioritise the risks being realised, and the impact should they be realised, and to manage them efficiently, effectively, and economically.

The governance framework has been in place for the year ended 31 March 2024 and up to the date of approval of the Annual Accounts.

Governance Framework

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.

5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.

The Pension Fund is governed by the Local Government Pension Scheme (Scotland) Regulations. These include requirements for the preparation and production of a number of key policy documents including a Valuation Report, a Funding Strategy Statement and Statement of Investment Principles. These documents set out the Fund's objectives together with the main risks facing the Fund and the key controls to mitigate those risks.

Review of Effectiveness

Orkney Islands Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. This includes ensuring appropriate advice is available to the Pension Fund on all governance matters, providing training to all members of the Pension Fund Sub-committee and Pension Board, keeping proper administrative and financial records and accounts, and maintaining effective procedures and arrangements for the control of governance.

The Pension Fund responds to findings and recommendations of external audit, scrutiny and inspection bodies and the Council's independent internal audit section. The Pension Fund Sub-committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.

Administering Authority

Orkney Islands Council is the Administering Authority for the Local Government Pension Scheme (LGPS) set up for the Orkney Islands geographic area.

The Council has delegated the management of the investments of the Pension Fund to the Pension Fund Sub-committee who fulfils the role of Fund Manager and has established a Pension Board which is the body responsible for assisting the Fund Manager in relation to compliance with scheme regulations, and the requirements of the Pension Regulator.

Regulatory Framework

The Pensions Regulator is the UK regulator of work-based pension schemes. It works with trustees, employers, pension specialists and business advisers, giving guidance on what is expected of them.

The Scottish Public Pensions Agency (SPPA) is responsible for regulating the LGPS in Scotland and the Council administers the pension scheme in accordance with guidance and regulations issued by the SPPA.

The Orkney Islands Council Pension Fund is open to all employees of scheduled bodies except those whose employment entitles them to belong to another statutory pension scheme (e.g., Teachers). Employees of admitted bodies can join the scheme subject to those bodies meeting the statutory requirements and, on such terms and conditions as the Council (as Administering Authority) may require. A list of scheduled and admitted bodies is attached as Annex 1.

The Pension Fund Sub-committee is a formal sub-committee of Orkney Islands Council's Policy and Resources Committee. The Scheme of Administration for the Council refers the responsibility to discharge all functions and responsibilities relating to the Council's role as administering authority for the Orkney Islands Council Pension Fund in terms of the Local Government (Scotland) Act 1994, the Superannuation Act 1972 and the Public Service Pensions Act 2013.

Financial affairs are conducted in compliance with the Council's Financial Regulations which are reviewed and updated on a regular basis.

Funds are invested in compliance with the Fund's Statement of Investment Principles.

Pension Fund Sub-Committee and Pension Board

The members of the Pensions Sub-committee together with the Pensions Board act as quasi-trustees and oversee the management of the Orkney Islands Council Pension Fund.

Their overriding duty is to ensure the best possible outcomes for the Fund, its participating employers and scheme members.

The members' knowledge is supplemented by professional advice from officers of the Council, professional advisers, and other external providers.

The Pension Fund Sub-committee is comprised of seven members of the Council:

- Leader (Chair of Policy and Resources Committee).
- Deputy Leader (Vice Chair of Policy and Resources Committee), and
- Five other elected members of the Council appointed by Policy and Resources Committee.

The Fund Actuary, the Independent Investment Consultant, Corporate Director of Enterprise and Sustainable Regeneration, Pensions Manager and the Head of Legal and Governance or their nominated representatives also attend the Pension Fund Sub-committee meetings as advisers.

The Pension Fund Sub-committee meets at least quarterly. Additional meetings are called as appropriate and papers and minutes are publicly available on the Council's website, unless they have been considered as private business in terms of Schedule 7A to the Local Government (Scotland) Act 1973. Minutes of the Pension Fund Sub-committee are also presented to the Policy and Resources Committee of the Council.

Membership of the Pensions Board consists of equal numbers made up of 4 trade union representatives and employer representatives, drawn from Orkney Islands Council and scheduled or admitted bodies who are members of the Pension Fund. Pension Board representatives may not participate in or act as members of the Pension Fund Sub-committee or the Monitoring and Audit Committee. Local Authority employer representatives will normally be Elected Members of the Council.

The Pension Board meets at least quarterly. A majority of either side, trade union or employer representatives, may requisition a special meeting of the Pension Board in exceptional circumstances.

While the statutory roles and function of the Pension Fund Sub-committee and Pension Board are separate, the normal practice is that both bodies meet at the same time to consider the same agenda, with the Chair of the Pension Fund Sub-committee chairing the concurrent meeting. The Council's Standing Orders apply at concurrent meetings. The aim is to engender a positive and proactive partnership culture where in practice the two bodies act as one.

During the year 2023/2024 there was no disagreement. However, if the Pension Fund Sub-committee and Pension Board cannot reach joint agreement on any matter the process for resolving any differences between the two bodies is as follows:

- In the first instance, if at least half of the members of the Pension Board agree, then the Pension Board can defer a decision of the Pension Fund Sub-committee for further consideration if any of the defined grounds are met. Whilst this process is undertaken the decision of the Pension Fund Sub-committee is still competent.
- If there is no agreement after the matter has been referred back to the Pension Fund Sub-committee, the decision of the Pension Fund Sub-committee stands and the difference in view between the Pension Board and the Pension Fund Sub-committee will be published in the form of a joint secretarial report on the Pension Fund website, included in the Pension Fund annual report and notified to the Scottish LGPS Advisory Board, and
- The Scottish LGPS Scheme Advisory Board may also consider and take a view on the matter and, if considered appropriate, provide advice to the Scheme Manager or the Pension Board in relation to the matter.

Administration and Financial Management of the Fund

The Council's Corporate Director of Enterprise & Sustainable Regeneration is the Officer with responsibility to ensure proper administration of the Council's financial affairs in terms of Section 95 of the Local Government (Scotland) Act 1973.

The Corporate Director of Enterprise & Sustainable Regeneration is responsible for:

- The financial accounting of the Fund.
- The preparation of the Pension Fund Annual Report and Accounts.
- Being the principal advisor on management of investments to the Council in its capacity as Trustee to the Fund and as the Fund's Administering Authority.

The day-to-day management of the investment activities of the Fund is administered by the Corporate Finance Team within the Enterprise & Sustainable Regeneration Service.

The pension benefits policy oversight and day-to-day administration for the Fund is administered by the Pensions Team within the Enterprise & Sustainable Regeneration Service.

The annual accounts of the Fund is subject to external audit. The auditor is appointed by Audit Scotland, as part of the process to ensure that public funds are properly safeguarded and accounted for.

Professional Advisers and External Service Providers

Hymans Robertson is appointed to act as Actuary and Investment Consultants to the Fund. The services provided include advice on investment strategy, funding level and actuarial valuations. Hymans Robertson also provides independent performance measurement services for the Fund and has responsibility for measuring and reporting on the performance of the Fund during the year.

The implementation of the revised investment strategy approved in February 2019 involved Fund Manager appointments to new Infrastructure Equity, Private Debt and Bonds mandates. The Bonds mandate was fully funded in May 2020, while the Infrastructure Equity was fully drawn down in December 2021. The drawdowns to the Private Debt funds continued throughout 2023/2024 financial year.

In February 2022, when considering a review of the investment strategy, the Pension Fund Sub-committee agreed to allocate up to 4% to a new renewable focussed infrastructure mandate, to be managed by a renewable focussed manager. Following interviews in September 2022 fund managers were successfully appointed for the new renewable focussed infrastructure mandate. The onboarding process was completed in March 2023, the fund was fully drawn down in March 2024.

The investment strategy was most recently reviewed in February 2024 where the Pension Fund Sub-committee agreed to changes to the size of the strategic allocation to growth assets, reducing or removing the allocation to multi asset funds, increasing allocations to protection assets and introducing an allocation to corporate bonds as an increase in protection assets. These changes will be implemented in 2024/2025 financial year.

The Fund's appointed investment managers have responsibility for the selection, retention, and disposal of individual investments. Where appropriate, they also implement the Pension Fund Sub-committee's policy in relation to socially responsible investment and corporate governance. All fund managers are required to be signatories of the United Nations' Principles for Responsible Investment.

The Bank of New York Mellon is the Fund's appointed global custodian and is responsible for the safekeeping of the assets including the processing of transactions and submission of tax claims.

Internal and External Control and Review

The system of internal financial controls is based on a framework of delegation and accountability for officers and elected members embodied in procedural standing orders, financial regulations, scheme of delegation, scheme of administration, committees, and sub-committees. It is supported by a framework of administrative procedures including the segregation of duties, and regular financial management information. In particular this includes:

- Comprehensive accounting systems that record income and expenditure for both member and investment activities.
- Regular reviews of investment reports that measure investment returns against agreed benchmarks.
- Regular reviews of investment manager reports that measure performance against agreed targets.
- Independent performance reviews of the Fund by the Fund's investment consultant and performance monitoring services provider.

The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The Pension Fund responds to findings and recommendations of external audit, scrutiny and inspection bodies and the Orkney Islands Council's independent internal audit section. The Monitoring and Audit Committee is integral to overseeing independent and objective assurance and monitoring improvements in internal control and governance.

The Pensions team within the Payroll and Pension section consists of 3.7 full time equivalents.

The Corporate Director of Enterprise & Sustainable Regeneration (Section 95 officer) for the Council as Administering Authority is responsible for ensuring the proper administration of the financial affairs of the Pension Fund. This includes ensuring appropriate advice is made available to the Pension Fund on all financial matters, keeping proper financial records and accounts, and maintaining an effective system of internal financial control.

The Chief Internal Auditor (CIA) reports to the Monitoring and Audit Committee and functionally to the Head of Legal and Governance who is also the Council's Monitoring Officer. He is in regular contact with the Head of Finance and Monitoring Officer. The CIA provides an independent and objective internal audit annual report and assurance statement on the effectiveness of internal control, risk management and governance based on the delivery of an approved plan of systematic and continuous internal audit review of the Council's arrangements.

Given the structural size of the Council, there are common controls over Council systems and pension systems. Internal audit's work on Council systems also contributes to providing management assurance that Pension Fund operations and transactions are appropriately controlled.

Counter Fraud and Anti-Corruption

Effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption. This includes, but is not limited to, ensuring established systems of internal controls and security are in place, segregation of duties and supervisory checking of all calculations, and internal audit and monitoring arrangements.

The increased risk of fraud and scams is also being managed on an ongoing basis, focusing on staff support, communication of potential scams and close monitoring of checks prior to any transfers out being completed. These steps are further enhanced by the development of a new on-line training course which is mandatory for all Finance staff.

Risk Management

The Fund's Risk Register was last reviewed and updated at the concurrent meetings of the Pension Fund Sub-committee together with the Pensions Board on 28 February 2024. The risk register incorporates a risk matrix to clearly demonstrate the Pension Funds current threats relative to the individual risks anticipated, and a summary and prioritisation of risks to indicate the descriptive risks ranking.

Risk awareness is embedded into the investment performance management process.

The main changes identified in the last review of the risk register were as follows:

- The likelihood of the risk regarding active investment manager under-performance relative to benchmark at aggregate level and/or failure of investment market(s) from economic and political instability etc has been increased to 4, with the impact maintained at 3. This increase in risk is attributed to the recent poor performance of the Pension Fund investments.
- The likelihood of the risk regarding Committee and Board members having inadequate knowledge and understanding has been decreased to 3, with the impact maintained at 2. This decrease is to reflect that new members have built up their knowledge and understanding of the Pension Fund over their term on the Council to date through attending meetings and training sessions.
- The likelihood of the risk regarding failure to produce compliant annual report and accounts within deadline including possible delays through failure of external auditors has been increased to 3, with the impact reduced to 2. This change is to reflect the fact that approval of the accounts for 2022/2023 was delayed in 2023, although the impact of this delay was minimal.
- The likelihood of the risk regarding the scale of the pension team possibly creating an over-reliance on Key Pension Officers and staff absence being problematic has been increased to 3, with the impact being maintained at 2. This increase is attributed to a number of recent staff changes in the Pension Team and the time required for new staff to gain experience.
- The impact of the risk regarding business continuity (service delivery threats, insufficient daily backup etc) has been reduced to 2, with the likelihood maintained at 2. This reduction reflects the fact that all staff can now work from home if required to do so, meaning service delivery can continue without significant interruption.
- The likelihood of the risk regarding new pension access reforms, “Freedom and choice”, and increase in awareness, may lead to Fund members electing to transfer all or part of their pension entitlement much earlier than projected resulting in the potential change in liability profile for the Fund has been reduced to 4, with the impact maintained at 1. This reduction reflects the fact that the Pension Fund has seen minimal impact from this reform to date.
- The likelihood of the risk regarding decisions influenced by possible conflicts of interest or not in the best interest of stakeholders has been reduced to 1, with the impact maintained at 2. This reduction reflects the fact that all decisions are taken by the Pension Fund Sub-committee in a properly governed environment, with declarations of interest made where relevant.
- The impact of the risk regarding failure to adhere to relevant statutory regulations including updates from LGPS has been reduced to 2, with the likelihood maintained at 1. This reduction reflects the fact that changes in legislation are notified from many sources included the Scottish Public Pensions Agency, the Pensions Regulator and the software provider also updates the administration system with any changes to legislation.
- The impact of the risk regarding failure of Global Custodian has been reduced to 2, with the likelihood maintained at 1. This reduction reflects the fact that the global custodians only hold the certificates of investment and not the actual cash.
- The risk regarding the impact of the COVID-19 pandemic has been removed as the investment returns to the Fund recover from the pandemic. The potential impact of any future pandemic remains as a risk on the risk register.

- The risk regarding inefficiencies with the portfolio could result in unintended risks has been combined with Risk Ranking 1 (Investment) – Active investment manager under-performance relative to benchmark at aggregate level and/or failure of investment market.
- The risk relating to recruitment and retention of key staff has been combined with Risk Ranking 8 (Operational), which relates to the scale of the pension team, which could create an over reliance on Key Pension Officers and staff absence being problematic.
- The risk of increased fraud and scams due to the COVID-19 pandemic has been combined with Risk Ranking 6 (Operational) – Breach of Data Protection Legislation, increased cyber security threats through changes in working practices – theft or loss of data. The specific reference to COVID-19 has been removed.
- The risk relating to the failure to process accurate pension benefit payments, including lump sum payments, in a timely manner has been combined with Risk Ranking 21 (Governance) – Failure to adhere to statutory regulations including updates from the Local Government Pension Scheme.

The full risk register is available under the related download section via the following link to the Council's website:

<https://www.orkney.gov.uk/your-council/finances/pensions/pension-fund-sub-committeepension-board/>.

Significant Governance Issues

The system of governance aims to provide reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and properly recorded, material errors or irregularities are either prevented or detected within a timely period and significant risks impacting on the achievement of our objectives have been mitigated to an acceptable level. A review of effectiveness of the governance framework has not identified any significant governance issues or control weaknesses in the Pension Fund's governance arrangements.

The following issues were highlighted in the Audit Report for financial year 2022/2023:

- During the course of the audit a number of presentational errors in the accounts were noted.

Agreed action – Reference to the technical briefing note will be made while preparing the annual report and accounts.

Update – the technical briefing note has been referred to in the preparation of the annual report and accounts for 2023/2024 and the layout mirrors the example accounts in the technical briefing note.

- It was noted that no formal member reconciliation is performed noting membership changes in the year, reconciling movements and cross checking against the underlying payroll records.

Agreed action – A review of the current monthly processes will be undertaken to ensure the risk of incorrect membership data is minimised, and if required an annual membership review will be added to those procedures.

Update – The Pension Section will be performing a membership reconciliation for 2023/2024 and this will be carried out annually going forward.

- The Auditors noted that the Fund does not have its own climate strategy.

Agreed action – A review of the Fund’s responsible investment beliefs has been undertaken and a report on the outcome will be presented to the Sub-committee on 22 November 2023. The findings of this review will be used to develop a Responsible Investment Policy which will detail the Fund’s approach to ESG and climate change.

Update – A Responsible Investment Policy was approved for the Pension Fund in February 2024 which sets out the underlying objectives and beliefs of the Sub-committee on behalf of the Fund.

Access to Information

Pension Fund Sub-committee papers, minutes and the Funds Annual Audit Report and Accounts are available via the Council’s website <https://www.orkney.gov.uk/>.

Opinion

Our review of the effectiveness of the system of internal financial control is informed by:

- The work of Internal Audit and the professional pensions and accountancy staff within the Council.
- The External Auditor’s reports.
- The Corporate Director of Enterprise & Sustainable Regeneration (Section 95 Officer), whose duties include putting in place the arrangements for the proper administration of financial affairs of the Pension Fund.

The internal financial control environment was enhanced through the adoption in 2015 of a Risk Register, Procedural Standing Orders, and the establishment of a scheme of delegation for the Pension Fund Sub-committee and supported by the Pension Board.

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Council’s internal financial control systems during the year ended 31 March 2024.

Councillor Heather Woodbridge
Leader

Oliver D Reid
Chief Executive

Governance Compliance Statement

The Regulations that govern the management of LGPS funds in Scotland require that a Governance Compliance Statement is published. The following compliance statement sets out the extent to which the Orkney Islands Council Pension Fund governance arrangements comply with best practice.

Principle	Compliance and Comments
1. Structure	
a) The management of the administration of benefits and strategic management of Fund assets clearly rests with the main committee established by the appointing Council.	<p>Compliance in Full: Yes</p> <p>On 17 February 2015, the Policy and Resources Committee (PRC) established a Pension Fund Sub-committee (PSC) and delegated to it the power to discharge all functions and responsibilities relating to the Council's role as administering authority for Orkney Islands Council Pension Fund (the Fund). The PSC is the main committee in terms of the Local Government (Scotland) Act 1994, the Superannuation Act 1972, and the Public Services Act 2013. The PRC further agreed to establish a Pensions Board (PB) as a secondary committee to underpin the work of the main committee.</p>
b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.	<p>Compliance in Full: Yes</p> <p>There are no admitted bodies or deferred members represented on the PSC.</p> <p>Orkney Ferries Limited, an admitted body, currently has a representative on the PB.</p> <p>The existing membership of the PSC includes both active and pensioner members of the Orkney Island Council Pension Fund.</p>
c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	<p>Compliance in Full: Yes</p> <p>The agreed terms of reference for operation of the PSC include the requirement to produce a formal minute of all meetings. The PSC sit at the same time as the PB allowing them to communicate with each other on the day they sit.</p>

d) That where a secondary committee or panel has been established; at least one seat of the main committee is allocated for a member from the secondary committee or panel.	<p>Compliance in Full: Yes</p> <p>The PSC and PB sit at the same place and time to assist with the formation of a consensus. The aim is to engender a positive and proactive partnership culture where in practice the two bodies act as one.</p>
2. Representation	
<p>a) That all key stakeholders are afforded the opportunity to be represented within the Pensions Board. These include:</p> <ul style="list-style-type: none"> • Employing authorities including non-scheme employers, e.g., admitted bodies. • Scheme members including deferred and pensioner scheme members <ul style="list-style-type: none"> • Where appropriate, independent professional observers, and • Expert advisors (on an ad-hoc basis). 	<p>Compliance in Full: Yes</p> <p>In accordance with the terms of reference for the operation of the PB, membership comprises 8 members: four trade union representatives and four employer representatives.</p> <p>Input from Hymans Robertson as expert advisors to the Pension Fund is routinely sought on policy matters.</p>
b) That where lay members sit on a main or secondary committee, they are treated the same as elected Members in terms of access to papers, meetings and training, and are given full opportunity to contribute to the decision-making process, with or without voting rights.	<p>Compliance in Full: Yes</p> <p>In accordance with the terms of reference, all members of the PB and PSC are treated equally. The two bodies sit at the same time to facilitate equal opportunity.</p>
3. Selection and Role of Lay Members	
a) That committee or panel members are made fully aware of the status, role, and function that they are required to perform on either a main or secondary committee.	<p>Compliance in Full: Yes</p> <p>At the inaugural meeting of the PSC and PB, held concurrently on 24 April 2015, respective Terms of Reference were duly approved for each body. In addition, an induction programme has been provided to members. Induction training was provided in June 2022 to new members following the local elections in May 2022.</p> <p>During 2023, 1 member and 1 officer participated in a training seminar provided by the Local Government Chronicle.</p>
b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	<p>Compliance in Full: Yes</p> <p>The declaration of Member's interests is a standard item on the agenda of the PSC and PB.</p>

4. Voting	
The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Compliance in Full: Yes
	Full voting rights are given to all members of the PSC.
5. Training/ Facility Time/ Expenses	
a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process.	Compliance in Full: Yes
	The CIPFA Code of Practice for Public Sector Pensions Finance Knowledge and Skills, together with a Knowledge and Skills Framework to support the Code has been adopted as the basis for training and development of members and officers involved in Pension Fund financial matters. CIPFA Framework Members' training is funded from the Council's Pension Fund. The training policy was approved in 2015/16 and is aligned to CIPFA's Knowledge and Skills Framework.
b) That where such a policy exists it applies equally to all members of committees, sub-committees, advisory panels, or any other form of secondary forum.	Compliance in Full: Yes
	All elected and lay members are treated equally under the training policy.
c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training.	Compliance in Full: Yes
	The Administering Authority of the PSC and PB has to date considered the training requirements of committee members collectively and provided training on that basis. A log has been established of all training provided to members and this is monitored and reported as appropriate. The annual training plan for 2023/2024 was approved by the PSC at its meeting of 15 February 2023.
6. Meeting Frequency	
a) That an administering authority's main committee or committees meet at least quarterly	Compliance in Full: Yes
	The PSC and PB are scheduled to meet at least four times a year.
	Compliance in Full: Yes

b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committees sit.	The PSC and PB are scheduled to meet at least four times a year.
c) That an administering authority that does not include lay members in their formal governance arrangements must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented.	Compliance in Full: Yes
	On 17 February 2015, the PSC agreed to establish a PB, with representatives from Trade Unions and admitted bodies.
7. Access	
That subject to any rules in the Council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.	Compliance in Full: Yes
	All members are treated equally.
8. Scope	
That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	Compliance in Full: Yes.
	The PSC deal with all matters relating to both the administration and investment of the Pension Fund. The PSC is formed from members of the Policy and Resources Committee of the Council.
9. Publicity	
That administering authorities have published details of their governance arrangements in such a way that stakeholders, can express an interest in wanting to be part of those arrangements.	Compliance in Full: Yes.
	The Orkney Islands Council Pension Fund governance documents are available on the Council website using the following link: Pension Board Terms of Reference (orkney.gov.uk) The Council as administering authority communicates regularly with employers and scheme members.

Gareth Waterson, BAcc, CA
Section 95 Officer

Councillor Heather Woodbridge
Leader

Oliver D Reid
Chief Executive

Annual Accounts 2023/2024

Pension Fund Account

The Pension Fund Account sets out all income and expenditure of the Pension Fund.

2022/2023 £'000		2023/2024 £'000	Notes
	Dealings with members, employers and others directly involved in the scheme		
11,857	Contributions Receivable	13,530	4
1,145	Transfers In	2,449	5
13,002		15,979	
(10,276)	Benefits Payable	(11,158)	6
(3,212)	Payments to and on account of leavers	(1,024)	7
(13,488)		(12,182)	
(486)	Net additions/(withdrawals) from dealings with members	3,797	
(2,783)	Management expenses	(3,354)	8
(3,269)	Net withdrawals including management expenses	443	
	Return on Investments		
9,577	Investment Income	11,921	9
(34,813)	Gain/(loss) on disposal of investments and changes in the market value of investments	43,702	10
(159)	Taxes on Income	(131)	
(25,395)	Net Gain/(loss) on Investments	55,492	
(28,664)	Net increase/(decrease) in the net assets available for benefits during the year	55,935	
508,531	Opening Net Assets of the Scheme	479,867	
479,867	Closing Net Assets of the Scheme	535,802	13

Net Assets Statement as at 31 March 2024

The Net Assets Statement sets out the value, as at the statement date, of all assets and current liabilities of the Fund. The net assets of the Fund (assets less current liabilities) represent the funds available to provide for pension benefits as at 31 March 2024.

31 March 2023 £'000		31 March 2024 £'000	Notes
	Managed Funds		
284,853	Equities	306,735	
190,653	Pooled Investment Vehicles	218,747	
3,901	Cash Equivalents	9,923	
479,407		535,405	11
	Current Assets		
6	Cash Balances	6	
98	Contributions due	113	
1,039	Current Debtors	1,168	
1,143		1,287	20
	Current Liabilities		
(683)	Current Creditors	(890)	21
460	Net Current Assets/(Liabilities)	397	
479,867	Net Assets of the Scheme available to fund benefits at the year end	535,802	

The Fund Account and Net Assets Statement do not show any liability to pay pensions or other benefits in the future. The liability to pay pensions is detailed in Note 19 Actuarial Present Value of Promised Retirement Benefits.

The unaudited accounts were issued on 28 June 2024.

Gareth Waterson, BAcc, CA
Section 95 Officer

Notes to the Annual Accounts

1. Description of Fund

a) The Local Government Pension Scheme

The Local Government Pension Scheme is a funded defined benefit scheme, established under the Superannuation Act 1972, with pensioners receiving index-linked pensions. It is administered by Orkney Islands Council in accordance with The Local Government Pension Scheme (Scotland) Regulations 2018 (as amended) and was contracted out of the State Second Pension until the 6 April 2016 when the new State Pension was introduced. The Pension Fund is subject to a triennial valuation by an independent, qualified actuary, whose report indicates the required future employer's contributions.

b) Membership Details

Under the Local Government Pension Scheme (LGPS), member contributions are paid on a tiered basis, the contribution rate being determined by the amount of salary falling into each earnings tier.

Eligibility to join the scheme

Orkney Islands Council employees with a contract for 3 months duration or more are automatically entered into the LGPS. Employees with a contract of less than 3 months duration will be automatically enrolled into the LGPS if they satisfy the automatic enrolment criteria, however they can opt in if they do not meet the automatic enrolment criteria.

A person employed by a community admission body, or a person employed by a transferee admission body is eligible to be a member if the person, or class of employees to which the person belongs, is designated in the admission agreement by the body as being eligible for membership of the Scheme.

If they satisfy the above statement, they should be automatically entered into the LGPS if they have a contract for 3 months or more otherwise, they can opt in if they have a contract for less than 3 months.

Employees of community admission bodies and transferee admission bodies are also enrolled into the Local Government Pension Scheme if they satisfy the auto enrolment criteria.

The following table gives details of the various bodies' membership.

Membership Details at 31/03/2024	Active	Deferred	Pensioner	Dependant	Total
Orkney Islands Council	2,041	1,043	1,073	162	4,319
Orkney Islands Property Development	3	3	5	0	11
Pickaquoy Centre Trust	52	50	11	0	113
Orkney Ferries Limited	128	49	39	5	221
Summary of Members					
OIC	2,041	1,043	1,073	162	4,319
Admitted Bodies	183	102	55	5	345
Totals	2,224	1,145	1,128	167	4,664

Membership Details at 31/03/2023	Active	Deferred	Pensioner	Dependant	Total
Orkney Islands Council	2,002	989	1,015	158	4,164
Orkney Islands Property Development	3	3	5	0	11
Pickaquoy Centre Trust	51	44	10	0	105
Orkney Ferries Limited	111	45	33	6	195
Summary of Members					
OIC	2,002	989	1,015	158	4,164
Admitted Bodies	165	92	48	6	311
Totals	2,167	1,081	1,063	164	4,475

c) Benefits

Prior to 1 April 2015, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2015, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website – see <https://www.scotlgpsmember.org/>.

2. Basis of Preparation of the Accounts

The Accounts summarises the Pension Fund's transactions for the 2023/2024 financial year and its position at year-end as at 31 March 2024.

The accounts for the Fund have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/2024, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts have been prepared on an accruals basis and do not take account of liabilities to pay pensions and other benefits after the year end. However, the actuarial position does account for such obligations. This is disclosed in Note 4 of the accounts and should be read in conjunction with the Actuarial Statement (Annex 2). The accounts have been prepared on a going concern basis. The going concern concept assumes that the Pension Fund has adequate resources to realise its assets and meet benefit obligations in the normal course of affairs (continue to operate) for at least twelve months from the date of approval of these Accounts.

3. Statement of Accounting Policies

A summary of the more important accounting policies has been set out below:

3.1. Contributions Income

Normal contributions, both from the members and employers, are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.

- Employer contributions are set at the percentage rate recommended by the Fund Actuary for the period to which they relate.

Employers' augmentation contributions and pension strain costs are accounted for in the period in which the liability arises. Any amounts due in the year but unpaid will be classed as current financial assets.

Augmentation contributions are contributions paid to the Fund by an employer where that employer awards compensatory added years to a scheme member at retirement. Strain costs are contributions paid to the Fund by an employer where a scheme member, aged 55 or over, chooses to retire prior to normal pension age and the employer elects to waive any reductions normally applied to the member's pension benefits. Strain costs are also paid to the Fund by an employer where a scheme member, aged 55 or over, retires prior to normal pension age and the grounds for retirement are redundancy or efficiency.

3.2. Transfers to and from Other Schemes

Transfer values represent the amounts receivable and payable during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations.

Individual transfers in/out are accounted for when receivable/payable, which is normally when the member liability is accepted or discharged.

Transfers to the Fund from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receivables basis and are included in Transfers in.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

3.3. Investment Income

i) Income from fixed interest, index linked securities and other interest receivable is taken into account on an accruals basis.

ii) Income from all other marketable securities is taken into account on the date when stocks are quoted ex-dividend.

iii) Distributions from pooled funds are recognised at the date of issue. Where income generated by the pooled investment vehicles is not distributed but is retained within the funds this is reflected in the market value of the units.

iv) Changes in the value of investments are recognised as income and comprise all realised and unrealised profit/losses during the year.

3.4. Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, providing that payment has been approved.

3.5. Management Expenses

The Fund discloses its management expenses in line with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as show below. All items of expenditure are charged to the fund on an accruals basis as follows:

Administrative expenses	All staff costs relating to the pensions administration team are charged direct to the fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the fund.
Oversight and governance	All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the fund.
Investment management expenses	<p>Investment fees are charged directly to the fund as part of the management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments.</p> <p>Fees charged by external investment managers and custodians are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.</p> <p>The costs of the council's in-house fund management team are also charged to the fund as well as a proportion of the time spent by officers on investment management activity.</p>

Management expenses include direct management fees from external fund managers appointed to manage a segregated portfolio(s) of investments, indirect management charges levied on pool funds, transactions costs and expenses associated with the administration and governance of the Fund.

3.6 Taxation

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

3.7 Financial Instruments

Investments

Investment assets are included in the accounts on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at a fair value in accordance with the requirements of the Code and IFRS 13 (see note 14). For the purposes of disclosing levels of fair value hierarchy, the fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures. Market values, are assessed as follows:

- 3.7.1 Market quoted securities are valued at bid market prices on the final day of the accounting period.
- 3.7.2 Fixed interest securities are valued at a market value based on current yields at 31 March 2024.
- 3.7.3 Pooled investments, which comprise the fund manager's unit trusts and open-ended investment companies, are valued at closing bid prices where bid and offer prices are published or closing single price where single price is published, as provided by the investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.
- 3.7.4 Unquoted equity/debt and infrastructure asset valuations are provided by fund managers following independent validation.

Since investments are all held for trading, disclosure in the accounts is at fair value through profit and loss. Fair values are derived from unadjusted quoted prices in active markets.

3.8 Foreign Currency

Income and expenditure arising from transactions denominated in a foreign currency are translated into pound sterling at the exchange rate in operation on the date on which the transaction occurred. Where the transaction is to be settled at a contracted rate, that rate is used.

3.9 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in less than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.10 Recognition of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. In particular:

- 3.10.1 Expenses in relation to services received (including services provided by Orkney Islands Council) are recorded as expenditure when the services are received rather than when payments are made.
- 3.10.2 Dividend income is recognised when the right to receive payment is established.
- 3.10.3 Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Net Assets Statement.

3.11 Administrative Overheads

The Payroll and Pensions section of Orkney Islands Council is responsible for administering the Pension Fund. The Section receives an allocation of the overheads of the Council which is based on its direct cost and the amount of central services consumed.

3.12 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Fund's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

3.13 Acquisition Cost

Any acquisition costs of investments are included in the book cost of the investment.

3.14 Critical Judgements in Applying Accounting Policies Pension Fund Liability

The Pension Fund liability is calculated every three years by the appointed actuary. The methodology used is in line with accepted guidelines and in accordance with International Accounting Standard IAS 26. The judgements which have the greatest impact on pension fund liabilities are those around the discount rate, the inflation rate, and the life expectancy of members.

3.15 Assumptions made about the future and other major sources of estimation and uncertainty

The Accounts contain estimated figures that are based on assumptions made by the Pension Fund about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends, and other relevant factors. However, because such factors cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the accounts at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.
Unquoted Private Debt	Unquoted private debt investments are valued by the underlying administrators of the specialist pooled fund using various valuation techniques that require significant judgement in determining appropriate assumptions. In recognition that these investments are relatively illiquid and to ensure objectivity in the valuation process the results are then validated by independent administrators. Nevertheless, as these investments are not publicly listed there is a greater degree of subjectivity and estimation involved in the valuation process. Pooled Investment – Private Debt £52.656m – there is a risk that this investment may be under or overstated in the accounts.
Unlisted Infrastructure	For infrastructure preferred equity or infrastructure debt investments held within an infrastructure equity fund, the method of valuation of assets is market value provided by an underlying approved data provider, unless there is no market, or it does not represent fair value in which case another method will be determined. As these investments are also not publicly listed there is a greater degree of subjectivity and estimation involved in the valuation process. Pooled Investment – Infrastructure Equity £44.380m – there is a risk that this investment may be under or overstated in the accounts.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at year ended 31 March 2024	Approximate % increase to Employer Liability	Approximate monetary amount £'000
0.1% decrease in Real Discount Rate	2%	6,322
1 year increase in member life expectancy	4%	13,970
0.1% increase in the Salary Increase Rate	0%	379
0.1% increase in the Pension Increase Rate	2%	6,051

3.16 Accounting Standards that were issued but not yet adopted

The Code requires the disclosure of information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The following new or amended standards have been published but not yet adopted:

- IAS 8 Amendments – Definition of Accounting Estimates.
- IAS 1 Amendments – Disclosure of Accounting Policies.
- IAS 12 Amendments – Deferred Tax relating to Assets and Liabilities arising from a Single Transaction.

These amendments help give clarification or are generally minor in nature, and as such are not expected to have a significant impact on the Pension Fund.

3.17 Events after the Balance Sheet

Events after the net assets statement date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- 3.16.1. those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- 3.16.2. those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

The annual accounts were signed by the Corporate Director of Enterprise & Sustainable Regeneration on 28 June 2024. Events taking place after the date of authorisation for issue have not been reflected in the financial statements. Material events between the balance sheet date and the date of signing have been considered and where necessary reflected in the accounts.

4. Analysis of Contributions Receivable

	2022/2023			2023/2024		
	Orkney Islands Council £000	Admitted Bodies £000	Total	Orkney Islands Council £000	Admitted Bodies £000	Total
Employee Contributions	2,794	345	3,139	3,231	355	3,586
Employer Contributions	7,813	905	8,718	8,985	959	9,944
Strain Costs	0	0	0	0	0	0
Total	10,607	1,250	11,857	12,216	1,314	13,530

5. Transfers In

Transfers into the Fund during 2023/2024 were £2.449m (2022/2023: £1.145m). This represents the total of transfer values in respect of individual members joining the scheme.

6. Analysis of Benefits Payable

	2022/2023			2023/2024		
	Orkney Islands Council £000	Admitted Bodies £000	Total	Orkney Islands Council £000	Admitted Bodies £000	Total
Pensions Paid	7,028	284	7,312	7,989	348	8,337
Dependants Pensions	506	25	531	567	27	594
Lump Sums Paid	1,831	66	1,897	1,693	189	1,882
Death Grants Paid	536	0	536	345	0	345
Total	9,901	375	10,276	10,594	564	11,158

7. Payments to and on Account of Leavers

2022/2023		2023/2024
£'000		£'000
(22)	Contributions Returned	(23)
(116)	Individual Transfers to other Schemes	(1,001)
(3,074)	Group Transfers *	(0)
(3,212)		(1,024)

*Highlands and Islands Enterprise Orkney transferred out during 2022/2023

8. Management Expenses

	2022/2023 £'000	2023/2024 £'000
Investment Management Expenses		
Investment managers fees	1,836	2,257
Custodian fees	66	120
Other Investment management expenses	183	213
Other Transaction Taxes and Levies	24	36
Broker Commission	22	42
Total Investment Management Expenses	2,131	2,668
Administration Costs		
Staff time and Support allocations	542	449
Total Administration Costs	542	449
Governance		
Audit costs	23	26
Professional fees	87	211
Total Governance Costs	110	237
Total	2,783	3,354

9. Investment Income

	2022/2023 £'000	2023/2024 £'000
Equities		
Equities UK	1,466	1,398
Equities Global	2,560	2,421
Total Equities	4,026	3,819
Pooled Investment Vehicle - Multi-Asset Growth	1,009	1,141
Pooled Investment Vehicle - Diversified Growth	1,086	1,371
Pooled Investment Vehicle - Private Debt	2,889	4,982
Pooled Investment Vehicle – Infrastructure	521	543
Interest on Cash and Deposits	46	65
Totals	9,577	11,921

10. Change in the Market Value of Investments

	2022/2023 £'000	2023/2024 £'000
Realised	(4,239)	11,843
Unrealised	(30,574)	31,859
Total	(34,813)	43,702

11. Analysis of Investments

As at 31 March 2024 the market value of the assets under management is as follows:

	31 March 2023 £'000	31 March 2024 £'000
Equities		
UK		
Quoted	44,873	40,088
Overseas		
Quoted	239,980	266,647
Total Equities	284,853	306,735
Pooled Fund – British Small Companies	1,205	0
Pooled Fund - Multi-Asset Growth	44,908	41,595
Pooled Fund - Diversified Growth	46,000	47,726
Pooled Fund – Infrastructure	22,992	44,380
Pooled Fund - Private Debt	42,076	52,656
Pooled Fund - Fixed Income	33,472	32,390
Total Pooled Fund	190,653	218,747
Cash and Deposits	3,901	9,923
Totals	479,407	535,405

The following table provides an analysis of investments by fund manager:

	31 March 2023 £'000	%	31 March 2024 £'000	%
Baillie Gifford	380,867	79.4	405,979	75.8
Barings	42,076	8.8	52,656	9.8
IFM	22,992	4.8	44,380	8.3
LGIM	33,472	7.0	32,390	6.1
Totals	479,407	100.0	535,405	100.0

12. Reconciliation of Movements in Investments

Investments increased in value to £535.4m as at 31 March 2024 (2023: £479.4m) a movement of £56.0m.

During 2023/2024, sales of investments totalled £84.0m and purchases totalled £90.3m, including £24.3m and £31.2m respectively relating to the transitioning to the revised investment strategy. Transaction costs are included in the cost of purchases and sales proceeds.

The following individual investments exceed 5% of the total value of the net assets of the Pension Fund at 31 March 2024.

	31 March 2023 £'000	31 March 2024 £'000
Baillie Gifford & Company – (Diversified Growth)	46,000	47,726
Baillie Gifford & Company – (Multi Asset Growth)	44,908	41,595
Barings – Global Private Loan Fund 4	23,808	34,867

13. Reconciliation of Movements in Investments

2023/2024	Opening Market Value £'000	Purchases £'000	Sales £'000	Change in Market Value £'000	Closing Market Value £'000
Investment Assets – Managed Funds					
Equities	284,853	51,037	(72,161)	43,006	306,735
Pooled Investment – British Small Companies	1,205	0	(1,192)	(13)	0
Pooled Investment - Private Debt	42,076	16,181	(5,809)	208	52,656
Pooled Investment – Infrastructure	22,992	20,572	(465)	1,281	44,380
Pooled Investment – Fixed Income	33,472	0	(1)	(1,081)	32,390
Pooled Investment – Multi-Asset Growth	44,908	1,141	(4,400)	(54)	41,595
Pooled Investment – Diversified Growth	46,000	1,371	0	355	47,726
Total Transactions	475,506	90,302	(84,028)	43,702	525,482
Cash Deposits	3,901	0	0	6,022	9,923
	479,407				535,405
Internal Net Current Assets / (Liabilities)	460				397
Total	479,867				535,802

2022/2023	Opening Market Value £'000	Purchases £'000	Sales £'000	Change in Market Value £'000	Closing Market Value £'000
Investment Assets – Managed Fund					
Equities	298,603	31,182	(30,511)	(14,421)	284,853
Pooled Investment – British Small Companies	1,551	31	0	(377)	1,205
Pooled Investment - Private Debt	25,856	17,939	(1,848)	129	42,076
Pooled Investment - Infrastructure	21,125	548	(480)	1,799	22,992
Pooled Investment – Fixed Income	43,789	0	0	(10,317)	33,472
Pooled Investment – Multi-Asset Growth	62,575	1,008	(12,300)	(6,375)	44,908
Pooled Investment – Diversified Growth	50,165	1,086	0	(5,251)	46,000
Total Transactions	503,664	51,794	(45,139)	(34,813)	475,506
Cash Deposits	3,252				3,901
	506,916				479,407
Internal Net Current Assets / (Liabilities)	1,615				460
Total	508,531				479,867

14. Fair Value Hierarchy

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair value.

Level 1

Assets and liabilities at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. The products classified as Level 1 are comprised of quoted equities.

Level 2

Assets and liabilities at Level 2 are those where quoted market prices are not available, for example where an instrument is traded in a market that is not considered to be active or where valuation techniques are used to determine fair value based on observable data.

Level 3

Assets and liabilities at Level 3 are those where at least one input that could have a significant effect on the instruments' valuation is not based on observable market data.

The fund manager uses various valuation techniques that require significant judgement in determining appropriate assumptions.

The following table provides an analysis of the financial assets of the Fund, grouped into Levels 1, 2 and 3, based on the level at which the fair value is observable.

Fair Value Through Fund Account	31 March 2023 £'000	31 March 2024 £'000
Level 1: Quoted Market Price	288,753	316,658
Level 2: Using Observable Inputs	125,586	121,711
Level 3: With Significant Unobservable Inputs	65,068	97,036
Net Investment Assets	479,407	535,405

Transfers Between Levels 1 and 2

There have been no transfers between Levels 1 and 2 during 2023/2024.

Reconciliation of Fair Value Measurements Within Level 3

The following table provides a reconciliation of fair value measurements within level 3.

	Market Value 31 March 2023 £'000	Transfers Into Level 3 £'000	Transfers Out Of Level 3 £'000	Purchases During the Year £'000	Sales During the Year £'000	Unrealised Gains/ (Losses) £'000	Realised Gains/ (Losses) £'000	Market Value 31 March 2024 £'000
Private Debt	42,076	0	0	16,181	(5,809)	208	0	52,656
Infrastructure	22,992	0	0	20,572	(465)	1,281	0	44,380

Basis of Valuation

The basis of valuation of each class is set out below. There have been no changes in the valuation techniques used during the year. All assets have been valued using fair value techniques which represents the highest and best price available at the reporting date.

Description of Asset	Valuation Hierarchy	Basis of Valuation	Observable and Unobservable Inputs	Key Sensitivities Affecting the Valuations Provided
Market Quoted Investments	Level 1	Published bid market prices ruling on the final day of the accounting period.	Not required.	Not required.
Pooled Funds – Multi Assets, Equity and Bond Funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price is published.	NAV-based pricing set on a forward pricing basis.	Not required.
Pooled Funds – Private Debts and Infrastructure Equity	Level 3	Valuation provided by investment managers on fair value basis each year using PRAG guidance.	NAV based pricing set on a forward pricing basis.	Valuations are affected by changes to expected cashflows or by differences between audited and unaudited accounts.

Sensitivity of Assets Valued at Level 3

Having analysed historical data, current market trends and consulted with independent advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out the consequent potential impact on the closing value of investments held at 31 March 2024.

Asset Type	Assessed Valuation Range (+/-)	Value at 31 March 2024 £'000	Value on Increase £'000	Value on Decrease £'000
Private Debt	8.8%	52,656	57,290	48,022
Infrastructure Equity	13.6%	44,380	50,416	38,344

The underlying assets in the private debt fund are a series of privately originated loans. The underlying assets in the infrastructure fund are high quality, essential and long-duration infrastructure. As such the valuations of these loans could move due to changes in a number of factors and assumptions including short term interest rates, inflation, the outlook for the profitability of the component companies and the likelihood of these companies to repay the loans. The potential movements of +/- 8.8% and +/- 13.6% reflects the extent to which this value could vary based on each of these factors and assumptions.

15. Financial Instruments

Categories of Financial Instruments.

The following categories of financial instrument are carried in the Net Assets Statement:

31 March 2023			31 March 2024			
Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
£'000	£'000	£'000		£'000	£'000	£'000
			Financial Assets			
284,853			Equities	306,735		
190,653			Pooled Investment Vehicles	218,747		
3,901	6		Cash	9,923	6	
	98		Contributions due		113	
	1,039		Debtors		1,168	
479,407	1,143	0		535,405	1,287	0
			Financial Liabilities			
		(683)	Current Creditors			(890)
0	0	(683)		0	0	(890)
479,407	1,143	(683)		535,405	1,287	(890)
	479,867				535,802	

Financial Instruments Balances	31 March 2023	31 March 2024
	£'000	£'000
Investments		
Financial Assets at fair value through profit/loss	475,506	525,482
Cash and cash equivalents at fair value through profit/loss	3,901	9,923
Total Investments	479,407	535,405
Current Assets and Liabilities		
Debtors at amortised cost	1,143	1,287
Financial liabilities at amortised cost	(683)	(890)
Total Current Assets and Liabilities	460	397

16. Income, Expenses, Gains and Losses

All realised gains and losses arise from the sale or disposal of financial assets that have been derecognised in the financial statements. The Fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Financial Instruments Gains/Losses	31 March 2023	31 March 2024
	Financial Assets	Financial Assets
	£'000	£'000
Net gains/(losses) on financial assets at fair value through profit and loss	(34,813)	43,702
Investment Income	9,577	11,921
Investment management expenses including taxation	(2,942)	(3,485)
Total Investment Gains and Losses	(28,178)	52,138

17. Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets fall short of its liabilities (i.e., promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. Responsibility for managing the Fund's risk rests with the Pension Fund Sub-committee, who approved the revised investment strategy in February 2019 and reviews in February 2022 and again in February 2024 following the actuarial valuation.

17.1 Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Funding Strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its Investment Advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

Sensitivity analysis

In consultation with the Fund's independent provider of performance and analytical data (Hymans Robertson), the Council has determined that the following movements in market price risk are reasonably possible for the reporting period.

Asset Type	Potential Market Movement +/- (%p.a.)
UK Equities	16.0
Global Equities	16.7
Diversified Growth	11.7
UK Index-Linked Gilts (medium term)	7.1
UK Index-Linked Gilts (long term)	8.4
UK Fixed Interest Gilts (short term)	2.0
UK Fixed Interest Gilts (medium term)	5.8
UK Fixed Interest Gilts (long term)	7.2
Private Debt	8.8
Infrastructure Equity	13.6
Cash	0.3
Total Fund Volatility	12.08

Potential price changes are determined based on the observed historical volatility of asset class returns. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the latest three years. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

			Potential change in year in the net assets available to pay benefits	
Asset Type	Value	Change	Favourable Market Movement	Unfavourable Market Movement
	£'000	%	£'000	£'000
UK Equities	40,088	16.0	46,502	33,674
Global Equities	266,647	16.7	311,178	222,118
UK Index-Linked Gilts (long term)	14,592	7.1	15,628	13,556
UK Fixed Interest Gilts (medium term)	17,798	7.2	19,079	16,516
Diversified Growth and Multi Asset Growth	89,321	11.7	99,771	78,870
Private Debt	52,656	8.8	57,290	48,022
Infrastructure Equity	44,380	13.6	50,416	38,344
Cash	9,923	0.3	9,952	9,893
Total Fund Volatility	535,405	12.08	600,082	470,728

17.2 Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Council and its Investment Advisers, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2024 and 31 March 2023 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2023 £'000	31 March 2024 £'000
Cash and cash equivalents	3,901	9,923
Pooled Fund – Multi-Asset Growth	44,908	41,595
Pooled Fund – Diversified Growth	46,000	47,726
Pooled Fund – Fixed Income	33,472	32,390
Pooled Fund – Private Debt	42,076	52,656

Sensitivity analysis

The Council recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits.

The total Fund volatility takes into account the expected interactions between the different asset classes shown, based on the underlying volatilities and correlations of the assets, in line with mean variance portfolio theory. The analysis that follows shows the effect in the year on the net assets available to pay benefits of a 1% change in interest rates:

Asset Type	Carrying amount as at 31 March 2024 £'000	Potential change in year in the net assets available to pay benefits	
		1% Interest Movement £'000	-1% Interest Movement £'000
Cash and Cash Equivalents	9,923	99.2	(99.2)
Total Change in Assets Available	9,923	99.2	(99.2)

17.3 Currency Exposure Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund is invested in both private debt and equities overseas that are denominated in currencies other than £UK. The Fund also holds a low level of bonds denominated in overseas currencies.

The following table summarises the Fund's currency exposure at 31 March 2024:

Currency exposure - asset type	Asset value 31 March 2023 £'000	Asset value 31 March 2024 £'000
Overseas Quoted Equities	228,253	254,728
Overseas Pooled Funds	42,076	52,656
Cash	2,083	6,423
Total	272,412	313,807

Sensitivity analysis

Following analysis of historical data in consultation with Hymans Robertson, the council considers the likely volatility associated with foreign exchange movements to be 9.3%.

A 9.3% fluctuation is considered reasonable based on Hyman's analysis of long-term historical movements. This analysis assumes that all other variables, in particular interest rates, remain constant.

A 9.3% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Assets exposed to currency risk	Asset Value as at 31 March 2024 £'000	Potential Movement %	Value on Increase £'000	Value on Decrease £'000
Overseas Quoted Equities	254,728	9.3%	278,418	231,039
Total Change in Assets Available to Pay Benefits	254,728	9.3%	278,418	231,039

7.4 Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. Direct credit risk from pooled investment vehicles is mitigated by the underlying assets of the pooled investment vehicles being ring fenced from the pooled managers. Indirect credit risk arises in relation to the underlying investments held in the pooled funds. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner. The pooled investment vehicles are unrated.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations.

The Council's Annual Treasury Management Strategy Statement sets out the Fund's approach to credit risk for internally managed funds. Deposits are not made with banks and financial institutions unless they are rated independently and meet the Council's credit criteria. The Strategy has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

The Fund believes it has managed its exposure to credit risk, and the Fund has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2024, including current account cash, was £0.006m. (31 March 2023: 0.006m). The Fund also held cash under its investment management arrangement. This was held with the following institutions:

	Rating (Fitch)	Balance 31 March 2024 £'000
Bank current accounts		
Royal Bank of Scotland	A+	6
Cash held in Portfolio		
Bank of New York Mellon (BNY)	AA	9,923

17.5 Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the Pension Fund has adequate cash resources to meet its commitments.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. As at 31 March 2024, the Fund had illiquid assets of £97.036m (2022/2023: £65.068m).

17.6 Refinancing Risk

The key risk is that the pension fund will need to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. The Fund does not have any financial instruments that have a refinancing risk as part of its investment strategy.

18. Funding and Valuation Note

In line with the Local Government Pension Scheme (Scotland) Regulations 2018, the Fund's Actuary undertakes a funding valuation every three years. The actuarial valuation assesses the health of the fund and provides a check that the funding strategy and assumptions used are appropriate. It also sets the future rates of contributions payable by employers. The most recent full actuarial valuation by the Fund's actuary Hymans Robertson was to 31 March 2023. The next valuation will take place as at 31 March 2026.

The funding strategy objectives are to:

- Take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants.
- Use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency.
- Where appropriate, ensure stable employer contribution rates.
- Reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy.
- Use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The aim is to maintain 100% solvency over a period of 20 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns, and contributions are sufficient to meet expected future pension benefits payable.

At the 2023 actuarial valuation, the Fund was assessed as 164.0% funded (118.0% at the March 2020 valuation). This corresponded to a surplus of £188m (2020 valuation: surplus of £58m) at that time.

The assessed Primary contribution rate for 1 April 2024 – 31 March 2027 at March 2023 was 22.1%. On applying a Secondary contribution rate of -7.1% to give a required minimum contribution, against the background of increased uncertainty over the future impacting on actuarial assumptions the employer contribution rate will be reduced to 15.0% for the three-year period 2024 to 2027.

In accordance with the Funding Strategy Statement the administering authority has adopted employer contributions of 17.0% for 2023/2024. The valuation of the Fund has been undertaken using a 'risk based' approach which considers how each employer's assets and liabilities may evolve over the future. The principal assumptions were:

	31 March 2020	31 March 2023
Financial Assumptions:		
<i>Salary and Benefit Increases & Investment Return</i>		
Benefit Increases & CARE Revaluation (CPI)	1.70%	2.30%
Salary Increases	2.20%	2.80%
Investment Return ('Discount Rate')	2.90%	5.20%
Demographic Assumptions:		
<i>Longevity</i>		
Baseline Longevity	Club Vita	Club Vita
Future Improvements	CMI 2019, Smoothed, 1.5% p.a. long term	CMI 2022, Smoothed, 1.5% p.a. long term

Mortality assumptions

The mortality assumptions used and applied to all members are based on the Self-Administered Pension Schemes year of birth tables with no further improvements in lifespans estimated from 2020.

19. Actuarial Present Value of Promised Retirement Benefits

The Fund's Actuary undertakes a valuation of the Fund's liabilities to pay future retirement benefits. This is calculated in line with the IAS 19 every year using the same base data as the triennial funding valuation, rolled forward to the current financial year and taking into account changes in membership numbers and updated assumptions.

In order to assess the value of liabilities on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Annex 2).

The actuarial present value of promised retirement benefits at 31 March 2024 was £373m (2023: £324m).

This figure is used for statutory accounting purposes by Orkney Islands Council Pension Fund and complies with the requirements of IAS 26 Accounting and Reporting by Retirement Benefit Plans. The IAS 26 valuation is not used for calculations undertaken for funding purposes and setting contributions payable to the Fund and has no validity in other circumstances.

Financial Assumptions

Year Ended	31 March 2023 % p.a.	31 March 2024 % p.a.
Inflation/Pensions Increase Rate	2.95%	2.80%
Salary Increase Rate	3.45%	3.30%
Discount Rate	4.75%	4.80%

Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 18.

Longevity Assumptions

	31 March 2023		31 March 2024	
	Males	Females	Males	Females
Current Pensioners	20.9 years	23.4 years	21.0 years	23.7 years
Future Pensioners*	22.5 years	25.6 years	22.1 years	25.6 years

*Future pensioners are assumed to be aged 45 as at the last formal valuation.

Commutation assumption

An allowance is included for future retirees to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

20. Current Assets

	31 March 2023 £'000	31 March 2024 £'000
Income Due	597	372
Recoverable Tax	312	372
Cash Balances	6	6
Transfer Values Receivable	75	133
Contributions Due - Employers	71	82
Contributions Due - Employees	27	31
Orkney Islands Council	0	228
Sundry Debtors	55	63
Total Current Assets	1,143	1,287

21. Current Liabilities

	31 March 2023 £'000	31 March 2024 £'000
Orkney Islands Council	138	0
Sundry Creditors	396	423
Benefits Payable	149	467
Provision For Liabilities	0	0
Total Current Liabilities	683	890

22. Code of Transparency

The Code of Transparency enables a greater understanding of the investment process and better cost management through the fund managers disclosure of transaction costs.

Total transaction costs for each asset class held with Baillie Gifford are detailed below:

2023/2024	Transaction Taxes £	Broker Commission £	Implicit Costs £	Indirect Transaction Costs £	Total Transaction Costs £
Equities	36,378	42,413	209,919	0	288,710
Pooled Funds	0	0	8,818	399,378	408,196
Foreign Exchange	0	0	3,434	0	3,434
Total	36,378	42,413	222,171	399,378	700,340

2022/2023	Transaction Taxes £	Broker Commission £	Implicit Costs £	Indirect Transaction Costs £	Total Transaction Costs £
Equities	23,744	22,028	(52,707)	0	(6,935)
Pooled Funds	0	0	28,077	623,968	652,045
Foreign Exchange	0	0	6,150	0	6,150
Total	23,744	22,028	(18,480)	623,968	651,260

The nature of the transaction costs groups are as follows:

- Transaction Taxes – includes stamp duty and any other financial transaction taxes.
- Broker Commissions – payments for execution services, including exchange fees, settlement fees and clearing fees.
- Implicit Costs – indirect costs associated with buying and selling securities, being an estimate of market impact.
- Indirect Transaction Costs – transaction costs incurred within pooled funds when they buy and sell their underlying investments.

In addition to the transaction costs, the portfolio has incurred indirect fees of £214,204 (2022/2023: £210,705) paid from the Net Asset Value of the pooled funds.

23. Audit Fees

In 2023/2024 the agreed audit fee for the year was £26,350 (2022/2023: £24,860).

24. Agency Arrangements

The Orkney Islands Council Pension Fund pays discretionary pensions to former employees of Orkney Islands Council who were awarded compensatory added years in accordance with the Orkney Islands Council's Early Retirement and Severance Scheme, but subject to limitations set out in the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulation 1998. The amounts paid are not included within the Fund Account but are provided as a service and fully reclaimed from the Council. The total amount of these payments was £0.234m in 2023/2024 (2022/2023: £0.225m).

Members of the Fund who elected before 1 April 2008 to purchase added years of membership can continue to do so unless the member elects to cease the contract. Administration of added years' contracts is carried out by the Orkney Islands Council Pension Fund on behalf of Orkney Islands Council. Costs borne by the Fund relating to added years are incorporated into the overall administration cost and are immaterial in value.

25. Statement of Investment Principles and Funding Strategy Statement

The Council as Administering Authority approved its current Statement of Investment Principles in November 2022. The Statement defines the Fund's operational framework insofar as investments are concerned. It is reviewed periodically to ensure that it continues to reflect the needs of the Fund and the views of its stakeholders.

The Funding Strategy Statement defines how the Fund intends to meet its financial obligations and was effective from 22 November 2023.

Both these documents are available on the Council website under the related download section [here](#), and are also available on request from the Council's Head of Finance.

26. Stock Lending

In accordance with the Statement of Investment Principles 2020, stock lending is not permitted within any of its segregated investment mandates. As at 31 March 2024 no stock had been released to a third party under a stock lending arrangement.

27. Related Party Transactions

Orkney Islands Council Pension Fund is administered by Orkney Islands Council. The Council incurred costs of £0.449m (2022/2023: £0.542m) in relation to administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Fund had a balance due from Orkney Islands Council of £0.228m as at 31 March 2024 (£0.138m due to Orkney Islands Council as at 31 March 2023).

The Council is also the single largest employer of members of the Pension Fund and contributed £8.985m to the fund in 2023/2024 (2022/2023: £7.813m).

All the members of the Pensions Sub-committee and the members of the Pensions Board are active members of the pension scheme. Each Councillor is required to declare any financial or pecuniary interest related to specific matters on the agenda at each meeting.

The employees who hold key positions in the financial management of the Pension Fund; and their financial relationship with the fund (expressed as cash-equivalent transfer values) are set out below:

	Accrued pension benefits 2022/2023		Accrued pension benefits 2023/2024	
	Pension £	Lump Sum £	Pension £	Lump Sum £
Corporate Director of Enterprise & Sustainable Regeneration / (Section 95 Officer)	43,920	58,167	49,365	61,699
Head of Finance	1,510	0	3,492	0

28. Additional Voluntary Contributions

Under Inland Revenue rules, scheme members are permitted to make contributions towards retirement and death in service benefits in addition to those which they are required to make as members of the Local Government Pension Scheme. These contributions are known as Additional Voluntary Contributions and are treated separately from the scheme's assets under arrangement with Prudential Assurance Company Limited.

During the year 2023/2024 member contributions amounted to £0.473m (2022/2023: £0.426m).

Member's contributions are invested in a "with profits" Fund or a "deposit" Fund. The value of AVC investments increased by £0.022m to £1.453m as at 31 March 2024 (2022/2023: £1.431m) excluding the final bonus.

29. Contingent Liabilities and Contractual Commitments

An allowance for the estimated impact of the McCloud judgement is included within the funding valuation position. Whilst there is still uncertainty surrounding the potential remedy to the Goodwin judgement the approximate impact is likely to be minimal, therefore there has been no adjustment applied to the valuation.

The outcome of the 2020 cost cap valuation is currently unknown. It has been assumed that there will be no changes required to the benefit structure due to the cost cap.

As at the 31 March 2024, as part of the transitioning arrangements to the revised investment strategy, the Fund had contractual commitments to invest up to £1.9m and £6.1m across two new mandates to Private Debt. No further drawdowns are expected on the first mandate as this fund has reached the end of its investment period and is now in a harvesting stage with capital beginning to be returned. The drawdowns of the commitment on the second mandate is expected to continue over the next year and will be funded from within the Fund's portfolio of investments.

Independent Auditor's Report to the Members of Orkney Islands Council as administering authority for the Orkney Islands Council Pension Fund and the Accounts Commission

Reporting on the audit of the financial statements

Opinion on financial statements

We certify that we have audited the financial statements in the annual report of Orkney Islands Council Pension Fund (the fund) for the year ended 31 March 2024 under Part VII of the Local Government (Scotland) Act 1973. The financial statements comprise the Pension Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted, and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the 2023/24 Code).

In our opinion the accompanying financial statements:

- give a true and fair view of the financial transactions of the fund during the year ended 31 March 2024 and of the amount and disposition at that date of its assets and liabilities;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted, and adapted by the 2023/24 Code, and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Accounts Commission on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the council as administering authority for the fund. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the fund's current or future financial sustainability. However, we report on the fund's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Corporate Director of Enterprise and Sustainable Regeneration and Orkney Islands Council Pension Fund Sub Committee for the financial statements

As explained more fully in the Statement of Responsibilities, the Corporate Director of Enterprise and Sustainable Regeneration is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Corporate Director of Enterprise and Sustainable Regeneration determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporate Director of Enterprise and Sustainable Regeneration is responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the fund's operations.

The Orkney Islands Council Pension Fund Sub Committee is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the local government sector to identify that the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, the Local Government in Scotland Act 2003, and The Local Government Pension Scheme (Scotland) Regulations 2018 as amended are significant in the context of the fund.
- inquiring of the Corporate Director of Enterprise and Sustainable Regeneration as to other laws or regulations that may be expected to have a fundamental effect on the operations of the fund.
- inquiring of the Corporate Director of Corporate Finance of Enterprise and Sustainable Regeneration concerning the fund's policies and procedures regarding compliance with the applicable legal and regulatory framework.
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the fund's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on other requirements

Other information

The Corporate Director of Enterprise and Sustainable Regeneration is responsible for the other information in the annual report. The other information comprises the Management Commentary, Statement of Responsibilities for the Annual Accounts, Remuneration Report, Annual Governance Statement, Governance Compliance Statement, and other reports included in the annual report other than the financial statements and our auditor's report thereon.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Management Commentary, Annual Governance Statement and Governance Compliance Statement to the extent explicitly stated in the following opinions prescribed by the Accounts Commission.

Opinions prescribed by the Accounts Commission on the Management Commentary, Annual Governance Statement and Governance Compliance Statement

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with statutory guidance issued under the Local Government in Scotland Act 2003;
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Delivering Good Governance in Local Government: Framework (2016): and
- the information given in the Governance Compliance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with The Local Government Pension Scheme (Scotland) Regulations 2018.

Matters on which we are required to report by exception

We are required by the Accounts Commission to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to our responsibilities for the annual report, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

Use of our report

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Julie Radcliffe,
(for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Annex 1 – Pension Fund Sub-committee, Pension Board, Scheduled and Admitted Bodies

Pension Fund Sub-committee

Members

Councillor A Cowie, appointed in February 2024

Councillor L Hall

Councillor S Heddle

Councillor R King

Councillor K Leask

Councillor J Stockan, resigned in February 2024

Councillor M Thomson

Councillor H Woodbridge

Pension Board Members

Membership

Councillor G Bevan

Councillor J Moar

Councillor O Tierney

Union Representatives:

K Kent – Unison

E Millar – Unite

E Swanney – Unison

M Vincent - GMB

Employer Representative:

K Ritch – Orkney Ferries Ltd

Orkney Islands Council Pension Fund

Scheduled Bodies

- Orkney Islands Council

Admitted Bodies - Active

- Orkney Ferries Limited
- Pickaquoy Centre Trust
- Orkney Islands Property Development Limited

Annex 2 – Actuarial Statement for 2023/2024

Orkney Islands Council Pension Fund (“the Fund”) Actuarial Statement for 2023/2024

This statement has been prepared in accordance with Regulation 55(1)(d) of the Local Government Pension Scheme (Scotland) Regulations 2018. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority’s Funding Strategy (FSS), dated October 2023. In summary, the key funding principles are as follows:

- Take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants.
- Use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency.
- Where appropriate, ensure stable employer contribution rates.
- Reflect different employers’ characteristics to set their contribution rates, using a transparent funding strategy; and
- Use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to return their portion of the Fund to full fundings over 20 years if the valuation assumptions are borne out. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% chance that the Fund will return to full funding over 20 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 60 of the Local Government Pension Scheme (Scotland) Regulations 2014 was as at 31 March 2023. This valuation revealed that the Fund’s assets, which at 31 March 2023 were valued at £480 million, were sufficient to meet 164% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2023 valuation was £188 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving full funding within a time horizon and probability measure as per the FSS. Individual employers’ contributions for the period 1 April 2024 to 31 March 2027 were set in accordance with the Fund’s funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2023 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date and makes an allowance for expected future salary growth and inflation to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2023 valuation were as follows:

Financial assumptions	31-Mar-23
Discount rate	5.2%
Pay increases	2.8%
Price inflation/Pension increases	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's Vita Curves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	20.9 years	23.7 years
Future Pensioners*	22.1 years	25.6 years

*Currently aged 45

Copies of the 2023 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund.

Experience over the period since 31 March 2023

Markets reflected wider volatility during 2023, impacting on investment returns achieved by the Fund's assets. Continued high levels of inflation in the UK also resulted in a higher than expected LGPS benefit increase of 6.7% in April 2024. However, asset performance has improved towards the end of 2023 and into 2024 and inflation has begun to return towards historical levels and the Bank of England's target (2% pa). Overall, the funding level of the Fund is likely to be slightly higher than reported at the previous formal valuation at 31 March 2023.

The next actuarial valuation will be carried out as at 31 March 2026. The Funding Strategy Statement will also be reviewed at that time.

Peter MacRae FFA
For and on behalf of Hymans Robertson LLP
21 May 2024

Annex 3 - Glossary of Terms

Active Management

An investment management style that seeks to outperform by way of self-selected decisions on stock choice, timing of market incursions, or asset allocation. Compare this with Passive Management.

Asset Allocation

The division of the Fund's assets between different classes of assets, for example, UK Equities, Japanese Equities, UK Bonds. In the long run the asset allocation choices should support the Fund's strategic financial objectives. In the short-term tactical changes might be made to achieve short-term advantage.

Balanced Management

An arrangement under which investments are spread over a range of asset classes at the manager's discretion. The manager controls investments over as many classes as are available under the Fund's overall strategy. Compare this with specialist management.

Growth Manager

An investment manager who fundamentally believes in picking stocks that he believes will achieve an above-average growth in profits. This is sometimes caricatured as buying stock irrespective of price because the price will rise. Compare this with value manager.

Mandate

An agreement between an investment manager and his client as to how investments are to be managed, specifying whatever targets and investment limitations are to apply.

Passive Management

A style of investment management that seeks performance equal to market returns or to some appropriate index. Such investment entails a more mechanical approach to asset allocation and stock selection because such decisions are largely dictated by general market shifts rather than individual manager discretion. Compare this with active management.

Pooled Fund

A fund in which a number of investors hold units rather than owning the underlying assets. This is a useful way for smaller funds to diversify investments without exposing them to undue risks. Unit Trusts are pooled funds as are Open-ended Investment Companies. Compare this with segregated fund.

Return

The value of capital enhancement and income received by a fund in a year, expressed as a percentage of the opening value of the fund. If values fall "Return" would be negative.

Risk

The danger or chance that returns will vary against benchmarks or targets. If risks are high the expected return should be higher still (the risk premium).

Segregated Fund

The management of a particular fund's assets independently of those of other funds managed by the same investment house. Compare this with a pooled fund.

Specialist Management

The use of a number of managers, each specialising in a particular asset class. Such managers have no say in asset allocation, being only concerned with stock selection.

Value Manager

A manager who selects stocks that he believes to have potential that is not reflected in the price. This is sometimes caricatured as buying stock because it is cheap. Compare this with growth manager.

Vested/Non- Vested Obligations

Vested obligations refer to employee benefits that are not conditional on future employment. Non- vested obligations refer to employee benefits that are conditional on future employment.

Pension Fund Strain

The cost to employers of the early release of pension benefits.

Operating Surplus/Deficit

The surplus/deficit arising from dealing with members, employers and others directly involved in the scheme.

Additional Information

Key Documents Online

You can find further information on our website:

[Pension Fund Annual Reports \(orkney.gov.uk\)](https://www.orkney.gov.uk), Including the following documents:

- Annual Report and Accounts

Auditor:	KPMG
Fund Actuary:	Hymans Robertson
Banker:	Royal Bank of Scotland
Investment Advisor:	Hymans Robertson
Investment Custodian:	Bank of New York Mellon
Performance Measurement:	Hymans Robertson
Additional Voluntary Contributions (AVC) Manager:	Prudential
Investment Managers:	Baillie Gifford & Co
	Barings
	LGIM
	IFM

Contact Details

For further information and advice on administration, benefits and scheme membership please contact:

Robert Adamson Telephone: 01856 873535. Extension: 2108.
Pensions Manager Email: robert.adamson@orkney.gov.uk

Scheme members should have a copy of the “Employees’ Guide to the Local Government Pension Scheme Administered by the Orkney Islands Council” and can obtain their own copy of an Annual Report on request or visit Orkney Islands Council Pension Fund website at: <https://www.orkney.gov.uk/>.

For further information on the Fund’s Investments, please contact:

Gareth Waterson	Telephone: 01856 873535.	Extension: 2521.
Corporate Director of Enterprise & Sustainable Regeneration	Email: gareth.watson@orkney.gov.uk	
Erik Knight	Telephone: 01856 873535.	Extension: 2127.
Head of Finance	Email: erik.knight@orkney.gov.uk	

Minute

Asset Management Sub-committee

Tuesday, 5 November 2024, 11:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Alexander G Cowie, Steven B Heddle, Kristopher D Leask, Janette A Park, Ivan A Taylor and Heather N Woodbridge.

Present via remote link (Microsoft Teams)

Councillor Mellissa-Louise Thomson.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Kenny MacPherson, Head of Property, Asset Management and Facilities.
- Thomas Aldred, Service Manager (ICT).
- Graeme Christie, Service Manager (Estates).
- Shonagh Merriman, Service Manager (Corporate Finance).
- Glen Thomson, Service Manager (Property and Capital Projects).
- Michael Scott, Solicitor.
- Gwyn Evans, Strategic Projects.

Observing

- Kirsty Groundwater, Communications Team Manager.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Alexander G Cowie.

1. Revenue Expenditure Monitoring

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

Noted:

1.1. The revenue financial summary statement in respect of service areas for which the Asset Management Sub-committee was responsible, for the period 1 April to 30 September 2024, attached as Annex 1 to the report by the Head of Finance, indicating a budget overspend position of £287,400.

1.2. The revenue financial detail by service area statement in respect of service areas for which the Asset Management Sub-committee was responsible, for the period 1 April to 30 September 2024, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

1.3. The explanations given and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance, and obtained assurance that appropriate action was being taken with regard to significant budget variances.

2. Corporate Asset Improvement Programmes

Capital Expenditure Monitoring

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

Noted:

2.1. The summary position of expenditure incurred as at 30 September 2024 against the approved corporate asset improvement programmes for 2024/25, as detailed in section 1.4 of the report by the Head of Finance.

The Sub-committee scrutinised:

2.2. The detailed analysis of expenditure figures and programme updates, attached as Appendix 1 to the report by the Head of Finance, and obtained assurance regarding significant budget variances and progress being made with delivery of the approved corporate asset improvement programmes.

3. Corporate Asset Maintenance Programmes

Revenue Expenditure Monitoring

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

Noted:

3.1. The summary position of expenditure incurred as at 30 September 2024 against the approved corporate asset maintenance programmes for 2024/25, as detailed in section 1.4 of the report by the Head of Finance.

The Sub-committee scrutinised:

3.2. The detailed analysis of expenditure figures and programme updates, attached as Appendix 1 to the report by the Head of Finance, and obtained assurance regarding significant budget variances and progress being made with delivery of the approved corporate asset revenue maintenance programmes.

4. Exclusion of Public

On the motion of Councillor Heather N Woodbridge, seconded by Councillor Kristopher D Leask, the Sub-committee resolved that the public be excluded for the remainder of the meeting, as the business to be considered involved the disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

5. Proposed Sale of Property

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 2, 8 and 9 of Part 1 of Schedule 7A of the Act.

The Sub-committee noted that that this item had been withdrawn.

6. Proposed Sale of Property

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Service Manager (Estates), the Sub-committee:

Resolved, in terms of delegated powers, what action should be taken with regard to the proposed sale of property.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

7. Conclusion of Meeting

At 11:40 the Chair declared the meeting concluded.

Signed: Alexander G Cowie.

Minute

Human Resources Sub-committee

Tuesday, 5 November 2024, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Alexander G Cowie, James R Moar, Janette A Park, John A R Scott, Ivan A Taylor, Duncan A Tullock and Heather N Woodbridge.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Gavin Mitchell, Head of Legal and Governance.
- Craig Walker, Service Manager (Human Resources).

Apology

- Councillor Gwenda M Shearer.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Alexander G Cowie.

1. Human Resources – Annual Overview

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, copies of which had been circulated, and after hearing a report from the Head of Human Resources and Organisational Development, the Sub-committee:

Scrutinised the Human Resources Statistical and Employee Data for 2023/24, attached as Appendices 1 and 2 to the report by the Corporate Director for Strategy, Performance and Business Solutions and obtained assurance.

2. Whistleblowing Policy – Review

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, together with an Equality Impact Assessment and an Island Communities Impact Assessment, copies of which had been circulated, and after hearing a report from the Head of Human Resources and Organisational Development, the Sub-committee:

Resolved to **recommend to the Council** that the revised Whistleblowing Policy and Procedure, attached as Appendix 1 to this Minute, be approved.

3. Conclusion of Meeting

At 14:25 the Chair declared the meeting concluded.

Signed: A G Cowie.



Whistleblowing Policy and Procedure

November 2024

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1. Introduction

1.1. Employees and those people who work closely with the Council are often the first to realise that there may be something seriously wrong within the Council. However, they may not express their concerns because they feel that speaking up would be disloyal to the Council or to their colleagues. They may fear harassment or that their job may be at risk. In these circumstances, it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

1.2. The Council is committed to openness, probity and accountability. It expects employees and others with serious concerns about any aspect of the Council's work to come forward and voice those concerns. The Council's employees and those who work closely for the Council, such as agency staff and key contractors, (hereafter called "workers") and as defined in the Public Interest Disclosure Act 1998, have mutual responsibilities of fidelity, support, confidence and trust. This policy lets employees/workers raise serious concerns within the Council rather than overlooking or ignoring a problem, or immediately "blowing the whistle" to the media or other external bodies.

1.3. This Policy is intended to build upon the rights/requirements and protections for employees contained within the Public Interest Disclosure Act 1998, the Employment Rights Act 1996 and the Enterprise and Regulatory Reform Act 2013, and to which reference will be made in the publication of this policy. It does not remove any rights or protection provided by the Acts.

1.4. It is intended that this policy and the act of whistleblowing based on reasonable belief and the public interest is seen as a positive action which can provide valuable information to the Council and helps to ensure it meets appropriate standards of governance and accountability.

2. Aims and Scope of the Policy

2.1. This policy aims to:

- Provide ways for employees/workers to raise concerns and receive feedback.
- Inform employees/workers on how to take the matter further if they are dissatisfied with the response.
- Reassure employees/workers that they will be protected from detrimental treatment for "whistleblowing" in good faith and in the public interest.

2.2. This policy covers any concerns of employees/workers as to malpractice or wrongdoing. A concern of malpractice or wrongdoing may be if:

- A criminal offence has been committed, is being committed or is likely to be committed and which may involve reference to the Police.
- There has been a failure or there is likely to be a failure to comply with any legal obligation, and/or
 - A miscarriage of justice has occurred or is likely to occur.
 - Health or safety of any individual has been or is likely to be endangered.

- The environment is being or is likely to be damaged.
- Information on any of the above is being or is likely to be deliberately concealed.

Examples of Malpractice or Wrongdoing

- Fraud.
- Wilful breaches of the Council's Scheme of Administration, Scheme of Delegation, Standing Orders, Financial Regulations or Contract Standing Orders.
- Corruption.
- Offering/promising/giving of a bribe or agreeing to/receiving/accepting a bribe in contravention of the Bribery Act 2010.
- Dishonesty.
- Acting contrary to the Council's Code of Conduct for Employees.
- Criminal activities.
- Creating or ignoring risks to health, safety or the environment.

Please note: The above list of examples is not intended to be exhaustive and there may be other examples of malpractice or wrongdoing which it would be appropriate to consider under this policy.

2.3. Other Procedures.

The Whistleblowing policy is specifically for those types of incidents detailed above. There are other procedures for workplace complaints that members of the public and/or employees may have about the Council which include:

- The Complaints Handling Procedure which is available to employees as members of the public if in that capacity they have a complaint about service delivery.
- The Dignity at Work Policy if an employee considers that they, or someone else, is being bullied, harassed or discriminated against at work.
- The Grievance Procedure for general work or contractual issues, e.g. dissatisfaction with a decision of a manager, or application of terms and conditions.
- The Corporate Anti-Fraud Policy and Fraud Response Plan for any incidents whereby fraud, or suspected fraud, has occurred.

3. How to raise a concern

3.1. For relatively minor issues employees/workers should normally raise concerns with their line manager or, failing whom, another senior manager. Section 4 details how the concern will be dealt with.

3.2. In general, the whistleblowing procedure is expected to be used for more serious and sensitive issues or exceptionally serious issues (e.g. corruption, fraud, bribery, unlawful acts) and the first step will be to raise the concern with the Chief Internal Auditor who will then raise the matter with the relevant Corporate Director (unless he/she, or senior management collectively, is the subject of the complaint in

which case the Chief Executive should be informed, or failing that the Council's Monitoring Officer, who is the Head of Legal and Governance). A standard form for raising a concern is available.

3.3. The Chief Internal Auditor, the Corporate Director for Strategy, Performance and Business Solutions or the Council's Monitoring Officer are appropriate persons to receive complaints under this Policy either against or which involve the Chief Executive. Where the concern is about the Internal Audit section the Council's Monitoring Officer should receive the complaint.

3.4. Whistleblowing procedures do not include raising the matter with Elected Members or the Media. This procedure provides employees with appropriate routes for raising a whistleblowing concern in which employees can have trust and faith that their concerns will be handled with care and due diligence. Raising such concerns with Elected Members or the media is a potential breach of the Employee Code of Conduct and therefore may result in disciplinary action if proven.

3.5. Whenever any matter arises which involves, or is thought to involve, irregularities concerning finance, assets or property in the exercise of the function of the Authority, the Chief Internal Auditor will immediately notify the Head of Finance.

3.6. This Policy does not preclude disclosure to prescribed regulators or bodies or persons for example Health and Safety Executive and the Scottish Environment Protection Agency, or the Local Government Ombudsman in appropriate cases.

3.7. It is preferable if concerns are raised in writing and a standard form, appended to this policy, is available for use. The background and history of the concern, giving names, dates and places where possible, should be set out and the reason why the individual is particularly concerned about the situation. Those who do not feel able to put their concern in writing can telephone or meet the appropriate officer. The earlier the concern is expressed, the easier it is to take action.

3.8. Although employees/workers are not expected to prove the truth of an allegation, they will need to demonstrate to the person contacted that there are sufficient grounds for concern, i.e. they have an honest and reliable suspicion or belief that malpractice or wrongdoing has happened, is happening, or is likely to happen.

3.9. Employees should not attempt to investigate the matter themselves. This policy and procedure provides an appropriate means to raise whistleblowing concerns and is intended to protect all parties involved in such a process.

3.10. An individual may invite his/her trade union representative or another work colleague to raise a matter on their behalf, again preferably in writing.

4. How the concern will be dealt with

4.1. The action taken by the Council will depend on the nature of the concern. There will be a range of possible actions, including:

- Having the concern investigated internally.
- Referring the concern to Internal Audit.
- Referring the concern to the Head of Finance.
- Referring the concern to the Police (where there is potential or suspicion that a criminal act may have been undertaken).
- Referring the concern to the External Auditor.
- Placing the concern as the subject of an independent inquiry.

4.2. Initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns or allegations which fall within the scope of other, existing, procedures (e.g. child protection or dignity at work issues) will normally be referred for consideration under those other procedures in consultation with the appropriate officers. Some concerns may be resolved by agreed action with the complainant without the need for investigation.

4.3. Within 14 calendar days of a concern being received, the Chief Internal Auditor will write to the employee/worker (at his/her home address) who raised the issue:

- Acknowledging that the concern has been received.
- Indicating how the matter is to be dealt with.
- Giving an estimate of how long it will take to provide a final response.
- Saying whether any initial enquiries have been made.
- Indicating whether further investigations will take place, and if not, why not.

4.4. The amount of contact between the body or person considering the issues and the individual raising the concern, will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, further information will be sought from the individual.

4.5. When any meeting is arranged the employee will have the right, if they so wish, to be accompanied by a trade union representative or a work colleague.

4.6. The Council accepts that employees need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, they will receive information about the outcomes of any investigations.

5. Alternative methods of taking forward a complaint

5.1. This policy is intended to provide employees/workers with a way to raise concerns about the Council, within the Council. Concerns should always be raised within the Council in the first instance. The Council hopes this will satisfy employees/workers. However if the individual feels it is right to take the matter outside this process, they have the right to raise a relevant concern with one of the prescribed persons listed in the Schedule to The Public Interest Disclosure (Prescribed Persons) Order 2014. This Schedule includes:

- The Council's External Auditor.
- Relevant professional bodies or regulatory organisations.
- The Health and Safety Executive.
- The Police.
- Audit Scotland.
- Scottish Public Services Ombudsman

Employees/workers can also contact the Care Quality Commission Helpline for the NHS and Social Care where relevant – Telephone 0800 724 725.

5.2. If employees/workers do take the matter outside the Council, they need to ensure that in making a disclosure, they do not commit an offence under law. The Secretary of State may prescribe bodies e.g. Audit Scotland, or persons to receive disclosures of concerns of malpractice or wrongdoing. Such a disclosure will be protected provided it is made with a reasonable belief that the disclosure is in the public interest, that the relevant failure falls within any matter in respect of which that body has been prescribed and that the information disclosed is substantially true.

5.3. Disclosures in other cases may be protected if made in the public interest with reasonable belief in its truth, not made for personal gain, and if the worker believed he/she would be subject to detriment for disclosure; or believed that the evidence would be destroyed or he/she had made a disclosure of substantially the same information to the employer or prescribed Person; or that they have already made a disclosure and it has not been addressed.

5.4. Exceptionally serious malpractice may mean bypassing other means of disclosure if in all the circumstances it is reasonable to make the disclosure in the public interest, for no personal gain, in the belief that the substance/allegations are substantially true.

6. Safeguards and protection

6.1. Detrimental Treatment.

The Council recognises that the decision to report a concern can be a difficult one to make, not least because of the fear of reprisal from those responsible for the malpractice. The Council will not tolerate harassment or victimisation e.g. by colleagues, managers or other workers under the Council's control and will take action to protect employees/workers when they raise a concern that is in the public interest; either during its investigation; and/or subsequent to the investigation.

If an employee/worker is already the subject of disciplinary or redundancy procedures or is using the grievance, or Dignity at Work, or similar internal process, then those procedures will not necessarily be halted as a result of the "whistleblowing".

6.2. Confidentiality.

The Council will do its best to protect an individual's identity when he/she raises a concern and does not want their name to be disclosed. It must be appreciated however, that the investigation process may reveal the source of the information and a statement by the individual is likely to be required as part of the evidence.

In such circumstances, it is unlikely to be possible to maintain absolute confidentiality on the source or identity of the concerned person.

6.3. Anonymous Allegations.

This policy encourages employees/workers to put their names to allegations. Concerns expressed anonymously are much less powerful, and whether they will be followed up is at the discretion of the Council, represented by the officer who has received the allegation (namely the Chief Internal Auditor) in consultation with the Monitoring Officer and any other relevant senior officers. In exercising this discretion the factors to be taken into account will include:

- The seriousness of the issue raised.
- Whether the allegation/expression of concern is worthy of belief.
- The likelihood of confirming the allegation from attributable sources.

6.4. Allegations Which Cannot Be Confirmed or Are Untrue.

If employees/workers make an allegation in good faith and in the public interest, but it is not confirmed by the investigation, the matter will end there. If, however, it is found that an individual has made malicious or vexatious allegations, disciplinary action may be considered and implemented.

7. Contractors

7.1. Key contractors will be informed of this policy and will be encouraged to use it.

8. The Responsible Officer

8.1. The Chief Executive has overall responsibility for the maintenance and operation of this policy and Internal Audit will maintain a record of concerns raised and the outcomes (but in a form which does not endanger confidentiality) and will report as necessary to the Council through the Monitoring and Audit Committee.

9. Other sources of help and information

9.1. Further information on whistleblowing and the Public Interest Disclosure Act can be found at the following useful contacts:

Protect, The Green House, 244-54 Cambridge Heath Road, London, E2 9DA.

Telephone: 020 3117 2520.

<https://protect-advice.org.uk/>

Audit Scotland, 4th Floor, 102 West Port, Edinburgh, EH3 9DN

Telephone: 0131 625 1500

Email: correspondence@audit-scotland.gov.uk.

www.audit-scotland.gov.uk.

10. Review

This policy will be subject to review on a 5 yearly basis, or sooner should there be any relevant legislative changes, to ensure continued relevance and consistency in application.