

Public Document Pack

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Executive Director: Douglas Hendry



*Kilmory, Lochgilphead, PA31 8RT
Tel: 01546 602127 Fax: 01546 604435
DX 599700 LOCHGILPHEAD
2 May 2024*

NOTICE OF MEETING

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held **ON A HYBRID BASIS IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD AND BY MICROSOFT TEAMS** on **THURSDAY, 9 MAY 2024 at 10:30 AM**, which you are requested to attend.

Douglas Hendry
Executive Director

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
3. **MINUTES** (Pages 3 - 10)
Policy and Resources Committee held on 15 February 2024
- * 4. **BUDGET OUTLOOK** (Pages 11 - 32)
Report by Section 95 Officer
- * 5. **CUSTOMER SERVICE STRATEGY 2024-27** (Pages 33 - 70)
Report by Executive Director with responsibility for Customer Support Services
6. **LACER SMALL BUSINESS SUPPORT: DIGITAL REVIEWS** (Pages 71 - 80)
Report by Executive Director with responsibility for Development and Economic Growth
7. **LATEST UPDATE ON THE CLIPPER ROUND THE WORLD YACHT RACE OBAN STOPOVER ACTIONS** (Pages 81 - 94)
Report by Executive Director with responsibility for Development and Economic Growth
8. **LEVELLING UP PARTNERSHIP PROCESS** (Pages 95 - 102)
Report by Executive Director with responsibility for Development and Economic Growth

9. ROTHESAY PAVILION UPDATE REPORT (Pages 103 - 108)

Report by Executive Director with responsibility for Commercial Services and Executive Director with responsibility for Development and Economic Growth / Section 95 Officer

REPORT WITH EXEMPT APPENDIX

10. LORN ARC TAX INCREMENTAL FINANCE PROGRAMME - OBAN AIRPORT BUSINESS PARK - OUTLINE BUSINESS CASE

(a) Report by Executive Director with responsibility for Development and Economic Growth and Executive Director with responsibility for Commercial Services (Pages 109 - 122)

E1 (b) Appendix 1 - Oban Airport Business Park Outline Business Case (Pages 123 - 262)

REPORT FOR NOTING

11. POLICY AND RESOURCES COMMITTEE WORKPLAN (Pages 263 - 266)

Items marked with an “asterisk” are items, on the basis of information available at the time this Agenda is published, on which the Committee may not have delegated powers to act, and which may therefore require to be referred to the Council or another Committee, and that referral may depend on the decision reached at the meeting.

The Committee will be asked to pass a resolution in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for items of business with an “E” on the grounds that it is likely to involve the disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 7a to the Local Government (Scotland) Act 1973.

The appropriate paragraph is:-

E1 Paragraph 6 Information relating to the financial or business affairs of any particular person (other than the authority).

Policy and Resources Committee

| | |
|--|------------------------------|
| Councillor John Armour | Councillor Gordon Blair |
| Councillor Math Campbell-Sturgess | Councillor Robin Currie |
| Councillor Audrey Forrest (Vice-Chair) | Councillor Kieron Green |
| Councillor Amanda Hampsey | Councillor Mark Irvine |
| Councillor Reeni Kennedy-Boyle | Councillor Jim Lynch (Chair) |
| Councillor Liz McCabe | Councillor Dougie McFadzean |
| Councillor Yvonne McNeilly | Councillor Ross Moreland |
| Councillor Gary Mulvaney | Councillor Dougie Philand |

Contact: Hazel MacInnes Tel: 01546 604269

MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held ON A HYBRID BASIS IN THE COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD AND BY MICROSOFT TEAMS on THURSDAY, 15 FEBRUARY 2024

Present: Councillor Robin Currie (Chair)

| | |
|--------------------------------|----------------------------|
| Councillor Gordon Blair | Councillor Liz McCabe |
| Councillor Audrey Forrest | Councillor Yvonne McNeilly |
| Councillor Kieron Green | Councillor Ross Moreland |
| Councillor Fiona Howard | Councillor Gary Mulvaney |
| Councillor Andrew Kain | Councillor Alastair Redman |
| Councillor Reeni Kennedy-Boyle | |

Also Present: Councillor Jan Brown
Councillor Graham Archibald Hardie
Councillor Jennifer Kelly
Councillor Paul Kennedy
Councillor Tommy MacPherson
Councillor Peter Wallace

Attending: Pippa Milne, Chief Executive
Douglas Hendry, Executive Director
Kirsty Flanagan, Executive Director
Anne Blue, Head of Financial Services
Fergus Murray, Head of Development and Economic Growth
Ross McLaughlin, Head of Commercial Services
Jane Fowler, Head of Customer and Support Services
Shona Barton, Governance Manager
Carolyn Cairns, HR and OD Manager
Matt Mulderrig, Development Policy and Housing Manager
Lorna Byrne, Revenue and Benefits Assistant

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Amanda Hampsey, Willie Hume, Jim Lynch and Dougie Philand.

2. DECLARATIONS OF INTEREST

Councillor Ross Moreland advised in relation to item 8 of the agenda (Strategic Events and Festivals Fund - Round 6 2024/2025) that he had been appointed to the group "Dunoon Presents" by the Council who had involvement in the funding request for "Doon the Water Revival Music Festival". Having taken note of the updated Standards Commission Guidance in relation to declarations (issued on 7 December 2021) with specific reference to section 5.4(c) he did not consider that he had a relevant connection and as such would remain in the meeting.

3. MINUTES

The Minutes of the meeting of the Policy and Resources Committee held on 7 December 2023 were approved as a correct record.

Councillor Gordon Blair joined the meeting during the consideration of the following item of business.

* **4. FINANCIAL REPORTS MONITORING PACK - 31 DECEMBER 2023**

The Committee gave consideration to a report providing a summary of the financial monitoring reports as at the end of December 2023. There were five detailed reports setting out the position as at 31 December 2023 which included the Revenue Budget Monitoring Report; Monitoring of Financial Risks; Capital Plan Monitoring Report, Treasury Monitoring Report and Reserves and Balances.

Decision

The Policy and Resources Committee –

1. noted the revenue budget monitoring report as at 31 December 2023;
2. noted the financial risks for 2023-24;
3. noted the capital plan monitoring report as at 31 December 2023 and approved the proposed changes to the capital plan outlined in Appendix 4 of that report;
4. noted the treasury monitoring report as at 31 December 2023;
5. noted the reserves and balances report as at 31 December 2023; and
6. agreed to recommend to Council that the revenue virements over £0.200m during November and December 2023 were approved.

(Reference: Report by Section 95 Officer dated 12 January 2024, submitted)

* **5. BUDGETING PACK 2024-2025**

The Committee gave consideration to the full package of papers included in the budgeting packs in relation to the revenue and capital budgets for 2024-2025.

Decision

The Policy and Resources Committee agreed to refer consideration of the Budgeting Pack 2024-2025 to the Council meeting on 22 February 2024, without recommendation.

(Reference: Budgeting Pack 2024-2025 dated 15 February 2024, submitted)

* **6. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY**

The Committee gave consideration to a report presenting the draft Treasury Management Strategy and Annual Investment Strategy for approval. The report also set out the policy for the repayment of loans fund advances for 2024-25.

Decision

The Policy and Resources Committee agreed to refer to Council to -

1. approve the proposed Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within. Note that the figures within the Strategy will be updated to reflect the budget decisions agreed at Council;
2. approve the continued use of the asset life method for the repayment of loan fund advances using a 5.1% annuity interest rate, with the exception of spend to save schemes where the funding/income profile method could be used;
3. approve the proposed asset repayment periods as detailed within section 2.7 of the Treasury Management Strategy Statement; and
4. approve the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by the Council's external treasury management advisors.

(Reference: Report by Section 95 Officer dated 24 January 2024, submitted)

* **7. SCOTTISH WELFARE FUND - FINANCIAL POSITION**

The Committee gave consideration to a report advising of the financial challenges faced by local authorities in managing the Scottish Welfare Fund, with rising costs and demand for support.

Decision

The Policy and Resources Committee –

1. agreed the continuation of Financial Services' commitment to uphold the existing High Priority status for Scottish Welfare Fund applications throughout the 2024/2025 period;
2. agreed to refer the consideration of a cost pressure amounting to £250,000 to the Council as part of the budget setting process to address the anticipated overspend;
3. noted that officers were not recommending a move to High Most Compelling (HMC) priority level due to the impact this will have on housing; and
4. agreed to making representations to lobby the Scottish Government for more funding to support the fund in future years or alternatively to amend the guidance to restrict spend in future.

(Reference: Report by Head of Financial Services dated 15 February 2024, submitted)

The Chair ruled and the Committee agreed to adjourn for a comfort break from 12.00pm to 12.10pm.

* **8. STRATEGIC EVENTS AND FESTIVALS FUND - ROUND 6 2024/2025**

The Committee gave consideration to a report providing an update on Round 6 of the Council's Strategic Events and Festivals Fund (SEF) for 2024/25. The report provided details of the applications submitted and recommendations regarding all applications put forward to receive grant funding. The report also sought agreement to allocate funding of £90,000 to allow a future round (Round 7) for 2025/26.

Decision

The Policy and Resources Committee –

1. agreed to the award of eligible SEF Round 6 grants amounting to £114,700 as detailed in Table 1 of the submitted report;
2. agreed that any SEF Round 6 grant offer only be formally issued upon confirmation from the individual event organisation that the event is formally confirmed as going ahead, any match funding is in place and the event still meets the SEF Round 6 criteria;
3. agreed to continue delegation of powers to the Executive Director with responsibility for Development and Economic Growth to allow any subsequent amendment to existing grant requests to be made brought about as a consequence of changes to the event/event budget. Any amendment to a current grant request/offer would only be considered if the amendment related to either the same level or a reduction in the request and constitute up to 75% of legitimate and eligible expenditure. Similarly if there was a reduction in the final event costs that would result in delivery of a profit in excess of £10,000 (all of which has to be reinvested) to the organisation and that this was sustained over a 3 year period the final retention (10%) would not be paid on the third year of the grant;
4. agreed to recommend to the Council that as part of the budget in February 2024, that they agree £90,000 base funding for Strategic Events and Festivals in order that the application process can commence during 2025/26 (Round 7), and that this fund be augmented by any underspend in Round 5 (23/24);
5. agreed to recommend to Council that any underspend from SEF Round 6 is earmarked and used to augment a future SEF round.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 22 December 2023, submitted)

9. CROWN ESTATE 2023/24 ALLOCATION - UPDATE

The Committee gave consideration to a report advising of the remaining £590,409 of the Council's £1,590,409 allocation of Crown Estate Funding for 2023/24 still to be allocated. The report proposed that £130,662 was allocated from the £590,409 to top up the full Bellwin threshold amount of £528,662, which would leave £459,747 still to be allocated.

Decision

The Policy and Resources Committee –

1. noted the formal allocation of the £1million of Crown Estate funding for 2023/24 as approved under delegated powers and as detailed in Table 1 of the submitted report;
2. agreed to allocate a further £130,662 to make up the Bellwin threshold amount of £528,662;
3. agreed to allocate the remaining £459,747 as detailed in the submitted report at paragraph 4.7 and Table 2; and

4. agreed to a delegation of powers to the Executive Director with responsibility for Development and Economic Growth to allow any subsequent amendment to approved Crown Estate grant allocations to ensure that any risk relating to having to payback any grant is minimised, noting that this could involve swapping Crown Estate allocations with Place Based Investment Programme (PBIP) allocations of grants against individual projects, but would not affect the projects identified but simply the grant source.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 11 January 2024, submitted)

10. OBAN AND HELENSBURGH STRATEGIC DEVELOPMENT FRAMEWORKS

The Committee gave consideration to a report outlining in brief some of the work that would be involved in producing Strategic Development Frameworks for Oban and Helensburgh, and why resources were required to drive forward these tasks at pace.

Decision

The Policy and Resources Committee noted the content of the submitted report and agreed to the resource request of £450,000 from the Council's Priorities Budget to assist in driving forward the Strategic Development Frameworks.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 17 January 2024, submitted)

11. ARGYLL AND BUTE - MOBILE COVERAGE MAPPING

The Committee gave consideration to a report which sought approval to utilise £25k from the Digital Exclusion Fund to enter a partnership project with Scottish Futures Trust.

Decision

The Policy and Resources Committee approved the provision of £25k funding from the Digital Exclusion Fund to enable the Council to match fund an equal contribution from our partner, Scottish Futures Trust, to undertake a Mobile Phone Coverage Map exercise covering Argyll and Bute.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 10 January 2024, submitted)

12. PEOPLE STRATEGY AND STRATEGIC WORKFORCE PLANNING PRIORITIES 2024 - 2028

The Committee gave consideration to a report presenting the People Strategy and Strategic Workforce Planning Priorities for 2024 – 2028. The documents had been developed in consultation with management teams and reflected the principles of Connect for Success.

Decision

The Policy and Resources Committee –

1. approved the People Strategy 2024-2028; and
2. noted the Strategic Workforce Planning Priorities for the period 2024-2028.

(Reference: Report by Executive Director with responsibility for Customer and Support Services dated 9 January 2024, submitted)

13. CLIMATE CHANGE BOARD UPDATE AND DECARBONISATION TRACKER

The Committee gave consideration to a report outlining overarching activities of the Climate Change Board to the Council and providing an update of key contributors to the Council's climate actions.

Decision

The Policy and Resources Committee noted the updates contained at Section 5 of the submitted report; and the full Decarbonisation Tracker update contained at Appendix A to the submitted report.

(Reference: Report by Executive Director with responsibility for Commercial Services dated 15 January 2024, submitted)

14. ARGYLL AND BUTE HOUSING EMERGENCY - PROJECT OFFICER RESOURCE

The Committee gave consideration to a recommendation from the meeting of the Environment, Development and Infrastructure Committee held on 30 November 2023 in respect of a proposal for the recruitment of a Project Officer to assist in the acceleration of the work to address the Housing Emergency in Argyll and Bute.

Decision

The Policy and Resources Committee agreed –

1. the recommendation from the Environment, Development and Infrastructure Committee that the Council recruit a Project Officer to assist in accelerating the work to address the Housing Emergency, with funding for the post being drawn from the Council's Priorities Investment Fund; and
2. that the Project Officer post would be recruited on a fixed term contract for a period of 3 years.

(Reference: Recommendation from Environment, Development and Infrastructure Committee held on 30 November 2023; and report by Executive Director with responsibility for Development and Economic Growth dated October 2023, submitted)

15. POLICY AND RESOURCES COMMITTEE WORKPLAN

The Policy and Resources Committee workplan was before the Committee for noting.

Decision

The Policy and Resources Committee noted the content of the work plan.

(Reference: Policy and Resources Committee workplan dated February 2024, submitted)

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****9 MAY 2024**

BUDGET OUTLOOK 2025-26 TO 2029-30

1. EXECUTIVE SUMMARY

- 1.1 This report summarises the budget outlook covering the period 2025-26 to 2029-30 taking into consideration the budget decisions at the Council Budget meetings on 22 February and 15 April 2024. This is the first outlook of the financial year and rolls forward previous estimates as well as updating some estimates and also extends the budget outlook out to 2029-30. The assumptions will continue to be updated and refined as the year progresses
- 1.2 The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.3 The assumptions in respect of future years Scottish Government funding have been updated since those reported on 22 February 2024 and range between flat cash (best case) and 1% reduction (worst case) with a mid-range of 0.5% reduction. This assumption is based on the settlement over the last few years and with the most recent year 2024-25 being a 0.5% reduction. Although the spending review published in May 2022 had indicated that the total budget for Local Government would remain flat cash until 2027-28, our Council relies on the floor mechanism to protect our funding and the floor was set at 0.5% below the annual change in 2024-25 and is likely to continue at this level.
- 1.4 There are no changes to my previous assumptions around the growth in Council Tax. The Council tax base has been assumed to grow by 0.25% in the worst case scenario, 0.5% in the mid-range scenario and 0.75% in the best case.
- 1.5 The starting point for the 2025-26 budget is the approved budget for 2024-25 as agreed at Council on 22 February 2024 with the following updates:
- Reversal of one-off cost pressures from 2024-25 (£0.130m).
 - Reversal of one-off savings from 2024-25 (£1.694m).
- 1.6 Assumptions in respect of employee costs for Council services are as follows:
- The SJC and Chief Officers pay awards for 2024-25 have still to be agreed and may have an impact on the base budget if the pay award is higher than the 3% allowed for in the budget. The Teachers pay award for 2024-25 has already been agreed up to 31 July 2024 as part of a previous 28 month deal however any increase beyond that date is still in the negotiation stage.
 - For future years, the mid-range scenario remains at 2% but a risk remains that it could be higher and this will be closely monitored.

- Increments are estimated between £0.329m and £0.605m with mid-range £0.605m.
- 1.7 For non-pay inflation, only unavoidable/inescapable inflation has been built in for the best case and mid-range scenarios with a contingency of £0.250m built into the mid-range. A further general inflationary increase has been built into the worst case scenario.
- 1.8 There are a number of cost and demand pressures for Council services built into each scenario:
- Universal Credit – HB Admin grant
 - ASN Support
 - SEEMiS Group – Education Management System
 - Maintenance/Repair of School Estate
 - Local Government Election
 - Impact of BMW Ban
 - Local Development Plan
 - Increase to borrowing costs as a result of investment agreed at February 2024.
 - Civica Revenue and Benefits Management System
 - Bus Transport Contracts
- 1.9 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range of £0.500m per year (best case scenario £0.250m per year and worst case scenario £1m per year).
- 1.10 There will be a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget in February 2024 an indicative flat cash allocation for 2025-26 was agreed. The indicative allocation for 2026-27 increases by £3.053m to account for the cessation of the one-off saving in relation to the Strathclyde Pension Fund.
- 1.11 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustments, non-pay inflation, cost and demand pressures and not factoring in any previous savings decisions or future potential options is an estimated gap over the five year period of £45.463m with a gap of £12.145m in 2025-26.
- 1.12 The measures to balance the budget over the next five years are as follows:
- Proposed increase to fees and charges of between 3% and 9% (6% mid-range).
 - Proposed increase to Council Tax (5% increase in 2025-26 in the mid and worst case scenarios rising to 7% in the best case scenario, with a 5% increase in all scenarios in future years).
 - Policy savings already agreed by Council in February 2024.
 - Management/Operational savings already agreed by Council February

2024.

- 1.13 In the mid-range scenario, the budget gap estimated over the five year period 2025-26 to 2029-30 is £23.849m with a gap of £8.315m in 2025-26.
- 1.14 The budget gap in the best case scenario over the five years is £11.050m with a gap of £4.249m in 2025-26 and in the worst case scenario, the budget gap over the five years is £88.383m with a gap of £22.182m in 2025-26. A summary of all three scenarios is included within Appendix 1.
- 1.15 It is recommended that the Policy and Resources Committee:
- a) Consider the current estimated budget outlook position for the period 2025-26 to 2029-30.
 - b) Note the minor changes to fees and charges and refer onto Council for endorsement.

BUDGET OUTLOOK 2025-26 TO 2029-30

2. INTRODUCTION

- 2.1 This report summarises the budget outlook covering the period 2025-26 to 2029-30 taking into consideration the budget decisions at the Council Budget meeting on 22 February and 15 April 2024. This is the first outlook of the financial year and rolls forward previous estimates as well as updating some estimates and also extends the budget outlook out to 2029-30. The assumptions will continue to be updated and refined as the year progresses.
- 2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee:
- a) Consider the current estimated budget outlook position for the period 2025-26 to 2028-29.
 - b) Note the minor changes to fees and charges and refer onto Council for endorsement.

4. DETAIL**4.1 Funding****Scottish Government Finance Settlement**

- 4.1.1 The estimate of the level of Scottish Government funding is one of the key assumptions within the budget outlook. When the budget for 2024-25 was set, I had indicated that it may be prudent to assume a funding reduction for future years, however, suggested waiting until the outcome of the UK budget consequential was known. There was additional consequential of £62.7m, our share being £1.1m. This brought the funding reduction for our Council in 2024-25 to around a 0.5% reduction. It would be prudent to assume a 0.5% reduction in future years within the mid-range scenario. Although the spending review published in May 2022 had indicated that the total budget for Local Government would remain flat cash until 2027-28, our Council relies on the floor mechanism to protect our funding and the floor was set at 0.5% below the annual change in 2024-25 and it is likely to continue at that level. The funding assumption has been set between a 1% reduction (worst case) and flat cash (best case) with a mid-range reduction of 0.5%. This will be closely monitored

and updated during the year as required. The Scottish Government is due to publish its medium term financial strategy in May 2024 and this may provide more insight as to the likely future year estimates.

- 4.1.2 The table below summarises the mid-range scenario estimates based on a 0.5% settlement reduction each year.

| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
|----------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Estimated SG Funding | 244,657 | 243,434 | 242,217 | 241,006 | 239,801 |

Council Tax

- 4.1.3 The Council Tax base for 2024-25 was set at £63.278m which reflected no inflationary increase as agreed by the Council on 15 April 2024.
- 4.1.4 On 15 April 2024 it was reported to Council that an adjustment to the level of Council Tax received relating to the double charge on second homes would be prudent given the number of representations made in relation to this. As such anticipated Council Tax income was reduced by £0.261m within the budget outlook. This adjustment is included within the base figure of £63.278m.
- 4.1.5 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that there will be a 0.5% growth in the mid-range scenario for all years from 2025-26 (0.75% in best case and 0.25% in worst case).
- 4.1.6 As reported previously, as part of the 2023-24 budget setting process a business process review was undertaken of the Revenues and Benefits Service where one of the outcomes was anticipated increased Council Tax recoveries equating to £0.200m in 2025-26 which have been built into the budget outlook. This is a reduction of £0.149m from 2024-25 as recoveries are expected to be higher in the first two years of inception dropping down to an almost steady state from 2025-26 onwards.
- 4.1.7 Within this report, I will present the budget gap, prior to any Member based decisions and therefore at this stage in the report, the Council tax base is assumed to remain at the same level as 2024-25.

General Fund

- 4.1.8 As reported in the budget pack in February 2024, reduced employer contribution rates payable to Strathclyde Pension Fund will result in one-off savings in 2024-25 and 2025-26. It was agreed that the saving in each of these years be transferred to the General Fund, with some being used to fund capital expenditure. £9.928m of savings will be transferred to reserves in 2025-26 in relation to this, this amount relates to the saving for the Council and the HSCP.
- 4.1.9 It was also agreed at the budget meeting in February 2024 that £2m of the pension fund gain would be released each year for a period of 3 years (2024-25

through to 2026-27) in order to help bridge the budget gap.

- 4.1.10 The table below summarises the estimated total funding in the mid-range scenario.

| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Estimated SG Funding | 244,657 | 243,434 | 242,217 | 241,006 | 239,801 |
| Transfer to Reserves in relation to Strathclyde Pension Fund | (9,928) | 0 | 0 | 0 | 0 |
| Released Strathclyde Pension Fund Gain | 2,000 | 2,000 | 0 | 0 | 0 |
| Council Tax Base | 63,278 | 63,278 | 63,278 | 63,278 | 63,278 |
| Council Tax Growth | 315 | 631 | 949 | 1,268 | 1,589 |
| Adjustment to additional Council Tax recoveries (para 4.1.6) | (149) | (147) | (145) | (143) | (143) |
| Total Estimated Funding | 300,173 | 309,196 | 306,299 | 305,409 | 304,525 |

4.2 Base Budget

- 4.2.1 The 2024-25 budget approved by Council on 22 February was £301.885m. An amendment in respect of re-running the Council Tax annual billing amounting to £0.080m was agreed on 15 April 2024 resulting in a revised base budget of £301.965m.

- 4.2.2 For future years, there are adjustments required to the base budget from decisions by Council on 22 February 2024 and other adjustments as noted in the table below:

| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Base Budget 2024-25 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 |
| Adjust for one-off 2024-25 cost pressures | (130) | (130) | (130) | (130) | (130) |
| Adjust for one-off 2024-25 Management/Operational savings | 1,694 | 1,694 | 1,694 | 1,694 | 1,694 |
| Revised Base Budget | 303,529 | 303,529 | 303,529 | 303,529 | 303,529 |

4.3 Employee Cost Changes

Pay Award

- 4.3.1 The SJC pay award for 2024-25 has still to be agreed and this may have an impact on the base budget if the pay award is greater than the 3% allowed for in the budget. The Teachers pay award has been agreed up to 31 July 2024 as part of a previous 28 month deal and any increase beyond that date has still to be negotiated.

- 4.3.2 For future years, the previous assumption of a 2% increase remains unchanged. The best case scenario also remains at a 2% increase (on the basis that the increase is not likely to be less than this) and the worst case scenario assumes a 5% increase. The pay assumption is very difficult to predict but there is an expectation as general inflation reduces that pay inflation will also reduce, however, there remains a risk that the pay award could be higher and this will be monitored and updated throughout the year if more information becomes available. Every 1% over and above what is budgeted would add an additional pressure of circa £1.7m.
- 4.3.3 On 4 April 2024 a Scottish Statutory Instrument was passed regarding increasing councillors pay with effect from 1 April 2024, the detail of which was presented to Council on 25 April. The financial impact of this is an increase of £0.033m which has been adjusted for within the budget outlook.

Increments

- 4.3.4 The cost of employee increments for 2024-25 was £0.605m. There remains a fairly regular turnover of staff within posts and when this happens the cost of increments can, in some cases, be absorbed by the budget provision for the previous post holder, who may have been at the top of the spinal column point for the grade.
- 4.3.5 In terms of future years, the best case is assumed to be half of the previous year cost, for mid-range and worst case, assumes equal to the cost in 2024-25.

Strathclyde Pension Fund

- 4.3.6 As detailed in the budget pack presented to Council in February 2024, the employer contribution rate paid to the Strathclyde Pension Fund will fall from 19.3% to 6.5% in 2024-25 and 2025-26 and rise to a sustainable long-term rate of 17.5% in the 2026-27. The reduction in the first 2 years equates to reduced costs of £6.875m per annum relating to Council employees (excluding HSCP). From 2026-27 the costs will rise again to 17.5% therefore this increase is required to be built into projections from 2026-27 onwards.

Teacher Numbers

- 4.3.7 As part of the 2023-24 Local Government Finance Settlement the Scottish Government held back £45.5m on the condition that Council's maintained teacher numbers at the 2022 census level. The December 2023 census showed a reduction in teacher numbers of 160. Ultimately, Scottish Government released the £45.5m to all local authorities, regardless of whether they maintained teacher numbers. Scottish Government has, for 2024-25, removed £145.5m from the General Revenue Grant and has instead issued this as a specific grant, conditional on maintaining teacher numbers at the level set out in each Council's grant letter. For Argyll and Bute Council this is £2.1m and there is an expectation that we will maintain 848 teachers, this was the figure returned in the 2023 census and 13 teachers more than in the base budget. To maintain a figure of 848 teachers would result in a cost pressure of £0.880m.

Discussions are continuing between COSLA and the Scottish Government and at this stage the additional cost has not been added into the budget outlook but there remains a risk that if we do not maintain the teacher numbers in our grant letter then some or all of the specific grant could be withheld.

- 4.3.8 The table below summarises the employee cost movements in the mid-range scenario for Council services. The employee cost increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Pay Award | 3,448 | 6,651 | 9,918 | 13,250 | 16,649 |
| Pay Award – Elected Members | 33 | 33 | 33 | 33 | 33 |
| Increments | 605 | 1,210 | 1,815 | 2,420 | 3,025 |
| Increase in costs after one-off reduction in Strathclyde Pension Fund rate ceases | 0 | 6,875 | 6,875 | 6,875 | 6,875 |
| Total Employee Cost Changes | 4,086 | 14,769 | 18,641 | 22,578 | 26,582 |

4.4 Non-Pay Inflation

- 4.4.1 The Council only include non-pay inflation within the budget where it is deemed to be unavoidable or inescapable. In terms of the budget outlook, unavoidable/inescapable non-pay inflation is built into the best case and mid-range scenarios with a general inflation allowance over and above this built into the worst case.
- 4.4.2 Officers continue to review areas of non-pay inflation on an ongoing basis. The principle of only budgeting for unavoidable/inescapable remains, however, it has to be noted that in this current financial climate, some budgets with no inflation allowed for are now stretched beyond the point of containing the cost within budget and therefore the budget will now buy less than what it used to be able to buy (so in effect, we will see some cuts as a result).
- 4.4.3 When creating a budget outlook for future years, there is a risk that inflation assumptions could change during the year. Due to the current inflation uncertainty, it would be prudent to include a contingency for other inflation increases not included in the calculations. A contingency allowance of £0.500m is included within the worst case scenario and a £0.250m allowance included within the mid-range scenario each year. No contingency is included within the best case scenario. This contingency will either be required, reduced or removed to reflect changing circumstances before the 2025-26 budget is set.
- 4.4.4 The table below summarises the non-pay inflation in the mid-range scenario for Council services with more detail available in Appendix 2. The non-pay inflation increases relating to Social Work within the Health and Social Care Partnership

are summarised within paragraph 4.6.3.

| Inflation Category | 2025-26 Previous estimates (Feb 2024) £000 | 2025-26 Updated estimates £000 | Increase/ (Decrease) £000 |
|--|---|---|--|
| Utilities - Electricity, Gas, Oil, Water | 330 | 192 | (138) |
| Street Lighting Electricity | 39 | 25 | (14) |
| Vehicle Fuel | 38 | 35 | (3) |
| Central Repairs - Outside Contractors | 112 | 83 | (29) |
| Waste PPP/Landfill Tax | 388 | 206 | (182) |
| NPDO/HUB Schools | 581 | 424 | (157) |
| Community Pool Subsidies | 71 | 34 | (37) |
| Residential Schools | 35 | 36 | 1 |
| Pre-Primary Partner Providers | 124 | 227 | 103 |
| ICT | 97 | 203 | 106 |
| Catering Purchases and Milk | 205 | 123 | (82) |
| Insurance | 60 | 93 | 33 |
| Bitumen – Roads | 17 | 16 | (1) |
| Contribution to Joint Boards | 43 | 43 | 0 |
| Annual External Audit Fee | 11 | 10 | (1) |
| Public Transport | 0 | 220 | 220 |
| School Transport | 0 | 153 | 153 |
| Contingency for unidentified/ insufficient inflation estimate | 250 | 250 | 0 |
| Total | 2,401 | 2,373 | (28) |

4.4.5 The most significant movement in non-pay inflation since last reported in February 2024 are as follows:

- Reduction in utility costs based on the latest utility pricing information available (£0.152m including Street Lighting).
- Reduction in Waste PPP and HUB Schools contracts due to reduced Retail Price Index (RPI) (£0.339m).
- Increase in Pre-Primary Partner Uplift due to assumed 2025-26 uplift rate which has been based on the 2024-25 rate linked to the Real Living Wage (£0.103m). This will be confirmed in November 2024.
- Increase in ICT costs of 10% based on pattern over previous years (£0.106m).
- New inflationary increases added for Public and School Transport contracts due to ongoing increases in contract prices linked to increases in fuel, insurance, maintenance and salaries (£0.373m).

4.4.6 The cumulative inflation for years 2026-27 to 2029-30 is noted in the table below and is based on future years estimates of inflation at this point in time, however, due to the volatility of inflation recently it is very difficult to predict and the estimates will be kept under close review.

| | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| Unavoidable/Inescapable | 4,467 | 6,644 | 8,907 | 11,263 |
| Total Non-Pay Inflation | 4,467 | 6,644 | 8,907 | 11,263 |

4.5 Cost and Demand Pressures

4.5.1 For a number of years, services have worked on the basis of having to contain any cost and demand pressures within current resources where possible, however, there are a number of cost and demand pressures already identified for Council services which were reported as part of the budget in February 2024. Since the budget meeting on 22 February 2024 the following changes have been made to the cost and demand pressures:

- New – Maintenance/Repair of the school estate – demand on the Education central repairs budget has continued to increase due to the amount of statutory maintenance work and emergency repairs which no longer allows for any planned maintenance which will have an impact on the cost of emergency repairs in the future (£0.360m).
- New – Bus Transport Contracts – significant increase in new contract prices due to increased cost of fuel, insurance, maintenance and salaries (£0.500m).
- Amendment – Compliance with BMW ban – reduction in cost pressure as a result of positive discussions with the Scottish Government which may result in a contribution towards the pressure faced by the Council (£0.462m).

4.5.2 As with inflation, when creating a budget outlook beyond one year, there is a risk that unknown cost and demand pressures will emerge that have not been included within the outlook. It is suggested that a £0.250m general allowance for this is included within the best case scenario, £0.500m within the mid-range scenario and a £1m allowance included within the worst case scenario each year.

4.5.3 The cost pressures are detailed in appendix 3 and are summarised in the table below and will be subject to review during the financial year.

| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Universal Credit – HB Admin Grant | 40 | 80 | 120 | 160 | 200 |
| ASN Support | 202 | 410 | 624 | 624 | 624 |
| SEEMiS Membership Fees | 0 | 7 | 7 | 7 | 7 |
| Maintenance/Repair of School Estate | 360 | 360 | 360 | 360 | 360 |
| Election costs | 0 | 0 | 350 | 0 | 0 |
| Compliance with BMW Ban | 462 | 925 | 925 | 925 | 925 |
| Local Development Plan | 0 | 50 | 0 | 0 | 0 |
| Increase to borrowing costs as a result of investment agreed at February 2024. | 282 | 282 | 282 | 282 | 282 |
| Civica Revenue and | 0 | 0 | 63 | 63 | 63 |

| | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| Benefits System | | | | | |
| Bus Transport Contracts | 500 | 500 | 500 | 500 | 500 |
| Allowance for pressures in future years | 500 | 1,000 | 1,500 | 2,000 | 2,500 |
| Total Cost and Demand Pressures | 2,346 | 3,614 | 4,731 | 4,921 | 5,461 |

4.5.4 The cost and demand pressures relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

4.6 Health and Social Care Partnership

4.6.1 The Council, at the budget meeting on 24 February 2024, agreed a base allocation to the HSCP of £78.611m for 2024-25 as well as an indicative flat cash allocation for 2025-26. The indicative allocation for 2026-27 onwards increases by £3.053m to account for the cessation of the one-off employer contribution rate saving relating to the Strathclyde Pension Fund.

4.6.2 In the budget outlook, I have assumed flat cash allocations across all scenarios, with the exception of the Strathclyde Pension Fund adjustment. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.

4.6.3 Social Work services have already identified a number of cost and demand pressures and these are summarised below and included within Appendix 4 for information purposes. It is expected that the HSCP absorb their cost and demand pressures from their funding allocation. Note that these only extend to three years rather than the five years within this Council budget outlook.

| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 |
|--|-------------------------|-------------------------|-------------------------|
| Pay Inflation | 1,049 | 2,301 | 3,590 |
| Pay Increments | 172 | 344 | 516 |
| Non-Pay Inflation | 970 | 1,987 | 3,057 |
| Care Services for Older People | 923 | 1,396 | 1,876 |
| Care Services for Younger Adults | 730 | 1,211 | 1,702 |
| Adult Services - Supported Living | 99 | 150 | 202 |
| Continuing Care for Looked After Children | 250 | 500 | 750 |
| Unknown Cost and Demand Pressures | 500 | 1,000 | 1,500 |
| Total Cost Increase estimates for Social Work | 4,693 | 8,889 | 13,193 |

4.7 Live Argyll

4.7.1 In the budget outlook, I have assumed allocations to Live Argyll on the same basis as the Scottish Government funding assumptions which range from a 1% reduction (best case) and flat cash (worst case) with a mid-range reduction of 0.5%. This is only an assumption and it will be a matter for Council to consider as part of the budget process next year.

The indicative allocation for 2026-27 onwards also increases by £0.118m to account for the cessation of the one-off employer contribution rate saving relating to the Strathclyde Pension Fund.

4.8 Estimated Budget Gap PRIOR to Measures to Balance the Budget

4.8.1 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures is summarised in the table below. This is the budget gap prior to factoring in any previous savings decisions or potential options towards balancing the budget.

| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Base Budget | 303,529 | 303,529 | 303,529 | 303,529 | 303,529 |
| Employee Cost Changes | 4,086 | 14,769 | 18,641 | 22,578 | 26,582 |
| Non-Pay Inflation | 2,373 | 4,467 | 6,644 | 8,907 | 11,263 |
| Cost and Demand Pressures | 2,346 | 3,614 | 4,731 | 4,921 | 5,461 |
| Adjustment to HSCP Payment re SPF gain | 0 | 3,053 | 3,053 | 3,053 | 3,053 |
| Adjustment to Live Argyll Payment | (16) | 102 | 101 | 101 | 100 |
| Total Estimated Expenditure | 312,318 | 329,534 | 336,699 | 343,089 | 349,988 |
| Estimated Funding | 300,173 | 309,196 | 306,299 | 305,409 | 304,525 |
| Estimated Budget Surplus / (Gap) Cumulative | (12,145) | (20,338) | (30,400) | (37,680) | (45,463) |

4.9 Measures to Balance the Budget

- 4.9.1 In 2024-25 a general inflationary increase of 6% was applied to fees and charges. For the budget outlook a range of between 3% (worst case) and 9% (best case) with a mid-range of 6% has been included. There is no general inflationary increase of 6% applied to Piers and Harbours to ensure that any income generated is not in excess of expenditure. Since the budget was set in February 2024 there have been some further amendments required to the fees and charges schedule and these are detailed within Appendix 5. Note that in terms of income generated the changes are minimal therefore no adjustment has been made to the projected income from fees and charges at this stage but this will be monitored closely during 2024-25 and updated if required.
- 4.9.2 Some of the policy options were agreed at the Council meeting on 22 February 2024 that impacted on 2025-26 and beyond. These are now factored into the budget outlook, reducing the budget gap.
- 4.9.3 In terms of Council Tax, a 5% increase had been assumed in the mid and worst case scenarios and a 7% increase in the best case scenario for 2025-26 on the basis that the majority of Councils increased their Council Tax by at least 5% in

2023-24 prior to the freeze in 2024-25. From 2026-27 a 5% increase has been assumed in all scenarios. In light of the significant budget gap, this is an area that Members will require to give due consideration to as part of the budget setting for 2025-26 and beyond.

- 4.9.4 The table below summarises the proposed measures to balance the budget in the mid-range scenario.

| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Fees and Charges Increase | 385 | 771 | 1,156 | 1,541 | 1,927 |
| Council Tax Increase | 3,162 | 6,514 | 10,049 | 13,778 | 17,709 |
| Previously agreed Policy Savings | 248 | 724 | 1,360 | 1,829 | 1,943 |
| Previously agreed Management/Operational Savings | 35 | 35 | 35 | 35 | 35 |
| Total Measures to Balance the Budget | 3,830 | 8,044 | 12,600 | 17,183 | 21,614 |

4.10 Estimated Budget Gap AFTER Measures to Balance the Budget

- 4.10.1 The table below summarises the estimated budget gap in the mid-range scenario.

| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Estimated Budget Gap Prior to Measures to Balance Budget | (12,145) | (20,338) | (30,400) | (37,680) | (45,463) |
| Savings Measures | 3,830 | 8,044 | 12,600 | 17,183 | 21,614 |
| Estimated Budget Surplus / (Gap) Cumulative | (8,315) | (12,294) | (17,800) | (20,497) | (23,849) |
| Estimated Budget Surplus / (Gap) In Year | (8,315) | (3,979) | (5,506) | (2,696) | (3,352) |

- 4.10.2 In the mid-range scenario, the budget gap estimated over the five year period 2025-26 to 2029-30 is £23.849m with a gap of £8.315m in 2025-26.
- 4.10.3 The budget gap in the best case scenario over the five years is £11.050m with a gap of £4.249m in 2025-26 and in the worst case scenario, the budget gap over the five years is £88.383m with a gap of £22.182m in 2024-25. A summary of all three scenarios is included within Appendix 1.
- 4.10.4 The changes from the previous anticipated outlook reported to the Council on 15 April 2024 are summarised in the table below:

| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 |
|--|-----------------|-----------------|-----------------|-----------------|
| Previously reported budget surplus / (gap) Cumulative based on 7% Council Tax increase in 2025-26 | (4,734) | (10,217) | (16,004) | (19,129) |
| Small adjustment to rolled forward Council Tax figures | (62) | 19 | 100 | 195 |
| Small adjustment to Council Tax Growth figures | 19 | 37 | 57 | 76 |
| Base Budget Correction from previous year | (8) | (8) | (8) | (8) |
| Update SG funding assumption to 0.5% reduction in mid-range | (1,229) | (2,452) | (3,669) | (4,880) |
| Full year impact of Teachers Pay Award | (314) | (320) | (326) | (333) |
| Elected Members Pay Award | (33) | (33) | (33) | (33) |
| Non Pay Inflation Adjustment | 28 | 187 | 370 | 579 |
| New Cost Pressure – Maintenance/Repair of School Estate | (360) | (360) | (360) | (360) |
| New Cost Pressure – Bus Transport Contracts | (500) | (500) | (500) | (500) |
| Adjustment to Cost Pressure relating to compliance with BMW ban | 146 | 1,508 | 1,508 | 1,508 |
| Reduce Live Argyll Management Fee by 0.5% in line with SG funding assumptions | 16 | 16 | 17 | 17 |
| Update Council Tax assumptions: - 2025-26 from 7% to 5% - 2026-27 onwards from 3% to 5% - Adjustment re ctax on 2 nd homes | (1,282) | (169) | 1,052 | 2,375 |
| Rounding | (2) | (2) | (4) | (4) |
| Revised Budget Surplus / (Gap) Cumulative | (8,315) | (12,294) | (17,800) | (20,497) |

5. CONCLUSION

- 5.1 In the mid-range scenario, the budget gap estimated over the five year period 2025-26 to 2029-30 is £23.849m with a gap of £8.315m in 2025-26. Council officers are continuing to explore savings options during 2024-25 and these will be presented to Members at a future date.
- 5.2 This is a very challenging budget outlook position and the level of Scottish Government grant and the pay award are two assumptions that could alter the figures significantly. These will be kept under close review and the budget outlook updated as and when further information becomes available.

6. IMPLICATIONS

| | | |
|-------|-----------------------------------|--|
| 6.1 | Policy - | Sets out the budget outlook that provides the financial envelope for policy decisions. |
| 6.2 | Financial - | Sets best, worst and mid-range scenarios in respect of the budget outlook. The medium to longer term financial strategy is being updated and the Council are actively continuing to pursue opportunities to mitigate against future budget gaps. |
| 6.3 | Legal - | None directly from this report but Council will need to balance the budget. |
| 6.4 | HR - | None directly from this report but there is a strong link between HR and budgets. |
| 6.5 | Fairer Scotland Duty - | See below |
| 6.5.1 | Equalities | None directly from this report but any proposals to address the estimated budget gap will need to consider equality issues. |
| 6.5.2 | Socio Economic Duty | None directly from this report but any proposals to address the estimated budget gap will need to consider socio economic issues. |
| 6.5.3 | Islands Duty | None directly from this report but any proposals to address the estimated budget gap will need to consider any island specific issues. |
| 6.6 | Climate Change | The Council is committed to addressing climate change and reviews how Services are delivering this on an ongoing basis within the available budget resources. |
| 6.7 | Risk - | None directly from this report but any proposals to address the estimated budget gap will need to consider risk. |
| 6.8 | Customer Service – | None directly from this report but any proposals to address the estimated budget gap will need to consider customer service. |
| 6.9 | The Rights of the Child (UNCRC) - | None |

Kirsty Flanagan
Executive Director/Section 95 Officer
30 April 2024

Policy Lead for Finance and Commercial Services: Councillor Ross Moreland

APPENDICES:

- Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios
- Appendix 2 – Non Pay Inflation
- Appendix 3 – Cost and Demand Pressures (Council Services)
- Appendix 4 – Cost and Demand Pressures (Social Work)
- Appendix 5 – Fees and Charges Update

For further information contact Anne Blue, Head of Financial Services
anne.blue@argyll-bute.gov.uk

| | Best Case Scenario | | | | | Mid-Range Scenario | | | | | Worst Case Scenario | | | | |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|------------------|
| | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
| Base Budget | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 | 301,965 |
| Base Budget Adjustments | 1,454 | 1,454 | 1,454 | 1,454 | 1,454 | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 | 1,556 | 1,556 | 1,556 | 1,556 | 1,556 |
| Revised Base Budget | 303,419 | 303,419 | 303,419 | 303,419 | 303,419 | 303,529 | 303,529 | 303,529 | 303,529 | 303,529 | 303,521 | 303,521 | 303,521 | 303,521 | 303,521 |
| Pay Award | 3,448 | 6,651 | 9,918 | 13,250 | 16,649 | 3,448 | 6,651 | 9,918 | 13,250 | 16,649 | 11,414 | 22,873 | 34,905 | 47,539 | 60,805 |
| Pay Award - Elected Members | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| Pay Increments | 329 | 658 | 986 | 1,315 | 1,643 | 605 | 1,210 | 1,815 | 2,420 | 3,025 | 605 | 1,210 | 1,815 | 2,420 | 3,025 |
| Adjustment to Employee Base | 0 | 6,875 | 6,875 | 6,875 | 6,875 | 0 | 6,875 | 6,875 | 6,875 | 6,875 | 0 | 6,875 | 6,875 | 6,875 | 6,875 |
| Total Employee Cost Changes (Council Services) | 3,810 | 14,217 | 17,812 | 21,473 | 25,200 | 4,086 | 14,769 | 18,641 | 22,578 | 26,582 | 12,052 | 30,991 | 43,628 | 56,867 | 70,738 |
| Non-Pay Inflation - Council Services | 1,815 | 3,583 | 5,414 | 7,311 | 9,277 | 2,373 | 4,467 | 6,644 | 8,907 | 11,263 | 4,530 | 8,553 | 12,683 | 16,924 | 21,282 |
| Housing Benefits Admin Grant | 40 | 80 | 120 | 160 | 200 | 40 | 80 | 120 | 160 | 200 | 40 | 80 | 120 | 160 | 200 |
| ASN Support | 202 | 410 | 624 | 624 | 624 | 202 | 410 | 624 | 624 | 624 | 202 | 410 | 624 | 624 | 624 |
| SEEMIS Membership Fees | 0 | 7 | 7 | 7 | 7 | 0 | 7 | 7 | 7 | 7 | 0 | 7 | 7 | 7 | 7 |
| Maintenance/Repair of School Estate | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 |
| Election Costs | 0 | 0 | 327 | 0 | 0 | 0 | 0 | 350 | 0 | 0 | 0 | 0 | 370 | 0 | 0 |
| Compliance with BMW Ban | 462 | 925 | 925 | 925 | 925 | 462 | 925 | 925 | 925 | 925 | 2,116 | 925 | 925 | 925 | 925 |
| Planning (Local Development Plan) | 0 | 50 | 0 | 0 | 0 | 0 | 50 | 0 | 0 | 0 | 0 | 50 | 0 | 0 | 0 |
| Borrowing to pay for weather incident costs | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 |
| Civica Revenue and Benefits System | 0 | 0 | 37 | 37 | 37 | 0 | 0 | 63 | 63 | 63 | 0 | 0 | 137 | 137 | 137 |
| Bus Transport Contracts | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Allowance for Cost and Demand Pressures Future Years | 250 | 500 | 750 | 1,000 | 1,250 | 500 | 1,000 | 1,500 | 2,000 | 2,500 | 1,000 | 2,000 | 3,000 | 4,000 | 5,000 |
| Total Cost and Demand Pressures | 2,096 | 3,114 | 3,932 | 3,895 | 4,185 | 2,346 | 3,614 | 4,731 | 4,921 | 5,461 | 4,500 | 4,614 | 6,325 | 6,995 | 8,035 |
| Adjustment to Health and Social Care Partnership Payment | 0 | 3,053 | 3,053 | 3,053 | 3,053 | 0 | 3,053 | 3,053 | 3,053 | 3,053 | 0 | 3,053 | 3,053 | 3,053 | 3,053 |
| Adjustment to Live Argyll Management Fee | (33) | 86 | 85 | 84 | 83 | (16) | 102 | 101 | 101 | 100 | 0 | 118 | 118 | 118 | 118 |
| Total Estimated Expenditure PRIOR to measures to balance the budget | 311,107 | 327,471 | 333,715 | 339,234 | 345,217 | 312,318 | 329,534 | 336,699 | 343,089 | 349,988 | 324,603 | 350,850 | 369,328 | 387,478 | 406,747 |
| Scottish Government Grant | 245,886 | 245,886 | 245,886 | 245,886 | 245,886 | 244,657 | 243,434 | 242,217 | 241,006 | 239,801 | 243,427 | 240,993 | 238,583 | 236,197 | 233,835 |
| Transfers to/from Reserves - Strathclyde Pension Fund | (7,928) | 2,000 | 0 | 0 | 0 | (7,928) | 2,000 | 0 | 0 | 0 | (7,928) | 2,000 | 0 | 0 | 0 |
| Council Tax | 63,601 | 64,079 | 64,560 | 65,045 | 65,531 | 63,444 | 63,762 | 64,082 | 64,403 | 64,724 | 63,292 | 63,454 | 63,617 | 63,781 | 63,940 |
| Total Funding | 301,559 | 311,965 | 310,446 | 310,931 | 311,417 | 300,173 | 309,196 | 306,299 | 305,409 | 304,525 | 298,791 | 306,447 | 302,200 | 299,978 | 297,775 |
| Budget Surplus / (Gap) PRIOR to measures to balance the budget | (9,548) | (15,506) | (23,269) | (28,303) | (33,800) | (12,145) | (20,338) | (30,400) | (37,680) | (45,463) | (25,812) | (44,403) | (67,128) | (87,500) | (108,972) |
| Measures to Balance the Budget: | | | | | | | | | | | | | | | |
| Fees and Charges | 578 | 578 | 578 | 1,156 | 1,156 | 385 | 771 | 1,156 | 1,541 | 1,927 | 193 | 385 | 578 | 771 | 963 |
| Council Tax Increase above SG Funding | 4,438 | 7,854 | 11,465 | 15,280 | 19,310 | 3,162 | 6,498 | 10,017 | 13,728 | 17,640 | 3,154 | 6,474 | 9,968 | 13,644 | 17,512 |
| Council Tax Increase (Growth element) | 0 | 89 | 157 | 229 | 306 | 0 | 16 | 32 | 50 | 69 | 0 | 32 | 65 | 100 | 136 |
| Management/Operational Savings agreed Feb 2023 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 | 35 |
| Policy Savings Agreed Feb 2023 | 248 | 724 | 1,360 | 1,829 | 1,943 | 248 | 724 | 1,360 | 1,829 | 1,943 | 248 | 724 | 1,360 | 1,829 | 1,943 |
| Total Measures to Balance the Budget | 5,299 | 9,280 | 13,595 | 18,529 | 22,750 | 3,830 | 8,044 | 12,600 | 17,183 | 21,614 | 3,630 | 7,650 | 12,006 | 16,379 | 20,589 |
| Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget | (4,249) | (6,226) | (9,674) | (9,775) | (11,050) | (8,315) | (12,294) | (17,800) | (20,497) | (23,849) | (22,182) | (36,753) | (55,122) | (71,121) | (88,383) |
| Budget Surplus / (Gap) In Year AFTER measures to balance the budget | (4,249) | (1,977) | (3,448) | (101) | (1,276) | (8,315) | (3,979) | (5,506) | (2,696) | (3,352) | (22,182) | (14,570) | (18,369) | (15,999) | (17,261) |

NON-PAY INFLATION (COUNCIL)

Appendix 2

| Service | Category | Basis of Inflation | Inflation Percentage | Mid Range 2025/26 |
|---|--|---|----------------------|-------------------|
| Council Wide | Electricity | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 133,340 |
| Council Wide | Gas | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 23,897 |
| Council Wide | Heating Oils | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 11,703 |
| Council Wide | Solid Fuel | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 8,418 |
| Council Wide | Water Charges | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 16,311 |
| Council Wide | Vehicle Fuel | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 34,958 |
| Council Wide | Central Repairs - Outside Contractors | Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case. | 3.90% | 82,757 |
| Council Wide | Insurances | Mid-point set at 5% for 2024/25 per input from Legal Services on contract notices. Reduced to 3% in subsequent years to reflect BOE inflation forecast with 0.5% tolerance for best and worst case. | 5.00% | 93,128 |
| Council Wide | Contribution to Joint Boards | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 43,485 |
| Council Wide | Contingency for unidentified/insufficient inflation estimate | £250k built in to mid-range and £500k built in to worst case scenario | | 250,000 |
| Council Wide Total | | | | 697,997 |
| Education | Pre-Primary Partner Provider Uplift | Estimate for the increase in the Real Living Wage, with a tolerance of 0.5% for best and worst case.To be updated when new RLW figure is announced in November 2024. | 5.00% | 226,603 |
| Education | External School Placements | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 35,688 |
| Commercial Services | Catering Purchases | Estimate based on ONS Food and Non-Alcoholic Beverages Inflation figure and trend at January 2024 for 2025/26 then drop to 4% for 2026/27 then to 2.8% onwards with 0.5% tolerance for best and worst case. | 5.00% | 122,907 |
| Legal & Regulatory Support | Leisure SLA-MAKI/Islay Pools | Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case. | 3.90% | 7,807 |
| Legal & Regulatory Support | Leisure SLA-Atlantis | Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case. | 3.90% | 26,492 |
| Legal & Regulatory Support | NPDO-Variable Element | Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case. | 3.90% | 340,385 |
| Legal & Regulatory Support | NPDO-Utilities Rebate | Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case. | 3.90% | (12,877) |
| Legal & Regulatory Support | NPDO-Electricity | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 18,986 |
| Legal & Regulatory Support | NPDO-Gas | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 7,695 |
| Legal & Regulatory Support | NPDO-Heating Oil | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 3,017 |
| Legal & Regulatory Support | NPDO-LPG | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 2,626 |
| Legal & Regulatory Support | NPDO-Water | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 11,284 |
| Legal & Regulatory Support | HUB-Variable Element | Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case. | 3.90% | 53,274 |
| Executive Director Douglas Hendry - Total | | | | 843,887 |
| Customer and Support Services | ICT | Estimate added at 10% to reflect input from ICT on increasing costs. | 10.00% | 202,549 |
| Financial Services | Annual External Audit Fee | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 9,882 |
| Roads and Infrastructure | Public Transport | Reflects a 3% uplift for annual inflation set within the terms of the contracts between the Council and the service providers. | 3.00% | 219,821 |
| Roads and Infrastructure | School Transport | Reflects a 3% uplift for annual inflation set within the terms of the contracts between the Council and the service providers. | 3.00% | 152,562 |
| Roads and Infrastructure | Waste PPP-Private Contractor Inflation | Based on 85% of an estimate for RPIX Rate at 2025 Q1 tracking the Bank of England CPI forecast for CPI at February 2024, with a 0.5% tolerance for best and worst case. | 2.00% | 149,861 |
| Roads and Infrastructure | Waste PPP-Central Government Inflation | Based on Landfill Tax increase between 23/24 and proposed 24/25 rate with a 0.5% tolerance for best and worst case. | 1.57% | 55,237 |
| Roads and Infrastructure | Roads - Bitumen for Road Surfacing | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 16,218 |
| Roads and Infrastructure | Electricity - Street Lighting | Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case. | 2.80% | 24,554 |
| Executive Director Kirsty Flanagan - Total | | | | 830,684 |
| Total Non-Pay Inflation in the Mid Range | | | | 2,372,568 |

| Department | Service | Cost/Demand Pressure | Best Case | | | | | Mid Range Scenario | | | | | Worst Case | | | | |
|--------------------------------------|--|---|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
| Executive Director - Kirsty Flanagan | Financial Services | Universal Credit "Full" Service went live in Sept 2018, managed migration for working age claimants began in August 2023 and will be completed by March 2025. Details of the migration of Pension age Housing Benefit claimants have not yet been released however it is anticipated that the overall migration will be completed in 2028/2029. The DWP will reduce the Housing Benefit Administration Subsidy they pay to the Council as some claimants come off of Housing Benefit processed by Council staff and go onto Universal Credit processed by the DWP. The Council's caseload has reduced since implementation of Universal Credit but it is hard to predict just how quickly the rest of the caseload will migrate from Housing Benefit to Universal Credit between now and 2028/2029. These figures represent our best estimates at this time. | 40 | 80 | 120 | 160 | 200 | 40 | 80 | 120 | 160 | 200 | 40 | 80 | 120 | 160 | 200 |
| Executive Director - Douglas Hendry | Education | The demand for ASN support in Argyll and Bute has continued to grow with a significant increase in, and early identification of children and young people presenting with complex additional support needs, including mental health difficulties which manifests often in dysregulated behaviours. It is anticipated that growth continues over the next 5 years however the extent of this growth is difficult to determine. Scottish Government statistics show that the number of pupils identified with ASN has increased markedly since 2010 and there continue to be year on year increases. These increases are likely due to continue as we see the impact of the Covid 19 pandemic on children and young people who were born from 2020 onwards and as we work with partners to streamline assessment processes which help us to understand need more thoroughly. Scottish Government statistical datasets show that the percentage of school roll in mainstream schools of pupils with ASN has increased by approximately 3% year on year. Within many authorities, this means increased numbers of children accessing specialist provision. As Argyll and Bute do not have equitable access to Specialist provision in all areas, the cost pressure associated with offering appropriate support within our local schools continues to increase in line with need. | 202 | 410 | 624 | 624 | 624 | 202 | 410 | 624 | 624 | 624 | 202 | 410 | 624 | 624 | 624 |
| Executive Director - Douglas Hendry | Education | The SEEMIS group, provider of the Council's Education Management Information System, recently reviewed their long term financial plan and it is anticipated there may be a small pressure from 2026-27 onwards. | 0 | 7 | 7 | 7 | 7 | 0 | 7 | 7 | 7 | 7 | 0 | 7 | 7 | 7 | 7 |
| Executive Director - Douglas Hendry | Education | There is an ongoing need for the Council to manage the maintenance/repair of Schools estate through the education central repairs budget. The demand on this budget has continued to increase due to the amount of statutory maintenance work and emergency repairs which no longer allows for any planned maintenance to be carried out. The cost of planned maintenance has fallen on the service which cannot be sustained. Failure to carry out planned maintenance will impact significantly on the cost of emergency repairs in the future. The Council has over 75 school buildings to maintain and more reactive maintenance work is required from Education Central Repairs due to reduced capital funding. | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 | 360 |
| Executive Director - Douglas Hendry | Legal and Regulatory Services | Estimated cost (to be borne by the Council) of carrying out local Government elections in May 2027 (and in financial year 2027/28). Operating approx. 100 polling stations and carrying out poll and count for 11 Multi member wards – requiring 11 separate counts | 0 | 0 | 327 | 0 | 0 | 0 | 0 | 350 | 0 | 0 | 0 | 0 | 370 | 0 | 0 |
| Executive Director - Kirsty Flanagan | Roads & Infrastructure Services | Achieving compliance with ban on biodegradable municipal waste (BMW) in 2025. This is the estimated revenue costs from potential scenarios, remaining in or coming out of the current waste PPP contract. Coming out of the Waste PPP contract would create an additional one-off cost (reflected in the worst case scenario in financial year 2025-26). Due to the complexity of the model, estimates are subject to change and Caledonian Economic Consultants are currently updating the figures in the original options appraisal. The best case scenario reflects option 4 detailed in the report to the Environment, Development and Infrastructure Committee on 01/12/2022. The worst case scenario reflects option 3 included in the same report and takes into account the risk that the SG will not agree a derogation. The mid-range scenario assumes that the positive discussions with the Scottish Government will result in the Scottish Government contributing towards the pressure facing the Council. | 462 | 925 | 925 | 925 | 925 | 462 | 925 | 925 | 925 | 925 | 2,116 | 925 | 925 | 925 | 925 |
| Executive Director - Kirsty Flanagan | Development & Economic Growth | Local development plan will require to be done under the new Planning legislation which is a revised process from the current one and will have a 10 year life. The new process has 2 stages where there is likely to be a cost pressure - a gate check followed by an examination some time later. | 0 | 50 | 0 | 0 | 0 | 0 | 50 | 0 | 0 | 0 | 0 | 50 | 0 | 0 | 0 |
| Executive Director - Kirsty Flanagan | Financial Services/Roads and Infrastructure Services | At the budget setting meeting in February 2024 it was agreed to borrow to pay for the £4.348m of costs relating to the weather incident that were not claimable through the Bellwin scheme. Whilst the Council secured additional funding in relation to the weather related costs, this allowed the Council to freeze the Council Tax, therefore the borrowing is still required, some in relation to the weather cost and some in relation to other capital investments. | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 | 282 |

| Department | Service | Cost/Demand Pressure | Best Case | | | | | Mid Range Scenario | | | | | Worst Case | | | | |
|--------------------------------------|---------------------------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2028-29 £000 | 2029-30 £000 |
| Executive Director - Kirsty Flanagan | Financial Services | The Council's contract with Civica for the Revenue and Benefits Management System ends in August 2024, this is the system that allows us to bill and collect Council Tax and administer Housing Benefit on behalf of the UK government under statute. In addition the contract for the corporate Electronic Document Management system currently used by Revenue and Benefits services, Social Care, Human Resources and Creditors will end in September 2024. The Council has been engaged in discussions with the supplier of both systems, Civica for around a year to negotiate a reasonable way forward before Civica press ahead with plans to migrate their systems to the Cloud and remove its support and development of its existing on premise solutions. The outcome of these discussions is an extension to the contracts for current on premise solutions for three further years to August/September 2027 with full support, however with increases in annual recurring support and maintenance charges and licensing costs. Beyond that three year period we expect significant increases in charges as the supplier moves the systems to the Cloud. The cost pressure for 2027-28 onwards will be added when more information becomes available. | 0 | 0 | 37 | 37 | 37 | 0 | 0 | 63 | 63 | 63 | 0 | 0 | 137 | 137 | 137 |
| Executive Director - Kirsty Flanagan | Roads & Infrastructure Services | Bus Transport contracts have seen a significant increase in new contract prices due to increased costs for fuel, insurance, maintenance, regulatory compliance and driver wages. 2 new contracts have seen a combined annual increase of £500k in Islay and Helensburgh. Work ongoing on whether savings could be made by reducing services or providing services in a different manner. | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Council Wide | Council Wide | General provision for unidentified Cost and Demand Pressures | 250 | 500 | 750 | 1,000 | 1,250 | 500 | 1,000 | 1,500 | 2,000 | 2,500 | 1,000 | 2,000 | 3,000 | 4,000 | 5,000 |
| TOTAL | | | 2,096 | 3,114 | 3,932 | 3,895 | 4,185 | 2,346 | 3,614 | 4,731 | 4,921 | 5,461 | 4,500 | 4,614 | 6,325 | 6,995 | 8,035 |

| Service | Cost/Demand Pressure | Best Case | | | Mid Range | | | Worst Case | | |
|---|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 | 2025-26 £000 | 2026-27 £000 | 2027-28 £000 |
| All Social Work | Estimated Pay inflation reflecting a best case 2%, a mid-range of 3% for 2024/25 then 2% for 2025/26 and 2026/27 and a worst case of 5%. Adjusted for the impact of the reduction in the employer's pension contribution rate to 6.5% in 2024/25 and 2025/26 and to 17.5% in 2026/27. | 699 | 1,526 | 2,369 | 1,049 | 2,301 | 3,590 | 1,748 | 3,583 | 5,802 |
| All Social Work | Estimated Pay increments, best case is that 50% of the incremental changes based on 2023/24 are absorbed and in the mid-range and worst case, the increase is in line with the increase in 2023/24. | 86 | 172 | 258 | 172 | 344 | 516 | 172 | 344 | 516 |
| All Social Work | Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case. | 768 | 1,564 | 2,397 | 878 | 1,800 | 2,772 | 987 | 2,035 | 3,154 |
| All Social Work | Non-pay inflation impact of payroll inflation on NHS posts which are recharged to Social Work. | 77 | 156 | 236 | 92 | 187 | 285 | 108 | 219 | 334 |
| Adult Care | Older People Demand Growth: The number of older people is increasing and older people are living longer with significant health and support needs and significant expectations of the support they are entitled to receive. Demand pressure estimates 3% growth in homecare and care home placements, this increase is supported by the growth in clients and care requirements over a number of years although in some areas the service capacity is being fully utilised and service expansion is proving difficult. The best case assumes a 0% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 1.5% growth and the worst case reflects 3% growth. | 0 | 0 | 0 | 923 | 1,396 | 1,876 | 1,860 | 2,836 | 3,844 |
| Adult Care | Younger Adults Demand Growth (Excluding Physical Disability): There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth. | 202 | 406 | 613 | 609 | 1,027 | 1,454 | 1,020 | 1,660 | 2,321 |
| Adult Care | Younger Adults Demand Growth - Physical Disability: There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth. | 60 | 91 | 122 | 121 | 184 | 248 | 183 | 279 | 378 |
| Adult Care | Mental Health Budget Adjustment - The Mental Health Supported Living and Residential budgets are carrying a recurring unbudgeted commitment. To address this situation, it is proposed to continue to realign the budget over 2024-25 and 2025-26 whilst also reviewing cases and redesigning services. The adjustment will be reviewed annually to reflect spending reductions delivered as well as any changes to funding and practice resulting from the implementation of the Independent Review of Adult Social Care. | 50 | 75 | 100 | 99 | 150 | 202 | 150 | 229 | 310 |
| Children and Families | Continuing Care demand for Looked After young people who are cared for by the HSCP. The best case scenario is that the expected additional demand can be funded from within existing resources as a result of planned improvements to the service delivery model (eg shift away from high cost external residential care to local foster and kinship care), the mid case reflects that additional demand in 24/25 be funded from existing resource with £250k per annum thereafter and the worst case reflects £250k per annum. | 0 | 0 | 0 | 250 | 500 | 750 | 250 | 500 | 750 |
| All Social Work | Allowance for unknown cost and demand pressures which could arise. The best case assumes unknown pressures totalling £250k per annum, the mid range £500k per annum and the worst case £750k per annum. | 250 | 500 | 750 | 500 | 1,000 | 1,500 | 750 | 1,500 | 2,250 |
| TOTAL UNFUNDED COST AND DEMAND PRESSURES | | 2,192 | 4,490 | 6,845 | 4,693 | 8,889 | 13,193 | 7,228 | 13,185 | 19,659 |

APPENDIX 5 - Fees and Charges 2024-25

The 2024-25 fees and charges were agreed as part of the 2024-25 budget setting process at the Council meeting on 22nd February 2024.

Since that meeting, some updates have been made to the fees and charges and these are as follows:

- Explosives / Fireworks License and Registration – these fees are set by the UK Government and the uplifts were published on 7th March 2024. As such, the charges have now been inflated in line with the regulations and present increases between 4% and 5%.
- Petroleum Storage Certificates – these fees are set by the UK Government and the uplifts were published on 7th March 2024. As such, the charges have now been inflated in line with the regulations and present increases between 4% and 5%.
- Photocopying / Printing – a review of the VAT treatment of all fees and charges has highlighted an error that is required to be corrected. This has not resulted in any change to the gross fee charged to service users but has reduced the Council's net receipt from these charges due to the inclusion of 20% VAT. These charges will be reviewed and right-sized in 2025-26 as a result of this change.
- Jura Ferry Commercial Vehicle / Coaches Out of Hours Service – a review of the VAT treatment of all fees and charges has highlighted an error that is required to be corrected. This has not resulted in any change to the gross fee charged to service users but has reduced the Council's net receipt from these charges due to the inclusion of 20% VAT. These charges will be reviewed and right-sized in 2025-26 as a result of this change.
- Cuan Ferry Commercial Vehicle Out of Hours Services – this was a new charge which was previously amalgamated with the general Out of Hours services for Easdale and Lismore ferries. Given that the Cuan Ferry can transport vehicles as well as individual passengers, it needs to be included as a separate charge because a different VAT treatment is applicable. Again, this has not resulted in any change to the gross fee charged to the service users but has reduced the Council's net receipt from these charges due to the inclusion of 20% VAT. These charges will be reviewed and right-sized in 2025-26 as a result of this change.

The updated fees and charges schedule, including the above noted amendments, have already been published on the Argyll and Bute Council website.

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ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES
COMMITTEE****CUSTOMER SUPPORT SERVICES****9TH MAY 2024**

CUSTOMER SERVICE STRATEGY 2024-27

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this paper is to present the new corporate Customer Service Strategy 2024-27. The council's Constitution requires the production of a Customer Service Strategy. The last one expired in 2020 and was temporarily replaced with the post-pandemic Recovering Council Customer Service Action Plan, which has been completed.
- 1.2 The Strategy comprises three elements, the core Strategy with a supporting Action Plan and a Customer Service Charter. An Equality and Socio Economic Impact Assessment has also been completed and is attached. These products were approved by SMT on Monday 25th March 2024.
- 1.3 We developed this new Customer Service Strategy taking account of:
 - A benchmarking exercise of other local authority strategies
 - A review of other relevant documents including the new Corporate Plan, Connect for Success principles and a range of other local and national strategies
 - The Customer Service Excellence Standard regarding the fundamentals of excellent customer service.
 - A consultation exercise on the draft Strategy that took place from 7th December 2023 to 14th January 2024 which had 244 external customer responses and 32 employee responses. The customer consultation included both online and hard copy surveys posted out to hard-to-reach customers.

CUSTOMER SERVICE STRATEGY 2024-27

2.0 INTRODUCTION

- 2.1 This purpose of this paper is to present the new corporate Customer Service Strategy 2024-27. The council's Constitution requires the production of a Customer Service Strategy. The last one expired in 2020 and was temporarily replaced with the post-pandemic Recovering Council Customer Service Action Plan, which has been completed. The Strategy comprises three elements, the core strategy with a supporting action plan and a customer service charter. These products were approved by SMT on Monday 25th March 2024.
- 2.2 **Appendix 1** shows the updated version of the Strategy, Charter and Action Plan taking account of the consultation feedback. That feedback regarding the Strategy was positive with 85% of respondents happy with the principles and priorities in the Strategy and 90% agreeing that the Charter commitments were fair and reasonable. Every question allowed respondents to leave comments and 996 different comments and suggestions were made. Many inputs were on common themes and they were refined into actionable changes. **Appendix 2** shows these actionable changes. **Appendix 3** is the Equality and Socio Economic Impact Assessment (EQSEIA), which shows the positive impact the Strategy will have on equality.

3.0 RECOMMENDATIONS

- 3.1 That the Policy and Resources Committee note the outcomes of the consultations on the draft Customer Service Strategy and the changes made to it using the customer and employee insights gained (**Appendix 2**).
- 3.2 That the Policy and Resources Committee approves the revised Customer Service Strategy, Charter and Action Plan (**Appendix 1**) and associated EQSEIA (**Appendix 3**) to proceed to the next full Council meeting in June 2024.

4.0 DETAIL

- 4.1 The council's Constitution requires the development of a Customer Service Strategy and the last one expired in 2020, to be superseded on a one-off basis by the post-pandemic Recovering Council Customer Service Action Plan. A new Customer Service Strategy is therefore required to cover the period 2024-27. The Customer Engagement Team (following benchmarking and other analysis), developed an initial draft of a new Customer Service Strategy, along with supporting Customer Service Charter and an Action Plan of improvements actions designed to help delivery of the Strategy and Charter.
- 4.2 The draft Strategy was presented to Departmental Management Team in November 2023 and approved for both internal and external consultation. That consultation took place over December 2023 and early January 2024 and elicited 276 responses of which 32 were from employees. We made particular efforts to reach non-digital customers,

posting out 300 surveys with reply paid envelopes.

- 4.3 The consultation responses were broadly very positive and headline figures from the questions asked are listed below:

| Question | YES | NO |
|--|--|--------------|
| Do you think the six Principles and associated priorities in the Strategy cover the main elements of good customer service? | 236 (85%) | 40 (15%) |
| Is the Customer Service Strategy for 2024-2027 clear and easy to understand? | 223 (82%) | 50 (18%) |
| Do you believe the six commitments in the Customer Service Charter are fair and reasonable? | 246 (90%) | 27 (10%) |
| Each of the Strategy Priorities has a distinct set of actions in the Strategy Action Plan. Do you think the listed actions will help the council tackle its priorities and improve customer service delivery in the future? | 195 (76%) | 62 (24%) |
| Do you think the new Customer Service Strategy and Action Plan will help the council to meet the needs of our less digitally able customers? | 146 (59%) | 102 (41%) |
| Based on your understanding of the proposed Customer Service Strategy, Charter and Plan, how likely do you think it is that the Council will be better placed to deliver high standards of customer care in the future? Score 1-5 with 5 = Very Likely | 62 scored 1 or 2 (23%) 93 scored 3 (34%) 121 scored 4 or 5 (44%) | |

- 4.4 In addition to the quantitative questions asked above, there were a series of questions asking for additional comments or improvements to the Strategy and Charter and for suggested actions for the Action Plan. 996 individual comments were received on the following questions:

- Do you have any suggestions to improve the new Customer Service Strategy for 2024-2027?
- Are the six commitments in the Customer Service Charter comprehensive enough, and if not, is there any pledge or standard that you think should be added?
- Considering any dealings with the council over the past year, please tell us what was good about the experience and if there is anything you would like us to improve.
- Are there other methods or measures that you think should be used to check the quality of the council's customer service (and therefore the success of the new Customer Service Strategy and Plan)?
- Are there any additional actions that you believe should be added to the Action Plan that would help the council to enhance customer service delivery to citizens and businesses?
- Please tell us any additional comments you have on whether our Strategy and Action Plan will help meet the needs of our less digitally able customers.

- 4.5 The feedback had a number of common themes, such as:

- Too much emphasis on digital activity and the continuing need to help digital strugglers through effective person to person availability
- Concerns around how we will measure good customer service and the success of the strategy
- Taking account of the Islands more in customer service delivery

- Too much jargon and “Council speak” in the Strategy
- The need to reduce bureaucracy and needless barriers to good service
- Ensuring adequate accountability and measurement of Charter pledges
- Referencing the need to deliver service in a green, climate friendly way.

4.6 We have condensed the common themes and actionable comments into a table at **Appendix 2** and this specifies what we changed in the Strategy, Charter and Action Plan because of the actionable comments.

4.7 We made a number of amendments and additions to the Strategy and Charter to better align it to the feedback from customers and employees. Six amended and additional actions were included in Action Plan. The revised version of the Strategy, Charter and Action Plan are shown at **Appendix 1**. The consultation has also been referenced in the Equality and Socio Economic Impact Assessment at **Appendix 3**, which shows a number of positive impacts that will arise from implementation of the new Strategy.

5.0 CONCLUSION

5.1 The six principles enshrined in the new corporate Customer Service Strategy align with our strategic priorities and will shape our customer service delivery through to 2027. The Strategy had significant opportunity for comment by customers and employees, who showed strong support for those principles and the Charter and Action Plan that will underpin them. We assimilated detailed feedback from the consultation (**Appendix 2**) into the final product at **Appendix 1** and this provides good assurance that it is fit for purpose. We have also completed an EQSEIA for the Strategy at **Appendix 3**, recording the likely positive impacts of the Strategy on protected characteristics and Fairer Duty Scotland categories.

6.0 IMPLICATIONS

6.1 Policy – The Customer Service Strategy is mandated in the Council’s Constitution. This customer informed Strategy aligns with the Connect For Success change programme and other relevant strategies.

6.2 Financial – There may be costs associated with some of the Strategy Action Plan deliverables, but these will be subject to separate approvals.

6.3 Legal – Will ensure compliance with customer service related laws e.g. data protection.

6.4 HR – References customer service training for employees

6.5 Fairer Duty Scotland – See elements below and a full EQSEIA at **Appendix 3**

6.5.1 Equalities – Includes ‘Fair and Inclusive’ as a key strategy principle with related actions.

6.5.2 Socio economic Duty – Is covered under the ‘Fair and Inclusive’ strategy principle and Action Plan e.g. countering digital exclusion due to affordability of equipment.

6.5.3 Islands – Are specifically referenced in the Strategy and EQSEIA.

6.6 Risk – Failure to maintain customer service standards has reputational and efficiency risks.

- 6.7 Climate Change – Is specifically referenced in the Strategy.
- 6.8 Customer Service – Is central to customer service delivery 2024-27.
- 6.9 The Rights of the Child (UNCRC) – UNCRC is specifically referenced in the Strategy and Action Plan.

Kirsty Flanagan, Executive Director with overall responsibility for Customer Support Services
Policy Lead for Corporate Services, Councillor Mark Irvine

For further information contact:

Jane Fowler, Head of Customer Support Services
Jane.fowler@argyll-bute.gov.uk

Bob Miller, Customer Services Engagement Manager
Robert.miller@argyll-bute.gov.uk

APPENDICES

Appendix 1: (Revised) Customer Service Strategy, Charter and Action Plan 2024-27.

Appendix 2: Summary of changes made to the Strategy considering customer and employee feedback.

Appendix 3: Equality and Socio-Economic Impact Assessment – Customer Service Strategy.

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Customer Service Strategy, Charter and Plan 2024 - 2027



What is Customer Service?

Good customer service is about meeting or exceeding customer expectations by providing a positive, helpful experience at every interaction. Delivering it requires:

- Responsive and timely service delivery based on customer input.
- Knowledgeable and competent employees with a friendly, helpful attitude.
- Being proactive in predicting and meeting needs before being asked wherever possible
- Monitoring performance and satisfaction to continually improve and to fix things if they go wrong.

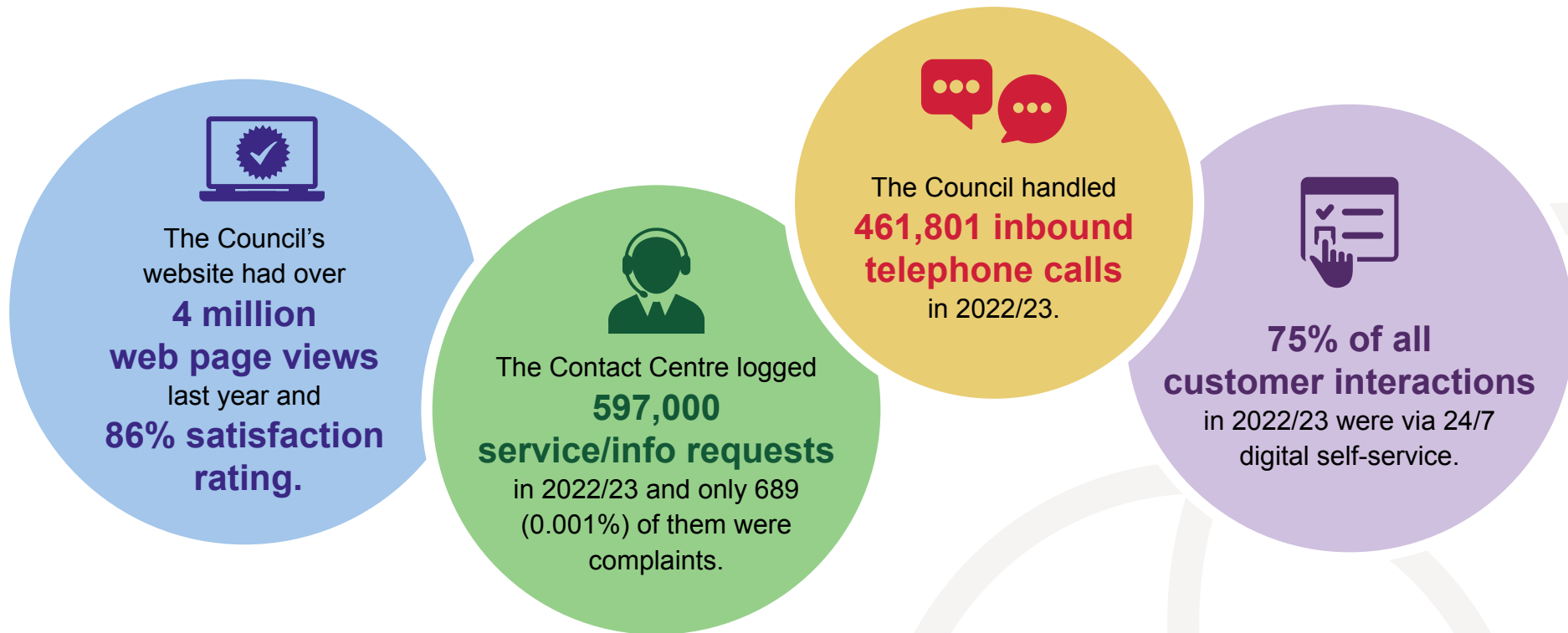
Citizens have a key part to play working with the council to meet their needs, for example by providing the correct information to allow their needs to be assessed.

Why is it so important?

Good customer service matters, as it shows citizens their taxes are being well spent and it saves money and reduces inefficiency arising from unnecessary rework and complaints.

It ensures people and businesses have good, equitable access to the high quality services that they need.

This in turn increases customer satisfaction and boosts staff morale and motivation to deliver high standards.



Why do we need a Customer Service Strategy?

Embedding good customer service standards in an organisation takes constant effort and investment. For this reason the council's Constitution requires the regular production of an up to date **Customer Service Strategy** that shows the principles and priorities that will guide service delivery, along with an Action Plan of activities that will help ensure the Strategy is delivered. There is also a **Customer Service Charter** that sets out the mutual council and customer expectations and responsibilities if good customer service is to be achieved.

How customers shape our new strategy

We sought customer input to the strategy through both an online survey and by providing the opportunity to complete paper surveys for hard to reach customers. We also asked all of our employees for input as they will deliver the customer care and Charter pledges. 276 feedback responses were received with 996 individual comments that were distilled into 87 actionable notes, used to finalise the Strategy below.



The Customer Service Strategy 2024 - 2027

OUR MISSION – To engage effectively with colleagues, citizens and businesses to deliver services that work, using professionalism, customer focus and technology.







OUR COMMITMENT – To provide high quality customer care in a fair and respectful manner, using customer centred engagement and accessible technology.

Core to the success of the council’s vision for a vibrant Argyll and Bute is how the council interacts with all of its customers to realise shared aspirations. That means the council working to meet their needs as efficiently and effectively as possible, with customers playing their part in enabling the council to do that.

This **Customer Service Strategy** sums up the main principles and priorities that will shape our future customer service delivery. There is a linked **Customer Service Action Plan** that details the things we will do to ensure delivery of the principles.



There are 6 Principles and each of these has a range of priorities covering specific areas of focus. We have summarised these graphically below:

| | PRIORITY | PROVIDES | KEY AREAS OF FOCUS |
|---|---|---|--|
|  <p>BE FAIR AND INCLUSIVE</p> | <p>To provide a welcoming, helpful and inclusive service that treats customers as fairly and respectfully as we wish our employees to be treated.</p> | <p>The requirement to meet all equality obligations when providing for the diversity and location of customers.</p> | <p>Digital inclusion and support Web accessibility Inclusive choice of how to contact your council Support the hard to reach Educating our people Islands awareness</p> |
|  <p>COLLABORATE WITH YOU</p> | <p>Working together to make a difference.</p> | <p>The opportunity to build services with and not for customers, so they meet needs and give support.</p> | <p>Person specific services Customer consultation Customer engagement Feedback mechanisms Benchmarking Service design Partnership working</p> |
|  <p>BE RESPONSIVE AND OPEN</p> | <p>To provide information and services based on needs, preferences and transparency.</p> | <p>A culture of openness and accountability where we provide proactive and discreet information appropriately.</p> | <p>Deliver appropriate services to communities, groups and individuals Proactive and timely information and services Responsive service standards 24/7 on demand information and services Person to person customer contact</p> |
|  <p>PROVIDE DIGITAL CONVENIENCE</p> | <p>To provide convenient and usable digital solutions that enhance customer care efficiency.</p> | <p>The drive to update digital engagement platforms for positive user experiences, while reducing costs and our carbon footprint.</p> | <p>Providing a range of digital engagement channels Use of automation to join up service delivery and give 24/7 citizen support Using national digital solutions when appropriate Resilient systems and effective emergency plans</p> |
|  <p>PROTECT YOUR PRIVACY AND DATA</p> | <p>Ensure we comply with relevant data and privacy regulations and standards.</p> | <p>The opportunity to build citizen confidence in using digital services by building trust in our secure and ethical handling of data.</p> | <p>Building data protection compliance into system and service design Robust data management to safeguard confidentiality and personal information Employee data protection and cybersecurity training Cybersecurity resilience Supplier conformance</p> |
|  <p>DELIVER HIGH STANDARDS</p> | <p>To achieve high standards; e.g. in service quality and timeliness, that maximises customer satisfaction and minimises rework.</p> | <p>For co-operative working with customers and businesses so each play their part in delivering excellent outcomes and high levels of satisfaction.</p> | <p>Employee customer care and system training Take action to remove errors and maximise rework Effective performance data, insights, checks and analysis Empowering employees Predictive/proactive delivery Fixing things that go wrong</p> |

Customer Service Strategy – Context

The six principles within this Strategy align with a number of other key Council and Scottish Government policies and strategies, including:

- The Council Corporate Plan
- The Council ICT & Digital Strategy
- The Council Data Strategy
- The Council Communication Strategy
- The Council People Strategy
- The Scottish Government Digital Strategy



Connect For Success is the council's Improvement Strategy and the Customer Service Strategy builds on that by:

“Connecting people through technology, using customer insight to do more of what works and changing what doesn't”.

Customer Service Charter

Our commitment is to provide high quality customer care in a fair and respectful manner, using customer centred engagement and accessible technology. We ask our customers to play their part in helping us to do that and together we can deliver effective services. This Customer Service Charter outlines the commitments needed from the council and its customers if we are jointly to achieve that aspiration.

| | |
|----|---|
| 1. | We will provide a responsive service to requests and enquiries, seeking to minimise bureaucracy and telling customers our timescales based on the complexity of the service being provided. We need our customers to provide information and evidences requested. |
| 2. | Mutual respect and fair treatment will be the basis of council and customer engagement. Council employees will be polite, helpful, honest and professional when supporting customers and we ask that customers treat them in the same way. We are one community. |
| 3. | We commit to giving customers a wide and inclusive range of ways to contact and engage with us for their convenience and preference, including person to person and with 24/7 digital assistance. We ask our customers to use self-service where possible. |
| 4. | We will deliver information and services in an open and transparent way, from providing clear and accessible information about what we can deliver and any fees, to proactively telling customers when there may be issues or changes. We ask customers to inform themselves wherever possible using these continually updated information resources. |
| 5. | Safeguarding customers' privacy and keeping their personal data secure is a key priority for us and fundamental to building mutual trust. We will support customers when they wish to use their information and data protection rights. |
| 6. | We will continually strive to improve our service based on feedback from customers and analysis of data from satisfaction surveys, engagement patterns and comparisons with other councils. We ask that customers participate with us and give us their feedback and insights in a positive and helpful way and we will inform them of the difference this has made. |



Customer Service Action Plan 2024 - 2025

Customer Service Strategy Action Plan

Principle 1: We will be fair and inclusive

Actions will meet our priority:

- ▶ *To provide a welcoming and inclusive service that treats customers as fairly and respectfully as we wish our employees to be treated.*

Actions will provide:

- ▶ *The elements to meet all equality obligations when providing for the diversity and location of our customers.*

| Action | Linked to which charter pledge | Owner | By when |
|---|--|--|----------------|
| 1.1 We will review the findings of the Audit Scotland review on Digital Exclusion due in 2024 and implement relevant customer service related recommendations. | 3. A wide and inclusive range of ways to contact and engage with us. | Customer Engagement Team | September 2024 |
| 1.2 We will review the current portfolio of customer service focused diversity and cultural sensitivity training for service centre and service point agents and implement revisions where required. | 2. Mutual respect and fair treatment | Customer Engagement Team HROD | December 2024 |
| 1.3 We will roll out appropriate mental health/neurodivergent awareness training to all service centre and service point agents including dementia awareness and trauma awareness. | 2. Mutual respect and fair treatment | Customer Engagement Team | March 2025 |
| 1.4 We will review and improve our online and mediated multi language support, including British Sign Language, benchmarking with other organisations to maximise ease of access to services. | 3. A wide and inclusive range of ways to contact and engage with us. | Customer Engagement Team HROD | December 2024 |
| 1.5 We will strive consistently to reach a 98% standard of compliance with Web Content Accessibility Guidelines 2.2 as assessed by the Silktide Index of public sector websites. | 3. A wide and inclusive range of ways to contact and engage with us. | Customer Engagement Team Web Team | March 2025 |
| 1.6 We will pilot the deployment of Community Hub based Service Point resources starting with the Kilcreggan Community Hub and make any necessary changes to ensure effective wider delivery of community hubs. | 3. A wide and inclusive range of ways to contact and engage with us. | Customer Engagement Team Community Planning | September 2024 |
| 1.7 We will review Customer Service delivery provision in light of new UNCRC law regarding the rights of children and make relevant changes. | 2. Mutual respect and fair treatment | Customer Engagement Team Children Services | March 2025 |

Customer Service Strategy Action Plan

Principle 2: We will collaborate with you

Actions will meet our priority:

- ▶ *Working together to make a difference.*

Actions will provide:

- ▶ *The opportunity to build services with and not for customers, so they meet needs and provide support.*

| Action | Linked to which charter pledge | Owner | By when |
|---|---|--|------------------------|
| 2.1 We will survey our customers on their post pandemic contact preferences and insights (paying particular attention to ensuring the Hard to Reach cohort of customers is adequately represented), to inform the responsive evolution of our customer engagement. | 6. Continually strive to improve our service based on feedback. | Customer Engagement Team Comms Team | October 2024 |
| 2.2 We will ensure that all of our system designers and developers have completed a foundation course on the Scottish Approach to Service Design and thereafter follow its principles and techniques. | 6. Continually strive to improve our service based on feedback. | Customer Engagement Team HROD | March 2025 and ongoing |
| 2.3 We will upgrade the council's 'Keep in the Loop' service to capture subscribers' addresses and therefore permit more and improved location specific consultations and outreach activity. This will also allow us to extend the number of proactive notification services available. | 1. We will provide a responsive service. | Customer Engagement Team | September 2024 |
| 2.4 We will review the corporate customer satisfaction and other feedback mechanisms, question sets and reporting of results, using customer input and make any required improvements to our approach. | 6. Continually strive to improve our service based on feedback. | Customer Engagement Team HROD | December 2024 |
| 2.5 We will establish an annual corporate customer satisfaction survey of all key council services and analyse responses to identify areas for improvement. This will also augment and validate the independent Local Government Benchmarking Framework survey. | 6. Continually strive to improve our service based on feedback. | HROD Comms Team | January 2025 |
| 2.6 We will collaborate with other councils through the Local Authority Customer Service Improvement Group to share best practice and resources for the benefit of our citizens. | 6. Continually strive to 2.5e our service based on feedback. | Customer Engagement Team | April 2024 and ongoing |

Customer Service Strategy Action Plan

Principle 3: We will be responsive and open

Actions will meet our priority:

- ▶ To provide information and services based on needs, preferences and transparency.

Actions will provide:

- ▶ A culture of openness and accountability where we provide proactive and discreet information appropriately.

| Action | Linked to which charter pledge | Owner | By when |
|--|---|---|---------------|
| 3.1 The council's Data Advisory Group (DAG) will oversee the creation of a prioritised list of new open datasets to be published on the council website, particularly with a view to reducing avoidable contact for Freedom of Information requests for this data. | 4. We will deliver information and services in an open and transparent way. | Data Advisory Group Customer Engagement Team | March 2025 |
| 3.2 We will implement the recommendations of a recent customer informed review of the MyAccount personalised online service hub, to extend its functionality and further improve personalised engagement. | 3. A wide and inclusive range of ways to contact and engage with us. | Customer Engagement Team | March 2025 |
| 3.3 We will explore opportunities for deploying generative and other AI to enhance customer service, particularly for informational, personalised and self-service elements. | 1. We will provide a responsive service. | Customer Engagement Team ICT | March 2025 |
| 3.4 We will review the performance reporting for customer service (as part of the Performance Review Project), taking account of customer feedback and set up a dashboard of reported measures linked to the Customer Charter pledges. | 4. We will deliver information and services in an open and transparent way. | HROD Customer Engagement Team | October 2024 |
| 3.5 We will upgrade and relaunch the Hub using Drupal10 technology and develop a strategy to rationalise the information and action resources available on the Hub, MyCouncilWorks and Teams Sharepoints for the benefit of all employees. | 1. We will provide a responsive service. | HROD Customer Engagement Team Comms Team | December 2024 |
| 3.6 We will produce a new Annual Customer Service Performance Report detailing both qualitative and quantitative customer service performance for the previous business year. | 4. We will deliver information and services in an open and transparent way. | Customer Engagement Team | May 2024 |
| 3.7 We will improve signposting to non-digital access channels for digital strugglers as part of our inclusive approach. | 4. We will deliver information and services in an open and transparent way. | Customer Engagement Team Comms Team | December 2024 |

Customer Service Strategy Action Plan

Principle 4: We will provide digital convenience

Actions will meet our priority:

- ▶ To provide convenient and usable digital solutions that enhance customer care efficiency.

Actions will provide:

- ▶ The drive to update digital engagement platforms for positive user experiences, while reducing costs and our carbon footprint.

| Action | Linked to which charter pledge | Owner | By when |
|---|---|--|----------------|
| 4.1 We will upgrade the web site and intranet search engine to use more advanced AI based technology, which allows natural language queries. | 1. We will provide a responsive service. | Customer Engagement Team | May 2024 |
| 4.2 We will implement a cloud based website hosted service that will make the council's online services more efficient to administer and provide greater resilience and faster business continuity for customers in the event of cyber-attack. | 1. We will provide a responsive service. | Customer Engagement Team ICT | August 2024 |
| 4.3 We review our Display Screen Network of digital office displays and determine the most modern and appropriate solution based on customer needs. | 3. A wide and inclusive range of ways to contact and engage with us. | Customer Engagement Team ICT | September 2024 |
| 4.4 We will investigate ways that the Internet of Things (IoT) revolution might enhance our customer service; for example by using the new In-Cab technology of the Route Optimisation Project to improve speed of Bin Disruption Service alerts or Missed Bin Reporting. | 1. We will provide a responsive service. | Customer Engagement Team ICT | December 2024 |
| 4.5 We will use Microsoft 365 features, particularly those associated with MS Teams, to enhance customer care where possible. This includes moving the Contact Centre to a live MS Teams Telephony operation when we have tested the solution. | 3. A wide and inclusive range of ways to contact and engage with us. | Customer Engagement Team ICT | March 2025 |
| 4.6 We will make significantly greater use of informational and instructional videos and animations to assist and inform customers and promote these through all our digital media. | 4. We will deliver information and services in an open and transparent way. | Customer Engagement Team Comms Team | March 2025 |
| 4.7 We will audit all website forms to ensure they have an integrated eform equivalent that requires no rekeying. | 1. We will provide a responsive service. | Customer Engagement Team | February 2025 |

Customer Service Strategy Action Plan

Principle 5: We will protect your privacy and data

Actions will meet our priority:

- ▶ To ensure we comply with relevant data and privacy regulations and standards .

Actions will provide:

- ▶ The opportunity to build citizen confidence in using digital services by building trust in our secure and ethical handling of data.

| Action | Linked to which charter pledge | Owner | By when |
|--|---|---|------------------------|
| 5.1 We will evaluate the potential for using the Scottish Government's new Identity Management Service as the basis for authenticating to council service's where required. If this change is to be made, a Migration Plan from MyAccount will be developed. | 5. Safeguarding customers' privacy and data security. | Customer Engagement Team Scotgov Identity Project | March 2025 |
| 5.2 We will investigate how robotic process automation can be safely deployed to make the Freedom of Information and Subject Access Request Process more efficient and speed up response times. | 5. Safeguarding customers' privacy and data security. | Customer Engagement Team DP/FOI Team | December 2024 |
| 5.3 We will review every Privacy Statement and Data Protection Impact Assessment for all of the Customer Engagement Team's services and systems to ensure that they are current and comprehensive. | 5. Safeguarding customers' privacy and data security. | Customer Engagement Team DP/FOI Team | March 2025 |
| 5.4 We will review the Induction, Agent and Management level training delivered to the Customer Engagement Team and ensure all employees have received new or refresher trainer privacy and data protection on a regular cycle. | 5. Safeguarding customers' privacy and data security. | Customer Engagement Team HROD | December 2024 |
| 5.5 We will implement the National Records of Scotland's new Digital Registration records management protocols (known as "Calling in the Pages"), due in 2024, across all of our Registration Districts and train Registrars accordingly. | 5. Safeguarding customers' privacy and data security. | Customer Engagement Team National Records of Scotland | December 2024 |
| 5.6 Our Web Team will collaborate with the Local Government Drupal web content project to share best practice and gain knowledge, particularly around data security and privacy of online services. | 5. Safeguarding customers' privacy and data security. | Customer Engagement Team Local Government Drupal Project | April 2025 and ongoing |

Customer Service Strategy Action Plan

Principle 6: We will deliver high standards

Actions will meet our priority:

- ▶ To achieve quality standards that maximise customer satisfaction and minimise rework.

Actions will provide:

- ▶ For co-operative working with customers and businesses so each play their part in delivering excellent outcomes and high levels of satisfaction.

| Action | Linked to which charter pledge | Owner | By when |
|--|---|---|---------------|
| 6.1 We will complete an end-to-end review of our internal Customer Service Toolkit of assistive resources and standards, to ensure it reflects both technology and Customer Service Strategy driven changes. | 6. We will continually strive to improve our service. | Customer Engagement Team Comms Team | March 2025 |
| 6.2 We will review and update our approach to the measurement of "Avoidable Contact" and "Failure Demand" and the use of intelligence gained to drive continual improvement across all Services. | 6. We will continually strive to improve our service. | Customer Engagement Team Data Programme | December 2024 |
| 6.3 We will ensure that the corporate Performance Framework measures the success of the Strategy and Charter. | 6. We will continually strive to improve our service. | Customer Engagement Team Performance Project | January 2025 |
| 6.4 We will investigate the advantages of rebuilding our Corporate Complaints Management System on a new 'low code' platform to provide a more efficient and automated system for administering and reporting on complaints. | 6. We will continually strive to improve our service. | Customer Engagement Team Governance Team | February 2025 |
| 6.5 We will expand the use of the Customer Service Excellence standard across more teams and services to help drive up Customer Service standards in a measurable and systematic way. | 6. We will continually strive to improve our service. | Customer Engagement Team Services | March 2025 |
| 6.6 We will review and improve our signposting to partner and other commonly requested non-council services and improve the analytics around such requests for continual improvement. | 6. We will continually strive to improve our service. | Customer Engagement Team Data Programme | December 2024 |
| 6.7 We will fully review and update our corporate customer training for employees including the Positive Customer Care and Argyll and Bute Manager Customer Care training, to ensure we train employees to deliver high standards. | 6. We will continually strive to improve our service. | Customer Engagement Team HROD | March 2025 |

Please note that the Action Plan will evolve over time. The actions listed in the previous pages are just the starter actions for 2024 and 2025.



FURTHER INFORMATION

For further information please contact:

Robert Miller

Customer Engagement Manager

Robert.Miller@argyll-bute.gov.uk

01546 604026

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Appendix 2: Summary of changes made to the Strategy considering customer and employee feedback.

| | | |
|---|---|--|
| Do you think the six Principles and associated priorities in the Strategy cover the main elements of good customer service? | 236 Yes (85%) / 40 No (15%) | |
| | No mention of attitude when delivering service e.g. be helpful and willing | Principle 1 to be amended to read "provide a welcoming, helpful and inclusive service". |
| | There is an over emphasis on digital interaction e.g. 'needs traditional ways of interacting with people as well as digital', or 'your stated principles are seriously skewed toward delivery via ever increasing digital customer interfaces'. | Change the wording in Principle 1 of 'Customer Experience Interaction Choice' to read "Inclusive Choice of How to Contact Your Council" and in Principle 3 add "Person to person contact" as an area of focus. |
| | Concept of confidentiality with more use of data in public places is important | Confidentiality is not overtly stated in Principle 5 on privacy and data, so will be included in Robust data management to safeguard confidentiality and personal information. |
| | Be green in delivery of customer service | Add 'while reducing costs and minimising our carbon footprint' to Provides element of Priority 4 on digital convenience. |
| | "Actually providing customer services in a timely manner and efficiently seems to have slipped down the list of priorities" "or being honest and open with a 'customer' about the likely timescale" | Change the Priority wording in Principle 6 on High Standards from 'To achieve quality standards that maximise customer satisfaction and minimise rework' to read "To achieve high standards e.g. in timeliness and quality of responses, to maximise customer satisfaction and minimise rework". |
| | Too much Jargon e.g. "What is MS365?" "What does Avoidable contact mean"? | Remove "Including MS365" form Principle 4. Change "Avoidable Contact and Failure Demand Management" in Principle 6 to read 'Take action to remove errors and minimise rework'. |
| | No thought or mention of the islands...and how council services are delivered on the islands. | Add the words and location as follows to Principle 1 "The requirement to meet all equality obligations when providing for the diversity and location of our customers" |
| | Accountability is missing...how will accountable persons be assessed, what happens should they fail in their accountability? | Principle 3 narrative to be changed to read" Provides a culture of openness and accountability where we provide proactive and discreet information appropriately" |
| | Don't quite understand why the Scottish Government digital strategy is included in the six principles as a stand alone item when no other Scottish Government strategies are included | Will retain it as it has both the rationale for maximising digital whilst also encapsulating the "No-one left behind" principle. |
| | Reduce paperwork and bureaucracy | Add the words "Seeking to minimise bureaucracy" to the first Charter pledge on responsive service. |

| | | |
|--|---|---|
| Is the Customer Service Strategy for 2024-2027 clear and easy to understand? | 223 Yes (82%), 50 No(18%) | |
| | Avoid use of Acronyms e.g. MS363, GDPR, ICT digital strategy | Wording reviewed and unfamiliar acronyms spelled out or removed. |
| | Building GDPR conformity into system and service design means what, exactly? | Reword this to "Building data protection and compliance into system and service design". |
| | No measurement criteria defined. So how do we know what is achieved and not achieved? | This is a strategy, so it is not appropriate to put measurement criteria in it, but there will be measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens. |
| | Very lengthy. Needs more 'short and snappy'. More Concise | There are 3 distinct Products, The Strategy, the Charter and the Action Plan. The Strategy is only 2 pages, the Charter one page. The Action Plan is rightly more detailed. |

| | | |
|---|---|---|
| Do you have any suggestions to improve the new Customer Service Strategy for 2024-2027? | How do you measure delivery of the principles? Need to add SMART targets linked to taking action requested by residents. | This is a strategy, so it is not appropriate to put measurement criteria in it, but there will be measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens. |
| | Further explanation of what "personalised services" means. | Changed wording to "person specific services" |
| | Empower your people - multi skilling would avoid barriers! | Add Empowering Employees to Deliver High Standards principle as a Key area of focus. This is also a Connect for Success principle. |
| | Ensure all online forms can be completed online without needing to be printed and scanned to be submitted. | Have added an Action to the Action Plan under Digital Convenience at 4.7 "Audit all website forms to ensure they have an integrated eform equivalent that requires no rekeying. |
| | Include a commitment to provide a process for 'person to person' customer issue resolution. | Change the wording in Principle 1 of 'Customer Experience Interaction Choice' to read "Inclusive Choice of How to Contact Your Council" and in Principle 3 add "Person to person contact" as an area of focus. |
| | A bit more about channels being offered. Only mentions digital. What about telephone or face to face? | Change the wording in Principle 1 of 'Customer Experience Interaction Choice' to read "Inclusive Choice of How to Contact Your Council" and in Principle 3 add "Retain person to person contact options" as an area of focus. |
| | Put something in that shows you actually care about service on the islands. | Add "Islands Awareness" to the Be Fair and Inclusive principle under key areas of focus. |
| | Would it be possible to have a very local monthly council newsletter? Eg one for Bute? | Too granular for a Strategy, but will be raised separately with Comms Team. |
| | I would very much like to very long overdue of a digital/online booking system for the Jura Ferry's out of hours sailings. At present, a system operates, whereby bookings for an evening sailing have to be left on a answerphone! | Too granular for a Strategy, but will be raised separately with Transport and Digital Service Team |
| | Take a breath and relook at your CSS and focus down on 1 priority for each of your areas. Cut the length to half by stripping out duplication | There is only one priority listed under each Strategy principle, supported by a range of Key Areas of Focus. |
| | Principles: our customer service needs to be responsive to our customers day to day experiences in town, rural and island communities. | Change wording of 'Development of location and group based services' to "Deliver appropriate services to locations, groups and individuals" in the Be Responsive and Open principle. |
| | Be clear standards of customer service apply within the organisation, between teams and services. | The Strategy is primarily external customer facing, but it applies as equally to internal customers. Mission now has the word "Colleagues" added to emphasise this: "To engage effectively with colleagues , citizens and businesses to deliver services that work, using professionalism, customer focus and technology". |

| | | |
|--|--|--|
| <p>Are the six commitments in the Customer Service Charter comprehensive enough, and if not, is there any pledge or standard that you think should be added?</p> | <p>196 Yes (73%), 71 No (37%)</p> | |
| | <p>Human contact. When people are desperate they cannot navigate a website full of possibilities but irrelevant. The quickest verbal response prevents the problem escalating.</p> | <p>Charter commitment 3 changed to read "We commit to giving customers a wide and inclusive range of ways to contact and engage with us for their convenience and preference, including person to person and with digital assistance available 24/7. We ask our customers to use self-service where possible</p> |
| | <p>A response time commitment.</p> | <p>The full response times to customer contacts can be variable depending on contact channel and complexity of the subject, so it is not appropriate to put measurement criteria in the Charter. There will be more detailed underpinning measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this</p> |
| | <p>I would like something on honesty, in addition to openness and transparency.</p> | <p>Honesty is a key element of the Code of Conduct however Pledge 2 has been amended to include it: Council employees will be polite, helpful, honest and professional when supporting customers.... Openess and transparency are referenced in principle3 of the Strategy and in Charter pledge 4 "We wish to deliver information and services in an open and transparent way".</p> |
| | <p>Perhaps once a year have a council "open day" to meet and greet the community??</p> | <p>Too granular for a Strategy, but will be raised separately with Comms Team.</p> |
| | <p>Nothing has a measure against it</p> | <p>There will be measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens.</p> |
| | <p>We could include within the last section a commitment to inform customers of what/how any improvement is happening as a result of their feedback - it's not specifically outlined</p> | <p>Charter Pledge 6 updated to now read "We ask that customers participate with us and give us their feedback and insights in a positive and helpful way and we will inform of the difference this has made".</p> |

| | | |
|---|---|---|
| Do you believe the six commitments in the Customer Service Charter are fair and reasonable? | 246 Yes (90%), 27 No (10%) | |
| | Too much emphasis on self-service. Not all customers know how to find solutions and just need someone to talk to. Not specific enough about proposals for those who are unable to use technology what arrangements are in place to include disabled, housebound people etc. | Charter commitment 3 changed to read "We commit to giving customers a wide and inclusive range of ways to contact and engage with us for their convenience and preference, including person to person and with digital assistance available 24/7. We ask our customers to use self-service where possible |
| | What is a 'responsive service'? What does this mean in practice, from a customer perspective? Examples might help. | It means providing a range of ways for customers to interact with us, being clear about what we can provide and how quickly we can provide it and where possible tailoring that to meet the needs of the person or group. This is in the Strategy principle "Be Responsive and Open". |
| | 'Wide and inclusive range of ways to contact and engage with us' leans heavily towards using digital contact methods and provides no commitment to back this up with a 'person to person' contact process where required. | Charter commitment 3 changed to read "We commit to giving customers a wide and inclusive range of ways to contact and engage with us for their convenience and preference, including person to person and with digital assistance available 24/7. We ask our customers to use self-service where possible |
| | emails are not dealt with. You see it is fine for an employee to acknowledge an email but a detailed reply should follow within a reasonable time scale | The full response times to emails can be variable depending on complexity of the subject, so it is not appropriate to put measurement criteria in the Charter. There will be more detailed underpinning measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens. |
| | just what is customer centred engagement??what the meaning of "exercising their information" means? | Preamble changed to "using effective customer engagement and accessible technology" and also pledge 5 changed to read "We will support customers when they wish to use their information and data protection rights". |
| | The UNCRC becomes part of Scottish law this year and it will be necessary for public bodies to ensure that information, complaints, and services are accessible and understandable for children and young people. | As the Charter applies to all customers it would not be appropriate to have a specific mention of any single customer group, however a task has been added to the Action Plan at 1.7 regarding reviewing Customer Service delivery in light of UNCRC |
| | The Charter does not detail what will happen if there IS NOT respect and fair treatment or what will happen if no timescale is given | The Charter is aspirational and focuses on what the council can do with the collaborative support of customers. It is not a detailed handbook and there are supporting policies and procedures e.g. the Procedure on Unacceptable Actions by Customers. |
| | You are describing a Quality Management System (QMS) which would give your own customer service function a solid foundation. QMS like ISO 9001 have credibility: you don't. | The council has adopted the Customer Service Excellence Standard as its QMS for customer service and Action 6.5 in the Action Plan envisages widening its |
| | Respect and fair treatment is a two way channel - members a public must be informed / educated | Agrrred and this is why Charter Standard 2 stresses the need for <i>Mutual</i> respect and treatment. |

| | | |
|---|---|--|
| Considering any dealings with the council over the past year, please tell us what was good about the experience and if there is anything you would like us to improve | 45 Positive (33%), 58 negative (43%), 33 Neutral (24%) | |
| | Clearer ways to record satisfaction. It is difficult to find the appropriate section. | Will include this in the Action Plan action 2.4 "We will review the corporate customer satisfaction and other feedback mechanisms, question sets and reporting of results, using customer input and make any required improvements to our approach". |
| | I find it very worrying that there is no 'commitment' here to ensure that this 'person to person' contact capability will be retained in the future. | Charter commitment 3 changed to read "We commit to giving customers a wide and inclusive range of ways to contact and engage with us for their convenience and preference, including person to person and with digital assistance available 24/7. We ask our customers to use self-service where possible |
| | Make sure communication is regular especially if there is an unusual occurrence or emergency | We are trying to move away from customer communication which has overtones of the council speaking at citizens, whereas customer engagement is more about speaking and collaborating with citizens and communities. This was the approach during the recent weather events that badly affected specific areas and solutions were proposed based on citizen input. |
| | Please provide data on what was good and what was bad and why you have written this nonsense with no data referenced at all. | The preamble to the strategy contained some data on customer contact volumes etc. and Principle 6 on delivering High Standards has "Effective Performance Data insights, checks and analysis" as a Key Area of focus, with Charter Pledge 6 saying "We will continually strive to improve our service based on feedback from customers and analysis of data from satisfaction surveys, engagement patterns and comparisons with other councils". |
| | If something is going to take a long time to resolve, could there be updates? Even if it's just to say that whoever the member of staff is trying to contact about the correspondent's issue has not got back to them yet | Keeping customers informed proactively is part of Strategy Principle 3 "A culture of openness where we provide proactive and discreet information appropriately". There are also a number of actions around staff training, personalised service provision and technology that will facilitate this.. |
| | Social Work department have a long way to go as far as improving their customer service and focus strategies (How do they align with the council's) | Noted although Health and Social Partnership are responsible for their own Customer Service Strategy and Charter. |

| | | |
|---|--|---|
| <p>The council measures customer satisfaction as the main way of checking the quality of our customer service delivery. Are there other methods or measures that you think should be used to check the quality of the council's customer service (and therefore the success of the new Customer Service Strategy and Plan)?</p> | <p>Create some kind of online "suggestions box" and then publish such suggestions in your newsletter so other residents can support worthwhile suggestions.</p> | <p>Too granular for a Strategy, but will be raised separately with Comms Team and considered in Action 2.4 which has been widened to "We will review the corporate customer satisfaction and other feedback mechanisms, question sets and reporting of results using customer input and make any required improvements to our approach. .</p> |
| | <p>Measure failure demand</p> | <p>Although not exactly the same thing there is an Action 6.2 regarding avoidable contact and this will be widened to include Failure Demand as follows: We will review and update our approach to the measurement of "Avoidable Contact" and "Failure Demand"</p> |
| | <p>Independent scrutiny e.g. mystery shopping. <i>If there were more 'Mystery Shoppers' to assess the customer service provided by the local authority.</i></p> | <p>The council used to use a commercail Mystery Shopper but this was expensive and gave a small sample of experiences. We now use actual customer feedback based on a range of surveys and are going to review these in Action 2.4 of the plan. In effect these are citizen Mystery Shoppers.</p> |
| | <p>A card with a freephone number, given to the customer might gather more information.Also feedback where they see waste/inefficiency</p> | <p>This suggestion will be included for consideration in Action 2.4 which has been widened to "We will review the corporate customer satisfaction and other feedback mechanisms, question sets and reporting of results using customer input and make any required improvements to our approach. .</p> |
| | <p>Reporting on numbers and trends of complaints received by the council</p> | <p>There is already an Annual Complaints Report with extensive data on complaints and their trends and an Action Plan action 6.4 "We will investigate the advantages of rebuilding our Corporate Complaints Management System on a new 'low code' platform to provide a more efficient and automated system for administering and reporting on complaints".</p> |
| | <p>Lets have clear statistical information about what services are delivered on time and if not then how long customers are having to wait for services they pay for.</p> | <p>There will be measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens and this timeliness of delivery aspect will be included in that.</p> |
| | <p>Go out into communities and engage in real dialogue with them about what customers want from a service, how customers think this could be best delivered, whether the existing structure/offering is likely to achieve that and ask for feedback that won't just be used to fill in a report but to inform design and operation of the service in question.</p> | <p>The Community Planning Team use this approach when developing local community plans and a number of other Services also use "Charettes" for gathering feedback on location specific initiatives. The Scottish Approach to Service Design also puts real customer experience at the centre of service design and Action Plan action 2.2 will roll this out to all our process/system designers.</p> |
| | <p>Response times/Time to deliver services promised</p> | <p>There will be measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens and this timeliness of delivery aspect will be included in that.</p> |

| | |
|---|--|
| Lets have clear statistical information about what services are delivered on time and if not then how long customers are having to wait for services they pay for. | There will be measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens and this timeliness of delivery aspect will be included in that. |
| Go out into communities and engage in real dialogue with them about what customers want from a service, how customers think this could be best delivered, whether the existing structure/offering is likely to achieve that and ask for feedback that won't just be used to fill in a report but to inform design and operation of the service in question. | The Community Planning Team use this approach when developing local community plans and a number of other Services also use "Charettes" for gathering feedback on location specific initiatives. The Scottish Approach to Service Design also puts real customer experience at the centre of service design and Action Plan action 2.2 will roll this out to all our process/system designers. |
| Response times/Time to deliver services promised | There will be measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens and this timeliness of delivery aspect will be included in that. |
| The council should audit its own services to identify areas of dissatisfaction and failure and take appropriate action. | The council has an Internal Audit Team with a full programme of audits and a key consideration in all of these is delivery to customers and against standards. All have improvement plans. Perhaps Audit outcomes need to be communicated more widely to customers. This will be raised with Internal Audit and Comms. |
| there is no such thing as a 'high standard' - all you need to do is set the standard and then measure the extent to which you deliver services to match it. 'Quality is conformance to requirements.' | Agreed re definition of quality, but there can be varying degrees of standards. We are aiming to set a high bar for customer service; albeit that does not mean we will get it right every time. We will retain OUR COMMITMENT - To provide high quality customer care in a fair and respectful manner". |
| A quick questionnaire, five tick box questions of the zero to ten type on feedback to a customer enquiry done through text or email. | There will be measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens and speedy feedback approach will be included in that. |
| you should issue the equivalent of 360 appraisal to an agreed percentage of the population each year to act as a benchmark | Action Plan action 2.5 is "We will establish an annual corporate customer satisfaction survey of all key council services and analyse responses to identify areas for improvement." We have over 5,000 customers who are subscribed to complete such surveys through our Keep in the Loop service. |
| If you have enough website traffic consider an AI analysis of Users activities to see how they use your website and have simple thumbs up or down 'are you happy' appraisal | We have recently implemented a new simple "Did you find what you are looking for" survey on the corporate website that has over 1000 returns a month. The suggestion to use AI to help analyse these will be passed to the Web Team to consider. |
| Maybe measurement data on response and resolution of customer questions/requests | There will be measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens and this timeliness of delivery aspect will be included in that. |

| | | |
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| Please tell us any additional comment you have on the actions in the Action Plan | Could do with one about actions taken against vexatious customers | The council already has an established Procedure on Unacceptable Actions by Customers. This is still regarded as fit for purpose so no action is included to review it. |
| | 2.5 to specifically reference transport and in particular the failings of the ferries serving Jura? | Too granular a suggestion for a Strategy Action Plan but will be passed on to Transport Team for consideration. |
| | 1.6 is perhaps a bit vague and you could add "make any necessary changes to ensure effective delivery of community hubs" | Action updated accordingly to read "1.6 We will pilot the deployment of Community Hub based Service Point resources starting with the Kilcreggan Community Hub and make any necessary changes to ensure effective wider delivery of community hubs" |
| | The Action Plan covers a lot of good stuff but lacks an explicit part of the learning loop whereby feedback steps identifies gaps and improves performance | Disagree, there are numerous actions that specifically refer to improving services following review or based on feedback e.g. 1.4, 2.5, 3.2, 6.2, 6.6 etc. |
| | No mention of an essential back up 'person to person' process is included | Action Plan action 2.1 will be the driver for establishing this: "We will survey our customers on their post pandemic contact preferences and insights (paying particular attention to ensuring the Hard to Reach cohort of customers is adequately represented), to inform the responsive evolution of our customer |
| | Not enough emphasis on 'how', that is staff training and quality of staff - which is the main element in customer service and where issues arise | Staff training for a range of customer service related skills is specifically referenced in actions 1.2, 1.3, 5.4, 5.5 and 6.7. Other review activities detailed in the plan may also make their own recommendations regarding training. |
| | You find innovative ways to report milestones in plain english | There will be measures in the Performance Framework related to the Customer Service Charter. An Action has been added to the Action Plan at 6.3 to ensure this happens and milestone reporting will be included in that. |
| | You dont mention how you will use the data you collect from citizens ... just that you're going to collect it. What is the use of this, if you dont have a follow up action plan ? | Data will be anonymised and used solely to improve existing services or assist in the effective design of new ones. There is extensive reference throughout the strategy to the safeguarding of personal data. |
| | No mention of providing child friendly information, engaging with children and young people or ensuring your staff are aware of children's rights and their responsibilities in this area. | A task has been added to the Action Plan at 1.7 regarding reviewing Customer Service delivery in light of UNCRC |
| | Everything is based on " we will " there is nothing to reassure the customers or even staff if "you don't" Nothing to outline any steps that can or will be taken to correct mistakes | This forms part of core employee training and also the Complaints Management system and there are actions in the Action plan to review and improve both of these. |

| | | |
|---|--|--|
| Are there any additional actions that you believe should be added to the Action Plan that would help the council to enhance customer service delivery to citizens and businesses? | Please provide a way of saying thanks to the Council. Our scheme was gritted when it normally isn't on the list, but there was no way of saying thanks, only complaints | There is shortly to be launched a new employee/team recognition scheme that will include a way for customers to tell us about positive outcomes, so this can be passed back to the employees responsible. |
| | How to engage with those who do not use the internet. Online digital services are fine but loose track of personalisation. Not all citizens have the understanding or means to access online services. | Change the wording in Principle 1 of 'Customer Experience Interaction Choice' to read "Inclusive Choice of How to Contact Your Council" and in Principle 3 add "Person to person contact" as an area of focus. |
| | More interaction with smaller communities and little villages who feel disconnected and forgotten | This is more for Community Planning and will be picked up in Local Outcpme Improvement Plans. |
| | Send your department heads out into communities served by the Council at least once a year e.g. to Community Council meetings, to actually speak to real people and respond to their questions/comments | The Community Planning Team use this approach when developing local community plans and a number of other Services also use "Charettes" for gathering feedback on location specific intitatives. The Scottish Approach to Service Design also puts real customer experience at the centre of service design and Action Plan action 2.2 will roll this out to all our process/system designers. |
| | if possible introduce some sooner, the dementia, trauma and Alzheimer's training especially | Customer Service Centre and Service Point Staff have all undertaken the Dementia Friendly award training and Action Plan action 1.3 states 1.3 "We will roll out appropriate mental health/neurodivergent awareness training to all service centre and service point agents including dementia awareness and |
| | Action to improve the service for the islands or to train the staff better about the islands | Will be included in Action Plan action 6.7 "We will fully review and update our corporate customer training for employees including the Positive Customer Care and Argyll and Bute Manager Customer Care training". |
| | There is nothing in your Action Plan about Accountability; surely this is vital? As a body being paid for and acting on behalf of its citizens, you should have a section on Council Accountability included in your Charter | This is laid out in detail in the Council Constitution. However Principle 3 narrative to be changed to read" Provides a culture of openness and accountability where we provide proactive and discreet information appropriately" |
| | Better facilities for the public to meet with the council face to face. | The council's Our Modern Workspace has already improved facilites at Islay CSP and provided a new CSP in Rothesay. Other CSPs are in the work plan, so no action is required on the Strategy Action Plan. |

| | | |
|---|---|---|
| Please tell us any additional comments you have on whether our Strategy and Action Plan will help meet the needs of our less digitally able customers | Talk to them and publicise widely how to do this with one simple phonecall. | New Action added as Action Plan Action 3.7 "We will improve signposting to non-digital access channels for digital strugglers as part of our inclusive approach". |
| | As long these people can talk to a real person on a phone they should receive the necessary support so provide a printed list of whom to contact about what if need be? | New Action added as Action Plan Action 3.7 "We will improve signposting to non-digital access channels for digital strugglers as part of our inclusive approach". |
| | Could identify mechanisms for flagging the less digitally able at early stage in planning of interactions and so motivate ways to assist ? | Training on Scottish approach to Service Design, should ensure provision is made for less digitally able customers. See also Action 4.6 regarding making greater use of instructional videos and animations to help digital strugglers. |
| | Provide training if that is acceptable to them. There needs to be better communications available including training places for customers who want to learn digital systems | Action Plan action 1.1 will encompass this: "We will review the findings of the Audit Scotland review on Digital Exclusion due in 2024 and implement relevant customer service related recommendations." |
| | There still needs to be face to face direct contact | New Action added as Action Plan Action 3.7 "We will improve signposting to non-digital access channels for digital strugglers as part of our inclusive approach". |
| | There needs to be a greater attention to how this would link up with digital access programmes and say library access. Without some joined up thinking this isn't going to work, especially in rural areas. | Action Plan action 1.1 will encompass this: "We will review the findings of the Audit Scotland review on Digital Exclusion due in 2024 and implement relevant customer service related recommendations." |
| | Consider having a video button on your main website that takes people to a human being if they get stuck online. | We will include online video as a survey option in Action Plan action 2.1 "We will survey our customers on their post pandemic contact preferences and insights (paying particular attention to ensuring the Hard to Reach cohort of customers is adequately represented), to inform the responsive evolution of our customer |
| | Improve signposting of non digital channels e.g. do we have helplines contact details at the bottom of invoices/bills? | New Action added as Action Plan Action 3.7 "We will improve signposting to non-digital access channels for digital strugglers as part of our inclusive approach". |

Appendix 3: Argyll and Bute Council: Equality and Socio-Economic Impact Assessment

Section 1: About the proposal

| |
|--|
| Title of Proposal |
| Customer Service Strategy, Charter and Action Plan 2024-27 |

| |
|--|
| Intended outcome of proposal |
| To establish a current Customer Service Strategy for the Council as required by the Council Constitution |

| |
|---|
| Description of proposal |
| Embedding good customer service standards in an organisation takes constant effort and investment. For this reason, the council's constitution requires the regular production of an up to date Customer Service Strategy that shows the principles and priorities that will guide service delivery, along with an Action Plan of activities that will help ensure the Strategy is delivered. There is also a Customer Service Charter that sets out the mutual council and customer expectations and responsibilities if good customer service is to be achieved. |

| |
|--|
| Business Outcome(s) / Corporate Outcome(s) to which the proposal contributes |
| The Strategy underpins all service delivery across the council and reflects the Connect for Success Improvement principles of One People, One Place; "Connecting people through technology, using customer insight to do more of what works and changing what does not". |

| | |
|-------------------------------------|------------------------------------|
| Lead officer details: | |
| Name of lead officer | Bob Miller |
| Job title | Customer Engagement Manager |
| Department | Customer Support Services |
| Appropriate officer details: | |
| Name of appropriate officer | Jane Fowler |
| Job title | Head of Service |
| Department | Customer Support Services |
| Sign off of EqSEIA | Jane Fowler |
| Date of sign off | 05/03.24 |

| |
|---------------------------------------|
| Who will deliver the proposal? |
| Bob Miller |

Section 2: Evidence used in the course of carrying out EqSEIA

| |
|----------------------------------|
| Consultation / engagement |
|----------------------------------|

- Internal consultation with stakeholders and subject matter experts to establish the framework of the new strategy.
- Benchmark exercise of the LA Strategies and other relevant Scotgov strategies.
- Internal D&I Consultation on draft Strategy before wider customer consultation.
- Full customer consultation, staff, and Member Consultation December 2023 – January 2024, including reply paid envelope mailshot to 300 “Hard to Reach” customers to ensure the voice of digital strugglers was heard (276 respondents in total).

Data

Survey summary outcomes of draft survey:

| Question | YES | NO |
|--|--|--------------|
| Do you think the six Principles and associated priorities in the Strategy cover the main elements of good customer service? | 236 (85%) | 40 (15%) |
| Is the Customer Service Strategy for 2024-2027 clear and easy to understand? | 223 (82%) | 50 (18%) |
| Do you believe the six commitments in the Customer Service Charter are fair and reasonable? | 246 (90%) | 27 (10%) |
| Each of the Strategy Priorities has a distinct set of actions in the Strategy Action Plan. Do you think the listed actions will help the council tackle its priorities and improve customer service delivery in the future? | 195 (76%) | 62 (24%) |
| Do you think the new Customer Service Strategy and Action Plan will help the council to meet the needs of our less digitally able customers? | 146 (59%) | 102 (41%) |
| Based on your understanding of the proposed Customer Service Strategy, Charter and Plan, how likely do you think it is that the Council will be better placed to deliver high standards of customer care in the future? Score 1-5 with 5 = Very Likely | 62 scored 1 or 2 (23%) 93 scored 3 (34%) 121 scored 4 or 5 (44%) | |

Other information

The six principles within this Strategy align with a number of other key Council and Scottish Government policies and strategies, including:

- The Council Corporate Plan
- The Council ICT & Digital Strategy
- The Council Data Strategy
- The Council Communication Strategy
- The Council People Strategy
- The Scottish Government Digital Strategy

Gaps in evidence

None. The 996 Comments made by consultees were analysed and changes made to the final strategy to reflect concerns regarding:

- Too much emphasis on digital activity and the continuing need to help digital strugglers through effective person to person availability
- Concerns around how we will measure good customer service and the success of the strategy
- Taking account of the Islands more in customer service delivery
- Too much jargon and “Council speak” in the Strategy
- The need to reduce bureaucracy and needless barriers to good service
- Ensuring adequate accountability
- Referencing the need to deliver service in a green, climate friendly way.

Section 3: Impact of proposal

Impact on service users:

| | Negative | No impact | Positive | Don't know |
|-----------------------------------|----------|-----------|----------|------------|
| Protected characteristics: | | | | |
| Age | | | X | |
| Disability | | | X | |
| Ethnicity | | | X | |
| Sex | | | X | |
| Gender reassignment | | | X | |
| Marriage and Civil Partnership | | X | | |
| Pregnancy and Maternity | | X | | |
| Religion | | | X | |
| Sexual Orientation | | | X | |
| Fairer Scotland Duty: | | | | |
| Mainland rural population | | | X | |
| Island populations | | | X | |
| Low income | | | X | |
| Low wealth | | | X | |
| Material deprivation | | X | | |
| Area deprivation | | X | | |
| Socio-economic background | | | X | |
| Communities of place | | X | | |
| Communities of interest | | X | | |

If you have identified any impacts on service users, explain what these will be.

The strategy has at its heart 6 Principles, the first of these is to be Fair, and Inclusive, however that thread of equality runs through all the Principles and Priorities, from accessible technology to safeguarding privacy. The Customer Charter also establishes mutuality of respect and fair treatment, inclusive channels of contact and designing service to meet all our customer's needs.

The detailed Action Plan has many positive actions that will benefit both Protected characteristic groups and those that come under the Fairer Duty Scotland umbrella. These include training for customer agents on mental health awareness, establishing local Community Hub based Service Point Resources and reviewing our multi-language and BSL supported services. Person to person services are safeguarded in line with Scottish Government's "No-one left behind" policy and there is a pledge to follow up on the

outcomes of the Audit Scotland review into Digital Exclusion.

If any 'don't knows have been identified, at what point will impacts on these groups become identifiable?

N/A

Impact on service deliverers (including employees, volunteers etc.):

| | Negative | No impact | Positive | Don't know |
|-----------------------------------|----------|-----------|----------|------------|
| Protected characteristics: | | | | |
| Age | | x | | |
| Disability | | x | | |
| Ethnicity | | x | | |
| Sex | | x | | |
| Gender reassignment | | x | | |
| Marriage and Civil Partnership | | x | | |
| Pregnancy and Maternity | | x | | |
| Religion | | x | | |
| Sexual Orientation | | x | | |
| Fairer Scotland Duty: | | | | |
| Mainland rural population | | x | | |
| Island populations | | x | | |
| Low income | | x | | |
| Low wealth | | x | | |
| Material deprivation | | x | | |
| Area deprivation | | x | | |
| Socio-economic background | | x | | |
| Communities of place | | x | | |
| Communities of interest | | x | | |

If you have identified any impacts on service deliverers, explain what these will be.

None

If any 'don't knows have been identified, at what point will impacts on these groups become identifiable?

N/A

How has 'due regard' been given to any negative impacts that have been identified?

N/A

Section 4: Interdependencies

Is this proposal likely to have any knock-on effects for any other activities carried out by or on behalf of the council?

YES

Details of knock-on effects identified

There will be calls on other council Services to assist with the implementation of the Strategy, both to ensure its adoption by all employees through awareness and Performance and Career Conversations. There are also a number of Council Services (ICT, HROD etc.), that will be required to help implement the actions agreed in the Strategy Action Plan. These Services are detailed in that plan.

Section 5: Monitoring and review

How will you monitor and evaluate the equality impacts of your proposal?

The council undertakes a number of satisfaction surveys across a range of channels and all of these have questions relating to fairness. The outcomes of the surveys are carefully analysed to take of feedback.

We will monitor the Strategy Action Plan for completion and the impact of each completed action will be evaluated. As many relate to equality and accessibility improvements, they will give a broader picture of the equality impacts.

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****DEVELOPMENT AND ECONOMIC GROWTH****9 MAY 2024**

LACER SMALL BUSINESS SUPPORT: DIGITAL REVIEWS

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of the report is to seek approval to scale up the provision of digital reviews for small businesses to assist their recovery and growth, using the remainder of the funding allocated to business grants via the Local Authority COVID Economic Recovery (LACER) money from the Scottish Government.
- 1.2 In 2022 approval was given for £355k of Argyll and Bute's £1.449m total LACER allocation to be used for direct business support through two grant funds; a business start-up grant and a business development grant both administered through the council's Business Gateway service. The funding was committed in full by December 2022 and the scheme closed to new applicants. However, some businesses subsequently claimed less than their approved grant, leading a total of c£35k to be decommitted across both grants.
- 1.3 To help local businesses continue with their post pandemic recovery by improving their online presence, it is proposed that the c£35k be allocated to expanding the provision of one-to-one digital support in the form of digital reviews.
- 1.4 Having an effective digital presence and trading online offers Argyll and Bute's small businesses a host of benefits, including wider customer reach, cost savings, marketing opportunities, data-driven insights, and enhanced customer engagement.
- 1.5 The digital review programme offers fully funded digital audits to micro and small businesses based in Argyll and Bute. The reviews are undertaken by digital experts already on the Business Gateway Specialist Advice Supplier Framework. The digital reviews audit a business's online presence and make a set of recommendations to improve digital activity, aligned to that business's goals.
- 1.6 In March 2024, the Council supported 25 businesses, funded by the remainder of DigitalBoost monies from the Scottish Government. Rolling out the programme with LACER money would support an additional 45 businesses, with a focus on businesses in rural remote communities.

RECOMMENDATIONS

It is recommended that the Policy and Resources Committee consider and approve the use of £34,365 earmarked for business grants within existing LACER schemes to provide additional fully funded digital reviews to assist the growth and recovery of small businesses in the area, particularly in remote rural communities.

LACER SMALL BUSINESS SUPPORT: DIGITAL REVIEWS

2.0 INTRODUCTION

- 2.1 Following the Scottish Government provision in 2022 of £1.449m to Argyll and Bute through Local Authority COVID Economic Recovery (LACER) funds, £355k was allocated directly to two business grant schemes administered via the council's Business Gateway service.
- 2.2 The Business Start-up grant and Small Business Development Grant were launched in May 2022 and closed to applications in December 2022 when funds were fully committed.
- 2.3 Not all businesses claimed their allocated grant, either because they did not go ahead with planned activity or because their claim was not compliant. This led to 9.7% of the funds being decommitted after the fund closed to new applicants, a total of £34,365.18.
- 2.4 Until 2023 the DigitalBoost programme, funded by the Scottish Government, provided one-to-one digital support to businesses in Argyll and Bute. More than 90 businesses have benefit from funded expert help worth more than £135,000 since 2018. Most of these businesses required a review of their existing digital presence as part of their support.
- 2.5 In 2023, the Scottish Government ceased to fund DigitalBoost due to budget pressures, despite recognising the value and impact of the programme to date. The Business Gateway national unit at COSLA has provided funding to continue the provision of national digital skills webinars and online resources. There remains a gap in the provision of funding for local one-to-one digital support to help businesses review and improve their online presence.
- 2.6 This report provides Members with details of the proposal to use the remainder of the earmarked LACER business support allocation of just under £35k to provide digital reviews to support small business growth and recovery. This aligns to the agreed purpose of the LACER funds and helps to support more businesses, including those in remote rural communities.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee approve the use of £34,365 earmarked for business grants within existing LACER schemes to provide additional fully funded digital reviews to assist the growth and recovery of small businesses in the area, particularly in remote rural communities.

4.0 DETAIL

- 4.1 COSLA Leaders and Ministers agreed an £80m Local Authority COVID Economic Recovery (LACER) Fund available to Local Authorities in 2021/22. Argyll and Bute Council share of the funding was £1.449m. This funding was designed to empower Local Authorities to deliver funding where they considered it best addressed local circumstances in terms of economic recovery.
- 4.2 At the Council's Budget Meeting held on 24th February 2022, Council agreed to the delegation of Argyll and Bute Council's allocation of the funding to the Leader, Depute Leader, and Leader of the largest Opposition Group.
- 4.3 Officers prepared a report with a suite of options and under the delegation agreed by Council, the Executive Director with overall responsibility met with the Leader, Depute Leader, and Leader of the largest Opposition Group on 4 April 2022 to agree the suite of options, and an update on the options explored was presented to the Council at its meeting on 28th April 2022.
- 4.4 The agreed options included two direct business support grants administered via the council's Business Gateway service; a New Enterprise Support Grant (subsequently renamed Business Start-up Grant) allocated £155k and a Small Business Development Grant allocated £200k.
- 4.5 These schemes launched in May 2022. Uptake was strong and both funds closed when fully allocated in December 2022. However, not all businesses subsequently claimed their allocated grant, either because they did not go ahead with planned activity or because their claim was not compliant. This led to funds being decommitted at the end of the programme.
- 4.6 The Business Start-up Grant was open to pre-starts and recent starts (trading for less than 3 months) based in Argyll and Bute. It provided a grant of up to £3k to help new businesses to start up and establish.

| Business Start-up Grant | |
|--------------------------------|-------------|
| Allocated | £155,000 |
| No. of applications received | 58 |
| No. of applications approved | 50 |
| No. of applications rejected | 8 |
| Total value of grants approved | £148,196.36 |

| | |
|--|-------------|
| Total value of grants claimed and paid | £134,900.91 |
| Total decommitted | £13,295.45 |
| Allocated funds remaining | £20,099.09 |

- 4.7 The Small Business Development Grant was open to micro and small businesses based in Argyll and Bute trading for at least 3 months. It provided a grant of up to £3k to help improve their resilience or growth, payable at 75% of total costs.

| Small Business Development Grant | |
|--|-------------|
| Allocated | £200,000 |
| No. of applications received | 90 |
| No. of applications approved | 76 |
| No. of applications rejected | 14 |
| Total value of grants approved | £205,285.51 |
| Total value of grants claimed and paid | £185,733.91 |
| Total decommitted | £19,551.60 |
| Allocated funds remaining | £14,266.09 |

- 4.8 This leaves £34,365 from the original allocation earmarked for direct business support via the council's Business Gateway service.
- 4.9 The Scottish Government did not set a deadline for LACER funds to be used, but advised the money should be used as soon as reasonably possible, to support COVID economic recovery locally.
- 4.10 As there is now a current grant offering, for both start-up and small business development, available through the council's share of the UK Shared Prosperity Fund (UKSPF), it is not proposed that the LACER grant schemes are re-opened for a brief period to allocate a further c11 grants.
- 4.11 The decommitted funds could be added to the UKSPF business support programme. However, current demand for grants and expert help is expected to be met by the £454k UKSPF allocation and there is a hard deadline of March 2025 for all UKSPF spend.
- 4.12 The proposal is therefore to allocate the remaining funds earmarked for direct business support to fully funded digital reviews for small businesses in Argyll and Bute, to help improve their online presence and widen their customer base. This will assist business growth and resilience, in line with the specified use of LACER monies provided by the Scottish Government.
- 4.13 Having an effective digital presence and trading online offers Argyll and Bute's small businesses a host of benefits, including wider customer reach, cost savings, marketing opportunities, data-driven insights, and enhanced customer engagement.
- 4.14 By using the right digital platforms and e-commerce solutions, small businesses can overcome traditional barriers to entry and compete on a more

level playing field with larger businesses. Through e-commerce platforms and marketplaces, such as Amazon, eBay, and Shopify, businesses can showcase their products to consumers worldwide. In some cases, online trading can also reduce overheads, enabling small businesses to operate more cost-effectively.

- 4.15 Digital marketing can target specific demographics and drive traffic to online shops. One of the most significant advantages of online trading is the wealth of data and analytics available to businesses. Through website analytics, sales reports, and customer feedback, businesses can gain valuable insights into customer behavior, preferences, and purchasing patterns. This data-driven approach enables businesses to refine their product offerings, pricing strategies and marketing campaigns to better meet customer needs and maximise sales.
- 4.16 Consumer preferences continue to shift towards online shopping, so it is vital that small businesses embrace online trading if they are to succeed in the digital economy. To help with this, Business Gateway nationally has a wide range of online resources and webinars available. However, one-to-one support is also needed to help businesses develop their digital skills.
- 4.17 Previously 1-3 days of support was available via the DigitalBoost programme, funded by the Scottish Government and administered by Business Gateway locally. 94 businesses were supported in Argyll and Bute between 2018-19 and 2022-23, benefiting from one-to-one expert help worth more than £125,000. Most of these expert help sessions included an element of reviewing the businesses' current digital presence.
- 4.18 Since the Scottish Government ceased to provide DigitalBoost funding in 2023 due to budget pressures, there has been a gap in the provision of longer in-depth digital support. The current UKSPF business support programme does provide some digital expert help but does not replicate the previous DigitalBoost in-depth support. This leaves a gap in helping small businesses one-to-one to comprehensively audit their digital presence and create an action plan for improvement.
- 4.19 The Council's Business Gateway service does provide one-hour surgeries with a digital expert, but it is not possible to comprehensively audit a business's digital presence in these short sessions.
- 4.20 Maintaining and optimising digital assets can be daunting for many business owners. An in-depth digital review by a digital expert can help them take action to enhance online visibility, engage customers, and drive growth in several ways:
 - Visibility and Brand Awareness: A digital review evaluates online visibility across various platforms, including websites, social media, and online directories. It identifies gaps and opportunities to improve brand visibility, with potential to attract new customers and increase website traffic.

- Customer Engagement and Interaction: Effective customer engagement helps small businesses build lasting relationships and drives loyalty, so that customers do not just buy on price. A digital review can assess the quality and responsiveness of online interactions with customers. A proactive social media management strategy can help drive repeat business and foster loyalty.
- Website Performance and User Experience: A user-friendly website is essential for capturing and retaining customer interest online. A digital review provides insights into website performance, usability, and search engine optimisation (SEO), helping to attract organic traffic and generate leads.
- Online Reputation Management: Maintaining a positive online reputation builds trust and credibility. A digital review can help businesses monitor and manage online reviews and ratings across platforms. By addressing customer feedback, satisfaction can be enhanced.
- Performance Benchmarking: A digital review will help small businesses to measure their performance against competitors and industry standards. Based on review insights, social media engagement and website traffic can be improved, driving up sales and revenue growth.

4.21 Clients previously benefiting from in-depth DigitalBoost support which included reviewing their existing online presence have been positive about the support received.

“Great insights about strengths and weaker areas. His technical skills and knowledge of social media, email marketing and website design were excellent, enabling us to go into detail and about where I could create change” Kerry MacKay, 2022.

“One to one is extremely valuable to a small business, with help for your specific business” Yvonne Campbell, 2023.

“Specialist was open to helping with my specific needs. It was tremendous personal technical support and development” Katie Richie, 2022.

4.22 The remaining Digital Boost monies provided by the Scottish Government has allowed the Council to support 25 businesses. Digital reviews fall within the activity already approved by the Scottish Government and the DigitalBoost project team under one-to-one digital support for SMEs in Argyll and Bute.

4.23 The reviews are aimed at existing businesses looking to get more from their current digital presence. A Business Gateway adviser refers a business for a digital review. The reviews are done by digital experts on the Business Gateway Specialist Advice Supplier Framework Agreement. Each digital review requires the equivalent of one day of supplier time and follows a one-hour digital surgery to assess suitability.

4.24 Businesses may be eligible to apply for UKSPF grants and/or further digital expert help to help implement the digital recommendations identified in the review.

- 4.25 With no new DigitalBoost funding available from the Scottish Government, the request is to use the remaining LACER funding earmarked for direct business support to continue the provision of digital reviews throughout 2024-25. An additional 45 businesses could be supported this way.
- 4.26 In particular, businesses in remote rural areas can benefit from this upweighting of the digital review programme. As the high quality support from a digital expert is provide virtually, there are no barriers to remote rural businesses accessing the support. Small businesses in remote rural areas play a key role in supporting the local economy and attracting and retaining an economically active population.
- 4.27 Through outreach activity by the Business Gateway business advisors and targeted marketing, the digital reviews can be promoted to businesses in remote rural communities. In spring 2024 Business Gateway advisers will be visiting Tiree, Coll and Islay to promote the support available, with plans for Cowal, Rosneath, Jura and Colonsay, Bute and Inveraray later in the year.
- 4.28 If demand for digital reviews is strong and the impacts are beneficial for recipients, they could be included in future externally funded business support programmes from March 2025, when the current UKSPF programme ends.

5.0 CONCLUSION

- 5.1 This report provides Members with details of the proposal to use the remainder of the earmarked LACER business support allocation of just under £35k to expand the provision of digital reviews to support small business growth and recovery. This aligns to the agreed purpose of the LACER funds provided by the Scottish Government.
- 5.2 Having an effective digital presence and trading online offers Argyll and Bute's small businesses a host of benefits, including wider customer reach, cost savings, marketing opportunities, data-driven insights, and enhanced customer engagement.
- 5.3 The remaining earmarked LACER funds could provide digital reviews for an additional 45 small businesses based in Argyll and Bute, including more in remote rural areas.

6.0 IMPLICATIONS

- 6.1 Policy – Scottish Government Policy is to ensure that LACER funding is used to support local economic recovery, and cost of living impacts on low-income households.
- 6.2 Financial – No additional resources are required. It uses funding already earmarked for direct local business support from the Council's share of the LACER funding provided from Scottish Government.

- 6.3 Legal – None.
- 6.4 HR – None.
- 6.5 Fairer Scotland Duty:
 - 6.5.1 Equalities – None.
 - 6.5.2 Socio-economic Duty – None.
 - 6.5.3 Islands – The digital reviews will be equally available to businesses across Argyll and Bute including the islands.
- 6.6 Climate Change – The digital reviews will be undertaken remotely and meetings with the business will be online, so no travel is required .
- 6.7 Risk – None.
- 6.8 Customer Service – None.
- 6.9 The Rights of the Child (UNCRC) – None.

Kirsty Flanagan, Executive Director responsible for Development and Economic Growth

Councillor Math Campbell-Sturgess, Policy Lead for Business Development

9 April 2024

For further information contact:

Fergus Murray, Head of Development and Economic Growth

Email: fergus.murray@argyll-bute.gov.uk

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

DEVELOPMENT AND ECONOMIC
GROWTH

9 MAY 2024

LATEST UPDATE ON THE CLIPPER ROUND THE WORLD YACHT RACE OBAN STOPOVER ACTIONS

1.0 INTRODUCTION

- 1.1 The purpose of this paper is to provide the Policy and Resources Committee with an update on the progress of the Clipper 2023-2024 Round the World Yacht Race Oban Stopover Actions plan.
- 1.2 The Council was approached by Clipper Ventures in the autumn 2023 to be a host port for Clipper 2023-2024 Round the World Yacht Race Stopover. Clipper Ventures were attracted to Oban given our North Pier Pontoons investment that enables the berthing of yachts and mini cruise ships in Oban. Also, one of their older boats had a positive experience of stopover in Oban for two summers running one of their programmes of introducing young people to sailing.
- 1.3 After the Council was given a one-off opportunity to secure the first race stopover in Scotland the fee was negotiated for £60,000 while the usual fee for a host port is in excess of £250,000 and can be over £1m. The fee of £60,000 is split between the Council staycation fund (£30,000); BID4Oban (£25,000) and the Town Centre Partnership (£5,000).
- 1.4 Clipper is an adventure race, not leisure sailing open to people from many backgrounds. It introduces a new market for Argyll and Bute and ties in well with our Adventure Coast marketing strategy and the AISTP (Argyll and Isles Strategic Tourism Partnership) Strategy 2022-2025.

2.0 RECOMMENDATIONS

2.1 Members are asked to:

- Note progress on actions delivered for the Clipper 2023-2024 Round the World Yacht Race Oban Stopover (**Table 1**).
- To approve up to £50k of funding to deal with additional costs linked to the event from the council's priority fund;
- To note the key Oban Stopover civic events including Clipper Award civic ceremony on 16 July, Clipper Connect Business event on 19 July and VIP Reception on the Clipper Race departure day, on Sunday 21 July.

3.0 DETAIL

- 3.1 Argyll and Bute Council and Oban Business Improvement District (Bid4Oban) partnered and signed the agreement with Clipper Ventures to host the Oban Stopover to be held from 12 July to 21 July 2024.
- 3.2 Chaired by the Head of Development and Economic Growth Service, the Steering Committee for the Oban Stopover is involved in creating the Festival from the start of the planning process. Two subgroups, one focussing on the marine/consenting aspects of the race and the other on the marketing and land-based event activities.
- 3.3 The Festival of the Sea is planned as an overarching community engagement programme and is designed to be an inclusive event. The Festival delivery partners include Food from Argyll, Rockfield Centre, Scottish Association for Marine Science, Oban Sailing Club, Royal Yachting Association Scotland, Oban High School, LiveArgyll, Furan Gaelic Centre, Oban Rotary Club, CHARTS, and a number of other potential partners are also in the process of being approached.
- 3.4 All venues have been secured for the event with the most important one being North Pier and North Pier pontoons (Table 1). Other venues include, the Corran Halls, Rockfield and Oban High School will be the site where the sails will be repaired. Clipper are liaising with the School Hostel to stay there for the event with their 30 staff at their own cost. Rockfield will host the media centre and office space for Clipper at a cost agreed with Clipper together with the food and drink festival.
- 3.5 Overflow car parks at the Oban High School and at Mossfield have been agreed with Road and Infrastructure Services. HIE have offered their car park at SAMs.
- 3.6 HITrans will supply hire bikes ahead of the Stopover, the West Highland Yacht race and potentially until the National Royal Oban MOD in October.
- 3.7 To help visitors to orientate Oban Venue maps will be printed; free wifi will be supported in town; and free Love Oban app with the Festival programme will also be provided. Additional road signage will also be provided in the town. The town will also be branded during the event with Clipper and Love Oban branding to help provide a festival atmosphere.
- 3.8 The Festival of the Sea will celebrate the area's outstanding maritime environment and water-based adventure tourism offer; history and culture; and local produce and will comprise of Food and Drink Village, Ocean Health - marine conservation demonstrations, On the Water – sports club taster sessions, Gaelic heritage – workshops, storytelling, For the Love of Print – maritime art and craft exhibition, The Big Tune – music and singing (**Appendix 1**). Cultural elements will celebrate the region's maritime history, our Gaelic tradition, music, songs and literature. Ocean Health workshops will deliver a series of activities to highlight our outstanding natural environment. Five days of showcasing the artisan quality of local food and drink will be an integral part of the Oban and Argyll visitor experience. This includes additional yacht races; fun events; food and drink

village and cultural events at the Corran Halls and other private venues across Oban.

- 3.9 The crew will also take part in wider tourism opportunities, environmental works (beach cleans) and a business connect meeting to be held at SAMS.
- 3.10 The objectives of the Festival are:
1. To showcase the world-class produce from Argyll and Bute and establish new business relationships
 2. To stimulate investment across key sectors of food and drink, events and festivals, hospitality, and retail
 3. To exhibit local crafts and culture, and provide experiences of the Gaelic language
 4. To bring more local people into activities on the water and improve well-being in the area
 5. To promote Argyll and Bute area as a leading adventure sports destination in Scotland.
- 3.11 The Festival of the Sea during Oban Stopover for Clipper Round the World Race has close synergies with local tourism and economic strategies developed by the Argyll and Isles Strategic Tourism Partnership (AISTP).
- 3.12 Tourism is a key industry for Argyll and Bute together with the Oban and Lorn area with 2,491,000 visitors in 2022 according to the latest STEAM report.
- 3.13 Oban has a record of successful delivery of events, including Food from Argyll Festival and Gin and Whisky Festivals and Festival of the Sea. As a seaside town with its fresh locally caught seafood, it gained the accolade of 'Seafood Capital of Scotland'.
- 3.14 To coordinate Food and Drink Village, the Council partnered with the Food From Argyll (FFA) cooperative as the Event Organiser. The cooperative of local food and drink producers from across Argyll and Bute aims to raise awareness of Argyll produce. The cooperative showcased its members at national events like the Royal Highland Shows since 2016. In September 2023 FFA successfully delivered the first-ever Argyll Food Festival in Oban with 23 stalls attended by over 1500 visitors.
- 3.15 The Rockfield Centre is chosen as a venue for the Food and Drink Village due to its community-centred values, central location and outdoor space available for the Village. The Outdoor space is currently being upgraded with Crown Estates Monies previously agreed by the Council.
- 3.16 Oban High School car park will be used as an overflow parking during 10 days of the Festival. The parking will be managed by the Rotary Club of Oban with funds collected from daily parking charges to be redistributed for the local charities.
- 3.17 The Scottish Association for Marine Science (SAMS) will hold tickets open for public sustainability workshops on 18 July. The workshops will include science

busking; showcasing ocean explorer tartan products; bringing ROVs to show the water below the boats; microscopes to explore life in a drop of seawater; public artwork; outdoor workshops to learn about identifying local marine mammals and birds; Scottish ocean storytelling; seaweed extravaganza.

- 3.18 SAMS will host Clipper Connect Business Networking event on 19 July showcasing SAMS innovative businesses. This B2B event will aim to establish new business relationships for local world-class producers; stimulate investment in innovation across key tourism industry sectors; and promote Oban and Argyll and Bute as a leading adventure sports destination.

4.0 MARKETING

- 4.1 Argyll and Bute Council teamed with Argyll and the Isles Tourism Cooperative (AITC) as the regional Destination Organisation to provide a marketing campaign for the Clipper 2023-2024 Round the World Yacht Race Oban Stopover. Links to Clipper Ventures allocated on AITC and Bid4Oban websites will provide the most up-to-date race information, including the shore-side agenda for the public about the Festival programme. AITC engages with the Clipper Venture to provide content and coordinate an international marketing campaign.
- 4.2 AITC aims on different groups of the target audience to be addressed with relevant content – local communities, food and drink producers, hospitality businesses and transport operators. All the target groups have to recognise the business opportunities of the first stopover of the Clipper Round the World Race in Scotland. The primary web channel will be supported by timed releases on www.wildaboutargyll.co.uk For the rest of Scotland, the UK and International visitors links from www.visitscotland.com/events will help build consumer awareness of the racing fleet's arrival and demand for the Festival programme.
- 4.3 Negotiation is ongoing with West Coast Motors and ScotRail to promote the event. Transport Scotland is also in the process of being notified of the event.
- 4.4 The event will open opportunities for the business community to take full advantage of considerable international media exposure. Organisations and businesses are invited to express their interest in participating in the Festival of the Sea Programme and running their events. For activity proposals to be included in the Festival programme, businesses will have to demonstrate an approach to reducing their environmental impact. Selecting the activities for the Festival Programme is outlined in the Expression of Interest form and requires presenting the best possible impression of the town to participants, spectators and visitors.
- 4.5 Accommodation bookings are already being taken very quickly for the stopover period. Therefore it would be reasonable to assume that there will also be a large number of day visitors to Oban.

Likely economic impact: The event will attract both domestic and international visitors due to the global coverage of the first-ever Stopover of the Clipper Round the World Race in Scotland. It is difficult to estimate the number of additional

visitors as it is a largely non ticketed event however a peak of 2,000 to 3,000 additional visitors per day of the event is anticipated at the peak time of the race. However, the capacity of the accommodation will be a decisive factor.

5.0 CLIPPER RACE DETAILS

- 5.1 Oban will welcome the final leg of the Clipper 2023-2024 Round the World Yacht Race and provide a 10-day Festival of the Sea programme of events. For the first time ever the fleet of eleven 70-foot ocean racing yachts will berth in Scotland after a 40,000 nautical mile race around the world ([Clipper Round The World Race](#)).
- 5.2 There are 22 crew per boat plus 30 support staff. Since this Washington DC - Oban leg is the last one before the finish in Portsmouth it is anticipated that the crew's families and friends are coming to meet the boats after their Atlantic crossing.
- 5.3 Glencruitten Hostel is offered as an accommodation for the support staff and rooms in Rockfield Centre are offered as Press Centre, all with the cost to Clipper Race.
- 5.4 The yachts will arrive over five-day window from the 12 of July, weather permitting. The yachts are stationary at the breakwater of North Pier Pontoon from that date. Two days of activation are planned for 18-19 July where people can visit the boats. Sailing trips are planned for invited guests on the same dates.
- 5.5 The Race will depart on the 21 of July for Portsmouth with a parade of sail and a massed start. The crew parade from Station Square to North Pier will take place on the Sunday just prior to the race start. This will in reality be a rolling road closure covering a short distance along the public road.
- 5.6 Clipper will also be inviting a range of VIPs to the event and there is an opportunity to connect with these people. Over 100 delegates are being asked to attend this day of business activity supported by Business Gateway and SAMs. It's a marine economy theme with the environment at its heart and the possibilities of expanding our marine economy and its will be a great opportunity to promote Argyll and Bute as open for business.
- 5.7 The anticipated worldwide media attention on the homecoming leg will attract both domestic and international visitors. That will put the town at the forefront of sailing destinations in Scotland and provide a welcome boost to the local economy. Oban already features prominently in Clipper Venture's digital marketing activity, and in 360°, the Clipper Race Souvenir Magazine 2023/24 issue https://issuu.com/clipperace/docs/issuu_doc.
- 5.8 The Clipper Round the World Yacht Race is a prestigious global sporting event and presents outstanding showcase opportunities for the region and for Oban to host adventure sport events of an international scale. Successfully delivered event will make Argyll to be internationally recognised as a destination dedicated

to sustainable event industry, and, therefore, will contribute to building Scotland's reputation as the Perfect Stage for events.


6.0 COSTS AND OUTLAYS





- 6.1 Whilst this is a key promotional event for Oban and wider Argyll and Bute the Council is doing it on a basis of collaboration and minimising costs. The Council partnered with Bid4Oban/Scotland Towns Partnership to successfully fund the bid and co-host the Oban Stopover. To deliver the Festival, Argyll and Bute Council and the partners make an in-kind contribution to project management.
- 6.2 After the Council was given a one-off opportunity to secure the first race stopover in Scotland the fee was negotiated for £60,000 while the usual fee for a host port is in excess of £250,000 and can be over £1m. The fee of £60,000 is split between the Council staycation fund (£30,000); BID4Oban (£25,000) and the Town Centre Partnership (£5,000).
- 6.3 Rockfield Centre will host the Food and Drink Village of local produce and is linked to a £100,000 investment in Rockfield's outdoor space (Crown Estate Funded). Clipper is also paying to rent some offices from the centre.
- 6.4 Event Scotland funding of £15,000 award is granted for infrastructure hire to set up the F&D Village.
- 6.5 Business Gateway contributed with £5,000 support for SMEs (no-members of FFA) to present their produce at the F&D Village.
- 6.6 An ask is being made for up to £50,000 consisting of discretionary funding to cover event costs associated with Clipper from the Council.
- 6.7 Several business sponsorship opportunities are being followed up with a number already secured.

7.0 OBAN STOPOVER ACTION PLAN















- 7.1 **Table 1** provides an update with the current status of each action which is shown using a Red as not approached, Amber as in progress, and Green as completed (RAG) indicator.










Table 1: Update of Actions

| Tasks | Actions | Status to Date |
|--|--|---|
| Local Committee for Stopover of Clipper Round the World Yacht Race | Local Oban Committee is created with the first meeting held at the Rockfield Centre on the 2nd of October 2023; Fergus Murray (Argyll and Bute Council) |  |

| | | |
|---|---|---|
| | <p>Andrew Spence (Bid4Oban) Zalina Dzhatieva (Argyll and Bute Council) David Adams McGilp (Visit Scotland) Beth Anderson (The Rockfield Centre) Robyn Horton (Highlands & Islands Enterprise) Cathy Craig (AITC Wild About Argyll) Anuschka Miller (Scottish Association for Marine Science (SAMS)) Ronnie Forbes (Rotary Club of Oban) Alex Edmonstone (Live Argyll) Ciorsti Baxter (Rotary Club of Oban) Aileen MacLennan (Argyll and Bute Council) Iain Fulton (Oban High School) Scott Reid (Argyll and Bute Council) Vicki McKenzie (Argyll and Bute Council) Kay McDonald (Bid4Oban) Sayward Harris (The Rockfield Centre) Teagan MacCuish (The Rockfield Centre) Kirsteen MacDonald Andrea Harris (Argyll and Bute Council) James Jackson (Argyll and Bute Council) Karen MacCorquodale (Bid4Oban) Iain Fulton (Oban High School) Fergus McKilligin Robyn Horton Carol Devine meet up monthly</p> | |
| Event Subgroup | The Event Subgroup of Local Committee for Stopover of Clipper Round the World Yacht Race meets up via MS Teams every second week |  |
| Agreement Between The Clipper Ventures plc and Argyll and Bute Council and BID4Oban | Negotiation of the Agreement with legal support from Commercial Contracts Legal Manager, Legal & Regulatory Support; The Agreement to host Oban Stopover of Clipper 2023-2024 Round the World Yacht Race is signed |  |
| Invitation letters for Clipper Race crew visa applications | Request submitted to Clipper Ventures for the list and details for the crew members requiring visa to enter the UK; Issuing 10 letters of support with legal support from Senior Solicitor – Commercial |  |
| EventScotland Funding application | The application was submitted to fund Food and Drink Village to be held on 17-21 July during Festival of the Sea; £15,000 EventScotland funding award is granted for infrastructure hire to set up the F&D Village; EventScotland Award Contract is signed; |  |

| | | |
|--|---|---|
| | The budget update is provided to the Events Manager, EventScotland | |
| Account for Clipper Oban Stopover | Finance Officer was approached to create Account for Clipper Oban Stopover; the code is set up in the ledger; coding invoices can be done | ● |
| Invoices from LiveArgyll for venue hire | Venue hire of Corran Halls is booked and paid for key civic ceremonies of award prize giving on 16 th July and VIP Reception on 21 st July; and also for Clipper Race crew briefing on 20 th July. | ● |
| Business Gateway Funding support | BG paid FFA £5,000 to subsidise stall fees for a list of up to 30 local businesses to be able to attend F&D Village at the FFA member rate; food and drink related, marine themed, Argyll and Bute local provenance | ● |
| Microsoft Team creation for the Oban Stopover Local Committee | New MS Team request submitted; external organisations domains were run through a security check by ICT Compliance and Security Officer; DEG-EG-Clipper Oban Stopover MS Team is created | ● |
| Event Planning meeting with Clipper Race representatives in Oban | The meeting was held on 6 Feb 2024 with visits to venues including the Municipal Building, Albany Street, Oban Train Station Square, Harbour Master Office, North Pier Parking, North Pier Pontoon, Esplanade, Corran Halls, Rockfield Centre, Oban High School, Glencruitten hostel, Mossfield parking, McCaig Tower, SAMS, Atlantis Leisure; The agenda included planning for key events to be delivered by the Council and bid4Oban; a public engagement plan, stakeholder engagement, and communication; this was publicised in the Oban Times. | ● |
| Expression of Interest form | Expression of Interest form for the Festival of the Sea Program is approved by LOC to allow local organisations and businesses to express their interest in having an event during the Festival | ● |
| NPP website | | ● |
| ABC catering | Have been approached to quote for the catering for the presentation and civic event | ● |

| | | |
|--|--|---|
| Service Level Agreement with Food From Argyll | Subcontractor |  |
| Service Level Agreement with LiveArgyll | Subcontractor |  |
| Oban Lifeboat | Key stakeholder of the event; open day is included in the programme with displaying their new £2m Lifeboat. |  |
| Atlantis Leisure | Competitors being made aware of Atlantis and costs of using equipment/pool etc. |  |
| AITC | Clipper is included in approved AITC marketing strategy for 2024; |  |
| Public Liability Insurance for the event | Coordinating with Senior Clerical Assistant, Legal & Regulatory Support on PLI for Oban Stopover |  |
| Guest Lists | Save the date notices have been put out to key guests. |  |
| Glencruitten Hostel | Glencruitten Hostel was visited and approved for accommodation for the Clipper Race support staff |  |
| Service Level Agreement with Oban High School | Subcontractor |  |
| Service Level Agreement with Rotary Club of Oban | Subcontractor |  |
| Service Level Agreement with SeaGrass Marine Ltd | Subcontractor |  |
| Service Level Agreement with SAMS | Subcontractor |  |
| Service Level Agreement with Oban Sailing Club | Subcontractor |  |
| Service Level Agreement with Rockfield Centre | Rooms in Rockfield Centre are offered as Press Centre, all with the cost to Clipper Race; negotiation is on-going One it is finalised SLA will be signed with the Centre as a Subcontractor |  |

| | | |
|---|---|---|
| TTRO application for a procession application | Parade to be held on 21 st July during the Stopover and application for a procession application to be submitted for it |  |
| Goody bags | secured 250 good quality tote bags branded better journeys that can be used as the goodie bag for the crew; donations from businesses to be included in the bags; |  |
| Event Safety Management Plan | To create and submit Event Safety Management Plan |  |
| RIS | Involved in traffic management; creation of fan zone on North pier; carpark management; overflow parking and also the marine side of the event; notice to mariners issued. A plan for North Pier has been agreed. |  |
| AB Water Safety group | Have been consulted and a plan is being put in place. RLNI is a partner. |  |
| Police Scotland | Contacted and have no concerns; they will have 2 police officers on duty at North Pier for duration at no cost to the event. Border Force will also attend as boats arrive again at no cost to event. |  |
| ScotRail | Have been approached and made aware of the event and likely demand. |  |
| Oban airport overflow parking for campervans | Arrangements made for temporary use of Airport carpark for motorhomes; This is an overflow area; motorhomes are being directed to official sites as first preference; |  |
| Extended Licensed Hours For On Sales Premises | Application to be made to the Argyll And Bute Licensing Board for Extended Licensed Hours For On Sales Premises during event; Similar to MOD. |  |

8.0 CONCLUSION

- 8.1 Clipper 2023-2024 Round the World Yacht Race Oban Stopover is a one-off event for Argyll and Bute and is the first time it has come to Scotland. It offers an outstanding marketing opportunity for the region and will help raise the profile across the world. Event Scotland have recognised through providing funding for the Food and Drink Festival associated with the event.
- 8.2 The Council is a host port partner with BID4Oban and the Scottish Towns Partnership who have part funded the host port costs. There is a range of local and national partners signed up to help deliver the event. More partners are being

invited to take part including business sponsorship. There are a number of key civic events associated with the event and will form a key part of the programme. The main event is ticketless and open to everyone to enjoy.

- 8.3 The Festival of the Sea activities are scaled to the available budget. The focus is on creating a warm Highland welcome, showcasing our produce, our culture and our natural marine environment.
- 8.4 It is anticipated that Clipper will bring a new audience to Oban and wider Argyll and Bute. The Race has the potential to create great experiences and images that can be used for future marketing. Produced marketing material could also be used as a legacy in the future as part of our future corporate branding and tourism marketing.
- 8.5 The event is anticipated to provide a significant economic boost for Oban, Lorn and wider Argyll and Bute. It is difficult to estimate exactly given it's a largely un-ticketed event free to attend. It is intended to monitor the economic impact and report back to the council and partners following the event.

9.0 IMPLICATIONS

- 9.1 Policy - This event is designed to raise awareness of Argyll and Bute across the world via this global event; This supports both the AISTP Tourism strategy and the new Argyll and Bute Economic Strategy.
- 9.2 Financial – This report asks for a sum of up to £50k to cover core council costs associated with the event including additional waste collection, traffic management and additional hosting requirements.
- 9.3 Legal – All appropriate legal implications will be taken into consideration.
- 9.4 HR – None arising from this report.
- 9.5 Fairer Scotland Duty - The Fairer Scotland Duty, Part 1 of the Equality Act 2010, came into force in April 2018. The duty places a legal responsibility on particular public bodies in Scotland, such as Argyll and Bute Council, to pay due regard to (actively consider) how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions and how this has been implemented.
 - 9.5.1 Equalities - All activities will comply with all Equal Opportunities/Fairer Scotland Duty policies and obligations.
 - 9.5.2 Socio-economic Duty – All project activities will comply with the council's socio-economic duty.
 - 9.5.3 Islands – None directly from this report.
- 9.6 Climate Change – Clipper is run on a basis on raising environment issues with

the ocean; SAMs are a key partner of the event and every effort will be made for recycling and minimising waste.

- 9.7 Risk – The Council has signed a contract to be the host port for Clipper and as such has agreed to certain obligations with our partners; A full Safety Management Plan is currently being produced with an emphasis on water safety.
- 9.8 Customer Service – None.
- 9.9 The Rights of the Child (UNCRC) – None.

Kirsty Flanagan, Executive Director with overall responsibility for Development and Economic Growth

Councillor Jim Lynch, Leader of Argyll and Bute Council

10th April 2024

For further information contact:

Fergus Murray, Head of Development and Economic Growth
fergus.murray@argyll-bute.gov.uk

Ishabel Bremner, Economic Growth Manager
ishabel.bremner@argyll-bute.gov.uk

Zalina Dzhatieva, Economic Growth Officer and Project Manager for Clipper 2023-2024 Round the World Yacht Race Oban Stopover
zalina.dzhatieva@argyll-bute.gov.uk

APPENDICES

Appendix 1: Programme of the Festival of the Sea

Appendix 1: Programme of the Festival of the Sea

[Clipper Events Programme | north-pier-pontoons \(northpierpontoons.com\)](http://north-pier-pontoons.com)

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****DEVELOPMENT AND ECONOMIC GROWTH****9 MAY 2024**

LEVELLING UP PARTNERSHIP PROCESS

1.0 INTRODUCTION

- 1.1 Officers presented a report to Council on 25th April 2024 which provided an update in terms of a provisional long list of projects that have been shared with the UK Government to help their understanding of some of the opportunities across Argyll and Bute.

[Levelling Up Partnership - Council - April 2024](#)

- 1.2 At the Council Meeting held on 25th April 2024, Elected Members requested that a report be brought to the Policy and Resources Committee on 9th May 2024, inviting Members to rate the priority of the projects.
- 1.3 Officers have also identified other possible sources of funding for the projects which may assist Members in prioritising those for Levelling Up Partnership funding.
- 1.4 It should be noted that the process to choose the final projects is different to any other process the Council have entered into with either the UK or Scottish Governments and the final decision on the successful projects is not at the discretion of the Council, this will lie with the Secretary of State.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Policy and Resources Committee:-
- a) Agree the prioritisation of the projects included in Table 1 or any other projects that Members consider should be added to the list for Levelling Up Partnership funding.

3.0 DETAIL

- 3.1 The process to choose the final projects for Levelling Up Partnership funding is different to any other process the Council have entered into with either the UK or Scottish Governments. It is envisaged that the long list of projects will be identified by May 2024 and the short list by 15th July 2024. Business Cases will then be undertaken by the UK Government (not the Council) with a final decision made in September 2024. There will be a degree of public consultation led by the UK Government but no details have yet been provided

on the detail of the process. It should be noted that the final decision on the successful projects is not at the discretion of the Council, this will lie with the Secretary of State.

- 3.2 In terms of the kind of projects that will be considered; it very much follows the Levelling Up Agenda, business, transport connectivity, community safety, skills and education, housing etc.
- 3.3 Council Officers have drawn up a provisional list of projects for consideration. Given recent decisions by the Council in the budget process and the challenges to deliver by set timescales, a RAG status was applied to each project by officers, together with estimated costs and additional comments as appropriate and this can be found in the report which was presented to Council on 25th April 2024.
- 3.4 These projects are thought to align with the principles of the Levelling Up Agenda as expressed by the UK Government but they are subject to public consultation, deliverability and evidence to inform the Business Case preparation. The UK Government will lead Business Case work with the Council providing a lot of the necessary information, policy documents and suggest stakeholders for them to speak to.
- 3.5 The UK Government Officials visited Argyll and Bute on 22nd April to start initial discussions with officers as part of a scoping exercise. It should be noted that UK Government representatives asked for a provisional long list of potential projects to help guide them where they should go to have a better understanding of the challenges and opportunities we have as a place. This long list, following consideration by Members, will need to ultimately conform with the overall principles of the Levelling Up Agenda from the UK Government and a detailed Business Case. It should be noted only 2 or 3 projects are likely to be supported by this funding route so it is important to manage community expectations on what this money can achieve and ultimately be used for.

Table 1 - Long List of Potential Projects

| Project Title | What is it? | Likely Ask? | Status | Other funding sources |
|---|---|---|---|---|
| Helensburgh Colgrain Business Park | Contribution to the building out of this new business park linked to innovation associated with the expansion of HMNB Clyde at Colgrain. Contribution would relate to utilities and | £5m linked to £7m commitment through the RGD (Outline Business Case prepared) | Masterplan has been approved and Outline Planning Consent. Land ownership needs to be secured | Rural Growth Deal £7m identified in RGD programme subject to endorsement of FBC by Central Government. Potential to lobby Scottish Enterprise for |

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|--|--|---|--|--|
| | access works plus workshop space | | | capital funding if we can demonstrate business growth. Approx 100k planning gain. |
| Rothesay Pavilion | To contribute to the budget gap to bring the pavilion back to productive use. This will enable funds to be redirected to other council priorities. | £5m linked to our RGD work. At Full Business Case stage albeit still a large number of challenges associated with it. | Able to be delivered quickly given stage of works and Business Case. | Current budget for stages 2 and 3 include £9m allocation via RGD subject to endorsement of FBC and £8.859m of Council funding. £2.7m of match funding being considered from external partners including HIE, NHLF, HES. |
| Oban Airport Aviation Business Park | To contribute to the building of phase 2 of the Oban Business park | £10m matching TIF funding; prudential borrowing and RGD unmanned vehicle hub as part of the RGD. | Land in control; Business Case work partly completed and detailed planning consent for two buildings. | TIF Funding Rural Growth Deal funding allocated for the proposed UAV Hub facility within the business park site. Subject to endorsement of FBC by Central Government. |
| Dunbeg Corridor | To contribute to the implementation to Dunbeg 4 focussed on new road works and roundabout that will help open up a new commercial area and housing for over 400 new homes plus | £10m to £13m; matched to TIF and Housing Infrastructure Fund to release a much larger capital investment. | Agreed Masterplan in place; detailed planning due in April and a number of key feasibility studies undertaken. Potentially creates business park and 460 new | TIF Funding / Housing Infrastructure Fund. |

| | | | | |
|--|--|--|--|--|
| | community woodland. | | homes. Could be funded via alternative route. | |
| Marine Training School and Seaweed Academy (Dunbeg) | Contribution to a new training facility for the marine economy at SAMs/Dunbeg | £3m to £5m linked to RGD and HIE funding; Operated by SAMs and Argyll – UHI. | Difficult to deliver within time scales; Part of RGD; Not in our control. | <p>£7.8M of Rural Growth Deal funding allocated to Marine Industry Training Centre subject to endorsement of FBC.</p> <p>£3.3m of Rural Growth Deal funding allocated to SAMS Seaweed and Shellfish Innovation and Development project. Funding gap anticipated and match funding will be necessary for preferred option.</p> <p>HIE – Capital funding being considered by HIE as match for the RGD projects above. Values not yet determined.</p> |
| Dunoon Regeneration | Funding for the regeneration of Dunoon one of Scotland's most economically fragile towns. Linked to phase one of the Dunoon project. | £12m | Scheme previously rejected by UK Government; lack of match funding identified and overall costs not fully determined | |
| Affordable Housing For Key Workers | Adding scale to our work associated with | £5m adds to RGD and other works we are taking | Difficult to demonstrate overall impact | £3m allocated in Rural Growth Deal for key worker |

| | | | | |
|---|--|---|--|--|
| | the Housing Emergency to build affordable housing for key workers on a number of sites across Argyll and Bute. | forward on Islay and Tobermory. | of this; However could be considered scaling up impact of RGD and work underway in Tobermory and Islay | housing on Islay and Mull subject to FBC endorsement. £700k secured from Island's Programme to construct enabling infrastructure in Tobermory as part of wider RGD funded project. Strategic Housing Fund. |
| Campbeltown Pier Extension | To enable an extension of Campbeltown Pier to serve the needs of the off-shore wind industry. | £10m in discussions with off shore renewables firms to see how this pier can be used for their operations and using other buildings in Campbeltown. | This project is at a concept stage and would be challenging to deliver in the timescales demanded | |
| Jura/Islay Ferry | New low carbon ferry to serve between Islay and Jura increasing capacity. | £10m ask matched with prudential borrowing and private sector contribution; possible Scottish Government funding. | Difficult to deliver in the timescale; match funding not secured | Scottish Government. Private Investment. Borrowing. |
| Islay Roads Scheme | Investment in the Islay Road Network to accommodate whisky expansion | £10 to £15m ask to significantly upgrade freight capacity of Islay road network | Difficult to demonstrate economic benefits; no match funding identified or detailed costings | Lobby UK Government for contribution from distilleries. |
| Former Royal Hotel Rothesay (Bute) | Refurbish former prominent building into 13 new homes and commercial space on ground floor. | £5m capital to fully restore building | Difficult to deliver in timescale; Not in council ownership. | Strategic Housing Fund if affordable housing. Historic Environment |

| | | | | |
|--|--|--|--|---|
| | | | | Scotland – potential to secure funding to undertake repairs to external fabric of building with a focus on protecting the built heritage. |
|--|--|--|--|---|

4.0 CONCLUSION

- 4.1 Discussions have started on the Levelling Up Partnership at an officer level following the Council's award of funding during the Autumn Statement. A provisional long list of projects has been shared with the UK Government as a starting point for initial discussions and this list is being refined through this process. Other projects may also emerge as the process is implemented.
- 4.2 It should be noted that the UK Government will lead on the Business Cases and the final project(s) are to be selected by September, by the Secretary of State. As further details emerge of the Levelling Up Partnership process members will be informed and it is intended to update members at the next Environment, Development and Infrastructure Committee.

5.0 IMPLICATIONS

- 5.1 Policy - The Single Outcome Agreement (SOA) and Economic Development Strategy and Action Plan support the sustainable growth of our economy.
- 5.2 Financial – None arising from this report although it concerns a £20m capital potential investment.
- 5.3 Legal – None arising from this report.
- 5.4 HR - None arising from this report.
- 5.5 Fairer Scotland Duty:
- 5.5.1 Equalities - The report explains a process that can help support the economy of our areas generating employment opportunities.
- 5.5.2 Socio- Economic Duty – There is a risk is we do not make progress with the projects contained within this report our economy will be under increasing pressure from national and global policies and changes in the economy.
- 5.5.3 Islands – Projects have been identified on our islands for member consideration.

- 5.6 Climate Change – The UK Government will want to see how any project will help deliver net zero.
- 5.7 Risk – Our rural economy is fragile and failing to deliver this external investment would be a considerable concern.
- 5.8 Customer Service – Improvements to transport connectivity, electricity charging, freight.
- 5.9 Rights of the Child (UNCRC) – No implications arising from this report.

Kirsty Flanagan, Executive Director with responsibility for Development and Economic Growth

Councillor Jim Lynch, Leader of Argyll and Bute Council

For further information contact:

Fergus Murray, Head of Development and Economic Growth

Fergus.Murray@argyll-bute.gov.uk

April 2024

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 ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES

 COMMERCIAL SERVICES, ECONOMIC
 GROWTH AND FINANCIAL SERVICES

9 MAY 2024

 ROTHESAY PAVILION UPDATE REPORT

1. EXECUTIVE SUMMARY

- 1.1 At its' meeting on 22 February 2024, *'The Council gave consideration to a report providing an update on Rothesay Pavilion.'*

'Decision

The Council agreed the recommendations contained within the submitted report subject to a report being brought back to the Council to determine whether the project should proceed and on what basis following consideration at the Policy and Resources Committee on 9 May 2024.

'g) Request that Officers bring a further report to the Policy and Resources Committee on 9 May 2024 with an update on the tender, the Rural Growth Deal Treasury 5 Business Case and the Rothesay Pavilion Charity Business Plan to inform a decision on the future of the Pavilion and delegate power to the Committee to determine whether the project should proceed and on what basis.'

This report provides Policy and Resources Committee with an update on (1) the Rothesay Pavilion Tender Report for the works to complete Stages 2 and 3, (2) the contributions of other funders including Rural Growth Deal (**RGD**) Treasury 5 Business Case (**FBC**), and (3) the Rothesay Pavilion Charity (**RPC**) Business Plan.

- 1.2 The Tender Price for the Stage 2 and Stage 3 was submitted by Robertson Construction Central West (**RCCW**) on 26-April in line with programme. The submitted tender price is **£16.463m**, resulting in an Anticipated Final Cost of **£22.304m**, which is some **£1.745m higher** when compared with the forecast AFC for Stage 2 and Stage 3 of **£20.559m** as considered by Council on 22-Feb. This £1.745m should be considered a 'worst case' position and consistent with this type of contract / tender there is now a scrutiny and value engineering process taking place, examining line by line costs to ensure the tender correctly reflects the specification and does not include anything that is "over specified". Officers are actively engaged with the contractor, who is engaging very positively and assisting in this process, to look at how the gap may be reduced and an update on that work will be provided to the Council meeting in June.
- 1.3 The Rothesay Pavilion is a key component of the RGD programme of works, accounting as it does for all of the anticipated spend in the first two years of the deal, along with **£11.559m** of additionality. The FBC is a

key document in securing formal commitment to the RGD by the Scottish and United Kingdom Governments (**SG / UKG**).

- 1.4 The revised Rothesay Pavilion OBM 2024-2037 was submitted to officers on 13 February 2024 and Members will recall that the financial information provided cause for concern. Officers have been working with the RPC and our consultants, Stantec, since then to assess the detail and robustness to determine how sustainable the model is, and whether or not improvements can be made.
- 1.5 Confirmation has been received from the National Heritage Lottery Fund (NHLF) that an additional £1.2m will be made available for the project in letter exchange 24 January 2024. Positive discussions are continuing with Historic Environment Scotland (HES) and Highlands and Island Enterprise (HIE) but no confirmed funding uplift at this stage. However, we do anticipate this to be confirmed by the Council Meeting on 27th June.

ROTHESAY PAVILION UPDATE REPORT

2. INTRODUCTION

- 2.1 On 22 February 2024, the Council approved capital funding of £8,858,993 towards the cost of the Stage 2 and Stage 3 works, subject to the following conditions being satisfied:
- The Tendered Price for the works, and the subsequent Anticipated Final Costs, must be affordable.
 - That the Full Business Case for the project is endorsed by the Scottish and United Kingdom Governments, and that the projects inclusion in the Rural Growth Deal is formalised, thereby securing £9.000m in capital funding.
 - The Operational Business Model of the Rothesay Pavilion charity should, as far as practical, reduce the risk exposure of the Council i.e. that it is financially sustainable and reduces the on-going reliance on the Council as a funding source.
- 2.2 This report provides Policy and Resources Committee with an update on Rothesay Pavilion, specifically the Tender Report for the works to complete Stages 2 and 3, including the AFC for the works and their affordability, progress with the RGD and the FBC, and the updated OBM in respect of the running of Rothesay Pavilion.

3. RECOMMENDATIONS

- 3.1 Policy and Resources Committee are asked to consider the contents of the report and agree that a more detailed report will be brought forward for consideration and decision by the Council at its meeting on 27 June 2024.

4. DETAIL**4.1 TENDER SUBMISSION**

- 4.1.1 On 22-Feb-24 the Council considered a report which forecast a construction cost of £14.718m, resulting in an AFC of £20.559m, and to which the Council would commit additional capital funding of £8.859m, with the balance coming from the RGD and existing funding partners.
- 4.1.2 The Tender Price for the Stage 2 and Stage 3 was submitted by Robertson Construction Central West (**RCCW**) on 26-April in line with programme. The submitted tender price is **£16.463m**, resulting in an Anticipated Final Cost of **£22.304m**, which is some **£1.745m higher** when compared with the forecast AFC for Stage 2 and Stage 3 of **£20.559m** as considered by Council on 22-Feb. This £1.745m should be considered a 'worst case' position and consistent with this type of contract / tender there is now a scrutiny and value engineering process

taking place, examining line by line costs to ensure the tender is correctly reflects the specification and does not include anything that is “over specified”. Officers are actively engaged with the contractor, who is engaging very positively and assisting in this process, to look at how the gap may be reduced and an update on that work will be provided to the Council meeting in June.

- 4.1.3 Officers have initiated their tender assessment and scrutiny, including:
- A review of each individual Works Package Tender return to confirm that it conforms to the Council’s requirements and the pricing schedule is correct.
 - A presentation by RCCW to the Head of Commercial Services, PPMS Programme Manager, the RPN Project Manager, the Project QS, and colleagues from Procurement, Commercial and Contract Management.

The initial feedback on these matters has been positive and officers are working to try and deliver an improved output from the Tender assessment which will be reported to the Council on 27 June.

4.2 THE RURAL GROWTH DEAL, FULL BUSINESS CASE UPDATE Full Business Case (FBC)

- 4.2.1 Treasury 5 business cases require to be endorsed by both Central Governments in advance of any draw down of RGD funding.

The RGD Project Management Office (**PMO**) have commissioned the consultancy Stantec to assist with the preparation of the FBC for stages 2 and 3 of the Rothesay Pavilion. A first draft FBC was submitted to Central Government on 15 of November 2023 with feedback provided in January 2024. The FBC has been revised to take on board and/or address comments and feedback and was re-submitted to Central Governments on 7 May.

- 4.2.2 Central Governments have advised that, subject to the assessment being positive, and the Government’s being prepared to endorse the FBC, they will provide the necessary assurance to the Council for its meeting on 27 June.

Rothesay Pavilion Charity Operational Business Model

- 4.2.3 Argyll and Bute Council have supported the RPC to prepare a robust business plan for the Pavilion which includes detailed market analysis and financial assumptions. For the purposes of the FBC, forecast profit and loss for the RPC has been calculated for the first 5 years which highlights a positive position and is being submitted to UK Government.
- 4.2.4 In terms of the business model, a fundamental consideration is the Pavilion’s level of self-sufficiency. Given the financial pressure on Local Government and continued lack of economic certainty nationally, a high degree of self-reliance on fundraising and business development is clearly necessary.

4.2.5 For the RPC to operate sustainably, they will need to attract multiple income streams to sustain their operation, including strong commercial trading performance together with a combination of net income generating programming, alongside normal grant-funded activity. These fund-raising opportunities will only present themselves once the building is operational.

4.2.6 RPC, along with the Council and the other funding partners, recognise the critical importance of a viable, and sustainable OBM. All funding partners are currently assessing the detail of the financial modelling and the assumptions which underpin it. Council officers will bring forward their assessment and analysis in the report to Council on 27 June, which will focus on the strengths, weaknesses, opportunities and threats to the successful implementation and on-going development of the RPC's financial position.

4.3 PARTNER FUNDERS

4.3.1 Confirmation has been received, in a letter exchange of 24 January 2024, from Heritage Lottery Fund (HLF) that an additional £1.2m will be made available for the project. Positive discussions are continuing with Historic Environment Scotland (HES) and Highlands and Island Enterprise (HIE) - who intend to consider at their Board on 25th June - but not yet confirmed funding uplift at this stage. However, we do anticipate both funding partners positions to be confirmed by the Council Meeting on 27th June which has the potential to contribute £2.7m towards completion of the project.

5. CONCLUSION

5.1 There are three key issues that affect the future of Rothesay Pavilion as summarised below:

- The affordability of the Stage 2 and Stage 3 works, taking account of the previous Council decision to allocate additional capital funding of £8.859m
- The UK and Scottish Governments approval of the Treasury 5 Business Case, to release £9m from the Rural Growth Deal. An Operational Business Model which is realistic and sustainable in the long term, and which seeks to reduce the reliance on revenue funding support over time
- Confirmation on the contributions of funding partners, HIE, HLF and HES totalling £2.7m.

6. IMPLICATIONS

6.1 Policy – The Rothesay Pavilion project formed part of the original CHORD Programme and was a Single Outcome Agreement priority. It is also a key component of the Rural Growth Deal, and it is considered to be a key economic driver for Bute and wider Argyll that can help with our population challenges going forward.

6.2 Financial – As set out in the report.

- 6.3 Legal – Potential recourse to legal remedies in respect of contracts, warranties, etc.
- 6.4 HR – None
- 6.5 Fairer Scotland Duty – See below.
- 6.5.1 Equalities – EqSEIA has been completed as part of the Rural Growth Deal Full Business Case refresh.
- 6.5.2 Socio Economic Duty – EqSEIA has been completed as part of the Rural Growth Deal Full Business Case refresh.
- 6.5.3 Islands Duty - EqSEIA has been completed as part of the Rural Growth Deal Full Business Case refresh.
- 6.6 Climate Change – The refurbishment of this historic building within walking distance of the town centre and main ferry terminal helps secure a high degree of embedded carbon with further efforts being made to reduce its carbon footprint where practicable.
- 6.7 Risk – As set out in the report in respect of capital costs.
- 6.8 Customer Service – None
- 6.9 The Rights of the Child (UNCRC) - All activities to take place in the Pavilion will fully respect the life of the child.

Douglas Hendry - Executive Director with responsibility for Commercial Services

Kirsty Flanagan – Executive Director with responsibility for Development and Economic Growth and Financial Services and the Council’s Section 95 Officer

**Cllr Jim Lynch, Leader of the Council, Leader Portfolio, RGD
Cllr Ross Moreland, Policy Lead for Finance and Commercial Services**

1 May 2024

For further information contact:

Jonathan Miles, Project Manager – 07771 216 763

John Gordon, Programme Manager – 07901 516 106

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****COMMERCIAL SERVICES
DEVELOPMENT AND ECONOMIC GROWTH****9th MAY 2024**

**LORN ARC TAX INCREMENTAL FINANCE PROGRAMME – OBAN AIRPORT BUSINESS
PARK – OUTLINE BUSINESS CASE**

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on the progress of the Oban Airport Business Park project and how it fits within the wider Lorn Arc Tax Incremental Finance (TIF) Programme.
- 1.2 An outline business case has been developed seeking funding of £8.05m from the TIF Programme for the development of roads, infrastructure, servicing and site works and is attached as Appendix 1.
- 1.3 Ongoing work is also progressing in relation to other funded investment in the business park including the UAV (Drone) Hub under the Rural Growth Deal and the development of commercial buildings for lease utilising Levelling Up funding or direct council investment.

RECOMMENDATION

- 1.4 That the Policy and Resources Committee:
 - 1.4.1 Note that discussions are ongoing with the Scottish Government in relation to varying the TIF agreement to maximise the benefit from the scheme and that progression of this project is subject to the Scottish Government agreeing to amend the date by which works must be completed.
 - 1.4.2 Approve the submission of the Outline Business Case (OBC) to the TIF Executive seeking funding of £8.05m (including 15% fees and 10% contingency) for the development of roads, infrastructure, servicing and site works at Oban Airport Business Park.
 - 1.4.3 Subject to approval by the TIF Executive, approve the drawdown of borrowing for a total of £1.6m (20% of total cost) for the development of a Full Business Case and associated fees to progress the Oban Airport Business Park project.
 - 1.4.4 Note the additional resources that will be required to deliver this project in the form of the establishment of a Project Management Office (PMO) with Hub North Scotland providing strategic support.
 - 1.4.5 Note that the Full Business Case will be reported to a future Policy and Resources Committee before moving to the implementation stage.

**LORN ARC TAX INCREMENTAL FINANCE PROGRAMME – OBAN AIRPORT
BUSINESS PARK – OUTLINE BUSINESS CASE**

2.0 INTRODUCTION

- 2.1 This report provides an update on the progress of the Oban Airport Business Park project and how it fits within the wider Lorn Arc Tax Incremental Finance (TIF) Programme.
- 2.2 An outline business case has been developed seeking funding of £8.05m from the TIF Programme for the development of roads, infrastructure, servicing and site works and is attached as Appendix 1.
- 2.3 Ongoing work is also progressing in relation to other funded investment in the business park including the UAV (Drone) Hub under the Rural Growth Deal and the development of commercial buildings for lease utilising Levelling Up funding or direct council investment.

3.0 RECOMMENDATION

- 3.1 That the Policy and Resources Committee:
 - 3.1.1 Note that discussions are ongoing with the Scottish Government in relation to varying the TIF agreement to maximise the benefit from the scheme and that progression of this project is subject to the Scottish Government agreeing to amend the date by which works must be completed.
 - 3.1.2 Approve the submission of the Outline Business Case (OBC) to the TIF Executive seeking funding of £8.05m (including 15% fees and 10% contingency) for the development of roads, infrastructure, servicing and site works at Oban Airport Business Park.
 - 3.1.3 Subject to approval by the TIF Executive, approve the drawdown of borrowing for a total of £1.6m (20% of total cost) for the development of a Full Business Case and associated fees to progress the Oban Airport Business Park project.
 - 3.1.4 Note the additional resources that will be required to deliver this project in the form of the establishment of a Project Management Office (PMO) with Hub North Scotland providing strategic support.
 - 3.1.5 Note that the Full Business Case will be reported to a future Policy and Resources Committee before moving to the implementation stage.

- 4.2 Officers have been working with Stantec and other specialist consultants to develop an Outline Business Case (OBC) to seek funding from the TIF Programme of £8.05m (including 15% fees and 10% contingency) for the development of roads, infrastructure, servicing and site works and the OBC is attached as Appendix 1. It should be noted that the Council's internal costing of the project is £0.46m higher than the OBC. The difference is due to the inclusion of an additional £0.14m for scoping work and increased inflation costs based on the estimated time to complete the works.
- 4.3 The outline business case demonstrates that the proposal will support strategy and policy objectives, deliver value for money, and that its risks can be appropriately managed. Consistent with HM Treasury Green Book (2020) guidance, this OBC has been structured around the 'five-case model', comprising the Strategic Case, Economic Case, Financial Case, Commercial Case and Management Case.
- 4.4 The key objectives identified within the business case are to:
- Deliver infrastructure to enable a fully accessible Oban Airport Business Park.
 - Promote private sector investment and establishment of an aviation, engineering and logistics cluster.
 - Contribute towards reducing the population decline in Argyll and Bute and increasing the level of higher paid employment accessible to residents.
 - Use the TIF business rates retention mechanism to fully finance the development and infrastructure cost.
- 4.5 The outline business case notes that there is strong demand for the site (as outlined later in the report) but that there is Market Failure due to the high costs involved in developing the project. This supports using public funds to unlock the site to generate the wider benefits.
- 4.6 Having already lined up two firms to make use of some of these sites, through construction, helicopter and air-logistics operations, it will create skilled jobs for residents and promote economic growth in the area through more business at the airport. Enhanced services at the airport will make use of Argyll and Bute's and the Islands' unique characteristics for air services operation and retain working age residents through job creation. Creation of skilled jobs for workers and increased economic activity will help reverse negative socio-economic trends faced in the region. It also aligns with policy at local, national and international levels and will deliver benefits to the local area and beyond.
- 4.7 Stantec have developed a bespoke economic impact model to appraise the likely benefits of the proposed OABP. The approach will quantify the economic benefits seen as a result of the investment into the airport. It focuses on capturing and monetising several key elements of the project, these are as follows:
- Net additional employment, created by the commercial floor space on the business park, impacting labour supply levels.

- Net additional employment causing an increase in the local GVA levels.
- Land Value Uplift from the development of the site from its current use and value.

Based on the above a Value for Money assessment has been conducted. Benefit cost ratios (BCRs) help inform investment decisions by summarising the overall relationship between the relative costs and benefits. A **BCR above one** indicates a positive return on investment, and a **BCR above two** represents high Value for Money. A Net Present Social Value (NPSV) calculation shows how much greater the benefits of a proposal are than the outlined costs. **A positive NPSV represents a good return on investment.**

- 4.8 At the outline business case stage Stantec have appraised two options to compare with the Option 1 'Do-nothing' baseline. Option 2 is where the companies fund and develop their own premises and Option 3 is where the council invests in delivering the buildings. Although the TIF funding is only required for the infrastructure it will catalyse the creation of the buildings and result in benefits associated with the commercial spaces being realised. Options 2 and 3 scored similarly with Option 3 then being selected for the full 'Value for Money' testing.
- 4.9 Based on this analysis, at Argyll & Bute level, the project will result in Gross Value Added (GVA) of £30.1 million. The present value sum of benefits (including the UAV Hub) is £49.8 million. Stantec have also assessed that there would be 72 net additional jobs created across the 3 sites proposed to be developed (including the UAV Hub).
- 4.10 Therefore, the NPSV at Argyll & Bute level is £23.7 million with a BCR of 1.91. It is considered that the NPV will increase above 2 as the project costs become more refined and so the project represents good value for money and return on investment. Similarly, sensitivity testing indicates the project is robust to changes in costs, benefit and optimism bias.
- 4.11 Officers have also undertaken modelling of the TIF fund to confirm that the project is affordable. Based on the current assumptions, it is estimated that the debt involved in completing the business park infrastructure works would be repaid around 2033/34.
- 4.12 Discussions are ongoing with the Scottish Government in relation to the wider TIF programme. This includes extending the date by which works require to be completed and also extending the end date of the overall TIF programme. The initial discussions with the Scottish Government have been positive but these issues still require to be concluded. As noted above the airport business park can be completed within the original programme but the programme extension will be required to undertake the Dunbeg Corridor project which was previously outlined to the Policy and Resources Committee on 8th December 2022.
- 4.13 The business case also considers delivery options for the buildings proposed to be erected on the site. The council could lease the ground to the occupiers and they would fund the construction or alternatively the council could fund the buildings. This would require a higher initial capital outlay but would generate a larger ongoing rental income. The proposed occupiers of sites 1 and 2A have

indicated a preference for the council to fund the buildings and for them to rent the completed properties.

- 4.14 The latest costings are noted below and the preferred option is to seek the following split of funds:

TIF Fund - £8.05m for infrastructure costs (figures below do not include inflation.)

UK Government Levelling Up Partnership Fund - £7.7m for buildings. (not including inflation.)

Argyll & Bute Council
Oban Airport Business Park



Feasibility Cost Review

27/03/2024

| Ref | Site / Scope | Building | Infrastructure | Total Combined |
|-----|--|--------------------|--------------------|---------------------|
| 1 | Plot 1 (Site 1 - TSL) - 2,330m ² | £ 2,449,150 | £ 480,000 | £ 2,929,150 |
| 2 | Plot 2A (Site 2A - Bristows) - 4,130m ² | £ 3,640,000 | £ 1,080,000 | £ 4,720,000 |
| 3 | Plot 2B (Site 2B) - 3,900m ² | £ - | £ 840,000 | £ 840,000 |
| 4 | Plot 3A (Site 3A - proposed UAV Hub) - 4,770m ² | £ - | £ 1,020,000 | £ 1,020,000 |
| 5 | Plot 3B (Site 3B) - 2,245m ² | £ - | £ 420,000 | £ 420,000 |
| 6A | Phase 1 Access Road | £ - | £ 600,000 | £ 600,000 |
| 6B | Phase 2 Access Road | £ - | £ 450,000 | £ 450,000 |
| 6C | Surplus Cut & Fill | £ - | £ 690,000 | £ 690,000 |
| 7 | Substation Provision - 500kVA HV substation | £ - | £ 150,000 | £ 150,000 |
| | Nett Total | £ 6,089,150 | £ 5,730,000 | £ 11,819,150 |
| 8 | Allowance for Fees - 15% | £ 913,373 | £ 859,500 | £ 1,772,873 |
| | Sub-Total | £ 7,002,523 | £ 6,589,500 | £ 13,592,023 |
| 9 | Allowance for Contingency - 10% | £ 700,252 | £ 658,950 | £ 1,359,202 |
| | Overall Total | £ 7,702,775 | £ 7,248,450 | £ 14,951,225 |

NB1) Economic Development are assessing the suitability of the UK Government Levelling Up Partnership Fund to fund the buildings.

NB2) Rural Growth Deal funding is already proposed for the development of the UAV (Drone) Hub on plot 3A but this is the subject of a separate, but linked, business case.

PROPOSED OCCUPIERS

- 4.15 Site 1 - TSL Contractors Limited (TSL)

TSL Contractors Limited (TSL) <https://www.tslcontractors.co.uk/> are the first interested party. The company has been operating in Argyll for over 35 years and operates from Mull and Oban delivering building, construction and civil engineering services and also operates helicopters and undertakes road haulage. Employing over 90 people the company is a significant local employer



| PLANNING CELL | | |
|---------------|-------------|------|
| No. | Description | Date |

| | |
|---|----------|
| TSL Contractors Ltd | |
| Oban Airport Depot | |
| Volume | |
| Date | 15.08.22 |
| Drawn by | JGS |
| 2021 010 - 011 | |
| Scale | |
| <small> This drawing is the property of TSL Contractors Ltd. It is to be used for the project only and is not to be reproduced or used for any other purpose without the written consent of TSL Contractors Ltd. </small> | |
| | |

4.17 Site 2A - Bristow Helicopters Ltd (BHL)

During 2022 the Estates team had been working with a helicopter company who were bidding for the UK Search & Rescue second generation contract (UKSAR2G). Ultimately they were not successful but following the contract award Estates approached the successful bidder Bristow Helicopters Ltd (BHL) to promote Oban Airport. This has resulted in Oban Airport being selected as their preferred option for the new base.

4.18 BHL have now signed a legally binding letter of intent for Site 2A as the location for their new Search and Rescue base and intend to be operational by 2026. An indicative layout of their proposal is shown below.

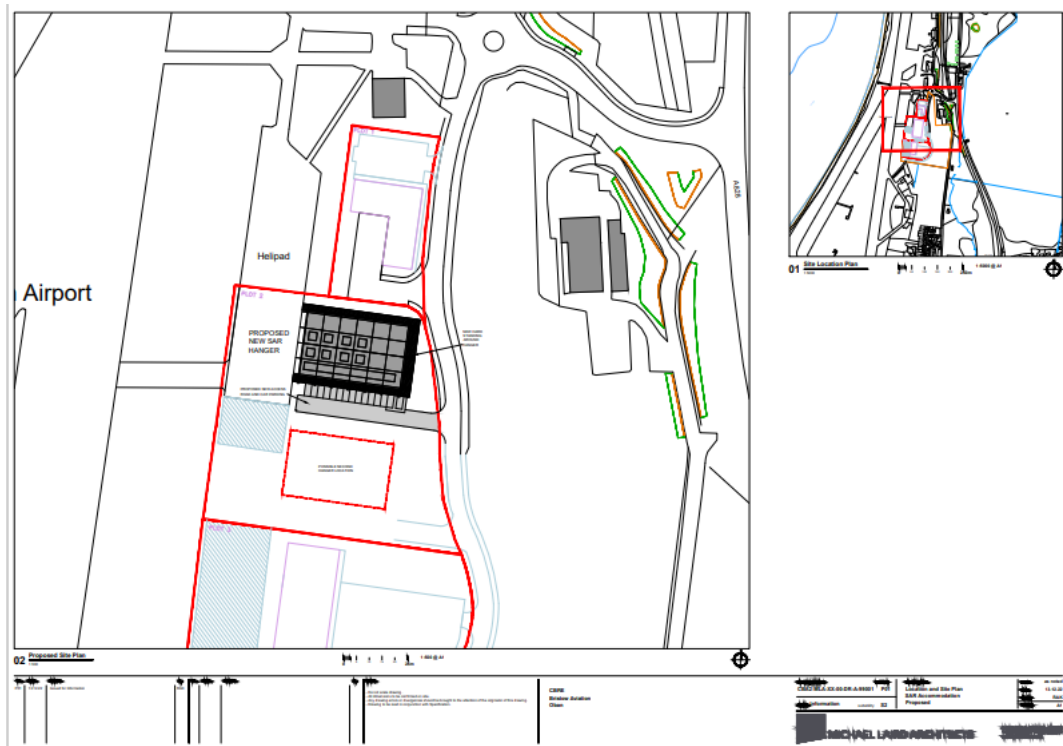
4.19 BHL are also one of the world's leading providers of vertical flight solutions and have advised that they are keen to participate in the UAV Hub which the council is developing a business case for as outlined below.



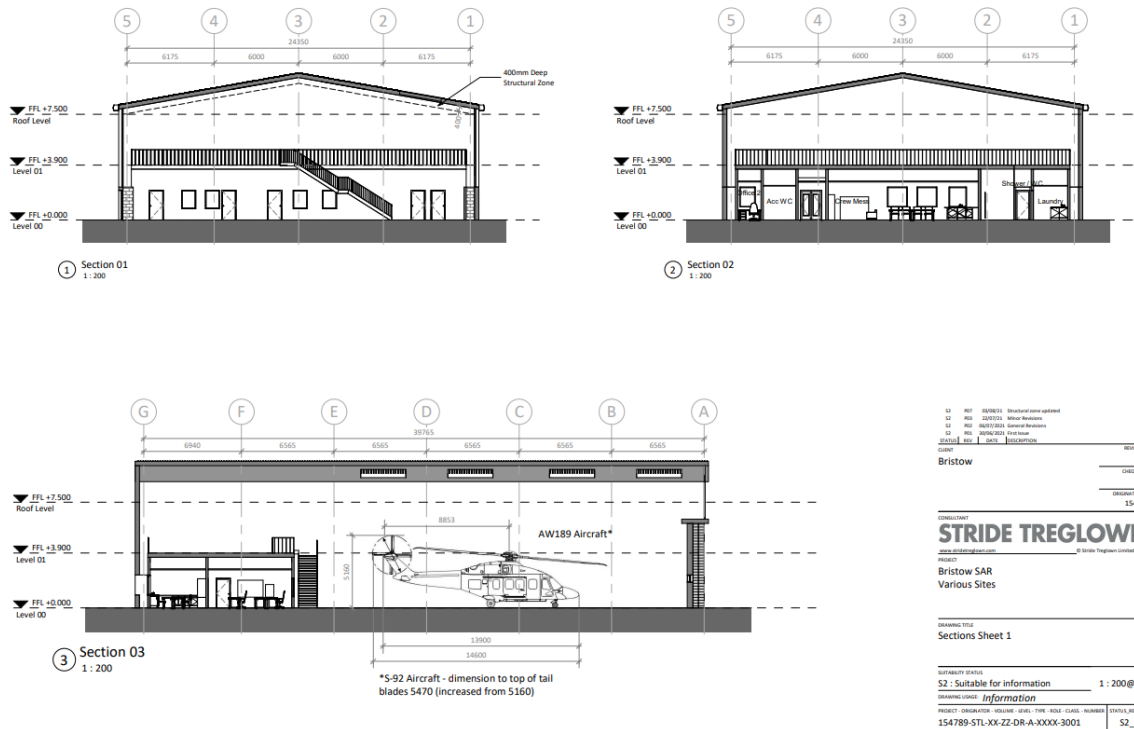
Global Leader in Vertical Flight

AAM Solutions for Scotland – Partnering on a Feasibility Study with Oban Airport

September 2023



Responsibility is not accepted for errors made by others in using this drawing.
All dimensions are in millimetres unless otherwise stated.



4.20 Site 3A - Unmanned Aerial Vehicle (UAV) HUB

As part of the Rural Growth Deal officers from Economic Development are working with Stantec on the outline business case for the development of infrastructure to allow the airport to become a leading innovative research and development centre for Unmanned Aerial Vehicle (UAV) technologies and a new marine compliance base on the west coast of Scotland. This would create the UK's first dedicated drone training centre with indoor facilities specialising in developmental, test and operational facility for (UAV) technologies. This could also be a joint venture with Scottish Association for Marine Science located close to the airport.

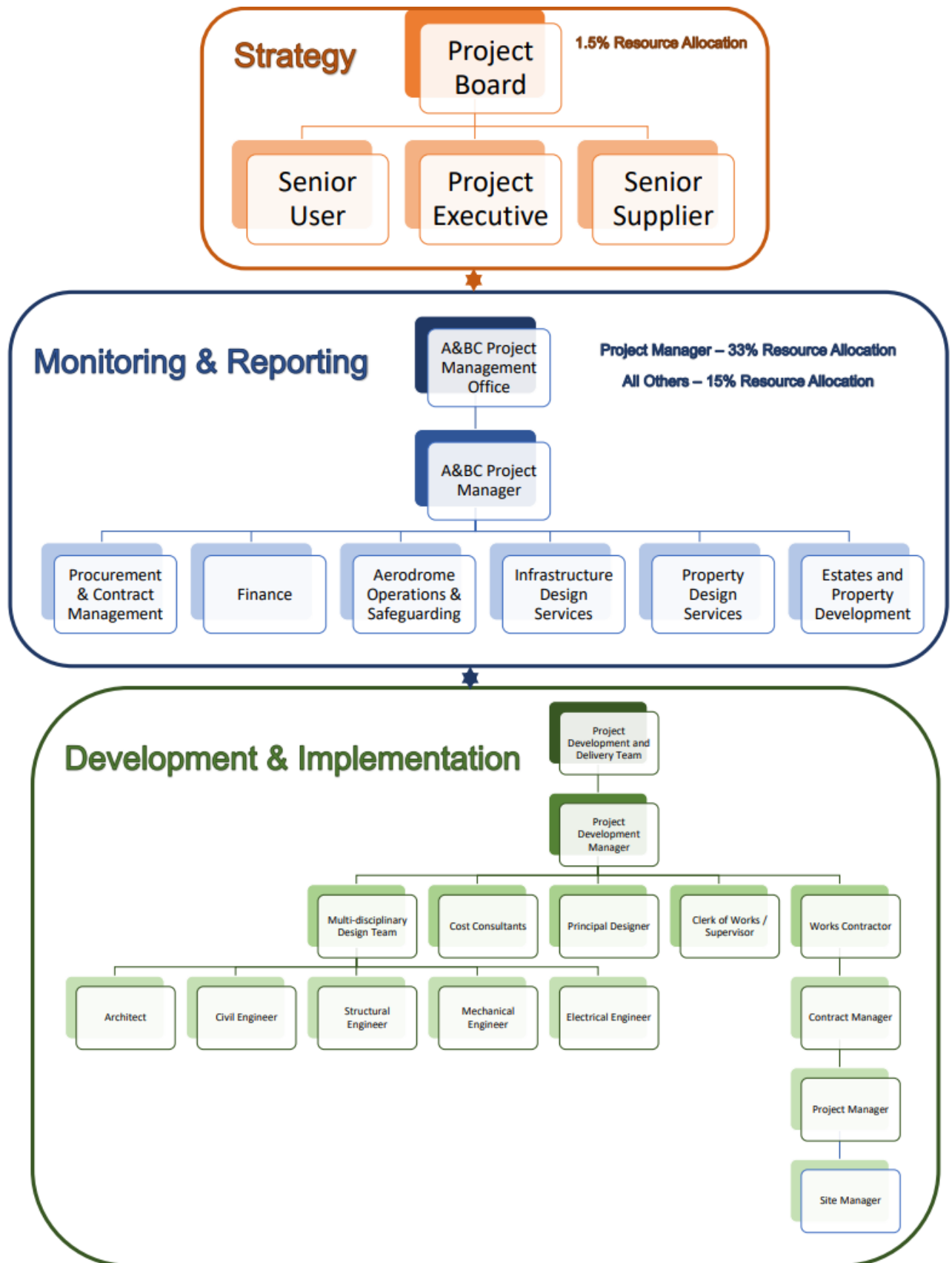
4.21 While there will be a number of common issues between this project and the other plots such as shared servicing, utilities and access roads the funding for the actual building is not proposed to come from the council, as it is part of the Rural Growth Deal. Therefore, it will not form part of any potential business case for investment in buildings proposed for plots 1 and 2 but will be part of the infrastructure business case.



5.0 PROJECT RESOURCES

- 5.1 Additional resources will be required to deliver this project in the form of the establishment of a Project Management Office (PMO) with Hub North Scotland providing strategic support. The request for drawdown of borrowing of £1.6m for the development of a Full Business Case and associated fees will assist to deliver this function but also contribute to early project costs.
- 5.2 The proposed arrangement of the PMO is outlined below and outlines the significant resources which will be required to deliver a project of this scale. The intention is to follow a similar approach as was used to deliver other large projects such as Helensburgh Leisure Centre.
- 5.3 The proposal is to have the TIF Project Board retain overall strategic control over the project. Below this a Project Management Office (PMO) will be responsible for the Monitoring and Reporting level and will be led by a Project Manager with around 33% of his time allocated to the project. The Project Manager will be supported by Officers from the other relevant teams noted in the structure and it is anticipated that this will involve around 15% of their time on average.
- 5.4 The Delivery & Implementation of the project will be an external resource managed by Hub North Scotland. They will lead on the day to day delivery of the project and will procure the specialist services outlined in the structure below to implement the project. The PMO (council officers) will monitor and review the work of the delivery team based on each of their areas of specialism to ensure council oversight of the project and will report updates to the TIF Project Board.

OUTLINE STRUCTURE FOR OABP PROJECT MANAGEMENT



6.0 CONCLUSIONS

- 6.1 The development of Oban Airport Business Park is an ambitious project. The Outline Business Case outlines, that while there is demand from businesses to be located at the site, there is a market failure due to the high costs of development.
- 6.2 The Tax Incremental Finance (TIF) programme offers an opportunity to address this by providing the funding to develop the infrastructure to allow the site to be developed.
- 6.3 Alongside this investment in infrastructure officers will also progress the business case for further investment in the site to provide accommodation for the businesses outlined within the report alongside the UAV (Drone) Hub proposed to be funded through the Rural Growth Deal.

7.0 IMPLICATIONS

- 7.1 Policy – None.
- 7.2 Financial – The request for £8.05m of funding from the TIF programme is significant but the modelling demonstrates it is affordable as outlined in the report. Further funding from additional sources for other elements of the project will also require to be clarified.
- 7.3 Legal - The terms and conditions of transactions arising from this project are intended to be delegated to the Executive Director of Customer Services.
- 7.4 HR – There will be additional resource requirements as the project moves into the delivery phase as outlined in the report.
- 7.5 Fairer Scotland Duty
 - 7.5.1 Equalities – None.
 - 7.5.2 Socio economic Duty – None
 - 7.5.3 Islands – Oban Airport provides lifeline services to the islands and supporting the development of a Mull based business and services including emergency search and rescue response will enhance this. The development of UAV technology also has the opportunity to improve connections to the islands.
- 7.6 Climate Change – Aviation in general is increasingly viewed as a climate change risk. However the services proposed to be developed at Oban Airport are mainly lifeline services rather than recreational or tourism related and some of the new UAV technology under consideration could reduce the need for traditional aviation thereby reducing the carbon footprint of the airport. In addition Oban provides a central location for search & rescue functions which could reduce the flying time of operational activity.

- 7.7 Risk – There are risks from undertaking the development such as cost overruns, unforeseen abnormal costs, statutory approvals and timescale pressure. However there are also risks from not undertaking the development such as stagnating growth, the decline of the airport and the loss of grant funding.
- 7.8 Customer Service – None.
- 7.9 The Rights of the Child (UNCRC) – As part of the community engagement process, sessions were undertaken with the local schools to seek the pupil's views on the project. It is also intended that the skatepark will be reinstated on the site, unless a suitable alternative location is provided, and this will also provide an opportunity to develop facilities for local and visiting young people.

Douglas Hendry, Executive Director with responsibility for Commercial Services
Kirsty Flanagan, Executive Director with responsibility for Development and Economic Growth
Councillor Ross Moreland – Policy Lead, Finance and Commercial Services
Council Leader Jim Lynch – Policy Lead, Rural Growth Deal & Strategic / Major Regeneration

9th April 2024

For further information contact:

Adrian Jackson-Stark
Oban Lorn Arc Regeneration Project Manager
Adrian.jackson-stark@argyll-bute.gov.uk
01631 567970

David Allan
Estates & Property Development Manager
The Helensburgh and Lomond Civic Centre
david.allan@argyll-bute.gov.uk
01436 657 620

APPENDICES

Appendix 1 – Outline Business Case

Appendices within Outline Business Case:

Appendix A – Property market review
Appendix B – Valuation report
Appendix C – Feasibility cost review

NB) Appendices D (Risk Register) and E (Subsidy control compliance) are still to be completed.

NOT FOR PUBLICATION by virtue of paragraph(s) 6
of Schedule 7A of the Local Government(Scotland) Act 1973

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Policy and Resources Committee Work Plan 2024-2025

| This is an outline plan to facilitate forward planning of reports to the Policy and Resources Committee. | | | | | |
|--|---|---|--------------------------|-----------------|--|
| Date | Report Title | Dept/Section | How Often? | Date Due | Comments |
| 9 May 2024 | Budget Outlook | Financial Services | | 9 April 2024 | |
| | Customer Services Strategy 2024-27 | Customer Support Services | | | Email from S Sinclair dated 10/04/2024 |
| | Rothsay Pavilion Update | Commercial Services / Development and Economic Growth | | | Agreed Special Council 22/02/2024 |
| | LACER Small Business Support: Digital Reviews | Development and Economic Growth | | | |
| | Latest Update on the Clipper Round the World Race Oban Stopover Actions | Development and Economic Growth | | | Email from S Sinclair dated 10/04/2024 |
| | Levelling Up Partnership Process | Development and Economic Growth | | | |
| | Lorn Arc TIF Programme - Oban Airport Business Park – Outline Business Case | Commercial Services / Development and Economic Growth | | | |
| Date | Report Title | Dept/Section | How Often? | Date Due | Comments |
| 15 August 2024 | Financial Report Monitoring Pack | Financial Services | Every meeting except May | 16 January 2024 | |
| | Budget Outlook | Financial Services | | | |

Policy and Resources Committee Work Plan 2024-2025

| This is an outline plan to facilitate forward planning of reports to the Policy and Resources Committee. | | | | | |
|--|---|------------------------------|------------|-------------------|----------------|
| | Community Empowerment (Scotland) Act 2015 – Update on Expressions of Interest / Asset Transfer Requests | Commercial Services | | | |
| | Corporate Debt Recovery Policy/Sundry Debt Procedure Manual – Fergus Walker | Financial Services | | | Moved from May |
| | Area Plans | Chief Executive | | | Moved from May |
| Date | Report Title | Dept/Section | How Often? | Date Due | Comments |
| 10 October 2024 | Financial Report Monitoring Pack | Financial Services | | 10 September 2024 | |
| | Budget Outlook | Financial Services | | | |
| Date | Report Title | Dept/Section | How Often? | Date Due | Comments |
| 5 December 2024 | Financial Report Monitoring Pack | Financial Services | | 5 November 2024 | |
| | Budget Outlook | Financial Services | | | |
| | Budget Update 2025/26 | Financial Services | | | |
| | Annual Review of Procurement Strategy and Sustainable Procurement Policy | Legal and Regulatory Support | | | |
| Date | Report Title | Dept/Section | How Often? | Date Due | Comments |

Policy and Resources Committee Work Plan 2024-2025

| This is an outline plan to facilitate forward planning of reports to the Policy and Resources Committee. | | | | | |
|---|---|---------------------------------|--------------------------|-----------------|---|
| 13 February 2025 | Financial Report Monitoring Pack | Financial Services | Every meeting except May | 14 January 2025 | |
| | Budget 2024-2025 | Financial Services | | | |
| | Treasury Management Strategy and Investment Strategy | Financial Services | | | |
| Future Items – Date to be determined. | | | | | |
| | Key Performance Indicators FQ2 – 2022/2023 – changing to Corporate Outcome Indicators | Customer Support Services | Annual | | |
| | Historic Environment Scotland Heritage and Place Programme – Opportunity for Place Based Heritage Funding | Development and Economic Growth | | | |
| | UK Shared Prosperity Fund – Argyll and Bute Investment Plan | Development and Economic Growth | | | Regular updates to be provided. Agreed 11.08.2022 |
| | Rothesay Pavilion - Rural Growth Deal | Development and Economic Growth | | | Update to be provided following approval of the Rural Growth Deal Full Business Case by the UK and Scottish Government. |
| | Single Authority Model Update | | | | 07.12.23 Agreed further report to be provided following the completion of work to articulate the benefits and key objectives associated with each option. |

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