



12 March 2015

NOTICE OF MEETING

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 19 MARCH 2015** at **11:00 AM**, or at the conclusion of the Special Meeting of Argyll and Bute Council, whichever is the later, which you are requested to attend.

Douglas Hendry
Executive Director - Customer Services

BUSINESS

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
3. **MINUTES**
Policy and Resources Committee held on 5 February 2015 (Pages 1 - 6)
4. **FINANCIAL MONITORING PACK AS AT 31 JANUARY 2015**
Reports by Head of Strategic Finance (Pages 7 - 134)
 - Revenue Budget Monitoring Report as at 31 January 2015
 - Monitoring of 1% Savings for 2014-15 and 2015-16
 - Monitoring of Financial Risks
 - Reserves and Balances
 - Capital Plan Monitoring Report as at 31 January 2015
 - Treasury Monitoring Report as at 31 January 2015
5. **PERFORMANCE REPORT FQ3 2014-15**
Report by Executive Director – Customer Services (Pages 135 - 144)
6. **ARGYLL AND BUTE COUNCIL EQUALITIES MAINSTREAMING REPORT AND PROGRESS ON EQUALITY OUTCOMES 2015**
Report by Executive Director – Customer Services (Pages 145 - 242)

- * **7. REVISED REDUNDANCY POLICY AND PROCEDURES**
Report by Executive Director – Customer Services (Pages 243 - 252)
- 8. INFORMATION MANAGEMENT STRATEGY**
Report by Executive Director – Customer Services (Pages 253 - 282)
- 9. 2015 - 2019 CUSTOMER SERVICE STRATEGY**
Report by Executive Director – Customer Services (Pages 283 - 360)
- 10. SCOTTISH GOVERNMENT FUNDING FOR WELFARE REFORM AND DISCRETIONARY HOUSING PAYMENTS - REPORT ON SPEND TO DATE AND FUTURE PROPOSALS**
Report by Executive Director – Customer Services (Pages 361 - 370)
- 11. COUNCIL TAX ON EMPTY PROPERTIES**
Report by Executive Director – Customer Services (Pages 371 - 380)
- 12. COUNTER FRAUD TEAM - BUSINESS CASE**
Report by Executive Director – Customer Services (Pages 381 - 396)
- 13. DIRECT PAYMENTS POLICY AND PROCEDURAL GUIDANCE FOR STAFF AND MANAGERS 2014**
Report by Executive Director – Community Services (Pages 397 - 444)
- 14. MEMBERSHIP OF THE PROPOSED SCOTTISH LOCAL AUTHORITY BUSINESS LOAN FUND**
Report by Executive Director – Development and Infrastructure Services
(Pages 445 - 454)
- 15. ASSESSMENT PROCESS FOR ADDITIONAL FUNDING REQUESTED AS PART OF REVENUE BUDGET 2015/16**
 - (a) **ASSESSMENT PROCESS FOR ADDITIONAL FUNDING**
Report by Head of Strategic Finance (Pages 455 - 462)
 - (b) **ASSESSMENT OF EXTERNAL FINANCIAL REQUEST - KILMARTIN MUSEUM**
Report by Executive Director – Development and Infrastructure Services
(Pages 463 - 474)
(Copies of the Business Case will be made available for Elected Members' perusal in the Members Room)
- 16. POLICY AND RESOURCES COMMITTEE WORKPLAN**
Report by Executive Director – Customer Services (Pages 475 - 482)
- 17. LORN ARC TAX INCREMENTAL FINANCING (TIF) ASSET PROJECT 1 - LORN ROAD/KIRK ROAD IMPROVEMENTS - DUNBEG START UP REPORT**
 - (a) **REPORT BY EXECUTIVE DIRECTOR - DEVELOPMENT AND INFRASTRUCTURE SERVICES** (Pages 483 - 488)
 - (b) **APPENDIX ONE** (Pages 489 - 490)

- E2 18. MAJOR CAPITAL REGENERATION PROJECTS - UPDATE REPORT AS AT 20 FEBRUARY 2015**
Report by Executive Director – Development and Infrastructure Services
(Pages 491 - 508)
- E3 19. NEW SCHOOLS REDEVELOPMENT PROJECT- CAMPBELTOWN, OBAN, KIRN, DUNOON**
Report by Executive Director – Community Services (Pages 509 - 584)
(A3 copies of the associated appendices will be available for Elected Members' perusal in the Members Room. Members may also request a copy to be emailed to them on a confidential basis through Committee Services)
- E4 20. HELENSBURGH OFFICE PROJECT UPDATE**
Report by Executive Director – Customer Services (Pages 585 - 590)
- E5 21. COASTAL EROSION AT FURNACE**
Report by Executive Director – Development and Infrastructure Services
(Pages 591 - 600)

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 paragraphs are:-

- E1&E4 Paragraph 8** The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.
- Paragraph 9** Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.
- E2&E3 Paragraph 8** The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.
- E5 Paragraph 6** Information relating to the financial or business affairs of any particular person (other than the authority).

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.

POLICY AND RESOURCES COMMITTEE

Councillor Dick Walsh (Chair)
Councillor Vivien Dance
Councillor Alistair MacDougall
Councillor Roderick McCuish
Councillor Ellen Morton
Councillor Douglas Philand
Councillor Len Scoullar
Councillor Sandy Taylor

Councillor Robin Currie
Councillor Donald Kelly
Councillor Duncan MacIntyre
Councillor Aileen Morton
Councillor Gary Mulvaney
Councillor James Robb
Councillor Isobel Strong
Councillor Richard Trail

Contact: Hazel MacInnes Tel: 01546 604269

**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL
CHAMBERS, KILMORY, LOCHGILPHEAD
on THURSDAY, 5 FEBRUARY 2015**

Present: Councillor Dick Walsh (Chair)

Councillor Robin Currie	Councillor Douglas Philand
Councillor Vivien Dance	Councillor James Robb
Councillor Donald Kelly	Councillor Len Scoullar
Councillor Alistair MacDougall	Councillor Isobel Strong
Councillor Roderick McCuish	Councillor Sandy Taylor
Councillor Aileen Morton	Councillor Richard Trail
Councillor Ellen Morton	

Also Present: Councillor Rory Colville
Councillor George Freeman
Councillor Bruce Marshall

Attending: Sally Loudon, Chief Executive
Douglas Hendry, Executive Director – Customer Services
Pippa Milne, Executive Director – Development and Infrastructure Services
Cleland Sneddon, Executive Director – Community Services
Bruce West, Head of Strategic Finance
Jane Fowler, Head of Improvement and HR
Donald MacVicar, Head of Communities and Culture
Patricia O'Neill, Central Governance Manager
Anna Watkiss, Development Support Officer

1. APOLOGIES FOR ABSENCE

Apologies for absence were intimated from Councillors Duncan MacIntyre and Gary Mulvaney.

2. DECLARATIONS OF INTEREST

Councillor James Robb declared a non financial interest in the report on the Review of All Weather Pitch Charges as a member of his family has played on the pitch at Ardencaple. He advised that he did not feel the interest was significant and remained in the room when this report was discussed at item 8 of this Minute.

Councillor Aileen Morton declared a non financial interest in the report on the Review of All Weather Pitch Charges as a member of her family has played on facilities at Hermitage. She advised that she did not feel the interest was significant and remained in the room when this report was discussed at item 8 of this Minute.

Councillor Roderick McCuish declared a non financial interest in the report on the Review of All Weather Pitch Charges as he has made use of these facilities. He advised that he did not feel the interest was significant and remained in the room when this report was discussed at item 8 of this Minute.

The Chair advised that he had received a request from the Mid Argyll, Kintyre and the Islands Area Committee that the Policy and Resources Committee consider an urgent item. He stated that as significant further information was required this would be referred directly to the Council budget meeting for consideration along with the other business relating to the Single Outcome Agreement.

3. MINUTES

The Minutes of the Policy and Resources Committee of 18 December 2014 were approved as a correct record subject to the following amendment:-

Item 19 CHORD Programme and Major Capital Regeneration Projects – Highlight Report as at 5 December 2014

Decision 1 – “CHORD Projects” to be amended to “CHORD and Major Capital Regeneration Projects”.

Decision 2 – “CHORD progress reports” to be amended to “CHORD and Major Capital Regeneration progress reports”

4. STRATEGIC RISK REGISTER - 6 MONTHLY REVIEW

Consideration was given to a report which reviewed the recently agreed Strategic Risk Register as per the agreed 6 monthly reporting cycle.

Decision

Noted the content of the updated Strategic Risk Register and agreed that arrangements be made to hold a workshop/seminar for Members on the Strategic Risk Registrar in advance of a future Policy and Resources Committee meeting.

(Reference: Report by Head of Strategic Finance, submitted)

*** 5. PLANNING AND BUDGETING PACK 2015 - 2016**

(a) PACK 1 SERVICE PLANS

A report presenting the 2015-16 Service Plans for the 12 Council services was considered. The plans included the resources available to the service, the outcomes that will be delivered with these resources, the associated risks, and the success measures that enable the Council to monitor progress.

Decision

Approved the full suite of Service Plans 2015-16 for submission to the Council meeting on 12 February 2015.

(Reference: Report by Executive Director – Customer Services and Service Plans for 2015-16, submitted)

(b) PACK 2 REVENUE BUDGET

Consideration was given to the full package of papers included in the budget

pack in relation to the Revenue Budget for 2015-2016. The budget pack included Revenue Budget Overview, Revenue Budget Fees and Charges, Revenue Budget Monitoring Report, Financial Risks Analysis, and Reserves and Balances.

Decision

The Committee:-

1. agreed to refer this item, without recommendation, for consideration by the Council at their meeting on 12 February 2015; and
2. noted that if Members wished further information on the income raised from fees and charges this could be obtained direct from the Head of Strategic Finance.

(Reference: Report by Head of Strategic Finance dated 27 January 2015 and Revenue Budget Pack for 2015-2016, submitted)

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

Consideration was given to the Treasury Management Strategy and Annual Investment Strategy 2015-16.

Decision

Approved the Treasury Management Strategy and Annual Investment Strategy 2015-16 for submission to the Council on 12 February 2015.

(Reference: Report by Head of Strategic Finance dated 28 January 2015 and Treasury Management Strategy and Annual Investment Strategy 2015-16, submitted)

7. EXECUTIVE SUMMARY AND INTRODUCTORY REPORT - FINANCIAL REPORT MONITORING PACK - DECEMBER 2014

Consideration was given to the financial reports monitoring pack as at 31 December 2014. The financial reports monitoring pack consisted of seven reports including revenue budget monitoring report, monitoring of 1% savings for 2014/15 and 2015/16, update to 2015/16 budget, monitoring of financial risks, reserves and balances, capital plan monitoring report and treasury monitoring report.

Decision

The Committee noted:-

1. the revenue budget monitoring report as at 31 December 2014;
2. the progress towards the 1% savings target for 2014-15 and 2015-16;
3. the updates to the 2015-16 budget as at 31 December 2014;
4. the current assessment of the Council's financial risks;

5. the overall level of reserves and balances and monitoring of earmarked reserves;
6. the change in profile as detailed in paragraphs 3.3.6 to 3.3.9 in the reserves and balances report;
7. the capital plan monitoring report as at 31 December 2014; and
8. the treasury monitoring report as at 31 December 2014.

(Reference: Report by Head of Strategic Finance dated 27 January 2015, submitted)

*** 8. REVIEW OF ALL WEATHER PITCH CHARGES**

A report which outlined the current charging position for Argyll and Bute Council's synthetic pitches and made recommendations to standardise these within the Council's Fees and Charging policies was considered.

Decision

The Committee agreed to refer this item without recommendation to the Council noting that further detailed information would be provided to Members at this meeting.

(Reference: Report by Executive Director – Community Services dated 22 January 2015, submitted)

9. AUDIT SCOTLAND/ACCOUNTS COMMISSION ACTION PLAN UPDATE

A report providing an update on the Audit Scotland action plan, which was most recently approved by Members at the full Council held on 25 September 2014 following a further visit from Audit Scotland in April 2014, was considered.

Decision

Noted the contents of the report and the updated action plan which outlined the progress that has been made.

(Reference: Report by Executive Director – Customer Services dated December 2014 and Action Plan update as at 20 November 2014, submitted)

10. POLICY AND RESOURCES COMMITTEE WORK PLAN 2014 - 15

The Committee considered the outline work plan to facilitate forward planning of reports to the Policy and Resources Committee.

Decision

Noted the outline work plan.

(Reference: Report by Executive Director – Customer Services dated 5 February 2015, submitted)

11. REVIEW OF THE ARGYLL AND BUTE GUIDANCE ON COMMUNITY BENEFITS FROM ONSHORE RENEWABLE ENERGY

Consideration was given to a report advising of the work undertaken in reviewing and updating the current Council policy in relation to community benefit from renewable energy developments and seeking approval of the principles contained within the draft Framework to allow further consultation to be undertaken.

Decision

The Committee:-

1. noted the contents of the report and the review process which has been undertaken;
2. approved the principles within the draft Framework contained at Appendix 1; and
3. agreed that the draft Framework be subject to a period of consultation with key partners and communities including Argyll and Bute Renewables Alliance and the Community Planning Partnership with the final document being reported to appropriate Committees for approval in Spring/Summer 2015.

(Reference: Report by Executive Director – Development and Infrastructure Services, submitted)

12. DIGITAL INFRASTRUCTURE UPDATE

Consideration was given to a report which provided an update in relation to the digital infrastructure projects which were ongoing across Argyll and Bute. The report included updates in relation to broadband and mobile communication improvements.

Decision

The Committee:-

1. noted the content of the report; and
2. agreed that Officers write to the Scottish Government and COSLA to request that sufficient extension funding is allocated to ensure that coverage levels within Argyll and Bute match the Scotland wide action plan to “put in place infrastructure that will have the capacity to deliver next generation broadband to 95% of premises by 2017, and a significant uplift in speeds for the remaining areas”.

(Reference: Report by Executive Director – Development and Infrastructure Services, submitted)

13. LORN ARC TAX INCREMENTAL FINANCING (TIF) ASSET PROJECT 9 - EXISTING ACCESS IMPROVEMENTS AND BUSINESS PARK ENABLEMENT, OBAN AIRPORT START UP PROJECT

A report outlining the background to the Lorn Arc Tax Incremental Financial (TIF) programme and requesting approval of a start-up budget to enable Project 9 at Oban Airport to be taken to full business case was considered. The Programme Initiation

Document (PID), which received approval from Council on 22 January 2015, sets out the governance for the programme and states that project start-ups and development costs are to be reported to the Policy and Resources Committee for their approval.

Prior to taking a decision the Committee resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public to allow discussion of the detail within the Appendix to the report on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 8 and 9 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

Decision

The Committee:-

1. approved the drawdown of borrowing for a total of £95,550 for the development of a Full Business Case for Lorn Arc Project 9 – Existing Access Improvements and Business Park Enablement, Oban Airport, noting that these resources will be held in a defined budget and managed as detailed in the Lorn Arc Programme PID; and
2. noted that the Full Business Case for Project 9 will be reported to a future Oban, Lorn and the Isles Area Committee and Policy and Resources Committee before moving to the implementation stage.

(Reference: Report by Executive Director – Development and Infrastructures Services and Exempt Appendix to the report, submitted)

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****19 MARCH 2015**

EXECUTIVE SUMMARY AND INTRODUCTORY REPORT - FINANCIAL REPORT MONITORING PACK – JANUARY 2015

1. INTRODUCTION

- 1.1 This report introduces the full package of papers included in the financial reports monitoring pack. There are six reports included within the financial reports monitoring pack as follows:
- Revenue Budget Monitoring Report as at 31 January 2015
 - Monitoring of 1% Savings for 2014-15 and 2015-16
 - Monitoring of Financial Risks
 - Reserves and Balances
 - Capital Plan Monitoring Report as at 31 January 2015
 - Treasury Monitoring Report as at 31 January 2015
- 1.2 Revenue Budget Monitoring Report – this report provides a summary of the current revenue budget monitoring position to ensure net expenditure is contained within budget. It provides corporate and departmental information with comparisons on a forecast outturn and a year to date basis. The projected year end outturn at 31 January 2015 is an overall underspend of £0.841m. The Council agreed at the Council meeting on 12 February to approve a three year funding provision of £70,000 to Advice Services and this was to be funded from the underspend in 2014-15. The revised underspend is therefore, £0.771m. There are overspends in respect of adult care, refuse collection and coastal protection works, shortfall in car parking income, unrecoverable costs for dangerous buildings, winter maintenance, additional holiday pay costs and severance. These overspends are offset by savings within school and public transport, a significant saving in respect of utility costs, an underspend within early years, over recovery of vacancy savings, increased Council Tax income due to increased collections in older years.
- 1.3 Monitoring of 1% Savings for 2014-15 and 2015-16 – this report provides a summary of the progress towards the savings target for 2014-15 and 2015-16. The budget savings required for 2014-15 based on 1% savings are £1.822m all savings have been secured with no policy implications. Services have now identified savings for 2015-16. £2.312mm (63.5%) of savings options for 2015-16 are already secured or being implemented. The remaining £1.332m (36.5%) are being developed. £1.032m of the savings options being developed have no policy implications. One saving option has policy implications (saving ref EDUC07).
- 1.4 Monitoring of Financial Risks - this report outlines the process and approach developed in carrying out a financial risks analysis and provides

an update on the current assessment of financial risks. Whilst a total of 58 financial risk areas have been identified only 10 are classed as likely with a potential impact of £2.561m. These will continue to be monitored and action taken to mitigate or manage these risks.

- 1.5 Reserves and Balances – this report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves. The Council has usable reserves of £48.526m. Most of these are earmarked for specific purposes. The General Fund contingency level remains at 1.5% of net expenditure. There is currently an estimated surplus over contingency of £10.380m and this is being directed towards the delivery of the Single Outcome Agreement.
- 1.6 Capital Plan Monitoring Report – this report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance. Year to date expenditure is ahead of budget by £2.561m. The forecast outturn for the year is additional expenditure of £2.533m as a result of additional income and funding transferred from leasing. There are 5 projects classed as off track.
- 1.7 Treasury Monitoring – this report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments. There have been no significant new borrowings or repayments in the period to January. Borrowing is estimated to be around £22.3m below the capital financing requirement by 31 March 2015. Investments at 31 January were £54.0m with a return for the last quarter of 0.666% compared to the average 7 day rate of 0.354%.

2. RECOMMENDATIONS

- 2.1 Members to note the revenue budget monitoring report as at 31 January 2015
- 2.2 Members to note the progress towards the 1% savings target for 2014-15 and 2015-16 and to approve the policy option referenced EDUC07.
- 2.3 Members to note the current assessment of the Council's financial risks.
- 2.4 Members to note the overall level of reserves and balances and note the monitoring of the earmarked reserves. Members to note the change in profiles as noted in paragraphs 3.3.6 to 3.3.11 in the reserves and balances report.
- 2.5 Members to note the capital plan monitoring report as at 31 January 2015
- 2.6 Members to note the treasury monitoring report as at 31 January 2015.

3. IMPLICATIONS

- | | | |
|-----|--------------------|--|
| 3.1 | Policy – | None. |
| 3.2 | Financial - | Outlines the revenue and capital monitoring for 2014-15 as at 31 January 2015.
Good progress is being made in respect of the 1% savings target. |
| 3.3 | Legal - | None. |
| 3.4 | HR - | Individual savings may have human resource implications and these would have been discussed with the Trade Unions. |
| 3.5 | Equalities - | Individual savings may have equality implications and equality impact assessments would have been carried out where required. |
| 3.6 | Risk - | Details of financial risks are included within the report. |
| 3.7 | Customer Service - | None. |

Steve Barrett
Interim Head of Strategic Finance
17 February 2015

Overall Position:

- The current forecast outturn position is a projected underspend of £841k, the previously reported position in the December period was a projected overspend of £202k, reflecting a £639k increase to the previously reported underspend. Of this underspend £70k was approved to be earmarked at the Council budget meeting in February 2015 to support advice centres over the next 3 years. Therefore the adjusted projected underspend position is an underspend of £771k.
- There is a year to date deficit of £130k with the profiled Year to Date budget being less than the Year to Date expenditure.

Key Highlights for January 2015:

- In the January period the adjusted projected year-end outturn position is an underspend of £771k, this position will be monitored and any changes reported through monthly budget monitoring.
- The year to date variance has decreased from a year to date deficit of £981k in December to a year to date deficit of £130k in December, further information on year to date variances is included in the departmental financial summaries.

Key Financial Successes:

Departmental expenditure for 2013-14 was kept within budget, with an underspend of £0.842m for controllable spend across departments. The General Fund balance decreased by £2.097m in 2013-14, this is a reduction to the forecast position and includes £10.427m of revenue expenditure funded from the General Fund during 2013-14. This is despite having significant challenges to meet with implementing savings. Departments are on track to meet the savings target for 2014-15 and have developed plans to meet 2015-16 targets.

Key Financial Challenges:

Maintaining favourable year-end balanced position in light of council wide risks to expenditure.

Ongoing requirement to identify savings and the challenges services are faced with in terms of delivering services more efficiently with less resources.

Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.

Spend in service areas which are demand led and to some extent outwith service control, for example Winter Maintenance.

Ongoing requirement to fund unavoidable increases in employee costs, particularly in relation to pay awards, holiday pay entitlements, disturbance payments and changes in rules around pension and national insurance contributions.

Proposed Actions to address Financial Challenges:

Ongoing robust monitoring of the financial position to ensure that any budget issues are fed back to the management team and members through the budget monitoring process.

Continually refine/develop systems to accurately calculate forecast outturns and the future financial outlook.

Actively monitor income recovery as part of routine budget monitoring and ensure Council fees and charges policies are reviewed.

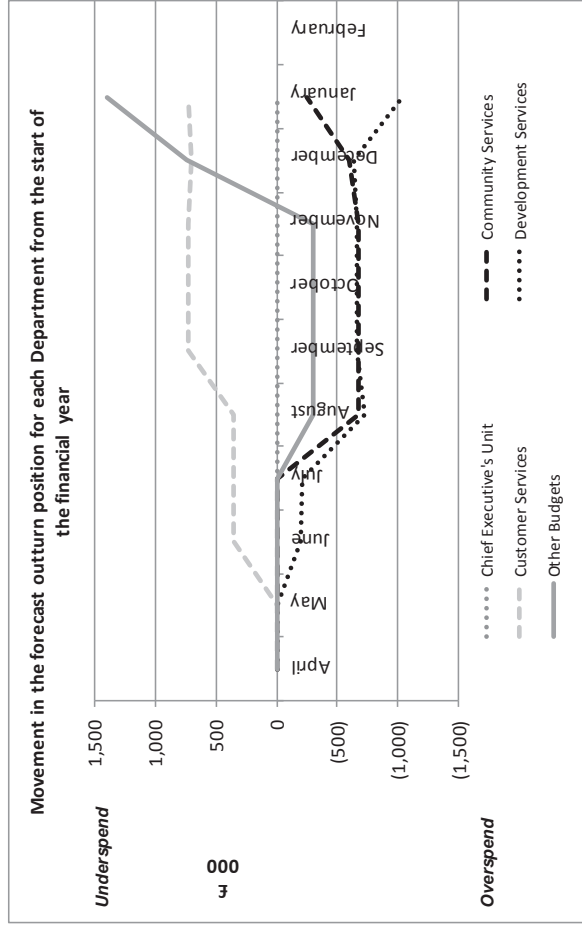
Use risk based approach to budget monitoring to focus additional attention to these areas, ensuring any financial implications are reported as soon as possible.

Ongoing work with HR to ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

Forecast Outturn Position

As at the end of January 2015 the forecast outturn position is a projected underspend of £841k.

Current Forecast Outturn Variance with change from previous month						
Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £'000	Change £000	Explanation
Chief Executive's Unit	2,118	2,118	0	0	0	Forecast overspend within Community Services relates to an overspend within Adult Care as a result of increasing demand and holiday pay costs across services, these are partly offset by a forecast underspend in early years for the expansion of pre school provision. Forecast underspend in Customer Services is mainly in relation to School and Public Transport in addition to over recovery of vacancy savings, other staff savings and savings in Pool Cars and external cleaning and catering contracts. Forecast overspend in Development and Infrastructure relates to remaining unplanned expenditure within Coastal Protection, a shortfall in commercial refuse collection income and car park income, increased costs of Glasgow Scientific Services, holiday pay costs and Winter Maintenance costs all partly offset by increased planning fee and private landlord registration income and an over-recovery of vacancy savings. The forecast underspend in other corporate budgets is in relation to the expected outturn for utility costs across all services, this is a result of lower than expected inflationary increases to costs and the review of utility fund balances held in provisions. In addition there is an expected increase in Council Tax income collections of £500k, mainly in relation to higher collection of previous year billing. Partly offsetting this is an expected overspend of £362k in relation to redundancy and severance costs, no provision was made in the 2014-15 budget to cover these costs.
Community Services	138,658	138,905	(247)	(605)	358	
Customer Services	39,386	38,653	733	703	30	
Development and Infrastructure Services	30,970	32,008	(1,038)	(632)	(406)	
Other Corporate Budgets	37,994	37,101	1,393	736	657	
Total	249,126	248,785	841	202	639	



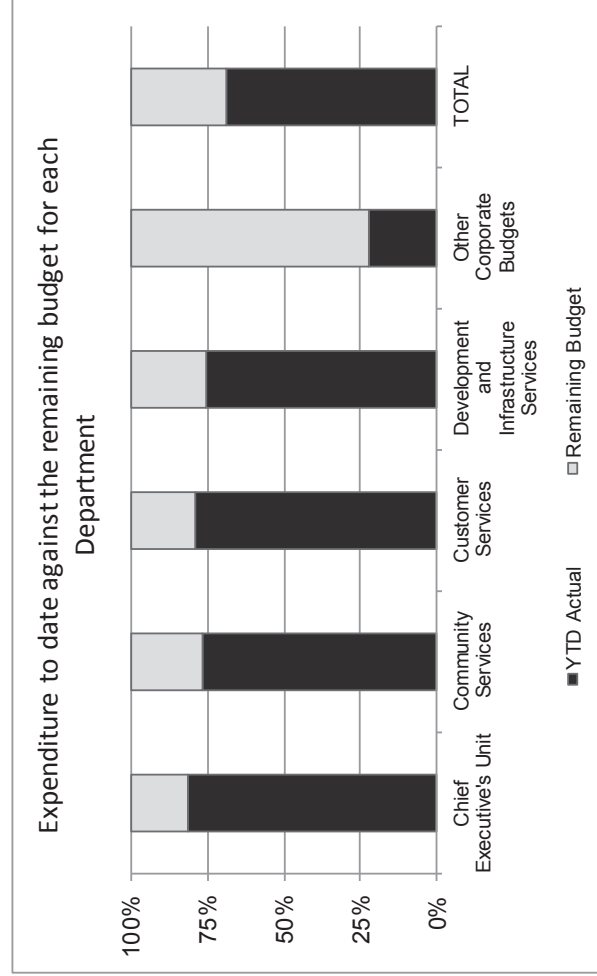
Further information on the departmental forecast outturn variances is included within the attached appendices.

Year to Date Position

As at the end of January 2015 there is a year to date deficit of £130k. The year to date position is not necessarily an indication of the likely year-end position.

The current year to date variance position for each Department:

Department	YTD Budget £'000	YTD Actual Spend £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	1,749	1,725	24	Outwith reporting criteria
Community Services	106,303	106,343	(40)	Outwith reporting criteria
Customer Services	32,156	31,279	877	YTD underspend is mainly due to the year to date underspend on the NPDO contract and School and Public Transport. The School and Public Transport underspend is in line with the forecast outturn position.
Development and Infrastructure Services	22,633	23,409	(776)	YTD overspend position is in line with forecast overspend position for the year end.
Other Corporate Budgets	8,344	8,559	(215)	YTD overspend relates mainly to Agency Accounts held by Development and Infrastructure. These accounts are set up to administer projects that are fully funded by way of grants and contributions and no budgets are created for these.
Total Net Expenditure	171,185	171,315	(130)	



Further information on the departmental year to date variances is included within the attached appendices.

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 31 JANUARY 2015

	YEAR TO DATE POSITION			CURRENT PROJECTED FINAL OUTTURN				
	YTD Budget £'000	YTD Actual £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
<u>Departmental Budgets</u>								
Chief Executives	1,749	1,725	24	1.37%	2,118	2,118	0	0.00%
Community Services	106,303	106,343	(40)	(0.04%)	138,658	138,905	(247)	(0.18%)
Customer Services	32,156	31,279	877	2.73%	39,386	38,653	733	1.86%
Development and Infrastructure Services	22,633	23,409	(776)	(3.43%)	30,970	32,008	(1,038)	(3.35%)
Total Departmental Budgets	162,841	162,756	85	0.05%	211,132	211,684	(552)	(0.26%)
<u>Non-Departmental Budgets</u>								
Other Operating Income and Expenditure	2,749	3,064	(315)	(11.46%)	4,216	3,323	893	21.18%
Joint Boards	1,146	1,010	136	11.87%	1,376	1,376	0	0.00%
Non-Controllable Costs	4,449	4,485	(36)	100.00%	32,402	32,402	0	0.00%
Total Non-Departmental Budgets	8,344	8,559	(215)	(2.58%)	37,994	37,101	893	2.35%
TOTAL NET EXPENDITURE	171,185	171,315	(130)	(0.08%)	249,126	248,785	341	0.14%
<u>Financed By</u>								
Aggregate External Finance	(147,590)	(147,590)	0	0.00%	(206,005)	(206,005)	0	0.00%
Local Tax Requirement	(42,181)	(42,181)	0	0.00%	(40,562)	(41,062)	500	(1.23%)
Contributions to General Fund	0	0	0	0.00%	1,020	1,020	0	0.00%
Deductions from General Fund	0	0	0	0.00%	(15)	(15)	0	0.00%
Revenue Contribution to Capital	0	0	0	0.00%	869	869	0	0.00%
Earmarked Reserves	0	0	0	0.00%	(4,433)	(4,433)	0	0.00%
Total Funding	(189,771)	(189,771)	0	0.00%	(249,126)	(249,626)	500	(0.20%)
Deficit/(Surplus) for Period	(18,586)	(18,456)	(130)		0	(841)	841	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AT 31 JANUARY 2015

	YEAR TO DATE POSITION			CURRENT PROJECTED FINAL OUTTURN				
	YTD Budget £'000	YTD Actual £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
Subjective Category								
Employee Expenses	106,166	107,355	(1,189)	(1.12%)	133,602	133,940	(338)	(0.25%)
Premises Related Expenditure	12,248	11,974	274	2.24%	16,967	15,622	1,345	7.93%
Supplies and Services	15,543	15,407	136	0.87%	24,207	24,246	(39)	(0.16%)
Transport Related Expenditure	10,961	11,208	(247)	(2.25%)	21,126	21,373	(247)	(1.17%)
Third Party Payments	102,005	103,438	(1,433)	(1.40%)	129,428	129,666	(238)	(0.18%)
Capital Financing	0	(1,675)	1,675	0.00%	27,950	27,950	0	0.00%
TOTAL NET EXPENDITURE	246,923	247,707	-784	(0.32%)	353,280	352,796	483	0.14%
Income	265,509	266,163	-654	(0.25%)	353,280	353,637	(358)	(0.10%)
Deficit/(Surplus) for Period	(18,586)	(18,456)	(130)		0	(841)	841	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

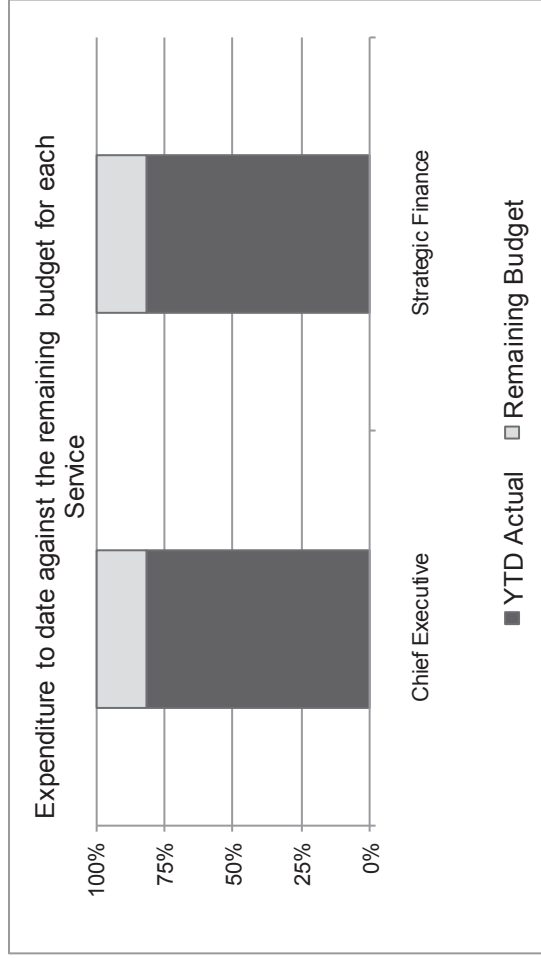
CHIEF EXECUTIVE'S UNIT HIGHLIGHTS – JANUARY 2015

- The department are currently forecasting spend for 2014-15 to be in line with budget, therefore no forecast variance outturns have been reported in the January monitoring period.
- Net expenditure for the year to date spend is £24k less than the profiled to date budget – an underspend to date of 1.37%

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	246	246	0	0	0
Strategic Finance	1,871	1,871	0	0	0
Totals	2,118	2,118	0	0	0

Year to Date Position



Key Financial Successes:

2013-14 year-end outturn position was an underspend of £97k, a forecast underspend was projected as part of routine budget monitoring. All savings for 2014-15 have been secured and plans are in place to achieve the 2015-16 savings.

Key Financial Challenges:

Achieving efficiency and other savings in future years. The department consists of support services, the main assets and costs of a support service are people or employees. The continued requirement to meet savings means that the only area where budget can be cut is from employee costs. Services could face losing posts with no reduction in demand for support from client departments.

Proposed Actions to address Financial Challenges:

Ongoing robust monitoring to ensure financial issues are promptly highlighted to the service management team. Continually refine/develop staffing structures and systems. Strategic Finance are currently reviewing different areas of business to ensure work is prioritised in line with Council priorities and that tasks are carried out in the most efficient way.

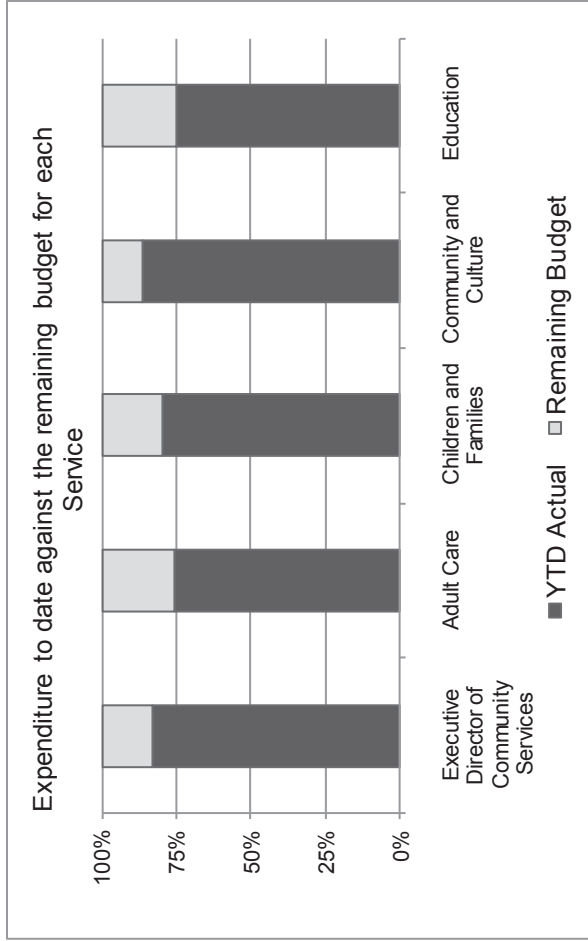
COMMUNITY SERVICES HIGHLIGHTS – JANUARY 2015

- The department are forecasting an overspend of £247k at the January 2015 monitoring period, there are overspends in Adult Care in relation to demand for services and holiday pay costs, these are partly offset by a forecast underspend in early years.
- Net expenditure for the year to date spend is £40k more than the profiled to date budget – an overspend to date of 0.04%

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Community Services	618	758	(139)	(139)	(0)
Adult Care	43,521	43,751	(230)	(473)	243
Children and Families	17,118	16,997	122	94	28
Community and Culture	11,515	11,515	0	(87)	87
Education	65,763	65,763	0	0	0
Totals	138,536	138,783	(247)	(605)	358

Year to Date Position



Key Financial Successes:

The 2013-14 budget outturn was only 0.2% of the total £138,391k budget.

Key Financial Challenges:

Client growth /Service demand/rising third party costs have an adverse impact on available budgets (Adult Care, Children and Families, Education)

Department / Service on-going ability to meet future savings / efficiency requirements

Assessing / managing the financial impact of new acts /consultations (Self-Directed Support, Children and Young People Act)

Proposed Actions to address Financial Challenges:

Ongoing robust financial monitoring and forecasting and the provision of supporting management information to complement financial summaries.

Service prioritisation / redesign

Review / participation in consultation process. Identify potential cost pressures

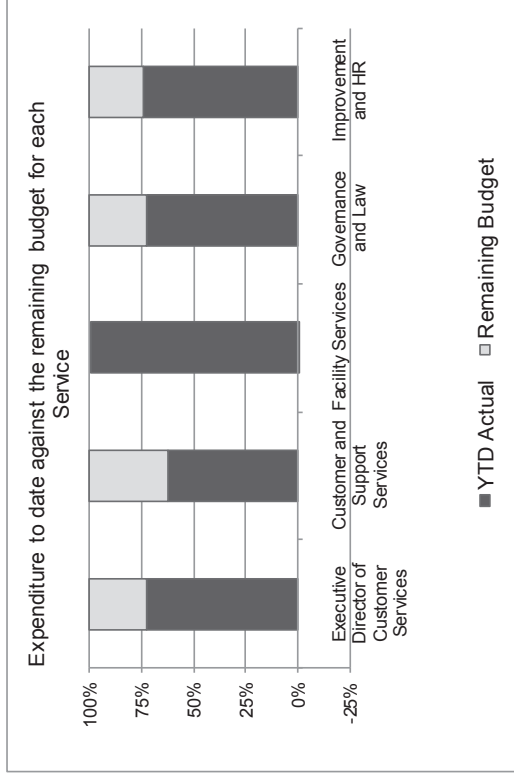
CUSTOMER SERVICES HIGHLIGHTS – JANUARY 2015

- The department are forecasting an underspend of £733k at the January 2015 monitoring period, this is mainly in relation to School and Public Transport in addition to over recovery of vacancy savings, other staff savings and savings in Pool Cars and external catering and cleaning contracts. The underspend is offset by a small overspend within Elections.
- Net expenditure for the year to date spend is £877k less than the profiled to date budget – an underspend to date of 2.73%.

Year to Date Position

Forecast Outturn Position

Current Forecast Outturn Variance with change from previous month					
Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Customer Services	13,598	13,436	162	162	(0)
Customer and Support Services	8,002	8,002	0	0	0
Facility Services	12,274	11,726	548	517	31
Governance and Law	1,898	1,874	24	24	0
Improvement and HR	3,616	3,616	0	0	0
Totals	39,386	38,653	733	703	30



Key Financial Successes:

Department delivered services within budget during 2013-14 with a favourable year-end outturn position. Savings for 2014-15 have been successfully removed from service budgets with no policy implications.

Key Financial Challenges:

Implementing Scottish Government plans to provide free school meals to P1 to P3 children from January 2015.

Impact of Welfare reforms.

Securing efficiency savings for 2015-16, this will be more difficult as a result of inflationary cost pressures and the already secured 2014-15 efficiency savings.

Impact of numbers/uptake in demand let service areas like transport, benefits and licensing.

Proposed Actions to address Financial Challenges:

Notification has been received from the Scottish Government of the additional revenue funding allocation. Strategy being developed to minimise the additional cost to the Council to reduce the funding gap for 2014-15 and to update cost estimates for future years.

Input ongoing to multi agency working group to ensure robust arrangements are put in place.

Ongoing robust financial monitoring and joint working between Strategic Finance and services to identify possible services areas for savings as early as possible.

Continually refine/develop systems to accurately calculate forecast outturns and the impact on the future financial outlook.

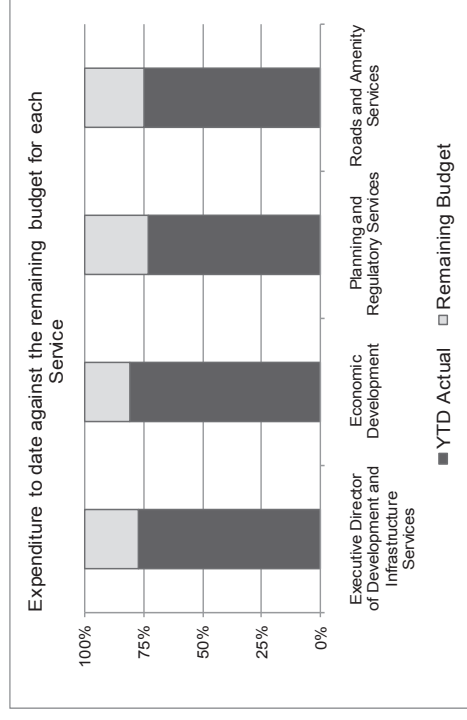
DEVELOPMENT AND INFRASTRUCTURE SERVICES HIGHLIGHTS – JANUARY 2014

- The department are forecasting an overspend of £1,038k at the January 2015 monitoring period. In Roads and Amenity Services for coastal protection, winter maintenance, refuse collection income and car park income and the increased cost of Glasgow Scientific Services, partly offset by increased planning fee and private landlord registration income.
- Net expenditure for the year to date spend is £776k more than the profiled to date budget – an overspend to date of 3.43%.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director of Development and Infrastructure Services	1,701	1,815	(114)	(114)	(0)
Economic Development	3,080	3,045	34	34	0
Planning and Regulatory Services	3,231	3,177	54	54	0
Roads and Amenity Services	22,904	23,917	(1,013)	(606)	(407)
Totals	30,916	31,955	(1,038)	(632)	(406)

Year to Date Position



Key Financial Successes:

During 2013-14 there was an over-recovery of vacancy savings that assisted to reduce the overall departmental overspend on winter maintenance and storm damage.

Key Financial Challenges:

Department / Service ongoing ability to meet future savings / efficiency requirements.

Projected shortfall in income within commercial refuse collection, car parking and building standards.

Dangerous buildings, there is no budget for this expenditure and the council have no control over the demand for the service.

Delayed introduction of co-mingled alternative weekly recycling collections within the Waste PPP project will lead to a shortfall in delivery of service review savings.

Renegotiations of shellfish bio-toxin monitoring contract with Food Standards Agency, risk that the income will not meet expenditure.

Proposed Actions to address Financial Challenges:

Monitoring of trend / expenditure levels / service configuration and the Service Prioritisation process.

Close monitoring of income levels to ensure that any further shortfall in income recovery is reported.

Building Standards, Legal Services and Strategic Finance are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.

Contractual negotiations with Shanks and the introduction of a co-mingled collection supported by the Special Projects Team.

Ongoing contract negotiations.

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 31 JANUARY 2015

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	£191,150	£200,621	(£9,471)	(4.95%)	£246,243	£246,243	£0	0.00%	Outwith reporting criteria
Chief Executive	£191,150	£200,621	(£9,471)	(4.95%)	£246,243	£246,243	£0	0.00%	
SF01 - Council Finances Managed Effectively	£1,349,724	£1,316,071	£33,653	2.49%	£1,605,026	£1,605,026	£0	0.00%	Outwith reporting criteria
SF02 - Internal Audit	£208,068	£208,340	(£272)	(0.13%)	£266,455	£266,455	£0	0.00%	
Strategic Finance	£1,557,792	£1,524,410	£33,382	2.14%	£1,871,481	£1,871,481	£0	0.00%	
Grand Total	£1,748,942	£1,725,031	£23,911	1.37%	£2,117,724	£2,117,724	£0	0.00%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 31 JANUARY 2015

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£1,678,791	£1,649,461	£29,330	1.75%	£2,134,591	£2,134,591	£0	0.00%	Outwith reporting criteria
Premises	£290	£0	£290	100.00%	£350	£350	£0	0.00%	YTD underspend due to profiling of budget, very small budget value not a significant variance.
Supplies & Services	£37,831	£44,344	(£6,513)	(17.22%)	£44,087	£44,087	£0	0.00%	YTD overspend due to profiling of budget, very small budget value not a significant variance.
Transport	£17,180	£12,352	£4,828	28.10%	£20,909	£20,909	£0	0.00%	YTD underspend in staff travel in Strategic Finance, due to profiling of budget, it is difficult to profile staff travel budgets accurately.
Third Party	£14,850	£18,874	(£4,024)	(27.09%)	£24,957	£24,957	£0	0.00%	YTD overspend due to budget profiling with costs being incurred sooner than expected.
Income	£0	£0	£0	0.00%	(£107,170)	(£107,170)	£0	0.00%	Outwith reporting criteria
Totals	£1,748,942	£1,725,031	£23,911	1.37%	£2,117,724	£2,117,724	£0	0.00%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

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An explanation is given for any variance which exceeds £50,000 or 10%.

CHIEF EXECUTIVE'S UNIT – RED VARIANCES

Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation

A red variance is a forecast variance which is greater than +/- £50,000.

THERE ARE CURRENTLY NO FORECAST OUTTURN VARIANCES FOR THE DEPARTMENT, AND THEREFORE NO RED VARIANCES TO REPORT.

COMMUNITY SERVICES – OBJECTIVE SUMMARY AS AT 31 JANUARY 2015

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	£576,453	£511,948	£64,505	11.19%	£618,391	£757,726	(£139,335)	(22.53%)	The YTD underspend is mainly due to profiling issues on Central Repairs budgets.
Executive Director of Community Services	£576,453	£511,948	£64,505	11.19%	£618,391	£757,726	(£139,335)	(22.53%)	
AC1 - Community Support	£31,577,345	£32,028,450	(£451,105)	(1.43%)	£42,264,323	£42,493,982	(£229,659)	(0.54%)	The YTD and forecast overspends reflect the extremely high demand for adult care services in the first part of the year due to the growth in the number of service users and the increasing complexity of new packages.
AC2 - Vulnerable Adults	£78,013	£70,997	£7,016	8.99%	£93,641	£93,641	£0	0.00%	
AC3 - Alcohol and Drugs	£321,375	£282,406	£38,969	12.13%	£426,990	£426,990	£0	0.00%	
Central/Management Costs	£571,264	£591,612	(£20,348)	(3.56%)	£736,306	£736,306	£0	0.00%	
Adult Care	£32,547,997	£32,973,465	(£425,468)	(1.31%)	£43,521,259	£43,750,918	(£229,659)	(0.53%)	
CF1 - Looked-after Children	£4,838,620	£5,029,288	(£190,668)	(3.94%)	£5,986,930	£5,986,930	£0	0.00%	The YTD underspend relates mainly to Pre-School Education. This is offset by staffing overspends in Children's Homes and the Area Teams together with an overspend on Residential Placements. The Forecast underspend is within Early Years and is resulting from delayed take-up of the newly introduced 2 year-old provision.
CF2 - Child Protection	£2,681,139	£2,811,372	(£130,233)	(4.86%)	£3,401,312	£3,401,312	£0	0.00%	
CF3 - Children with a Disability and Early Years	£5,205,534	£4,879,185	£326,349	6.27%	£6,744,936	£6,623,193	£121,743	1.80%	
CF4 - Criminal Justice	£286,942	£279,842	£7,100	2.47%	(£8,111)	(£8,111)	£0	0.00%	
Central/Management Costs	£724,888	£714,062	£10,826	1.49%	£1,114,976	£1,114,976	£0	0.00%	
Children and Families	£13,737,124	£13,713,750	£23,374	0.17%	£17,240,043	£17,118,300	£121,743	0.71%	
CC01 - Young people active healthier lives	£44,377	£39,501	£4,875	10.99%	£147,290	£147,290	£0	0.00%	The YTD overspend relates mainly to Sport and Physical Activity with staffing overspends in swimming pools and an increase in pressure on central repairs being the main contributing factors.
CC02 - Sport and Physical Activity	£1,946,697	£2,022,426	(£75,729)	(3.89%)	£2,680,852	£2,680,852	£0	0.00%	
CC03 - Adults access to learning opportunities	£611,690	£612,573	(£883)	(0.14%)	£888,851	£888,851	£0	0.00%	
CC04 - Homelessness	£1,810,126	£1,793,734	£16,392	0.91%	£2,452,177	£2,452,177	£0	0.00%	
CC05 - Youth Services	£411,702	£408,392	£3,310	0.80%	£539,404	£539,404	£0	0.00%	
CC06 - Community Development	£724,409	£723,330	£1,080	0.15%	£908,258	£908,258	£0	0.00%	
CC07 - Affordable Housing	£2,784,602	£2,767,608	£16,994	0.61%	£1,947,028	£1,947,028	£0	0.00%	
CC08 - Improved literacy, health and well-being	£1,336,808	£1,345,082	(£8,274)	(0.62%)	£1,678,505	£1,678,505	£0	0.00%	
Central/Management Costs	£195,141	£249,855	(£54,715)	(28.04%)	£272,726	£272,726	£0	0.00%	
Community and Culture	£9,865,551	£9,962,501	(£96,950)	(0.98%)	£11,515,091	£11,515,091	£0	0.00%	
ED01 - Primary School Education	£18,815,570	£18,524,263	£291,307	1.55%	£25,845,195	£25,845,195	£0	0.00%	The main contributing factor in the YTD underspend position is a net underspend in Primary school staffing arising from normal staff turnover plus particular recruitment difficulties in outlying schools. The delay in receiving some invoices for Schools Residential Accommodation is also contributing significantly to the YTD underspend.
ED02 - Secondary School Education	£20,430,945	£20,403,541	£27,404	0.13%	£26,682,237	£26,682,237	£0	0.00%	
ED03 - Central/Management Team	£3,118,091	£3,207,269	(£89,178)	(2.86%)	£4,482,168	£4,482,168	£0	0.00%	
ED04 - Additional Support Needs	£7,068,712	£6,884,876	£183,836	2.60%	£8,597,625	£8,597,625	£0	0.00%	
ED05 - Opportunities for All	£128,135	£128,795	(£660)	(0.52%)	£138,427	£138,427	£0	0.00%	
ED06 - Leadership and Professional Learning	£14,508	£32,255	(£17,747)	0.00%	£17,364	£17,364	£0	0.00%	
Education	£49,575,961	£49,180,999	£394,962	0.80%	£65,763,016	£65,763,016	£0	0.00%	
Grand Total	£106,303,086	£106,342,662	(£39,576)	(0.04%)	£138,657,800	£138,905,051	(£247,251)	(0.18%)	

COMMUNITY SERVICES – SUBJECTIVE SUMMARY AS AT 31 JANUARY 2015

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£70,110,592	£70,604,850	(£494,258)	(0.70%)	£86,950,044	£87,089,379	(£139,335)	(0.16%)	The YTD overspend relates to a number of different areas including Homecare, Elderly Residential Homes and Pupil Support Teachers. The forecast overspend relates to the impact of new holiday pay arrangements put in place following recent court rulings.
Premises	£4,213,223	£3,954,882	£258,342	6.13%	£6,434,465	£6,434,465	£0	0.00%	YTD variance is mainly due to profiling issues on the central repairs budgets.
Supplies & Services	£4,363,151	£4,335,784	£27,367	0.63%	£9,300,228	£9,300,228	£0	0.00%	Outwith reporting criteria.
Transport	£1,235,256	£1,238,651	(£3,394)	(0.27%)	£1,540,573	£1,540,573	£0	0.00%	Outwith reporting criteria.
Third Party	£42,385,484	£41,896,842	£488,642	1.15%	£55,997,635	£56,105,551	(£107,916)	(0.19%)	The YTD underspend position is the net result of a large number of variances many of which are still profile related. The forecast overspend relates to the extremely high demand for adult care services in the first part of the year due to growth in the number of service users and the increasing complexity of new packages. This is partially offset by a forecast underspend within Pre-School Education as a result of delayed take-up of provision.
Income	(£16,004,622)	(£15,688,347)	(£316,275)	(1.98%)	(£21,565,145)	(£21,565,145)	£0	0.00%	The main contributing factor in the YTD under-recovery of income relates to a timing issue in the receipt of the Music Initiative grant which has now been received.
Totals	£106,303,086	£106,342,662	(£39,576)	(0.04%)	£138,657,800	£138,905,051	(£247,251)	(0.18%)	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far. Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year. The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget. An explanation is given for any variance which exceeds £50,000 or 10%.

COMMUNITY SERVICES – RED VARIANCES

Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Home Care	9,865,006	10,094,665	(229,659)	(2.33%)	Demand for homecare has been extremely high in the first part of the year due to growth in the number of service users and the increasing complexity of new packages due to the continued move towards older people being looked after at home for as long as possible rather than in care homes. The homecare service is currently undertaking a review of all of the current cases and undertaking additional scrutiny on news cases in order to address the overspend.
Early Years	1,368,366	1,274,182	121,743	8.90%	The Children and Young People Act extended the provision of pre-school services to 2 year olds from workless families from August 2014. To date, uptake of this new provision has been lower than expected, resulting in a lower than expected cost. The service continues to monitor uptake which is expected to grow as the availability of the service becomes more widely known about.
Directorate	308,594	447,929	(139,335)	(45.15%)	This projected overspend relates to the unexpected cost of the recent ruling about holiday pay entitlement; this reflects the expected full year cost for 2014-15.

A red variance is a forecast variance which is greater than +/- £50,000.

CUSTOMER SERVICES – OBJECTIVE SUMMARY AS AT 31 JANUARY 2015

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outcome	Forecast Variance	% Variance	Explanation
Special Projects	£10,147,431	£9,681,238	£466,193	4.59%	£13,079,384	£13,052,392	£26,992	0.21%	YTD underspend in Special Projects team and NPDO, this budget will be required later in the year for the new school projects. The forecast variance in Special Projects relates to agreed deductions to the NPDO payments. The forecast variance within central/management costs relates to the over recovery of vacancy savings, partly reduced by the additional costs for holiday pay.
Central/Management Costs	£223,908	£214,892	£9,016	4.03%	£518,146	£383,341	£134,805	26.02%	
Executive Director of Customer Services	£10,371,339	£9,896,130	£475,209	4.58%	£13,597,531	£13,435,734	£161,797	1.19%	
CS01 - Benefits	(£117,377)	(£49,458)	(£67,919)	57.86%	£1,378,167	£1,378,167	£0	0.00%	The YTD overspend in Benefits relates to the timing of benefit payments being made and income received to offset these. The YTD underspend in ICT relates to network line charges where charges will be incurred later than anticipated in the budget. In both cases the variances relate to the timing of expenditure and income with the budget profile out of sync with the amounts paid or received.
CS02 - NDR Disc Relief	(£51,791)	(£52,169)	£378	0.00%	£100,294	£100,294	£0	0.00%	
CS03 - Creditors	£189,521	£188,282	£1,239	0.65%	£247,636	£247,636	£0	0.00%	
CS04 - Print and Mail Room	£35,036	£37,453	(£2,417)	(6.90%)	£47,509	£47,509	£0	0.00%	
CS05 - Debtors and Local Tax Income	£598,824	£566,891	£31,933	5.33%	£540,368	£540,368	£0	0.00%	
CS06 - Procurement	£490,739	£481,650	£9,089	1.85%	£653,843	£653,843	£0	0.00%	
CS07 - Customer Service and Registrars	£1,068,747	£1,061,580	£7,167	0.67%	£1,431,327	£1,431,327	£0	0.00%	
CS08 - ICT Applications and Infrastructure	£2,607,989	£2,530,848	£77,141	2.96%	£3,286,118	£3,286,118	£0	0.00%	
Central/Management Costs	£250,216	£247,877	£2,339	0.93%	£316,480	£316,480	£0	0.00%	
Customer and Support Services	£5,071,903	£5,012,954	£58,949	1.16%	£8,001,743	£8,001,743	£0	0.00%	
FS01 - School Meals	£3,013,410	£2,985,510	£27,901	0.93%	(£56,624)	(£86,624)	£30,000	(52.98%)	The underspend of £30k in school meals relates to the external catering contract for Kilbowie House. The forecast underspend of £441k in School and Public Transport relates to a reduction on demand on this budget due to procurement savings, the transfer of some routes to in-house provision and lower inflation increases. The forecast underspend of £61k in property services relates to the surplus from the Police Cleaning Contract which is now not going to tender until 2015-16 and an underspend in relation to the Schools Management Estate Plan budget, this budget is transferring to Education. There is a small underspend of £15k in Pool cars. The YTD overspend in School Meals is a result of the ongoing review of the recharge mechanism for the catering service as a result of the removal of the trading account status, this will be addressed in the January budget monitoring period. The YTD underspend in School and Public Transport is in line with forecast variance position.
FS02 - Safer Communities and Facilities	£1,132,553	£1,379,293	(£246,740)	(21.79%)	£2,145,296	£2,084,104	£61,192	2.85%	
FS03 - Sustainability	£110,243	£93,198	£17,045	15.46%	£132,361	£117,361	£15,000	11.33%	
FS04 - School and Public Transport	£7,745,962	£7,336,401	£409,561	5.29%	£9,357,270	£8,915,782	£441,488	4.72%	
Central/Management Costs	£581,130	£502,467	£78,662	13.54%	£695,292	£695,292	£0	0.00%	
Facility Services	£12,583,298	£12,296,669	£286,628	2.28%	£12,273,594	£11,725,914	£547,680	4.46%	
GL1 - Democratic Services	£491,818	£519,545	(£19,726)	(4.01%)	£678,303	£640,303	£38,000	5.60%	The YTD position is outwith reporting criteria. The forecast underspend within Democratic Services relates to savings within the new support staff structure due to posts not in place from the start of the financial year. The forecast overspend within Elections relates to the additional cost of four by-elections.
GL2 - Governance	£98,836	£93,406	£5,430	5.49%	£133,250	£133,250	£0	0.00%	
GL3 - Member's Services	£123,386	£123,592	(£206)	(0.17%)	£170,546	£170,546	£0	0.00%	
GL4 - Community Safety	£37,556	£13,918	£23,639	62.94%	£49,652	£49,652	£0	0.00%	
GL5 - Elections	£96,325	£154,883	(£58,557)	(60.79%)	£118,731	£132,731	(£14,000)	(11.79%)	
GL6 - Children's Panel	£27,960	£6,257	£21,703	77.62%	£33,698	£33,698	£0	0.00%	
GL7 - Community Councils	£28,579	£27,483	£1,096	3.83%	£34,810	£34,810	£0	0.00%	
GL8 - Legal Services - Corporate	£233,976	£221,765	£12,211	5.22%	£296,722	£296,722	£0	0.00%	
GL9 - Legal Services - Commercial	£246,777	£237,423	£9,354	3.79%	£318,326	£318,326	£0	0.00%	
GL10 - Licensing	(£170,104)	(£159,407)	(£10,697)	6.29%	(£134,469)	(£134,469)	£0	0.00%	
Central/Management Costs	£158,008	£146,778	£11,230	7.11%	£198,108	£198,108	£0	0.00%	
Governance and Law	£1,373,118	£1,377,642	(£4,524)	(0.33%)	£1,897,677	£1,873,677	£24,000	1.26%	
IHR01 - Discrimination	£0	£0	£0	0.00%	£0	£0	£0	0.00%	The YTD underspend relates to training budgets that were previously earmarked
IHR02 - Emergency Planning	£70,487	£72,716	(£2,229)	(3.16%)	£88,551	£88,551	£0	0.00%	being transferred from the overall departmental budget underspend and the balances removed from reserves. Normally with earmarked reserves services would draw-down
IHR03 - Health and Safety	£311,307	£311,548	(£241)	(0.08%)	£389,747	£389,747	£0	0.00%	the budget as and when required, i.e. when the spend takes place. The YTD
IHR04 - Continuous Improvement	£1,515,082	£1,508,923	£6,159	0.41%	£2,016,615	£2,016,615	£0	0.00%	underspend represents this budget being profiled before the planned spend has taken
IHR05 - Communications	£169,891	£160,442	£9,449	5.56%	£217,939	£217,939	£0	0.00%	place.
IHR06 - Gaelic Language Plan	£12,429	£12,429	£0	100.00%	£12,429	£12,429	£0	0.00%	
IHR07 - Learning and Development	£576,606	£529,958	£46,648	8.09%	£764,032	£764,032	£0	0.00%	
Central/Management Costs	£100,211	£98,936	£1,275	1.27%	£126,241	£126,241	£0	0.00%	
Improvement and HR	£2,756,013	£2,694,952	£61,061	2.22%	£3,615,554	£3,615,554	£0	0.00%	
Grand Total	£32,155,670	£31,278,547	£877,123	2.73%	£39,386,099	£38,652,622	£733,477	1.86%	

CUSTOMER SERVICES – SUBJECTIVE SUMMARY AS AT 31 JANUARY 2015

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£14,999,618	£14,874,755	£124,862	0.83%	£19,562,168	£19,328,618	£233,550	1.19%	The forecast variance relates to the over recovery of vacancy savings across all services in addition to staff savings for the new Governance structure due to posts not in place from the start of the financial year. The YTD variance is linked to the forecast variance.
Premises	£1,729,173	£1,620,881	£108,292	6.26%	£2,662,542	£2,662,542	£0	0.00%	The YTD underspend relates to central repairs spend on properties with the spend being less than the YTD profiled budget and the spend on surplus properties being less than anticipated in the budget profile.
Supplies & Services	£3,969,982	£3,850,841	£119,141	3.00%	£5,366,495	£5,380,495	(£14,000)	(0.26%)	YTD underspend mainly relates to supplies and services budgets across the department where spend has fallen behind the budget profile. The forecast overspend relates to the additional cost for the four by-elections.
Transport	£1,138,678	£946,783	£191,895	16.85%	£7,434,888	£7,419,888	£15,000	0.20%	YTD underspend mainly relates to School and Public Transport, this is reflected in the forecast outturn for third party payments. The forecast underspend is in relation to Pool Cars and is due to reduced fuel costs and pool car usage.
Third Party	£38,697,146	£38,521,420	£175,726	0.45%	£47,671,918	£47,172,991	£498,927	1.05%	Forecast underspend in School and Public Transport relates to a reduction on demand on this budget due to procurement savings, the transfer of some routes to in-house provision and lower inflation increases. There is also a forecast underspend in Special Projects as a result of agreed deductions to the NPDO payments. The YTD underspend position is in line with the forecast outturn position.
Income	(£28,378,926)	(£28,536,133)	£157,207	0.55%	(£43,311,914)	(£43,311,914)	£0	0.00%	The YTD underspend relates to the profiling of a number of income budgets where the income has been received in advance of the budget profile.
Totals	£32,155,670	£31,278,547	£877,123	2.73%	£39,386,099	£38,652,622	£733,477	1.86%	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

CUSTOMER SERVICES – RED VARIANCES

Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
School and Public Transport	7,277,488	6,836,000	441,488	6.07%	Relates to a reduction on demand on this budget as a result of procurement savings, the transfer of some routes to in-house provision and lower inflation increases. This position has been updated from the October monitoring period as further work has been carried out to confirm the level of commitment on the budget. This will be closely monitored on an ongoing basis.
Vacancy Savings	-98,694	-272,960	174,266	-176.57%	Department has over-achieved vacancy savings target. Projected underspend includes all savings removed to December 2014. It is not expected that the savings will continue at this level in future years.

A red variance is a forecast variance which is greater than +/- £50,000.

DEVELOPMENT AND INFRASTRUCTURE SERVICES – OBJECTIVE SUMMARY AS AT 31 JANUARY 2015

Service Outcome	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Central/Management Costs	£1,344,428	£1,320,744	£23,685	1.76%	£1,700,738	£1,814,883	(£114,145)	(6.71%)	The forecast overspend relates to the unexpected cost of the recent ruling about holiday pay entitlement, this reflects the expected full year cost for 2014-15. This is partly offset by an anticipated over recovery of vacancy savings. YTD is outwith reporting criteria.
Executive Director of Development and Infrastructure Services	£1,344,428	£1,320,744	£23,685	1.76%	£1,700,738	£1,814,883	(£114,145)	(6.71%)	
E T01 - Economic Growth	£860,105	£884,769	(£24,665)	(2.87%)	£1,204,806	£1,229,148	(£24,342)	(2.02%)	The forecast underspend reflects one-off unbudgeted income that had associated costs that were absorbed within 2013-14.
E T02 - Strategic Transportation & Attractive Communities	£1,541,761	£1,408,907	£132,854	8.62%	£1,448,793	£1,390,045	£58,748	4.05%	This is partly offset by the final retention payment in relation to the improvement contract for Bowmore town centre for which there is no budget provision. YTD variance mainly relates to the funding of CHORD projects and this will be resolved in the year end process.
E T03 - Renewables	£16,000	£2,668	£13,332	83.32%	£30,000	£30,000	£0	0.00%	
E T04 - Third Sector	£117,312	£112,273	£5,039	4.30%	£157,302	£157,302	£0	0.00%	
Central/Management Costs	£88,836	£88,848	(£12)	(0.01%)	£238,815	£238,815	£0	0.00%	
Economic Development	£2,624,014	£2,497,466	£126,548	4.82%	£3,079,715	£3,045,309	£34,406	1.12%	
PR01 - Development Management	£352,381	£295,459	£56,922	16.15%	£523,971	£463,971	£60,000	11.45%	The Forecast underspend relates to Planning Fees and Private Landlord Registration anticipated to be greater than budget.
PR02 - Trading Standards	£401,726	£400,979	£747	0.19%	£508,958	£508,958	£0	0.00%	This is offset by forecast overspend due to building warrant fees being less than budgeted and also the anticipated cost of Glasgow Scientific Services being greater than budgeted. YTD variance mainly relates to the anticipated private landlord registration and planning fee income.
PR03 - Environmental Health	£818,017	£842,333	(£24,316)	(2.97%)	£1,105,961	£1,160,961	(£55,000)	(4.97%)	
PR04 - Building Standards	£27,046	£51,127	(£24,081)	(89.04%)	£64,911	£70,911	(£6,000)	(9.24%)	
PR05 - Corepath Plan	£101,222	£113,769	(£12,547)	(12.40%)	£136,926	£136,926	£0	0.00%	
PR06 - Environmental Safety	£103,377	£9,757	£93,620	90.56%	£93,685	£38,685	£55,000	58.71%	
PR07 - Development Policy	£442,907	£440,107	£2,800	0.63%	£550,842	£550,842	£0	0.00%	
Central/Management Costs	£241,499	£242,231	(£732)	(0.30%)	£300,152	£300,152	£0	0.00%	
Planning and Regulatory Services	£2,488,174	£2,395,762	£92,413	3.71%	£3,285,405	£3,231,405	£54,000	1.64%	
RA01 - Roads & Lighting	£6,208,981	£6,836,679	(£627,698)	(10.11%)	£8,482,820	£9,092,022	(£609,202)	(7.18%)	Forecast variance relates Winter Maintenance and the remaining unplanned expenditure within Coastal Protection following the December 2013 storms and unplanned expenditure following the floods in November 2014. In addition a shortfall in car parking and DPE income. DPE was introduced in June 2014 and based on the first months of operation is it unlikely that the income recovered will meet the budgeted levels. This partly offset by a potential underspend on street lighting electricity and planned underspend on carpark maintenance to offset the shortfall in income. Roads & lighting YTD variance is due to roads maintenance profiling, this budget is monitored via monthly engagement meetings with operational service managers. YTD variance within Network and Environment relates to the delayed introduction of DPE and the potential impact on income levels for PCNs and car parking income.
RA02 - Network & Environment	(£810,674)	(£451,979)	(£358,695)	44.25%	(£684,923)	(£463,923)	(£221,000)	32.27%	
RA03 - Fleet	(£2,039,880)	(£1,998,141)	(£41,739)	2.05%	(£1,400,291)	(£1,400,291)	£0	0.00%	
RA04 - Roads Design	£430,736	£419,995	£10,741	2.49%	£468,037	£652,537	(£184,500)	(39.42%)	
RA05 - Streetscene	£3,157,120	£3,121,464	£35,656	1.13%	£4,117,744	£4,117,744	£0	0.00%	
RA06 - Waste Management	£9,065,855	£9,099,483	(£33,628)	(0.37%)	£11,636,538	£11,634,538	£2,000	0.02%	
Central/Management Costs	£164,715	£167,645	(£2,929)	(1.78%)	£284,506	£284,506	£0	0.00%	
Roads and Amenity Services	£16,176,854	£17,195,145	(£1,018,292)	(6.29%)	£22,904,432	£23,917,134	(£1,012,702)	(4.42%)	
Grand Total	£22,633,470	£23,409,116	(£775,646)	(3.43%)	£30,970,290	£32,008,731	(£1,038,441)	(3.35%)	

DEVELOPMENT AND INFRASTRUCTURE SERVICES – SUBJECTIVE SUMMARY AS AT 31 JANUARY 2015

Subjective Category	YTD Budget	YTD Actual	YTD Variance	% Variance	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Employee	£18,012,867	£17,475,834	£537,033	2.98%	£22,766,971	£22,837,116	(£70,145)	(0.31%)	The forecast overspend mainly relates to the unexpected cost of the recent ruling about holiday pay entitlement, this is partly offset by an anticipated over recovery of vacancy savings. The YTD variance mainly relates to the Roads Design Team operational staff not being operated at the full establishment, this is matched by reduced fee income. Also contributing is planned underspends to offset overspend in other subjective areas.
Premises	£1,622,555	£1,667,707	(£45,152)	(2.78%)	£2,767,163	£2,647,163	£120,000	4.34%	The forecast underspend relates to the anticipated underspend in street lighting electricity. The YTD is outwith reporting criteria.
Supplies & Services	£6,201,022	£6,266,758	(£65,736)	(1.06%)	£7,470,752	£7,525,752	(£55,000)	(0.74%)	The forecast overspend relates to increased costs for Public Analyst services. YTD variance relates mainly to purchase of play equipment and this is matched by additional income from contributions.
Transport	£8,452,908	£8,861,328	(£408,420)	(4.83%)	£11,826,277	£12,088,277	(£262,000)	(2.22%)	The projected overspend relates to additional expenditure on hire of external plant, this is matched by additional income from clients. The main factor in the YTD variance relates to external plant hire that partly supports the projected outturn variance.
Third Party	£19,697,759	£20,980,682	(£1,282,923)	(6.51%)	£24,280,436	£24,909,278	(£628,842)	(2.59%)	The forecast variance relates mainly to Winter Maintenance and to remaining unplanned expenditure within Coastal Protection following the December 2013 storms and unplanned expenditure following the floods in November 2014. This is partly offset by planned underspend in car park maintenance. The YTD variance is in line with the forecast outturn position with an additional variance relating to CHORD expenditure which is matched by additional income.
Capital Financing	£0	£0	£0	0.00%	£158,891	£158,891	£0	0.00%	Outwith reporting criteria
Income	(£31,353,641)	(£31,843,194)	£489,552	1.56%	(£38,300,200)	(£38,157,746)	(£142,454)	(0.37%)	The forecast variance relates to a shortfall in commercial refuse collection income as businesses are in a position to reduce the service they require or are transferring to the private sector provision. In addition there an expected shortfall in car parking and DPE income. DPE was introduced in June 2014 and based on the first months of operation is it unlikely that the income recovered will meet the budgeted levels. Also there is an anticipated shortfall in income from building warrants. These are partly offset by anticipated increased income in planning fees, private landlord registration and recovery of external hire charges from client departments. The main contributing factors to the YTD variance relates to the additional income in CHORD, Fleet and Parks as mentioned above.
Totals	£22,633,470	£23,409,116	(£775,646)	(3.43%)	£30,970,290	£32,008,731	(£1,038,441)	(3.35%)	

YTD is year to date and represents the actual or budgeted expenditure and income for the financial year so far.

Forecast Outturn is the estimate now of what expenditure or income will be for the whole of the financial year.

The Variance is the difference between budget and actual or forecast outturn.

A positive variance is when actual or forecast expenditure is less than budget or actual or forecast income is more than budget.

A negative variance is shown in brackets and is when actual or forecast expenditure is more than budget or actual or forecast income is less than budget.

An explanation is given for any variance which exceeds £50,000 or 10%.

DEVELOPMENT AND INFRASTRUCTURE SERVICES – RED VARIANCES

Service Area	Annual Budget	Forecast Outturn	Forecast Variance	% Variance	Explanation
Directorate	180,275	294,420	(114,145)	(63.32%)	This projected overspend relates to the unexpected cost of the recent ruling about holiday pay entitlement, this reflects the expected full year cost for 2014-15. This is partly offset by an anticipated over recovery of vacancy savings.
Piers and Harbours	(1,455,769)	(1,514,517)	58,748	(4.04%)	This projected underspend reflects one-off unbudgeted income that had associated costs that were absorbed within 2013-14 financial year.
Development Management	523,971	463,971	60,000	11.45%	The projected underspend reflects the estimated income that exceeds budget and this is due to the increase in the number of overall planning applications and the number of large valued applications. The projection also take into account the 5% increase in fees from 1 November 2014.
Environmental Health	270,940	325,940	(55,000)	(20.30%)	There is a statutory requirement for the Council to appoint and have access to accredited Public Analyst services. This is provided by Glasgow Scientific Services through a service level agreement and the costs for all analytical services is in excess of the budgeted amount. We are unable to reduce these costs considerably at present due to a commitment SOLACE that we will not tender for any services, until the review of Scottish scientific services has reported. There is a pressure of £55,000 for 2014-15. This is offset by a couple of smaller valued underspends.
Network and Environment	(379,900)	(158,900)	(221,000)	58.17%	The under recovery of income relates to car parking income is forecast to be 30% down on the budget income for the year which projects a cost pressure for this and future years should the income forecast remain at the current level. DPE commenced in June following a month of issuing warning notices. The planned introduction of DPE was delayed by over two months and this has contributed approximately £70k to the under recovery of DPE income within 2014-15. There will be some learning from the early months of DPE in terms of how enforcement resource is deployed to maximise the benefit in terms of providing turnover of on street parking places and patronage of off street car parks. However, based on the first four months of operation it is unlikely that the car parking income and DPE income will meet current projected income levels. This under recovery has been partly offset by a planned underspend in car park maintenance.
Coastal Protection	180,599	390,599	(210,000)	(116.28%)	The projected overspend relates to remaining unplanned expenditure within Coastal Protection following the December 2013 and January 2014 storms.
Street Lighting	1,994,158	1,874,158	120,000	6.02%	This anticipated underspend is due to a new energy supply contract being in place where the energy cost rates per unit have been reduced. Further savings have been achieved from the on-going capital programme where low energy lamps have been installed on new installations and upgrades.
Winter Maintenance	1,184,136	1,724,136	(540,000)	(45.60%)	The projected overspend reflect the financial position reflected in the financial ledger at the end of January plus know fixed costs until the year end. The projection make no allowance for any additional variable cost between the end of the January reporting period and the end of the financial year.
Roads Client	9,362,011	9,551,213	(189,202)	(2.02%)	The overspend relates to unexpected flood damage during November 2014 and an under recovery off budget income.

A red variance is a forecast variance which is greater than +/- £50,000.

MONITORING OF 1% SAVINGS - 2014-15 & 2015-16

1. EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the progress towards the saving target for 2014-15 and 2015-16.
- 1.2 The budget for 2014-15 and 2015-16 included a requirement to make 1% savings within both 2014-15 and 2015-16. This equates to savings of £1.822m in 2014-15, rising to £3.644m in 2015-16.
- 1.3 Within 2014-15, all savings have been secured and all with no policy implications.
- 1.4 Services have now identified savings for 2015-16. £2.312mm (63.5%) of savings options for 2015-16 are already secured or being implemented. The remaining £1.332m (36.5%) are being developed. £1.032m of the savings options being developed have no policy implications. One saving option has policy implications (saving ref EDUC07).

MONITORING OF 1% SAVINGS - 2014-15 & 2015-16

2. INTRODUCTION

- 2.1 The budget strategy approved by Council on 28 November 2013 and further agreed by Council on 13 February 2014 agreed a 1% savings target for 2014-15 and 2015-16.
- 2.2 This report provides a summary of the progress towards the saving target for 2014-15 and 2015-16.

3. DETAIL

3.1 Background

- 3.1.1 The budget strategy approved by Council on 28 November 2013 and further agreed by Council on 13 February 2014 agreed a 1% savings target for 2014-15 and 2015-16 on all budgets apart from PPP/NPDO, landfill tax, loans charges, insurance, historic pensions costs and NDR payments.
- 3.1.2 The 1% target has been allocated to departments and is outlined in the table below:

Department	Forecast Budget	1% Savings Target	
	2014-15 £000	2014-15 £000	2015-16 £000
Chief Executive's Unit	2,153	22	44
Community Services	131,855	1,319	2,638
Customer Services	24,143	241	482
Development and Infrastructure Services	22,448	224	448
Other Operating Income and Expenditure	1,644	16	32
	182,243	1,822	3,644

3.2 Summary of Savings Identified

- 3.2.1 The savings have been classified into already secured, being implemented, being developed and still to identify. The overall Council position is summarised within the table below.

Savings	2014-15 £000	2014-15 % of Target	2015-16 £000	2015-16 % of target
1% Target	1,822		3,644	
Already Secured	1,822	100.0%	2,262	62.1%
Being Implemented	0	0.0%	50	1.4%
Being Developed:				
• Policy measures under development	0	0.0%	300	8.2%
• Non-Policy measures under development	0	0.0%	1,032	28.3%
Still to Identify	0	0.0%	0	0.0%
TOTAL	1,822	100.0%	3,644	100.0%

- 3.2.2 The savings for 2014-15 have all been identified and have been classified into already secured, being implemented and being developed. All savings options are already secured, all with no policy implications.
- 3.2.3 The majority of the 2014-15 savings identified are recurring into 2015-16, with the exception of a saving with Education, reference EDUC02.
- 3.2.4 Services have now identified savings for 2015-16. £2.312m (63.5%) of savings options for 2015-16 are already secured or being implemented. The remaining £1.332m (36.5%) are being developed. £1.032m of the savings options being developed have no policy implications. One saving option has policy implications (saving ref EDUC07).
- 3.2.5 Appendices are attached that provide a summary per department.

3.3 Changes to Savings since last P&R Report

- 3.3.1 The 2015-16 savings for Chief Executive's Unit have now identified and there is one new saving option highlighted in Appendix 1 – CEU002.
- 3.3.2 The 2015-16 savings for Community Services have now been identified and there are 21 new savings options highlighted in Appendix 2 – AC03-AC04, CC04-CC08, CF07-CF11, EDUC05- EDUC13.
- 3.3.3 Savings reference CUST011 is now secured.
The 2015-16 savings for Customer Services have now been identified and there are 6 new savings highlighted in Appendix 3 - CUST001-CUST002 and CUST0019-CUST0022.
- 3.3.4 The 2015-16 savings for Development and Infrastructure have now been identified and there are 4 new savings options highlighted in Appendix 4 - DIS-HQ02, ED3, PRS4 and RAMS2.

4. CONCLUSION

4.1 Within 2014-15 all savings have been secured.

4.2 For 2015-16, £2.312m (63.5%) of the savings target has already been secured or is currently being implemented. £1.332m of the savings are being developed.

5. IMPLICATIONS

- | | | |
|-----|--------------------|---|
| 5.1 | Policy – | There are policy implications for savings options referenced EDUC07. |
| 5.2 | Financial - | The Council is making good progress towards its savings target. |
| 5.3 | Legal - | None. |
| 5.4 | HR - | Individual savings may have human resource implications and these would have been discussed with the Trade Unions. |
| 5.5 | Equalities - | Individual savings may have equality implications and equality impact assessments would have been carried out where required. |
| 5.6 | Risk - | None. |
| 5.7 | Customer Service - | Individual savings may have customer service implications. |

Steve Barrett
Interim Head of Strategic Finance
17 February 2015

APPENDICES:

- Appendix 1 – Chief Executive’s Unit Summary of Savings Proposals
- Appendix 2 – Community Services Summary of Savings Proposals
- Appendix 3 – Customer Services Summary of Savings Proposals
- Appendix 4 – Development and Infrastructure Summary of Savings Proposals

APPENDIX 1

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

CHIEF EXECUTIVE'S UNIT - 1% SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
1% Target	21,527		43,054	
Already Secured	21,527	100.0%	21,527	50.0%
Being Implemented	0	0.0%	0	0.0%
Being Developed:				
Policy	0	0.0%	0	0.0%
Non-Policy	0	0.0%	21,527	0.0%
Still to Identify	0	0.0%	0	0.0%
TOTAL 1% SAVINGS TARGET	21,527	100.0%	43,054	100.0%

APPENDIX 1

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

CHIEF EXECUTIVE'S UNIT - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Strategic Finance	Already Secured	CEU001	Reduction in staff budgets as a result of excess savings achieved from service review.	21,527	21,527	Recurring	None	None	No
Strategic Finance	Being Developed	CEU002	Reduction to staff budgets across Strategic Finance circa 1.0FTE	0	21,527	Recurring	Voluntary Redundancy of 1 post	None	No
TOTAL				21,527	43,054				

NEW 2015-16

APPENDIX 2

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

COMMUNITY SERVICES - 1% SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
1% Target	1,318,554		2,637,108	
Already Secured	1,318,554	100.0%	1,500,620	56.9%
Being Implemented	0	0.0%	0	0.0%
Being Developed				0.0%
Policy	0	0.0%	300,000	11.4%
Non-Policy	0	0.0%	836,488	31.7%
Still to Identify	0	0.0%	0	0.0%
TOTAL 1% SAVINGS TARGET	1,318,554	100.0%	2,637,108	100.0%

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

APPENDIX 2

COMMUNITY SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Adult Care	Already Secured	AC01	The options being considered are: (1) Care Home Placements, Older People: By continuing to implement the existing policy of favouring care at home as against care in residential care, efficiencies will be created as care at home is on average more cost effective than residential care home placements - £366,072 (2) Delayed Discharge: reduction in flexible revenue held locally and deployed by Area Managers for commissioning of services to facilitate discharge or avoid admission to hospital care. Refocus spend on services that evidence clear strategic outcomes with revenue removed from those which don't - £5,204 (3) Day Services, Older People: Review of service at Oasis, Garelochhead in line with existing policy of promoting flexible day service opportunities within the community rather than the traditional dependence of service users attending a building with the associated costs that go with that model of care. - £8,517 (4) Development & Flexibility Budget: reduction in short term, non-recurring pieces of work that do not evidence clear strategic outcomes - £1,174 (5) Jura Progressive Care Centre: efficiency improvements in the delivery of the service to residents at Jura Progressive Care Centre - £16,000 (6) Cowal Integrated Care Team – more efficient use of resources produced through the transfer of work to the Integrated Equipment Service	428,437	428,437	Recurring	As per performance and service implications.	(1) Equivalent to a reduction of 15 average 52 week placements per annum. However, expected that the efficiency will not see any cuts in service and will be achieved as noted with greater emphasis on care at home and those residents who are admitted are for reasons of high dependency and end of life care where the length of stay is shorter and the bed days purchased reduced. (2) The delayed discharge budget is a flexible revenue budget with high turnover and the efficiencies will not impact in terms of cuts in service as the efficiency will be achieved via routine turnover in services and a focus on services that evidence strategic outcomes to the exclusion of services that fail to do so. (3) Review of service provided by Cross reach in Garelochhead. Focus is moving to greater flexibility around day away from attending formal day units which is more person centred and cost effective. The proposal is that the unit itself will be used more flexibly across a range of clients effectively becoming an Adult care service for the Rosneath peninsula which will provide greater financial sustainability for the future and efficiencies against the present budget without any reduction in day services to older people. (4) Budget used in wide variety of issues from supporting individual care packages on a short term basis. Budget will re-focus on those achieving strategic outcomes to the elimination of those that fail to do so. Given the short term nature of the activity and relatively high turnover of service users, it is envisaged that the efficiency will be made without any cuts in service. (5) Cost efficiencies which have been made at Jura Progressive Care Centre which will not impact on the level of service provided. (6) Transfer of some work previously undertaken by the Integrated Care Team to the Homocare service which has allowed for a reduction in the size of the team without affecting the overall level of service provided to clients.	No
Adult Care	Already Secured	AC02	Reduction in the equipment expenditure budget within the Integrated Equipment Service	2,770	2,770	Recurring	None	Reduction in budget achieved by more efficient spend via the PECOS system and council budget being supplemented by resource release funding. Net impact is no reduction in service delivery	No
Community and Culture	Already Secured	CC01	Efficiency and Management savings from CLD Services. All operational aspects of the Community Learning and Development services will be scrutinised in detail to achieve efficiencies in the delivery of courses, community capacity building activities, travelling and training. The need and value of all vacant posts will be assessed and reviewed.	24,615	24,615	Recurring	None	Not possible to provide specific details on activity numbers at this time but the review work will be undertaken to ensure very marginal impact on front line service delivery	No
Community and Culture	Already Secured	CC02	Housing and Homelessness. Funding for Nurse Coordinator for Homeless, Gypsy Travellers and Looked After Children. Cessation of financial support to NHS Highland in relation to a Homelessness nurse post which was originally funded through the Rough Sleepers Initiative and which has been renewed on an annual basis for several years through general Homelessness budget. Also, a minor adjustment to staffing establishment as a result of previous year service review	66,911	66,911	Recurring	None	This financial year there have been intervention in 5 new homeless cases; 2 gypsy travellers; 28 looked after children. There is ongoing involvement with a range of clients within the three client groups who have particular health related issues. Provision has been made within health to cover this specialist work and mainstream health services will also be utilised to a greater degree	No
Community and Culture	Already Secured	CC03	Community Learning and Development – Youth Services. Reduction in Youth Services training and operational budget	10,000	10,000	Recurring	none	This saving mainly applies to the staff training element of Youth Services. It has become apparent that many training opportunities can be provided within the Council or through external funding or partnership arrangements. This saving will not impact staff development or service delivery	No

COMMUNITY SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Children and Families	Already Secured	CF02	Looked after children. Reduction to throughcare budget to meet the expected level of demand.	32,293	32,293	Recurring	none	Minimal impact on current service however future demands on throughcare could see increased demands in the future. Future impact on Throughcare Services arising from the Children and YP Act to be funded by Scottish Govt - negotiations continuing via CoSLA.	No
Children and Families	Already Secured	CF03	Children with a Disability- reduction to respite budget.	25,000	25,000	Recurring	none	The number of children and young people with disability supported in the community has reduced over the last 3 years. Current demand suggests a reduction can be accommodated however this will leave little room for flexibility, should demand (outwith service control) increase	No
Children and Families	Already Secured	CF04	Service wide. in year efficiencies	3,602	3,602	Recurring	none	It is not possible to provide specific details however the review will ensure there is minimal impact on front line service delivery	No
Children and Families	Already Secured	CF05	Reduction in fostering budget to meet the expected level of demand.	50,000	50,000	Recurring	none	Minimum impact on service. No impact on fostering rates, however as a demand led service future increased demands may impact on the budget.	No
Children and Families	Already Secured	CF06	Reduction to Community Support Budget	50,000	50,000	Recurring	None	There will be limited impact as private providers have difficulty recruiting and retaining social care staff to provide this support in the community.	No
Education	Already Secured	EDUC01	HQ and QIO support budgets. Review and removal, where appropriate of 2014/15 budget with a moratorium put in place for centrally-held budgets	133,623	133,623	Recurring	None	Reduced capacity to support Learning and Teaching and development within Service. This will include the removal of QIO consultancy budget (£21k), removal of Professional and Technical publications budget (£3k). A moratorium will be put in place during 14/15 for any discretionary expenditure with approval to be sought via Education Management Team. Education non school budgets will be reviewed and realigned to the agreed Education Management structure. As part of this realignment it is intended to top slice budgets where appropriate to meet the efficiency target	No
Education	Already Secured	EDUC02	Budget reductions would be taken directly from existing unspent balances. Schools are advised that they cannot carry forward a previously agreed carry-forward and monies must be utilised during initial carry-forward year.	316,303	0	Non-recurring	None	Schools will have reduced capacity to support adhoc / discretionary appointments. The proposed option is the top slicing of previous year underspend which is partly generated as a result of planned management (HT) action however is most as a result of vacancy / turnover/ recruitment cycle. Devolved management of resource regulations allow schools flexibility.	No
Education	Already Secured	EDUC04	External Residential Schools - A reduction in the number of pupils with additional support needs placed out with Argyll in Residential Schools.	175,000	175,000	Recurring	None	The availability of funding for placements in residential schools will be reduced but it is anticipated that, overall, there will be minimal impact as vulnerable children and young people will be supported in their local schools instead of placed in residential schools away from their families and friends.	No
Adult Care	Being Developed	AC03	Supported Living - A re-design of the support provided to service users overnight through the expanded use of e-care enabling and monitoring technologies.	0	317,207	Recurring	None	Improve efficiency of the service to reduce sleepovers and encourage use of enabling and monitoring technologies such as Telecare. 76 clients currently receive an overnight service - anticipated they would continue to be supported by a combination of technology (supervision) and the overnight care staff (care) within a different model of care.	No

APPENDIX 2

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

COMMUNITY SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Adult Care	Already Secured	AC04	Learning Disability Staffing Review - The Learning Disability Day Service has been subject to an ongoing review of staffing and management since 2012/13 which has created a recurring efficiency of £114k per annum.	0	114,000	Recurring	None	Intention was to use the efficiency within the Learning Disability service in the development of the Self Directed Support agenda. The efficiency has not been required and the revenue continues to be unallocated.	No
Community and Culture	Already Secured	CC04	Community Learning and Development - Three areas of expenditure have been identified to meet the required savings target, a reduction in the budget for the purchase of IT equipment, a slight reduction in the casual adult learning tutor budget and a reduction in the administration hours required as a result of the new Community Lettings electronic system.	0	14,438	Recurring	None	The reduction in the use of casual tutors for targeted literacy and learning activities will reduce the Council's ability to deliver learning opportunities for some adult learners. The reduction in the ability to purchase IT equipment will impact, in the longer term, to the Service's contribution to digital literacy and capability to support members of the public who lack IT skills;	No
Community and Culture	Already Secured	CC05	Culture and Library Operations - A variety of reductions across Libraries, Arts and Archivist have been identified to meet the required savings target. These are mainly in relation to Training, Books, Promotional Materials and Furniture & Fittings.	0	19,983	Recurring	None	These reductions will reduce the CPD opportunities for staff and reduce the overall level of stock available for distribution. Our ability to promote and market the Service will also be reduced. Regarding the reduction in Arts, this will reduce the Council's contribution to the implementation of the Cultural Strategy and the Place Partnership being developed with Creative Scotland.	No
Community and Culture	Already Secured	CC06	Housing Services - Three areas of expenditure have been identified to meet the required savings target, a reduction in the research budget, a reduction in temporary accommodation and a reduction in housing support.	0	37,199	Recurring	None	(1) A reduction in the housing research budget will reduce the service's capacity to gather data for the development of the local housing strategy. This may impact on data collection supporting accreditation for the housing need and demand assessment. However the assessed risk is low as the service has invested in information systems and extensive research on gaps in knowledge. (2) There has been a reduction in the number of households presenting as homeless as a result of the investment in preventative strategies. Consequently a small percentage reduction in the budget for the provision of temporary accommodation is considered to be a prudent proposal. (3) Housing support budgets have been supplemented by additional funding from DWP and the number of households requiring support has remained relatively static.	No

NEW 2015-16

NEW 2015-16

NEW 2015-16

NEW 2015-16

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

APPENDIX 2

COMMUNITY SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non- Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Community and Culture	Already Secured	CC07	Leisure Services - Three areas of expenditure have been identified to meet the required savings target, a reduction in the Leisure training budget, a reduction in the Chemicals for Pools budget due to new advances in pool plant and a reduction in the budget for the replacement of gym equipment.	0	22,867	Recurring	None	(1) Training is very important within Leisure Services, especially in terms of Health & Safety, as we cannot run classes or manage pools without fully trained staff and there is continuous CPD. We are looking at more shared training being undertaken and finding efficiencies in programming. (2) Leisure has made significant investment in replacement pool plant which operates at increased efficiency and reduced costs. Riverside will close for refurbishment in 2015 and will have new plant which will reduce the need for chemical dosing. (3) There will be a slight impact on the replenishment of gym equipment, replacement will be delayed.	No
Community and Culture	Already Secured	CC08	Youth Services - Three areas of expenditure have been identified to meet the required savings target, a reduction in the Youth training budget, a reduction in the budget used to fund Licence Fees and a reduction in Youth Services routine hospitality.	0	6,210	Recurring	None	(1) A reduction in staff development and training opportunities. Potential impact on quality of service provision and ability to effectively manage change. Some impact on partner agencies and volunteer development. (2) Will be saved from rationalisation of license fees to organisations such as Young Scot, Youth Scotland, Youthlink Scotland, etc. (3) Will impact on provision of hospitality at events involving young people and partners	No
Children and Families	Being Developed	CF07	Child Protection: Partnership Contribution - Reduce the cost of the Child Protection Committee (CPC) through increased contributions from partner agencies and/or Children and Families; reduce the funding to partners for posts.	0	50,000	Recurring	Reduction in funding to partners in Health and Education would potentially, on 3 posts	Impact on relationship with partners and potential outcomes for children if children and families reduce financial support	No
Children and Families	Already Secured	CF08	Children with a Disability - Removal of underspend in children and young people's respite budget.	0	12,500	Recurring	None	The number of children and young people with disability supported in the community has reduced over the last 3 years. Current demand suggests a reduction can be accommodated however this will leave little room for flexibility, should demand (outwith service control) increase	No
Children and Families	Already Secured	CF09	Reduction in fostering budget - The current budget position is reported as an underspend of £80k. An element of this will be recurring.	0	50,000	Recurring	None	Minimum impact on service. No impact on fostering rates, however as a demand led service, future increased demands may impact on the budget.	No
Children and Families	Already Secured	CF10	Early Years - Removal of projected underspend in the partner provider element of the pre-school budget.	0	36,172	Recurring	None	The current budget forecast, based on current estimates of pre-school numbers, suggests a potential surplus in this budget which would enable the budget to be reduced with no impact on service provision.	No
Children and Families	Being Developed	CF11	School Hostels - Saving will be achieved through a reconfiguration of the school hostel budgets.	0	12,000	Recurring	None	It is anticipated that both hostels, Dunoan and Glencruitten, will be able to achieve these savings through efficiencies and with minimal impact on service provision.	No
Education	Already Secured	EDUC05	A reduction in the discretionary budget held by schools generated by a pro-rata reduction in the core allocation and/or the allocation per pupil.	0	150,000	Recurring	None	None, the budgets involved are for non-staff expenditure and will therefore have no direct impact on staffing levels in schools	No

APPENDIX 2

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

COMMUNITY SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Education	Being Developed	EDUC06	Expansion of joint headships across the school estate with potential for heads to take responsibility for up to three schools, in line with the agreed Council Shared Headship Policy. The introduction of Shared Headship policy in Argyll and Bute in 2011 is leading to improved leadership and management across our small schools and better equipping them to meet the challenging curriculum and current learning and teaching requirements in the 21st century. The appointment of one head teacher responsible for more than one school is reducing duplication of making increasingly effective use of scarce resources and time.	0	200,000	Recurring	Reduction in Head Teachers Offset by increase in number of Principal Teachers	Physical management presence of Headteacher will be spread across two or more schools. This reduction may be offset by allocating some Principal teacher time to other teachers in the schools involved to ensure continuity of management, ensure effective learning & teaching and secure improvement in outcome's for learners.	No
Education	Being Developed	EDUC07	Change of the DMR existing guidance to remove underspends on employee costs from schools and hold them centrally within Education to meet the savings and to cover other unexpected costs. Any balance remaining at the year-end would be carried forwards towards the following year's vacancy savings target or considered for inclusion in the Capital Items Replacement Fund.	0	300,000	Recurring	None	A direct impact of this efficiency will be reduced capacity for Head teachers to hire between within budget lines. This may require an adjustment to the Devolved School Management scheme via LNCT	Yes
Education	Being Developed	EDUC08	Termination of existing contract with NHS for the provision of Speech and Language Services Current contractual arrangements are historical, with no requirement for speech and language therapy provision by Education, this however, is a health service requirement.	0	70,000	Recurring	None	Current partnership agreement between NHS and Argyll & Bute to deliver NHS core activity will result in a change to existing arrangements for delivery of services by Speech & Language Therapists in Council schools.	No
Education	Being Developed	EDUC09	Removal of top up funding for schools to fund Principal Teachers for Enterprise. Responsibility for Enterprise would be retained within existing senior school management remits.	0	40,000	Recurring	None	No direct impact on existing service delivery. Schools take forward Enterprising curricular activities as an integral aspect of Curriculum for Excellence.	No
Education	Being Developed	EDUC10	One existing ASN PT is expected to retire before the end of 2014/15. The proposal is that two posts would be removed from the Education establishment from 2015/16 onwards including redeployment as necessary, realigning existing service delivery to ensure continuity of service delivery across all 4 Council areas.	0	100,000	Recurring	Reduction of 2 posts through turnover	No direct impact: currently Additional Support Needs provision is being reviewed to allow for improved service delivery, identification and meeting of needs.	No
Education	Being Developed	EDUC11	Realignment of a couple of temporary management/support posts through the integration of Early Years and CLD Youth Services into Education.	0	35,000	Recurring	None	Minor impact realignment of existing functions will bring improved service delivery as an integral aspect of the revised Education Central Services structure.	No

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

APPENDIX 2

COMMUNITY SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non- Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)	
				2014-15	2015-16					
Education	Already Secured	EDUC12	Cluster Cover - Reduction in the overall level of non-Teacher absence cover provided to school clusters.	0	35,000	Recurring	None	Re-assessment of the current arrangements, for deployment of cluster cover to schools is required to support the implementation of this proposed saving.	No	NEW 2015-16
Education	Being Developed	EDUC13	Operational Efficiencies - To be developed in year through efficiencies in day-to-day operations.	0	12,281	Recurring	None	No direct impact on existing service delivery.	No	NEW 2015-16
TOTAL				1,318,554	2,637,108					

APPENDIX 3

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

CUSTOMER SERVICES - 1% SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
1% Target	241,427		482,854	
Already Secured	241,427	100.0%	433,033	89.7%
Being Implemented	0	0.0%	49,821	10.3%
Being Developed:				
Policy	0	0.0%	0	0.0%
Non-Policy	0	0.0%	0	0.0%
Still to Identify	0	0.0%	0	0.0%
TOTAL 1% SAVINGS TARGET	241,427	100.0%	482,854	100.0%

APPENDIX 3

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

CUSTOMER SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Executive Director of Customer Services	Already Secured	CUST001	Vacancy Savings - Increase to Departmental Target	5,212	10,424	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST001	Vacancy Savings - Increase to Departmental Target	6,301	6,301	Recurring	None	None	No
Improvement and HR	Already Secured	CUST001	Vacancy Savings - Increase to Departmental Target	5,500	5,500	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST002	Scottish Water Agency Income - Additional agency income from Scottish Water for collecting water charges as per recently announced order which runs from 1 April 2014 to 31 March 2018. This saving will increase in 2015-16 as a result of the full year impact of the additional income.	36,138	49,022	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST003	Travel Budgets - Reduction to staff travel budgets across the service.	28,000	28,000	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST004	Council Tax Advertising	1,500	1,500	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST019	Council Tax - Sheriff Officer Commission	0	59,055	Recurring	None	None	No
Governance and Law	Already Secured	CUST005	Licensing Income - income achieved for previous years has been in excess of budget.	16,515	16,515	Recurring	None	None	No
Governance and Law	Being Implemented	CUST020	Savings across the service, small uncommitted budgets in Legal Services Management, Anti Social Behaviour Orders and Governance and Law Management	0	16,515	Recurring	None	None	No
Facility Services	Already Secured	CUST006	Property Services Sundries - Budget created in 2012-13 as a result of excess savings from service review.	6,796	6,796	Recurring	None	None	No
Facility Services	Already Secured	CUST007	Income from Investment Properties - increase based on current rental levels	13,770	13,770	Recurring	None	None	No
Facility Services	Already Secured	CUST008	Rural Community Transport Initiative - payment previously paid to a provider that has folded, monies are uncommitted	13,500	13,500	Recurring	None	None	No
Facility Services	Already Secured	CUST009	Pupil Transport - Parent Transport	15,000	15,000	Recurring	None	None	No
Facility Services	Already Secured	CUST010	Cleaning HQ - Reduction to cleaning equipment budget	10,000	10,000	Recurring	None	None	No

APPENDIX 3

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

CUSTOMER SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Facility Services	Water Charges - savings to be achieved over and above Property Services Service Review saving								
Facility Services	Already Secured	CUST011		20,000	20,000	Recurring	None	None	No
Facility Services	Already Secured	CUST012	Training Budgets across Facility Services	5,000	5,000	Recurring	None	None	No
Facility Services	Already Secured	CUST013	Pool Cars - Fuel Costs	5,000	5,000	Recurring	None	None	No
Facility Services	Already Secured	CUST014	Facility Services - supplies and services and travel and subsistence budgets	25,389	25,389	Recurring	None	None	No
Facility Services	Already Secured	CUST021	School and Public Transport - Inflationary Increase	0	114,455	Recurring	None	None	No
Improvement and HR	Already Secured	CUST015	Overtime Budget - removal of 100% of overtime budget allocation	9,384	9,384	Recurring	None	None	No
Improvement and HR	Already Secured	CUST017	Social Work Training - Photocopier and Coffee machine leases	12,000	12,000	Recurring	None	None	No
Improvement and HR	Already Secured	CUST018	HR - Reduction to Supplies and Services budgets	6,422	6,422	Recurring	None	None	No
Improvement and HR	Being Implemented	CUST022	Learning and Development - Social Work Training Backfill	0	33,306	Recurring	None	None	No
TOTAL				241,427	482,854				

NEW 2015-16

NEW 2015-16

POLICY AND RESOURCES COMMITTEE - 19 MARCH 2015

APPENDIX 4

DEVELOPMENT AND INFRASTRUCTURE - 1% SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
1% Target	224,480		448,960	
Already Secured	224,480	100.0%	274,635	61.2%
Being Implemented	0	0.0%	0	0.0%
Being Developed:				
Policy	0	0.0%	0	0.0%
Non-Policy	0	0.0%	174,325	38.8%
Still to Identify	0	0.0%	0	0.0%
TOTAL 1% SAVINGS TARGET	224,480	100.0%	448,960	100.0%

DEVELOPMENT AND INFRASTRUCTURE - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Directorate	Already Secured	DIS-HQ01	Supplies and Services	18,452	18,452	Recurring	None	Reductions proposed to business support non-staff costs will necessitate sensible cost cutting measures to reduce what should be controllable costs in office equipment and materials, stationery, printing and travel; additionally increased use of e-learning will assist with a planned reduction to the training budget. In summary, prudent reductions to areas of spend which should not impact upon service delivery.	No
Economic Development	Already Secured	ED1	Removal of Assistant Road Safety Officer Post (006787) – Vacant	16,859	16,859	Recurring	No impact as this is currently a vacant post.	This has been a long term vacant post that has been superseded by a number of improvements have been made to service delivery including the development of the road safety learning tool and the innovative cycle training initiative that has recently been shortlisted for an award.	No
Economic Development	Already Secured	ED2	Increase of berthing dues at Port Askaig.	8,942	8,942	Recurring	None	As part of the Scottish Ferries Plan Transport Scotland has engaged with the Islay and Jura communities with a view to rebalancing the services from the mainland to the islands. This will increase sailings to Port Askaig which is a Council asset and will enhance service delivery for residents who live in north Islay and Jura. The service is also looking at ways to increase piers and harbours income across all of our ports and harbours.	No
Planning and Regulatory Services	Already Secured	PRS1	This savings option reduces the level of professional support to Regulatory Services which was allocated to alternative enforcement albeit that the savings are to a post which is current vacant. The impact will be minimal as we have an existing resource within our administration support team, who current undertakes this work as part of their job description, supported by other professional staff and this has worked well in the last year.	11,503	11,503	Recurring	This post is currently vacant and has been used to support our alternative enforcement work.	There will be a slight reduction in our capacity for alternative enforcement in the short-term, until training and development plans are met for the administrative post, although this will be supported by the wider Regulatory Services professional team.	No
Planning and Regulatory Services	Already Secured	PRS2	This savings option reduces the budget for tobacco control from £50454 to £44754. The budget supports the work of trading standards in undertaking age-restricted activity relating to cigarettes and the enforcement work relating to the display of cigarettes which comes into widespread effect for retail premises on the 1st April 2015. Whilst one member of staff is employed through this cost centre, the saving will not impact on their continued employment.	5,700	5,700	Recurring	There will be no impact on staff and the workload relating to tobacco control enforcement is part of the wider trading standards operational team service plan.	The impact to the service will be minimal as our work to date has identified that there is general compliance with the legislative requirements and has supported business to achieve compliance. The level of targeted work has reduced and our strategy will be intelligence driven focussing on business where there is information suggesting that there may be non-compliance. This can be met by the existing trading standards resource and if necessary they can be supported by other professional across Regulatory Services.	No

DEVELOPMENT AND INFRASTRUCTURE - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Planning and Regulatory Services	Already Secured	PRS3	Proposed deletion of vacant post within the Development Management structure. The post is a 'Planning Systems Support Assistant' based in Whitegates, Lothgiphhead which has been vacant since December 2013. The previous post holder has been promoted within DIS to newly created position of Process and Productivity Improvement Manager. Some of the roles and duties of the Systems Support Assistant post have been transferred to the new post as part of a Business Process Review (BPR) that is underway for Development Management. This includes work-streams to deliver efficiencies and best practice within the service. The post of Systems Support Assistant was originally created in 2009 to roll out and administer the delivery of E-Planning. The majority of outcomes of E-Planning have now been achieved and are bedded into normal working practices now.	14,500	14,500	Recurring	1 vacant post is being removed from structure so there is no loss or change in circumstances to an individual. Other staff within the CVT have already absorbed majority of duties from vacant post with others being transferred to BPR project	Impact on service shall be minimal due to around 70% of the activities of the post being transferred to the new Process and Productivity Improvement Manager or BPR project. Other duties that have not been transferred have been integrated into the wider Central Validation Team (CVT) between June and December 2013 as part of a phased transition. Duties include update of performance data (training of 2 staff still on-going), deleting documents in CIVCA, data management and responding to queries from Planning Officers on systems matters. Whilst the majority of duties from the post have been redistributed the loss of a member of staff within the CVT has marginally reduced resilience during times of unplanned absence or increased workload (unexpected increase in planning applications). A review shall take place in late February to review the resources and demand pressures within the CVT with a view to increase resilience whilst carrying out the duties of the Systems Support Assistant. Further reviews will take place in the medium and long term within the CVT once efficiencies and improvements identified as part of the BPR Process are realised or achieved.	No
Roads and Amenity Services	Already Secured	RAM51	<ul style="list-style-type: none"> Fuel savings due to rescheduled routes Reduced reliance on hired in plant – close down hires more timely Increase in income streams where possible Restructure resulting in a number of vacant posts being removed from the establishment 	148,524	148,524	Recurring	Staffing will be via the removal of vacant posts.	There will be a greater requirement to prioritise roads maintenance revenue works based upon safety priorities and risk assessment with a reduced ability to undertake sustainable asset management as identified through the Roads Asset Management Plan. Reduction in the scale and/or standard of amenity services may impact upon the presentation of community spaces in towns and villages which may impact adversely upon tourism and business interests and the quality of life of communities.	no
Directorate	Already Secured	DIS-HQ02	Deletion of one vacant post where the majority of duties have already been efficiently absorbed into the central team. Total saving £18,452. Post DVB00058.	0	18,452	Recurring	No impact as this is currently a vacant post	Through forward planning the duties have been absorbed into the central team based and therefore the deletion of this administrative post carries minimal detrimental impact upon service delivery.	no
Economic Development	Being Developed	ED3	Increased volume of berthing dues throughout Argyll and Bute achieved through better management processes.	0	25,801	Recurring	None	No impact on service delivery. The service is constantly looking at ways to increase piers and harbours income across all of our ports and harbours including additional marketing opportunities including joint ventures with Gal Mac.	no

NEW 2015-16

NEW 2015-16

DEVELOPMENT AND INFRASTRUCTURE - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Planning and Regulatory Services	Already Secured	PRS4	The Scottish Government have laid the Town and Country Planning (Fees for applications and deemed applications)(Scotland)(Amendment) Regulations 2014 on 1 August 2014. The Regulations come into force on 1 November 2014. The Amendment Regulations implement an increase in planning application fees of 5% which in terms of Argyll and Bute Council's 2013/14 Planning fees revenue outturn equates to circa £49,000. Given this increase in planning fees and the recent and current trends of increasing planning application numbers and income it is considered prudent and sustainable to propose that the 1% saving for Planning and Regulatory Services be addressed fully by an increase in revenue budget fee income.	0	31,703	Recurring	None	Given that it is proposed to increase the revenue budget fee income target to generate the 1% saving there is likely to be limited impact on service delivery. This approach to budget savings will protect existing staff levels, maintain existing high levels of performance and enable the service to meet the current increase in service demands.	no
Roads and Amenity Services	Being Developed	RAMS2	<ul style="list-style-type: none"> Securing more competitive energy contract for street lighting (this is in place and does not affect the ongoing street lighting energy efficiency project reported to ED&I in August 14). This saving is to yield £120k Reduction in overtime worked in roads squads during summer months – option to employ more FTEs working at straight time and some annualised hours working £28k. 	0	148,524	Recurring	Potential to impact on industrial relations.	Each Local Committee Area will be affected on a pro rata basis for energy costs based on the number of lighting units in the area. Overtime costs will be spread across the 4 areas.	No
TOTAL				224,480	448,960				

NEW 2015-16

NEW 2015-16

MONITORING OF FINANCIAL RISKS – 2014-15 & 2015-16

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are currently 58 departmental risks totalling £8.178m. Only 10 of the risks are categorised as likely and no risks have been categorised as almost certain.
- 1.4 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

MONITORING OF FINANCIAL RISKS – 2014-15 & 2015-16

2. INTRODUCTION

- 2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.

3 DETAIL**3.1 Introduction**

- 3.1.1 The Council is currently in a period of significant financial challenge. In developing its budget to address both restricted resources and cost and demand pressures there are a number of financial risks the Council needs to consider and manage.
- 3.1.2 There are a number of risks that affect the income or expenditure across the whole council and these have been identified. Financial risks have been considered by each department and service of the Council.
- 3.1.3 For each risk, the financial impact has been quantified and the likelihood assessed based on the standard risk matrix as follows:
- 1 – Remote
 - 2 – Unlikely
 - 3 – Possible
 - 4 – Likely
 - 5 – Almost Certain

3.2 Council Wide Risks

- 3.2.1 The estimated level of council tax income is based on current and forecast Band D equivalents and non-payment rates. This reflects our most recent experience in terms of the council tax base and likely collection rates. A 1% variation in council tax income amounts to approximately £400,000.
- 3.2.2 The finance settlement for 2015-16 was announced on 11 December 2014. There are some small changes to the previous estimates, however, in the main the finance settlement is in line with our expectations.
- 3.2.3 One area of risk to funding would be if the Council were deemed not to have met the conditions attached to the finance settlement and this is assessed as remote. A 1% variation in Scottish Government Funding amounts to around £2m.
- 3.2.4 At the Council budget meeting in February it was agreed that services have to achieve 1% savings in both 2014-15 and 2015-16. The savings should not have a

policy implication and therefore officers are given delegated authority to develop and secure these savings with progress monitored and reported to the Policy and Resources Committee. The Council have a good track record in delivering savings and the progress with the 1% savings target will be monitored closely. A 1% savings target amounts to £1.822m. A 10% shortfall on this savings target would amount to £182,000.

3.2.6 The Council have additional cost implications in respect of holiday pay as a result of a recent ruling by the European Court of Justice. The ruling means that employers must now pay employees the same rate of pay, including any overtime or other additional payments that are linked to their job, whilst they are on holiday. The full year cost is estimated to be around £350,000. The position regarding any backdating of these payments is unclear and there are currently a number of cases or appeals underway and it may be 2016 before there is a final resolution to this matter.

3.2.7 The Council wide risks noted above in addition to other Council wide risks are noted within the table below:

Description	Likelihood	Financial Impact £000
1% variation in Council Tax Income	2	400
Council has not met the conditions attached to the finance settlement. Risk value is equivalent to a 1% variation in Scottish Government funding.	1	2,000
10% shortfall on 1% savings target	2	182
Backdating of Holiday Pay Entitlement	2	1,000
Employee Pay increase by 1% more than budgeted	2	1,334
Employers NI rate increase by 2%	2	2,000
Employers Superannuation auto enrolment into pension scheme.	5	Range of 200 to 2,000
Energy costs increase by 10% greater than anticipated	2	745
Repairs and Maintenance costs increase by 5%	2	120
General Inflation at 2% on all costs not already inflated.	2	1,717

3.3 Departmental/Service Risks

3.3.1 The detail of each departmental financial risk is included within Appendix 1. The following table provides a summary of the number of risks within each department and likelihood category with the financial impact.

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000	No.	£000
Community Services	0	0	5	435	14	2,527	7	1,231	0	0	26	4,193
Customer Services	3	170	6	399	8	1,093	1	30	0	0	18	1,692
Development & Infrastructure	2	120	1	10	9	863	2	1,300	0	0	14	2,293
Total	5	290	12	844	31	4,483	10	2,561	0	0	58	8,178

3.3.2 The current top five risks in terms of the financial impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Amenity Services	Winter Maintenance	Averse weather conditions which require greater than budgeted number of gritting runs.	4	1,200
Adult Care	Increased complexity of Older People, LD and MH packages.	Level of service demand remains at current commitment or increases due to needs becoming more complex.	3	950
Adult Care	Older People - population growth	Growth in elderly population exceeds expectation reflected in Demand Pressure thereby putting increased demand on services.	3	700
Adult Care	External provider charges - Learning Disability, Physical Disability and Mental Health	Increased provider charges in respect of clients with learning disability/mental health needs.	4	400
Adult Care	External provider charges - Older People	Uncertainty over external provider rates in those areas not included in externalisation framework agreed by Council.	4	400

3.3.3 The current top five risks in terms of the likely impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Amenity Services	Winter Maintenance	Averse weather conditions which require greater than budgeted number of gritting runs.	4	1,200
Adult Care	External provider charges - Learning Disability, Physical Disability and Mental Health	Increased provider charges in respect of clients with learning disability/mental health needs.	4	400
Adult Care	External provider charges - Older People	Uncertainty over external provider rates in those areas not included in externalisation framework agreed by Council.	4	400
Children and Families	Looked after children - residential placements	Increased level of support, increased placement cost, increased client base	4	200
Roads and Amenity Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	4	100

3.4 Changes to Financial Risks since last P&R Report

3.4.1 The only changes to the financial risks is the removal of a risk in respect of provider charges for older people homecare as the impact is already reflected in another risk within the report.

3.5 Monitoring of Financial Risks

3.5.1 Financial risks will be reviewed and monitored on a two monthly basis and will be included in the pack of financial reports submitted to Policy and Resources Committee.

4 CONCLUSION

4.1 This report summarises the key financial risks facing the Council. Only 10 out of the 58 risks are categorised as likely with no risks categorised as almost certain. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

5 IMPLICATIONS

- | | | |
|-----|--------------------|---|
| 5.1 | Policy - | None. |
| 5.2 | Financial - | The financial value of each risk is included within the appendix. |
| 5.3 | Legal - | None. |
| 5.4 | HR - | None. |
| 5.5 | Equalities - | None. |
| 5.6 | Risk - | Financial risks are detailed within the appendix. |
| 5.7 | Customer Service - | None. |

Steve Barrett
Interim Head of Strategic Finance
17 February 2015

Appendix 1 – Detail of Department/Service financial risks.

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 JANUARY 2015

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 31 December 2014		As at 31 January 2015	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	External provider charges - Learning Disability, Physical Disability and Mental Health	Increased provider charges in respect of clients with learning disability/mental health needs.	Ensure services are targeted at priority need clients. Review of client assessments and selection of appropriate provider via commissioning of service.	4	400	4	400
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	External provider charges - Older People	Uncertainty over external provider rates in those areas not included in externalisation framework agreed by Council.	Commissioning team agreeing rates and the role of home care procurement managers in allocating services.	4	400	4	400
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Charges for Community Based Care	Clients withdraw from service due to charges or changes to benefits leading to a reduction in income.	Ensure clients benefits are maximised to reduce impact of charges and risk of withdrawal from service. Ensure internal and externally delivered services cease where client withdraws from charging scheme.	3	140	3	140
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Growth in Older People population	Growth in elderly population exceeds expectation reflected in Demand Pressure thereby putting increased demand on services.	Restrict service provision within available budget. Ensure services targeted at priority need clients. Continue to shift balance of care where average community care packages cost less than institutional. Growth of elderly population built into financial estimates.	3	700	3	700
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Increased complexity of care packages - Older People, Physical Disability, Learning Disability and Mental Health	Level of service demand remains at current commitment or increases due to needs becoming more complex.	Restrict service provision within available budget. Ensure services targeted at priority need clients. Continue to shift balance of care where average community care packages cost less than institutional. Target funding at preventative services to reduce risk of higher dependency.	3	950	3	950
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Income from self-funding Older People resident in the Council's care homes	Changes in self funded clients receiving residential care.	Management have no control over financial circumstance of clients receiving care.	3	175	3	175
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Provider Charges - Older People Homecare	Increased provider charges in respect of older clients requiring homecare.	Ensure services are targeted at priority need clients. Review of client assessments and selection of appropriate provider via commissioning of service.	4	200		
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Sleepover Allowance rates paid to clients in receipt of Direct Payments	Potential increase in the nightly allowance to pay for sleepovers provided by personal assistants funded via Direct Payment in order to meet National Minimum Wage Regulations.	Ensure services are targeted at priority need clients, review of client assessments and greater use of Telecare to support/monitor clients.	4	34	4	34

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 JANUARY 2015

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 31 December 2014		As at 31 January 2015	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Community Services	Adult Care	AC1 - Our community is supported to live more active, healthier and independent lives	Sleepover Allowance rates paid to staff in the Council's Older People's care homes.	Potential increase in the allowance paid to staff working sleepovers in residential units to bring payments into line with the National Minimum Wage Regulations.	Review rotas to ensure that overnight staffing levels are appropriate and meet statutory requirements.	4	42	4	42
Community Services	Children and Families	CF1 - The life chances for looked after children are improved	Looked after children - residential placements	Increased level of support, increased placement cost, increased client base	Commissioning Team; Regular reviews to minimise duration of placement, Maximise existing resources.	4	200	4	200
Community Services	Children and Families	CF1 - The life chances for looked after children are improved	Increased demand for Throughcare support for Looked After Children	Increased level of support, increased placement cost, increased client base	Commissioning Team; Regular reviews; Prompt transition to benefits. Active policy/strategic aim to develop/enhance throughcare offset by corresponding savings within residential placements.	2	80	2	80
Community Services	Children and Families	CF1 - The life chances for looked after children are improved	Increase in demand for foster care places	Increase to fostering client base.	Active Policy/Service Priority to enhance activity.	3	120	3	120
Community Services	Children and Families	CF1 - The life chances for looked after children are improved	Contested Adoption Placements	Increased number of contested adoptions	Activity Policy/Service Priority to enhance activity.	2	15	2	15
Community Services	Children and Families	CF1 - The life chances for looked after children are improved	Increase in Adoption placements	Increased number of adoptions	Activity Policy/Service Priority to enhance activity.	2	50	2	50
Community Services	Children and Families	CF1 - The life chances for looked after children are improved	Sleepover Allowance rates paid to staff in the Council's Children's houses.	Potential increase in the allowance paid to staff working sleepovers in residential units to bring payments into line with the National Minimum Wage Regulations.	Review rotas to ensure that overnight staffing levels are appropriate and meet statutory requirements.	4	85	4	85
Community Services	Children and Families	CF2 - Children, young people and their families at risk are safeguarded	Increase in demand for support for Disabled Children	Increased demand for service.	Disability Transitions Groups	3	60	3	60
Community Services	Children and Families	CF3 - We have contributed to making our communities safe from crime disorder and danger	Criminal Justice Partnership Overspend	Share of potential overspend from Criminal Justice Partnership.	Ongoing review of Criminal Justice budget and partnership activities.	4	70	4	70
Community Services	Community and Culture	CC02 - Raised lifelong participation levels in sport and physical activity to enable us to lead more active healthier lives	Leisure Facilities Usage	Reduced take up of services offered.	Tracking of service user participation using a traffic light system to identify services where usage drops. Services with a low rate of participation would be reviewed.	3	40	3	40
Community Services	Community and Culture	CC04 - Less people will become homeless each year in A&B as a result of our proactive approach to prevention and support	Homelessness Temporary Accommodation Costs	Higher cost of temporary accommodation - increased rental prices and bed and breakfast costs with clients remaining in tenancies for a longer time period until permanent residences are secured.	Bed and breakfast contracts are in place as block purchase of allocation. Work with housing associations and landlords to negotiate rent levels.	3	15	3	15

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 JANUARY 2015

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 31 December 2014		As at 31 January 2015	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Community Services	Community and Culture	CC04 - Less people will become homeless each year in A&B as a result of our proactive approach to prevention and support	Homelessness Temporary Accommodation Provision	All unintentionally homeless people will be classed as priority need and entitled to permanent accommodation. They must be temporarily accommodated by council until then.	Provision of information and advice services to minimise number of applicants proceeding to full homeless application.	3	12	3	12
Community Services	Community and Culture	CC04 - Less people will become homeless each year in A&B as a result of our proactive approach to prevention and support	Homelessness Temporary Accommodation Income	Introduction of universal benefits has an impact on the level of benefits recovered for temporarily accommodated individuals.	Provision of information and advice services to minimise number of applicants proceeding to full homeless application. Ensure that they are in receipt of full benefit entitlement.	3	75	3	75
Community Services	Community and Culture	CC07 - People successfully access a choice of suitable and affordable housing options in the area that they want to live and can participate in the housing market	Housing Support Costs	Increased cost from external providers of housing support.	Ensure appropriate commissioning of service and targeting of resource to areas of greatest need.	3	20	3	20
Community Services	Education	ED01/ED02 - Primary/secondary school children and are enabled to increase levels of attainment and achievement and realise their potential	Schools - Teacher Cover Levels	Increased absence rate resulting in increased cover requirement.	Absence management protocols.	3	100	3	100
Community Services	Education	ED04 - The education additional support needs of children and young people are met	Schools - ASN Assistants Support Levels	Client base increasing	Priority Need Framework, Active Management of Distribution/ allocations.	2	230	2	230
Community Services	Education	ED04 - The education additional support needs of children and young people are met	ASN - Residential Placements Support Levels	ASN Residential Placements - increased cost due to increase of client base.	Liaison with SW colleagues. Active management of existing client base.	2	60	2	60
Community Services	Education	ED07 - Young children and their families are given assistance to help them achieve the best start in life.	Pre-Five Units - number of providers	Failure of commissioning pre-five units resulting in the Council having to provide the service.	Annual financial appraisal; Support network; Short-term cash injections.	3	50	3	50
Community Services	Education	ED07 - Young children and their families are given assistance to help them achieve the best start in life.	Pre-Five Units - pupil numbers	Increase in pupil numbers.	Maximise current staff base	3	70	3	70
Customer Services	Customer and Support Services	CS01 - Benefits are paid promptly whilst minimising fraud	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	2	125	2	125

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 JANUARY 2015

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 31 December 2014		As at 31 January 2015	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Customer and Support Services	CS02 - Businesses are supported in claiming Non-Domestic Rates relief.	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control or new charitable businesses. Likely to be powers to make a new discretionary rates relief scheme from April 2015.	Outwith direct management control.	4	30	4	30
Customer Services	Customer and Support Services	CS04 - Income from local taxes and sundry debtors is maximised and properly controlled	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Robust monitoring of arrangements with debt collection agency. Joint working with Legal Services to assist services with the recovery of aged debt.	3	110	3	110
Customer Services	Customer and Support Services	CS04 - Income from local taxes and sundry debtors is maximised and properly controlled	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate, Council entering into new contract with debt collection agents for Council Tax.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	100	3	100
Customer Services	Customer and Support Services	CS05 - Increased value is delivered from procurement, with key contracted services of better quality and effectiveness	Procurement legal challenge	Potential challenge from unsuccessful bidders resulting in claims for damages	Ensure procurement procedures and policies are followed. Explore possibilities for insurance cover in relation to claims.	3	100	3	100
Customer Services	Facility Services	FS01 - Children in Argyll and Bute are healthier by maximising the number of pupils option to choose a nutritionally balanced school meal at lunchtime	Catering Purchases	Increased supplier charges.	Joint strategy with procurement colleagues to reduce potential impact. Control food wastage/portion controls.	2	60	2	60
Customer Services	Facility Services	FS02 - Communities are safer and more successful through improved facilities	Property - Central Repairs	Increased demands on CRA as a result of the decrease in capital funding available and increases in supplier/contractor charges.	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of CRA budgets and commitments.	3	200	3	200
Customer Services	Facility Services	FS02 - Communities are safer and more successful through improved facilities	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	Asset Management Strategy	3	250	3	250
Customer Services	Facility Services	FS02 - Communities are safer and more successful through improved facilities	Rental Income from Properties	Due to current economic climate may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	20	2	20

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 JANUARY 2015

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 31 December 2014		As at 31 January 2015	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Customer Services	Facility Services	FS03 - We contribute to the sustainability of the local area	Energy Costs	Increase in energy costs and consumption. The Council are required to participate in the CRC Energy Efficiency Scheme from 2014-15 onwards, there is a risk that the required carbon emission reductions are not met and the cost of the allowances could increase.	Energy Management Team actions to reduce energy consumption and efficiency and ensure more accurate billing by energy providers. Regular monitoring of energy budgets to ensure any issues are raised and resolved as soon as possible.	3	200	3	200
Customer Services	Facility Services	FS04 - School and public transport meets the needs of communities	SPT Requisition	Increased contribution required for SPT requisition.	Outwith direct management control.	2	60	2	60
Customer Services	Facility Services	FS04 - School and public transport meets the needs of communities	School and Public Transport - provider charges	Increased provider charges	Joint strategy with procurement colleagues to reduce potential impact.	2	100	2	100
Customer Services	Governance and Law	GL10 - Timely provision of liquor licences and Civic Government licenses to the public	Licensing	Reduced numbers of licensing applications leading to reduced income	Monitoring of trends.	3	30	3	30
Customer Services	Governance and Law	GL5 - Electors enabled to participate in the democratic process	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	2	34	2	34
Customer Services	Governance and Law	GL6 - The best interests of children at risk are promoted	Children's Panel	Increased number of referrals.	Liaise with Community Services colleagues to maximise council facilities/resources in the first instance.	1	10	1	10
Customer Services	Governance and Law	GL8 - Provision of high quality, timely legal advice	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10	1	10
Customer Services	Governance and Law	GL9 - Provision on high quality, timely and appropriate legal documentation.	Insurance Contract	The Council has to tender the insurance Service contract during 2015-16. It is possible there will be an increased cost of insurance as a result of the tender.	Legal Services will seek to ensure that a number of tender returns are made to increase competitive benefit for the Council.	3	103	3	103
Customer Services	NPDO	NPDO	Contract RPI	Increase in RPI.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and existing budget.	1	150	1	150
Development & Infrastructure	Economic Development	ET02 - Argyll and Bute is better connected, safer and more attractive	Ferry Services - maintenance	Increased maintenance costs of ferries due to age of fleet.	Monitor the cost of maintaining the fleet and if necessary prepare business cases for the procurement of replacement ferries.	3	50	3	50
Development & Infrastructure	Economic Development	ET02 - Argyll and Bute is better connected, safer and more attractive	Ferry Services - income	Changes to ferry services resulting in reduced passenger income.	Ensure that ferry operators are charged for the correct number of passengers	3	40	3	40
Development & Infrastructure	Economic Development	ET02 - Argyll and Bute is better connected, safer and more attractive	Piers and Harbours	Reduced fishing fleet resulting in lower number of fish landings.	Monitor fish landings and ensure that all income is collected.	3	40	3	40
Development & Infrastructure	Economic Development	ET02 - Argyll and Bute is better connected, safer and more attractive	Airfields and Air Services - usage	Reduced number of aircraft using the airports.	Monitor usage and market the facilities.	2	10	2	10

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS - AS AT 31 JANUARY 2015

DEPARTMENT	SERVICE	SERVICE OUTCOME	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATIONS ACTIONS IN PLACE	As at 31 December 2014		As at 31 January 2015	
						LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Development & Infrastructure	Economic Development	ET02 - Argyll and Bute is better connected, safer and more attractive	Airfields and Air Services - fuel costs	Increased fuel costs on PSO flights being passed onto the Council.	Scrutinise all claims for increased costs to ensure that they are in accordance with the contract.	3	30	3	30
Development & Infrastructure	Planning and Regulatory Services	PR01 - The local economy is improved through the delivery of sustainable development	Planning fees reduced by Scottish Government	Planning revenue budgets negatively affected by Better Regulation Bill. Scottish Government reducing planning fees due to poor performance by the Planning Authority	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100	1	100
Development & Infrastructure	Planning and Regulatory Services	PR03 - We secure standards relating to public health and health protection through working with businesses, partner agencies and the public, through risk-based proportionate enforcement	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	20	1	20
Development & Infrastructure	Planning and Regulatory Services	PR04 - The health, safety, welfare and convenience of people in and around buildings is protected and improved	Dangerous Buildings interventions	Deal in Building Standards with an increasing level of dangerous building work which has significant financial implications for Council	Monitor activity and seek to recover costs from the owner	3	180	3	180
Development & Infrastructure	Planning and Regulatory Services	PR04 - The health, safety, welfare and convenience of people in and around buildings is protected and improved	Building Warrant fee shortfalls	Due to downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams. Lobby Scottish Ministers through professional organisations to increase Building Warrant fees to a sustainable level.	3	130	3	130
Development & Infrastructure	Roads and Amenity Services	RA01 - Proportionate, safe and available infrastructure	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	4	1,200	4	1,200
Development & Infrastructure	Roads and Amenity Services	RA01 - Proportionate, safe and available infrastructure	Roads Maintenance	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230	3	230
Development & Infrastructure	Roads and Amenity Services	RA01 - Proportionate, safe and available infrastructure	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	4	100	4	100
Development & Infrastructure	Roads and Amenity Services	RA06 - Sustainable disposal of waste	Waste Collection	Reduced income from commercial refuse collection	Review operational service provision	3	136	3	136
Development & Infrastructure	Roads and Amenity Services	RA06 - Sustainable disposal of waste	Waste Disposal	Re-tender for island haulage and potential for increased prices	Competitive tendering process may assist in minimising the impact of increased prices	3	27	3	27
Total						59	8,378	58	8,178

RESERVES AND BALANCES – UPDATE AS AT 31 JANUARY 2015

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £48.526m usable reserves as at the end of 31 March 2014. Of this balance, £1.025m relates to Repairs and Renewals Fund, £3.460m relates to Capital Funds and the remainder is held in the General Fund, with £30.372m of the balance earmarked for specific purposes.
- 1.3 The Council has a total of £126.299m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.4 The General Fund contingency level remains at 1.5% of net expenditure. There is currently an estimated surplus over contingency of £10.380m and this is being directed towards the delivery of the Single Outcome Agreement.

RESERVES AND BALANCES - UPDATE AS AT 31 JANUARY 2015

2. INTRODUCTION

2.1 This report outlines current balances on all of the Council's reserves, both usable and unusable. It also provides detail on the monitoring of the earmarked balances within the General Fund.

3. DETAIL

3.1 Types of Reserves

3.1.1 Usable Reserves - Councils have powers to establish certain resource backed reserves which can be used to fund expenditure. The powers of councils to establish reserves are laid out in Schedule 3 of the Local Government (Scotland) Act 1975. These allow councils to establish a Renewal and Repairs Fund, Insurance Fund and Capital Fund. Councils can also establish a Useable Capital Receipts Reserve. The Council must also maintain a General Fund and can earmark balances for specific purposes within the General Fund.

3.1.2 Unusable Reserves – Councils are also required to establish certain reserves that are not backed by resources. They are required purely for accounting purposes and do not represent resources available for councils to utilise. The Pensions Reserve, Revaluation Reserve, Capital Adjustment Account, Financial Instruments Adjustment Account and Accumulated Absences Account fall into this latter category of accounting reserves.

3.2 Reserve Balances At 31 March 2014

3.2.1 The balances on each type of reserve at 31 March 2014 are set out in the table below.

Reserve	£000
Unusable Reserves	
Revaluation Reserve	56,113
Capital Adjustment Account	198,230
Financial Instruments Adjustment Account	-4,889
Pensions Reserve	-118,337
Accumulated Absences Account	-4,818
Total Unusable Reserves	126,299
Usable Reserves.....on next page	

Reserve	£000
Usable Reserves	
Repairs and Renewals Fund	1,025
Capital Fund	703
Usable Capital Receipts Reserve	2,757
General Fund	44,041
Total Usable Reserves	48,526
Total Reserves	174,825

- 3.2.2 The Revaluation Reserve represents the unrealised gains in the valuation of fixed asset. The Capital Adjustment Account represents the difference between depreciation based on proper accounting practice and statutory charges for financing capital expenditure. The Financial Instruments Adjustment Account represents the difference between gains and losses on borrowing and statutory capital financing charges. The Pensions Reserve represents the difference between pension costs based on proper accounting practice and payments made for pension costs. The Accumulated Absences Account represents the costed difference between holiday pay entitlement and actual holidays taken at 31 March.
- 3.2.3 The Repairs and Renewals Fund was established to support funding of renewal and replacement of school equipment. Schools can only draw on the Repairs and Renewals Fund to the extent they have previously paid into the Fund and contributions must be contained within schools devolved budgets.
- 3.2.4 The Capital Fund was established to receive all capital receipts generated by the Council and can be used to support the capital plan or meet the principal repayments on loan charges. The Council decides as part of the budget process each year how it wishes to draw funding from the Capital Fund.
- 3.2.5 The Usable Capital Receipts Reserve relates to the accumulated unspent capital receipts from sale of council houses prior to transfer of the housing stock. The reserve forms part of the Council's Strategic Housing Fund and can only be used for investment in social housing. The reserve will be used in accordance with the approach to investing in housing agreed by the Council in August 2012.

3.3 General Fund

- 3.3.1 The General Fund balance at 31 March 2014 can be analysed as follows:

	Balance 31/03/14 £000
Balance on General Fund as at 31 March 2013	46,138
Reduction to General Fund balance at end of 2013-14	2,097
Earmarked Balances	30,372
Contingency allowance at 1.5% of net expenditure	3,658
Unallocated balance as at 31 March 2014	10,011

- 3.3.2 The General Fund includes balances that the Council has agreed to earmark for

specific purposes. Some of these earmarked balances will be spent during the current financial year and some of them will be held over and spent in later years. The table below shows the balance at 31 March 2014, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget.

Earmarking Category	Balance 31/03/14	Drawn- down to 2014-15 Budget as at 31/12/14	Planned Still to Spend 2014-15	Planned Spend Future Years	Balance no Longer Required
	£000	£000	£000	£000	£000
Strategic Housing Fund	7,484	1,144	0	6,340	0
Revenue Contribution to Capital - Dunoon and Campbeltown Schools	3,000	0	0	3,000	0
Investment in Affordable Housing	9,500	0	0	9,500	0
Severance Costs	27	0	0	27	0
Reserve Committed for 2014-15 Budget	326	326	0	0	0
CHORD	420	0	0	420	0
DMR – Schools	887	887	0	0	0
Existing Legal Commitments	196	0	0	196	0
Unspent Grant	979	507	290	182	0
Unspent Third Party Contribution	255	30	0	225	0
Unspent Budget	7,298	1,609	770	4,528	391
Total	30,372	4,503	1,060	24,418	391

3.3.3 The balances no longer required that can be released back into the unallocated General Fund are noted below:

- NPDO £200,000
- Argyll and Bute Manager Programme £51,083
- Learning and Development £54,800
- Corporate Improvement Board Projects £43,500
- Local Plan Enquiry £42,000

3.3.4 The earmarked balances noted in paragraph 3.3.3, with the exception of the Local Plan Enquiry are all within Customer Services. Due to procurement savings and lower than expected inflation costs within School and Public Transport in addition to insurance savings within NPDO, the department will be able to progress the projects/initiatives from within their current budget for 2014-15 and is therefore able to release the earmarked balances back into the unallocated General Fund.

3.3.5 The sum of £90,000 had been earmarked for the Local Plan Enquiry. It is now expected that the final cost will be £48,000, therefore, the remaining £42,000 can be released back to the General Fund.

- 3.3.6 There is a change to the profiling of the Unspent Budget in respect of Early Intervention (Early Years Change Fund) (Ref 035 on appendix). The profile as agreed in February 2014 was indicative based on the assumption that the service would be spending evenly over 2014-15 and 2015-16. The work has been delayed due to the service review within Children and Families and the new profiling is noted below:
2014-15 £274,004
2015-16 £288,681
2016-17 £168,315
- 3.3.7 There is a change to the profiling of the unspent budget in respect of Care First/Care Pay Consultancy (Ref 036 on appendix). The earmarking relates to the implementation of the foster care payments module on CareFirst which was planned to take place during 2014-15 but has been deferred to 2015-16.
- 3.3.8 There is a change to the profiling of the Unspent Budget in respect of the introduction of the amenity services management system (Ref 003 on appendix). The project is in the early stages and is preparing initial documents for consideration at the IT steering board.
- 3.3.9 There is a change to the profiling of the Unspent Budget in respect of Iona Ferry Slip (Ref 051 on appendix). It is expected that this money will be used in 2015-16, currently retendering is underway.
- 3.3.10 There is a change to the profiling of the Unspent Budget in respect of Autism Strategy (Ref 033 on appendix). The Scottish Government is due to produce the final version of the national training strategy for autism in April. The service has subsequently had to defer training until 2015-16 and subsequently requires to defer funds originally planned to be used in 2014-15 for training purposes.
- 3.3.11 There is a change to the profiling of the Unspent Budget in respect of Youth Employment Opportunities Fund (Ref 042 on appendix). The spend on modern apprenticeships has been lower than expected during 2014-15 due to delays in advertising apprenticeship opportunities, mainly caused by issues relating to pay rates for apprentices; low levels of interest from young people in some of the opportunities which were advertised and the lower than expected costs of posts that were filled due to apprentices being taken on later in the financial year than expected. It is anticipated that additional apprentices will be employed in 2015-16 as the Council moves towards its ambition of offering apprenticeships to 25 young people and subsequently unused funds from 2014-15 are being deferred to meet the expected costs.
- 3.3.12 Based on the financial risks analysis there are no proposals to change the general fund contingency.
- 3.3.13 Looking forward, the following forecasts are estimated for the unallocated general fund balance. Members agreed at Policy and Resources Committee in August to direct the free balance on the general fund exclusively to the theme of economy and jobs and proposals to increase income / reduce costs for the Council.

Unallocated General Fund Forecast	£000
Unallocated balance on General Fund as at 31 March 2014	10,011
Earmarked funds no longer required	391
Supplementary estimates previously approved:	
• Waverley (agreed in 2013-14) - £15k in 2014-15 and £10k in 2015-16	-25
• Rothesay Pavilion – agreed £335k at Council 25 September 2014.	-335
• 6 Year Budget for Lorn Arc programme team office agreed at Council on 22 January 2015	-1,607
Budgeted Surplus 2014-15	1,020
Forecast outturn for 2014-15 as at 31 January 2015	771
Forecast outturn for 2015-16 as agreed at Council on 12 February 2015	154
Free General Fund Balance to be directed towards delivery of Single Outcome Agreement.	10,380

4. CONCLUSION

- 4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund. There is currently an estimated surplus over contingency of £10.380m and this is being directed towards the delivery of the Single Outcome Agreement.

5. IMPLICATIONS

- 5.1 Policy - Earmarked funds and funds set aside for delivery of Single Outcome Agreement are available to support Council Policy.
- 5.2 Financial - Outlines the balances held with the Council's usable and unusable reserves.
- 5.3 Legal - None.
- 5.4 HR - None.
- 5.5 Equalities - None.
- 5.6 Risk - A contingency of £3.658 equivalent to 1.5% of net expenditure has been set aside as part of the general fund. This has been subject to a risk assessment.
- 5.7 Customer Service - None.

Steve Barrett
Interim Head of Strategic Finance
17 February 2015

APPENDICES

Appendix 1 – Earmarked Reserves breakdown of unspent budget

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 January 2015

Ref	Department	Service	Description	Balance 31/03/14	Drawdown to 2014/15 Budget as at 31/01/15	Planned Still to Spend in 2014/15	Planned Future Spend Years	Balance No Longer Required	Plans for Use
001	Customer Services	Governance & Law	Oban By-election	60,000	60,000	0	0		Due to the resignation of two elected members there is a requirement to have two separate by-elections in the Oban area, one alongside the European Elections in May and the other in July. The service do not have the capacity within the recurring operational revenue budget to accommodate the cost of the by-elections. The Governance and Law service are projecting a favourable outcome position in 2013-14 which could be earmarked to cover the costs.
002	Development and Infrastructure	Economic Development	Oban Airport meteorological equipment	60,000	35,160	24,840	0		To replace the current equipment that is at the end of its life expectancy and has required expensive maintenance repairs. Provision was included within the 2013-14 budget for these costs but not in 2014-15. The contract for the works was put out to tender but has to be re-tendered which has delayed this project until 2014-15. There is no available budget within the service in 2014-15 to fund this.
003	Development and Infrastructure	Roads and Amenity Services	Amenity Services introduction of management information system	135,500	0	0	135,500		To introduce WDM/TOTAL to provide accurate management information on the operation of Amenity Services. Funding was available in the 2013-14 budget for this project, there is not budget available in 2014-15 to fund this project which was agreed as part of the service review. Because of delays with progressing budget savings options this delayed the implementation of this project. This will be progressed in 2014-15 instead of 2013-14.
019	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	523,706	130,000	131,853	261,853		DWP LSSR service activity as per Council Paper from February 2014. Scottish Government Grant in relation to Discretionary Housing Payments. This is committed in 2014-15 against DWP LSSF service activity.
022	Customer Services	Facility Services	Holy Loch Community Centre	52,345	52,345	0	0		To be used to fund the demolition costs of the Holy Loch Community Centre in Sandbank near Dunoon. This was approved in February 2014 to be met from underspends in the Facility Services budget for 2013-14, there was a delay in carrying out the works on site due to requirement to secure a bat license.

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 January 2015

Ref	Department	Service	Description	Balance 31/03/14	Drawdown to 2014/15 Budget as at 31/01/15	Planned Still to Spend in 2014/15	Planned Spend Future Years	Balance No Longer Required	Plans for Use
025	Development and Infrastructure	Economic Development	Inveraray CARS	350,000	0	25,000	325,000		<p>The aims of the scheme focus around the objectives of protecting the quality of the built environment as an asset for sustainable economic growth, enabling the development of growth enhancing activities within Inveraray itself and to act as a catalyst for economic regeneration of the town and its hinterland.</p> <p>The scheme seeks to :</p> <ol style="list-style-type: none"> 1. Secure investment in the fabric of the built heritage of Inveraray which is highlighted as our premier conservation area and a main tourist attraction. 2. Focus on essential repair of the historic environment focused around 8 priority buildings, shop fronts, a small repairs and public realm investment . 3. Deliver training and improve the traditional building skills base amongst local contractors and business operating with the community and linking to the Argyll Construction college and working with the Lead Sheet Association. 4. Deliver education and awareness raising initiatives working closely with the local primary school, specifically Argyll College (as part of UH) and local contractors. 5. Develop working partnerships with local and national authorities, local traders and residents with regard to improving the appearance of the conservation area. 6. Consider opportunities for town centre, access and parking improvements and the opportunities for joint working with the trunk roads authority to develop a heritage led approach relative to road signage.
026	Development and Infrastructure	Economic Development	Hermitage Park HLF	300,000	0	0	300,000		<p>The aims of the scheme focus around the objectives of protecting the quality of the heritage of Hermitage Park thereby improving the quality of the experience, increase public engagement and the use of the park. The overall objective is to enhance the quality of the area as a place to live and work and in turn improve the overall quality of life in our communities. This will be achieved through the following:</p> <ol style="list-style-type: none"> 1 Restoration of the historic fabric including walled memorial garden, pond and gates, old mill remains, Hermitage Well and the Millig Burn paths, bridges and walls. 2 Restoration/reinterpretation of historic planting, including open up lines of site to improve safety of visitors. 3 Celebration of heritage through interpretation and community involvement – and upgrading of the paths and drainage to increase access to the Park. 4 Reconsideration of the recreational elements which include the children's play park, bowling green, tennis courts, putting green and recreational pavilion, shelter and toilets.
027	Development and Infrastructure	Economic Development	Campbeltown Picture House	150,000	0	0	150,000		<p>First constructed in 1913 and is now the oldest purpose built cinema still operating in Scotland. However, due to age, years of water ingress and an antiquated heating system, the property is now in a perilous state of repair and is an A -Listed property. Although the management board is composed of volunteers, it currently employs 7 staff (2 FT/ 5 PT) and has plans to expand. Total costs of renovations are forecast at £3m as detailed in the Business Case (Jura Consultants, August 2012).</p>

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 January 2015

Ref	Department	Service	Description	Balance 31/03/14	Drawdown to 2014/15 Budget as at 31/01/15	Planned Still to Spend in 2014/15	Planned Future Spend Years	Balance No Longer Required	Plans for Use
032	Community Services	Adult Care	Residential Care Home Placements (Charging Order Income)	853,000	0	0	853,000		Contingency put in place in February 2013 to offset budget saving options for Adult Care Service. The Council holds a debtor on the balance sheet for the level of charging orders in place, this earmarked balance is a holding account to retain the monies that were generated in creating the debtor. These funds have not yet been recovered, if this earmarked balance was removed there would be an issue for the service if the debt is not recovered.
033	Community Services	Adult Care	Autism Strategy	35,000	10,354	8,000	16,646		Carry forward on monies received late in 2012-13 to fund the development of an autism strategy for both adults and children. Report to Community Services Committee 8th May 2014. noting The Health and Social Care Strategic Partnership are leading work in Argyll and Bute to develop services for clients with an Autism Spectrum Disorder (ASD). Work is underway and funding is being utilised.
034	Community Services	Adult Care	Health and Social Care Integration	120,000	120,000	0	0		To fund a team for two years to progress Health and Social Care Integration. Project is up and running. Funding will be required to cover project team staff costs until implementation. Additional ad-hoc support may be required subject to developments / timescales.
035	Community Services	Children and Families	Early Intervention (Early Years Change Fund)	731,000	274,004	0	456,996		Fund established in 2012/13 to be spent over more than one year. Expenditure plan was prepared in 2014/15.
036	Community Services	Children and Families	Care First /Care Pay Consultancy	16,200	0	0	16,200		Progress the integration of financial and care management information held in the CareFirst system for Children and Families. Monies were planned to be spent during 2013-14, however the timescale has slipped. Consultancy will now be needed in 2015-16.
037	Community Services	Children and Families	Early Years Development Support	29,190	29,190	0	0		Two posts shared by the Council and NHS to support the Integrated Childrens Services Planning and Early Years Collaborative. 2 posts were recruited to in November 2013. Funding is required to fund these posts in 14/15.
038	Community Services	Community and Culture	Events and Festivals	67,000	67,000	0	0		Contribution towards a strategic events and festivals programme. Year 3 of 3 year programme.
039	Community Services	Community and Culture	Welfare Rights Officer	42,000	33,434	0	8,566		Continuation of fixed 2 year Welfare Rights Officer post, to assist in the delivery of additional requirements placed on the service, as a result of Welfare Reform. Fixed 2 year post w/ef June 2013.
040	Community Services	Education	School Campus Proposals - Dunoon and Campbeltown	648,407	75,000	57,631	515,776		Additional revenue costs associated with development of new schools. Drawn down as Schools project progresses and project costs are incurred.
041	Community Services	Education	Use of Additional Scottish Government Funding to Maintain Teacher numbers - Performance Management Officer	32,138	32,138	0	0		Two year initiative, creation of a post to provide support to the Education Management Team. Year 2 of initiative. Officer in post, contracted until March 2015.

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 January 2015

Ref	Department	Service	Description	Balance 31/03/14	Drawdown to 2014/15 Budget as at 31/01/15	Planned Still to Spend in 2014/15	Planned Spend Future Years	Balance No Longer Required	Plans for Use
042	Community Services	Education	Youth Employment Opportunities Fund	162,388	10,000	0	152,388		Fund established in 2012/13 to be spent over more than one year. Monies will be spent on activities including Modern Apprenticeships and work experience.
043	Customer Services	Customer and Support Services	Corporate Purchasing Cards	5,000	5,000	0	0		Introduce corporate purchasing cards for catering purchases in schools. Remaining balance is required for next year for 4 months to allow the completion of the creditors scanning backlog.
044	Customer Services	Customer and Support Services	Information Management Strategy	6,212	6,212	0	0		To fund one-off costs within IT in respect of Information Management Strategy. All monies were planned to be spent during 2013-14, however some invoices were withheld for payment due to late delivery and poor quality of some of the deliverables of the project. These issues have been resolved in 2014-15 and the monies will be required to offset the final costs.
045	Customer Services	Executive Director of Customer Services	NPDO	200,000	0	0	0	200,000	Use efficiencies within 2012-13 to pay for the potential costs associated with a refinancing proposal for ABC Schools. Any refinancing proposal has the potential to result in a substantial gain for the Council. The costs associated with re-financing will not be incurred until 2014-15.
046	Customer Services	Facility Services	Asbestos Management	358,369	127,718	51,467	179,185		Asbestos survey to be carried out for all of the Council properties. Reserves were approved to fund a 3 year programme of asbestos works, the original amount earmarked was £513k. The remaining monies will be spent over 2014-15 and 2015-16.
047	Customer Services	Improvement and HR	Argyll and Bute Manager Programme	164,575	0	0	113,492	51,083	Fund the Argyll and Bute Manager training programme. The service have incurred some expenditure but this can be accommodated from within the service favourable outturn position. Proposed to maintain balance in reserves to fund the extension of the Argyll and Bute Manager programme. ALTHOUGH BALANCE IS BEING RELEASED BACK TO THE GENERAL FUND, THERE IS AVAILABLE MONIES WITHIN CUSTOMER SERVICES BUDGET WITHIN 2014-15 TO ENABLE THIS PROJECT/INITIATIVE TO STILL PROGRESS.
048	Customer Services	Improvement and HR	Learning and Development	175,640	0	0	120,840	54,800	Training identified via PRDs, develop further E-Learning modules and the provision of Social Work degree and HNC qualifications. Original earmarked balance was to be spent over a 5 year period. The service have incurred some expenditure in these areas but do not require to draw on the reserves as these costs can be accommodated from the favourable outturn position. The spending plan has been expanded to include the provision of social work HNC qualifications. ALTHOUGH BALANCE IS BEING RELEASED BACK TO THE GENERAL FUND, THERE IS AVAILABLE MONIES WITHIN CUSTOMER SERVICES BUDGET WITHIN 2014-15 TO ENABLE THIS PROJECT/INITIATIVE TO STILL PROGRESS.
049	Customer Services	Improvement and HR	Corporate Improvement Board Projects	43,500	0	0	0	43,500	Plans for use include the re-accreditation of PSIF verifiers, BPR training costs and the costs of developing e-learning modules. Monies originally planned to be spent by 2014-15. Plans for use include the re-accreditation of PSIF verifiers, BPR training costs and the costs of developing e-learning modules. ALTHOUGH BALANCE IS BEING RELEASED BACK TO THE GENERAL FUND, THERE IS AVAILABLE MONIES WITHIN CUSTOMER SERVICES BUDGET WITHIN 2014-15 TO ENABLE THIS PROJECT/INITIATIVE TO STILL PROGRESS.
050	Development and Infrastructure	Economic Development	Lorn Arc	26,000	26,000	0	0		To address any outstanding aspects of the Lorn Arc Business Case

APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 31 January 2015

Ref	Department	Service	Description	Balance 31/03/14	Drawdown to 2014/15 Budget as at 31/01/15	Planned Still to Spend in 2014/15	Planned Future Spend Years	Balance No Longer Required	Plans for Use
051	Development and Infrastructure	Economic Development	Iona Ferry Slip	255,000	0	0	255,000		To be used on ferry slip on Iona which requires significant work. There has been a delay in initiating project due to the scope of the work changing and the revised project having to be re-tendered.
052	Development and Infrastructure	Planning and Regulatory Services	Local Plan Enquiry	90,000	47,820	180	0	42,000	Local Plan Enquiry scheduled for 2014/15
053	Development and Infrastructure	Roads and Amenity Services	Waste Management	586,258	318,554	267,704	0		Will be used towards Waste Management longer term model. Delay in introduction of comingled collection due to legal issues that remain to be resolved, however monies will be required for waste management longer term model.
054	Development and Infrastructure	Roads and Amenity Services	Car Parking Strategy Initial Shortfall	209,314	72,917	136,397	0		Required for the implementation of DPE. Implementation commenced during 2013-14. £217k of the funding was used and it is expected that the balance of £209k will be used in the first 6 months of 2014-15.
077	HQ Non Dept	n/a	Community Resilience Fund	524,680	0	0	524,680		Fund established in 2012/13 to be spent over more than one year
078	HQ Non Dept	n/a	PVG Retrospective Phase	211,413	50,704	55,003	105,706		Budget earmarked at the end of 2012-13 for a 3 year programme to ensure the council is compliant with the requirement of the PVG scheme, including the migration of existing staff over to the new scheme.
079	HQ Non Dept	n/a	Support Staff for PVG Retrospective Phase	74,192	25,704	11,392	37,096		Additional support in HR to process PVG applications.
TOTAL				7,298,027	1,609,254	769,467	4,527,924	391,383	

CAPITAL BUDGET MONITORING REPORT – 31 January 2015

1 EXECUTIVE SUMMARY

1.1 This provides an update on the position of the capital budget as at 31 January 2015. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Current Year to Date** – actual expenditure to date is £30,281k compared to a budget for the year to date of £27,720k giving rise to an over spend for the year to date of £2,561k (-9.2%).
- **Forecast Outturn for 2014-15** – forecast expenditure for the full financial year is £40,414k compared to an annual budget of £37,881k giving rise to forecast over spend for the year of £2,533k (-6.7%).
- **Total Capital Plan** – the forecast total project costs on the total capital plan is £215,540k compared to a total budget for all projects of £212,201k giving rise to a forecast over spend for the overall capital plan of £3,339k (-1.6%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 166 projects there are 150 projects (90%) on track, 15 projects (9%) off track and recoverable and 1 project (1%) is off track.
- **Service Development** - Out of 41 projects there are 26 projects (63%) on track, 14 projects (34%) off track but recoverable and 1 project is off track (2%).
- **Strategic Change** – Out of 27 projects there are 17 projects (63%) on track, 7 projects (26%) off track and recoverable and 3 projects (11%) off track.

CAPITAL BUDGET MONITORING REPORT – 31 January 2015

2 INTRODUCTION

2.1 This provides an update on the position of the capital budget as at 31 January 2015. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Current Year to Date** – actual expenditure to date is £30,281k compared to a budget for the year to date of £27,720k giving rise to an over spend for the year to date of £2,561k (-9.2%).
- **Forecast Outturn for 2014-15** – forecast expenditure for the full financial year is £40,414k compared to an annual budget of £37,881k giving rise to forecast over spend for the year of £2,533k (-6.7%).
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- **Strategic Change** – Out of 27 projects there are 17 projects (63%) on track, 7 projects (26%) off track and recoverable and 3 projects (11%) off track.

3 RECOMMENDATIONS

3.1 Note the contents of this financial summary, specifically noting or approving the following:

- Overall Project Cost Changes, noted in Appendix 8
- Project Slippages and Accelerations, noted in Appendix 8
- Changes in Capital Funding/Available Funding, noted in Appendix 4
- Update to 2014-15 Capital Plan to reflect above changes, included in Appendix 11.

4 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

Actual expenditure to date is £30,281k compared to a budget for the year to date of £27,720k giving rise to an over spend for the year to date of £2,561k (-9.2%).

4.2 Project/Department Position

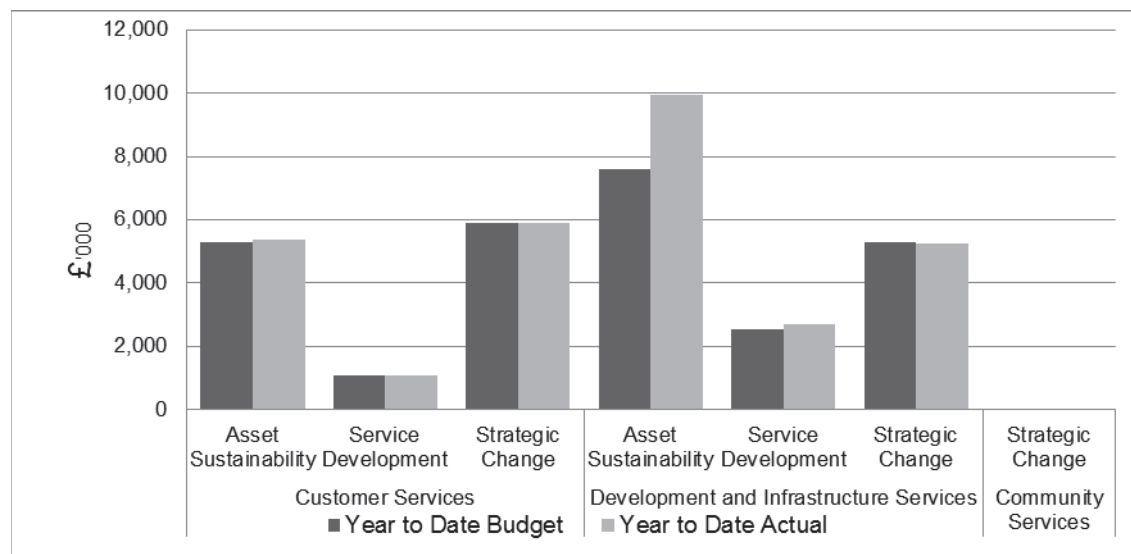
The table below shows the year to date expenditure against the year to date budget by project type and department:

Project Type:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Asset Sustainability	12,909	15,317	(2,408)
Service Development	3,622	3,810	(188)
Strategic Change	11,189	11,154	765
Total	27,720	30,281	(2,561)
Department:			
Customer Services	12,277	12,382	(105)
Development and Infrastructure Services	15,443	17,899	(2,456)
Community Services	0	0	0
Total	27,720	30,281	(2,561)

Material variances are explained in Appendix 1 and there are a number of small variances contributing to the year to date over spend.

4.3 Chart of YTD Variances

The graph below compares the year to date actual expenditure against the year to date budget for departments by project type (Asset Sustainability, Service Development and Strategic Change):



5 FORECAST OUTTURN 2014-15

5.1 Overall Position

Forecast expenditure for the full financial year is £40,414k compared to an annual budget of £37,881k giving rise to a forecast over spend for the year of £2,533k (-6.7%).

5.2 Project/Department Position

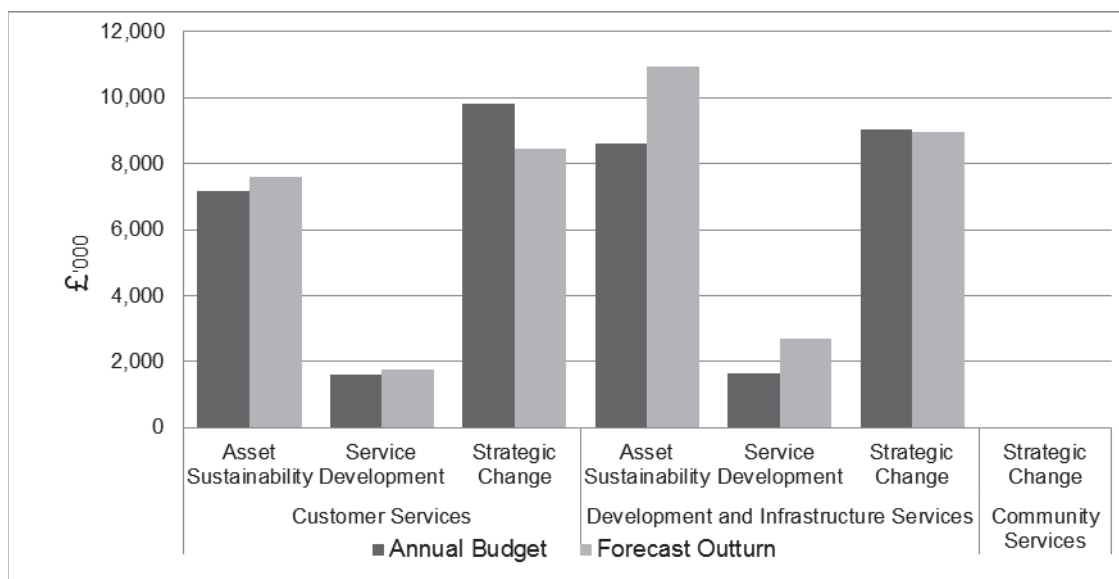
The table shows the forecast expenditure and budget for the year by project type and department:

Project Type:	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Asset Sustainability	15,774	18,561	(2,787)
Service Development	3,255	4,451	(1,196)
Strategic Change	18,852	17,402	1,450
Total	37,881	42,362	(2,533)
Department:			
Customer Services	18,584	17,804	780
Development and Infrastructure Services	19,297	22,610	(3,313)
Community Services	0	0	0
Total	39,260	40,414	(2,533)

Material variances are explained in Appendix 2 and there are a number of smaller variances contributing to the over spend.

5.3 Chart of Forecast Outturn

The graph below shows the forecast outturn position against the full year budget for departments by project type:



6 TOTAL PROJECT COSTS

6.1 Overall Position

The forecast total project cost on the total capital plan is £215,540k compared to a total budget for all projects of £212,201k giving rise to a forecast over spend for the overall capital plan of £3,339k (-1.6%).

6.2 Project/Department Position

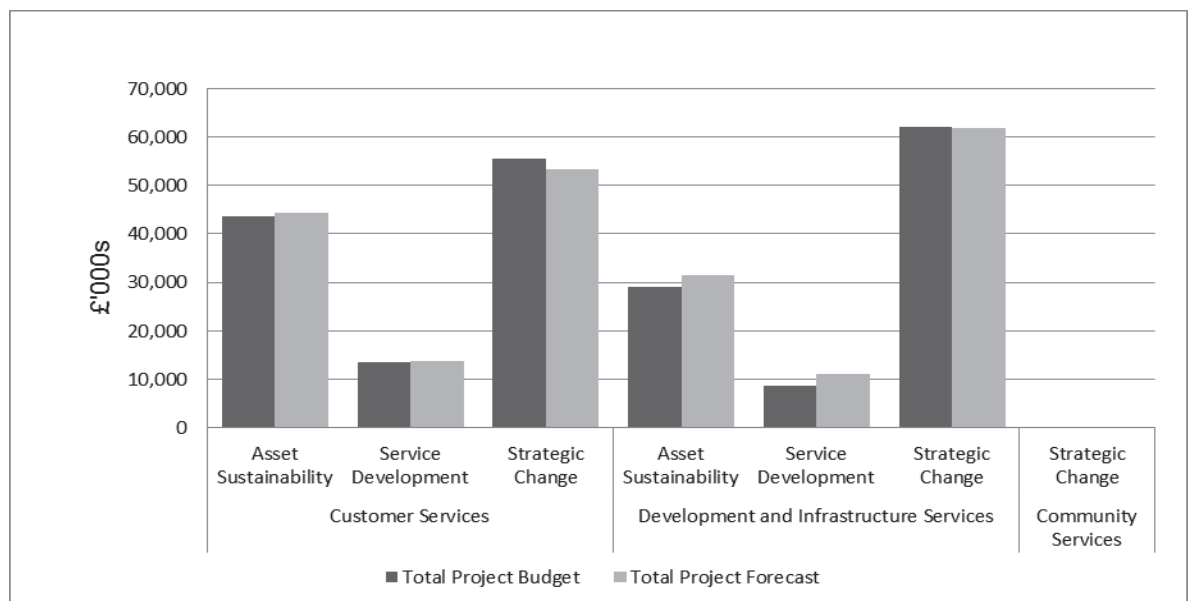
This table shows the forecast total project cost and the budget for total project costs by project type and department:

Project Type:	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000
Asset Sustainability	72,566	75,616	(3,050)
Service Development	22,119	24,810	(2,691)
Strategic Change	117,516	115,114	2,402
Total	212,201	215,540	(3,339)
Department:			
Customer Services	112,658	111,276	1,382
Development and Infrastructure Services	99,543	104,264	(4,721)
Community Services	0	0	0
Total	212,201	215,540	(3,339)

Material variances are explained in Appendix 3 and there are a number of smaller variances leading to the forecast over spend.

6.3 Chart of Total Project Costs

The graph below shows the total forecast position against full project budget for Departments by project type:



7 CAPITAL FUNDING ESTIMATES

7.1 The total estimates amount of capital funding available to support the capital plan until 2016-17 is as follows:

Year	£'000
2014-15	51,581
2015-16	46,763
2016-17	17,833

7.2 Capital funding has been declining and will continue to decline which will have an increasing impact on the level of capital investment that the Council will be able to afford going forward. This reduction in funding will increase the importance of asset management to ensure that the funding is directed towards the assets required for service delivery.

7.3 The table below shows the updated estimate of available capital funding for the current year if changes are approved, and estimates of income in future years to 2016-17:

Funding	Current Year (2014-15)			2015-16			2016-17		
	Approved Capital Funding £'000	Changes £'000	Updated Capital Funding Available £'000	Estimated Capital Funding £'000	Changes £'000	Updated Capital Funding Available £'000	Estimated Capital Funding £'000	Changes £'000	Updated Capital Funding Available £'000
General Capital Grant	15,464	0	15,464	15,491	0	15,491	11,000	0	11,000
Transfer to Revenue for Private Sector Housing Grant (PSHG)	(1,321)	0	(1,321)	(1,321)	0	(1,321)	(1,000)	0	(1,000)
Ring Fenced Capital Grant	140	0	140	131	0	131	140	0	140
Grants from Other Bodies	1,310	15	1,325	626	0	626	0	0	0
Capital Receipts	1,334	0	1,334	4,390	0	4,390	7,693	(450)	7,243
Revenue Contributions	1,155	5	1,160	286	0	286	0	0	0
Reserve Funding Dunoon & Campbeltown Schools	3,000	0	3,000	0	0	0	0	0	0
Prudential Borrowing	966	595	1,561	30	0	30	0	0	0
Unsupported Borrowing	29,533	(15,950)	13,583	27,130	(16)	27,114	0	3,305	3,305
Capital Funding	51,581	(15,335)	36,246	46,763	(16)	46,747	17,833	2,855	20,688
Opening Capital Expenditure Budget			37,881			45,527			20,273
Recommended Changes to Capital Plan (Financial Impact - Appendix 8)			(1,635)			1,220			415
Revised Capital Expenditure Budget			36,246			46,747			20,688
Capital Expenditure Forecast			40,414			45,527			20,273
Updated Projected (Over)/Underspend			(4,168)			1,220			415

8 TOTAL PROJECT PERFORMANCE

8.1 Overall Position

There are 234 projects within the Capital Plan, 193 are Complete or On Target, 36 are Off Target and Recoverable and 5 are Off Target and a Problem.

8.2 Project Position

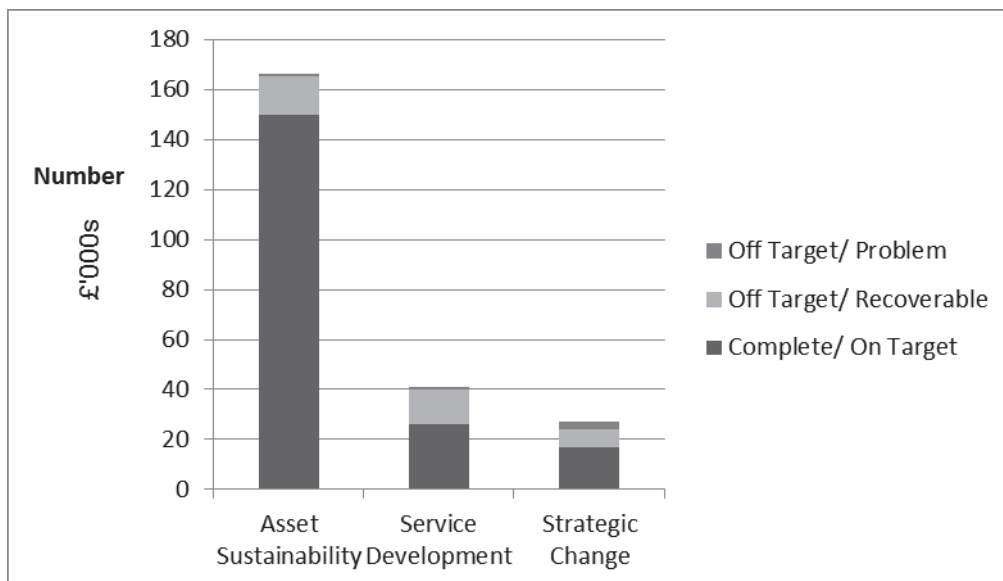
The table below shows the Performance Status of the Projects in the Capital Plan:

Project Type:	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	150	15	1	166
Service Development	26	14	1	41
Strategic Change	17	7	3	27
Total	193	36	5	234
Department:				
Customer Services	163	24	1	188
Development and Infrastructure Services	30	12	4	46
Total	193	36	5	234

Appendices 5, 6 and 7 show the Performance Status of the projects in further detail.

8.3 Chart of Performance Status

The graph provides a view of the Performance Status of the Projects included in the Capital Plan:



9 OFF TRACK PROJECTS

9.1 The Off Track Projects are noted in the table below. Reports are included in Appendix 10.

Project Type	Project	What is Off Track?	Explanation	Action
Asset Sustainability	Whitegates	Project Total Expenditure	Significant additional works to prevent leaks and deal with rot.	Review overall spend in appropriate Service division.
Service Development	Cycleways – H&L	Current Year Expenditure	Road Services can only work on packages of construction work as land becomes available.	Estates and Infrastructure Design have been asked to widen the scope of land acquisitions.
Strategic Change	Kintyre Renewables Hub	Current Year Expenditure	Estimated final costs have been refined with a lower contingency now being used therefore lower final estimates.	Overall expenditure and ERDF award will be less than originally planned.
Strategic Change	Helensburgh Depot Rationalisation	Current Year Expenditure and Project Total Expenditure	Contaminated soil was found on the site and required to be treated	Head of Service to advise where additional budget can be sourced from.
Strategic Change	CHORD – Campbeltown	Current Year Expenditure and Project Total Expenditure	Year to date spend and full year spend are behind forecast due to delay in appointing contractor	Project will now complete in May 2015.

10 CHANGES TO CAPITAL PLAN

10.1 The table below shows proposed changes to the Capital Plan at summary level. Explanations relating to the specific projects involved can be seen in Appendix 8.

Department	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Explanation
Asset Sustainability	77	(77)			0	Accelerations
Service Development					0	
Customer & Support Services	77	(77)	0	0	0	
Asset Sustainability	(113)	113			0	Overall cost changes, Slippages & Accelerations
Service Development	(6)	6			0	Slippages
Strategic Change					0	
Facility - Education	(119)	119	0	0	0	
Asset Sustainability	(97)	97			0	Overall cost changes and Slippages
Service Development					0	
Strategic Change					0	
Facility - Non Education	(97)	97	0	0	0	
Asset Sustainability	(33)	33			0	Slippage
Service Development					0	
Strategic Change	(1,421)	1,421			0	Slippages
Facility - Dunoon	(1,454)	1,454	0	0	0	
Asset Sustainability	(65)		65		0	Slippages
Service Development	23	(23)			0	Acceleration
Strategic Change					0	
Roads and Amenity Services	(42)	(23)	65	0	0	
Service Development					0	
Strategic Change		(350)	350		0	Slippage
Economic Development	0	(350)	350	0	0	
TOTAL	(1,635)	1,220	415	0	0	

11 APPENDICES

- **Appendix 1** – Year to date finance variance explanations
- **Appendix 2** - Forecast Outturn variance explanations
- **Appendix 3** - Total Project finance variance explanations
- **Appendix 4** - Changes to Capital Funding explanations
- **Appendix 5** - Project Performance - Asset Sustainability
- **Appendix 6** - Project Performance - Service Development
- **Appendix 7** - Project Performance - Strategic Change
- **Appendix 8** - Changes to Capital Plan and Financial Impact
- **Appendix 9** - Financial Summary – Overall
 - Financial Summary – DIS
 - Financial Summary – Customer Services
- **Appendix 10** - Off Track Project Reports
- **Appendix 11** - Updated/Revised Capital Plan - Overall
 - Updated/Revised Capital Plan – Community Services
 - Updated/Revised Capital Plan – Customer Services
 - Updated/Revised Capital Plan – DIS

Steve Barrett
Head of Strategic Finance
17th February 2015

APPENDIX 1 - Year to Date Finance Variance Explanations

Listed below are the projects where the variance is +/- £50k.

Project	YTD Budget £'000	YTD Actual £'000	Variance £'000	Explanation
Small Isles Primary School	57	110	(53)	Additional works required that were not anticipated due to discovery of rot in roof structure.
Roads Reconstruction	6,697	7,299	(602)	Funded by income from Forestry and SSE.
Fleet Management	130	1,892	(1,762)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential Borrowing until year end when lease drawdown will also be considered.
CWSS – South Islay Distilleries Path	0	116	(116)	Funded by forecast income.
Other Variances			(28)	Total value of non-material variances less than +/-£50k
Total			(2,561)	

APPENDIX 2 - Forecast Outturn Variance Explanations

Listed below are the projects where the variance is +/- £50k.

Project	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Explanation
Small Isles Primary School	57	110	(53)	Additional works required that were not anticipated due to discovery of rot in roof structure.
Tiree High School	(55)	5	(60)	Result of overspend in previous year regarding rewiring and other works required to bring the school up to a reasonable standard in addition to the high costs of construction in Tiree. Project Manager will consider where this negative budget can be funded from.
St Joseph's Pre 5 Parenting Facilities	(43)	16	(59)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Rothsay Library	(60)	1	(61)	Additional works required to alarm system and extensive repairs to roof/windows. Project Manager will consider where this negative budget can be funded from.
Health & Safety	138	35	103	Budget increased to address potential issues at Aqualibrium. Propose to slip £90k from 2014/15 to 2015/16 to reflect actual spend.
Whitegates	(76)	14	(90)	Significant additional works to prevent leaks and deal with rot in roof. Project Manager will consider where this negative budget can be funded from.
NPDO Schools Solar PV Panel Installations	944	544	400	Delivery of solar panels taking longer than anticipated and installation timescales altered to suit client department. Propose to slip £400k from 2014/15 to 2015/16.
Helensburgh Office Rationalisation	6,521	5,500	1,021	Site completion anticipated early 2015/16. Propose to slip £1,021k from 2014/15 to 2015/16.
Bridge Strengthening	360	305	55	In House Contractor Workload has meant some of the intended work for 2014/15 will be completed in 2016/17. Propose to slip £55k to 2016/17.
Roads Reconstruction	6,697	7,527	(830)	Funded by extra income from Forestry and SSE.
Fleet Management	150	1,788	(1,638)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential borrowing until year end when lease drawdown will also be considered.
Cycleways – H&L	219	30	189	Road Services can only work on packages of construction work as land becomes available hence the underspend. Will slip budget into future years if no change in circumstances in coming months.
Kintyre Renewables Hub	3,010	2,675	335	Expenditure profile assumes a transfer of funds with Campbeltown Old Quay will take place at the end of 2014-15.
Helensburgh Depot Rationalisation	(95)	145	(240)	Contaminated soil found on site resulted in higher than expected costs. Project Manager and Head of Service to meet to identify where additional budget can be sourced from once the Final Account has been agreed.

SPT	88	200	(112)	Funded by forecast income.
CWSS – South Islay Distilleries Path	(4)	250	(254)	Funded by forecast income.
CWSS – Kilmichael Glassary	1	240	(269)	Funded by forecast income.
Dunoon Esplanade Upgrade	0	250	(250)	Funded by forecast income.
Scotrail Upgrades	0	140	(140)	Funded by forecast income.
Kilchrenan School Footway	0	50	(50)	Funded by forecast income.
Other variances			(530)	Total value of non-material variances less than +/-£50k
Total			(2,533)	

APPENDIX 3 - Total Project Finance Variances

Listed below are the projects where the variance is +/- £50k.

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000	Explanation
Small Isles Primary School	288	343	(55)	Additional work required due to discovery of rot in roof structure.
Tiree High School	899	959	(60)	Result of overspend in previous year regarding rewiring and other works required to bring the school up to a reasonable standard in addition to the high costs of construction in Tiree. Project Manager will consider where this negative budget can be funded from.
St Joseph's Pre 5 Parenting Facilities	75	134	(59)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Campbeltown Schools Redevelopment	7,653	8,030	(377)	Construction costs have risen since the costs of the new school were agreed. The Council's contribution will have to be managed in line with its budget over the next 3 years.
Dunoon Primary School	6,834	3,921	2,913	A decision is expected soon on the funding of Dunoon Primary School and this will clarify the forecast expenditure plans.
Replacement of Oban High School	11,272	11,544	(272)	Construction costs have risen since the costs of the new school were agreed, the council's contribution will have to be managed in line with its budget over the next 3 years.
Rothsay Library	202	263	(61)	Additional works to alarm system and extensive repairs to roof/windows. Project Manager will consider where this negative budget can be funded from.
Whitegates	112	202	(90)	Significant additional works to prevent leaks and deal with rot in roof. Project Manager will consider where this negative budget can be funded from.
Roads Reconstruction	18,672	19,502	(830)	Funded by income.
Fleet Management	3,387	5,025	(1,638)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential borrowing until year end when lease drawdown will also be considered.
Cycleways – H&L	2,536	2,622	(86)	Estates and Infrastructure have been asked to widen the scope of land acquisitions.
Kintyre Renewables Hub	12,115	11,671	444	Expenditure profile assumes a transfer of funds with Campbeltown Old Quay will take place at the end of 2014-15.

Helensburgh Depot Rationalisation	1,050	1,290	(240)	Contaminated soil found on site resulted in higher than expected costs. Project Manager and Head of Service need to meet to identify where additional budget can be sourced from following agreement on final account.
SPT	307	619	(312)	Met by forecast income.
CWSS – South Islay Distilleries Path	110	614	(504)	£364k met by forecast income
CWSS – Kilmichael Glassary	10	549	(539)	£258k met by forecast income
Dunoon Esplanade Upgrade	0	500	(500)	£250k met by forecast income
Scotrail Upgrades	0	280	(280)	£140k met by forecast income
Kilchrenan School Footway	0	100	(100)	£50k met by forecast income
Appin School Link	0	80	(80)	£40k met by forecast income
Other variances			(613)	Total value of non-material variances less than +/-£50k
Total			(3,339)	

APPENDIX 4 – Changes to Capital Funding

The table below notes the changes in the estimated available capital funding from the budget for 2014-15 approved in June 2014:

Funding Type	2014-15 Change Amount £'000	2015-16 Change Amount £'000	2016-17 Change Amount £'000	Explanation for Change(s)
General Capital Grant	0	0	0	No Change
Transfer to Revenue for Private Sector	0	0	0	No Change
Housing Grant (PSHG)	0	0	0	No Change
Ring Fenced Grant	0	0	0	No Change
Grants from Other Bodies	15	0	0	Salen Gaelic Extension - grant to be recognised as Pre Paid and will be drawn down as expenditure takes place. Work and SPT funding for the Bus Turning Circle on the Rest and be Thankful will take place in 2014-15.
Capital Receipts (Asset Sales)	0	0	(450)	£450k reduction in expected receipt in relation to sale of Castle Toward in 2016-17.
Revenue Contributions	5	0	0	Expenditure against Kilmory Biomass slipping to 2014-15.
Reserve Funding Dunoon & Campbeltown Schools	0	0	0	No Change
Prudential Borrowing	595	0	0	Expenditure against Kilmory Biomass slipping to 2014-15.
Unsupported Borrowing	(15,950)	(16)	3,305	Changes in unsupported borrowing forecasts to reflect changes within the Plan.
Total	(15,335)	(16)	2,855	

APPENDIX 5 – Asset Sustainability Project Performance

There are 166 Projects recognised as Asset Sustainability Projects, 150 are Complete or On Target, 15 are Off Target and Recoverable, 1 project is Off Target and a Problem.

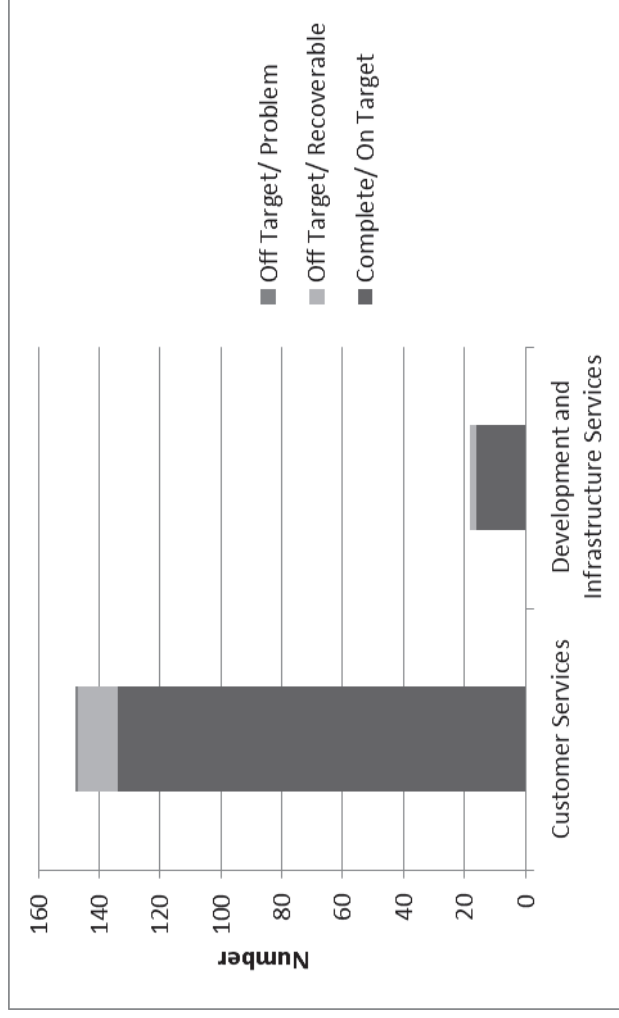
Department Position:

The table below shows the Performance Status of the Asset Sustainability Projects.

Asset Sustainability	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	134	13	1	148
Development and Infrastructure Services	16	2	0	18
Total	150	15	1	166

Chart of Asset Sustainability Performance Status

The graph provides a view of the Performance Status of the Asset Sustainability Projects:



APPENDIX 6 – Service Development Project Performance

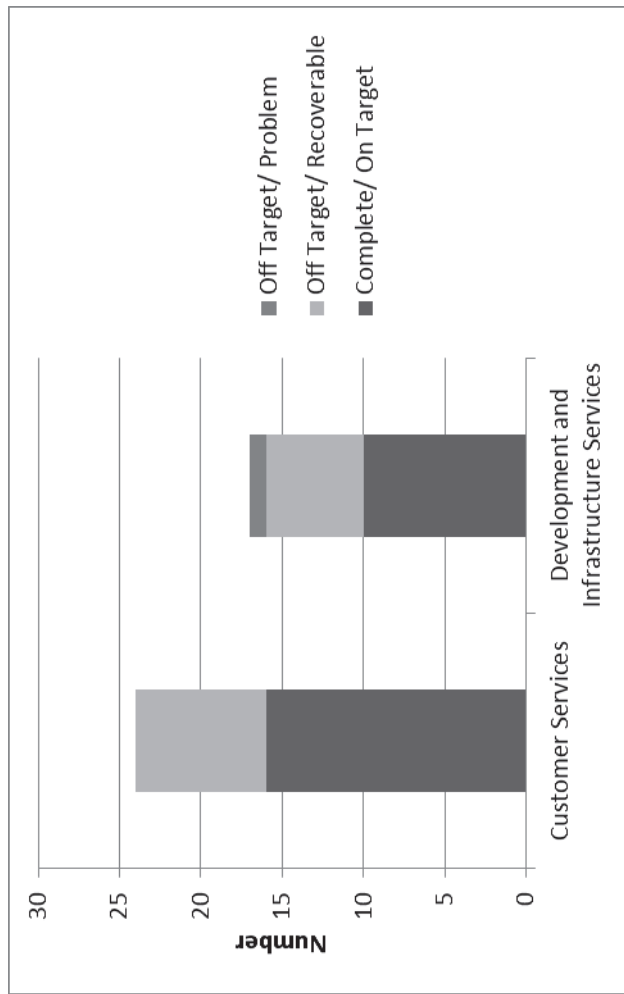
There are 41 Projects recognised as Service Development Projects, 26 are Complete or On Target, 14 are Off Target and Recoverable, 1 project is Off Track and a Problem.

Chart of Service Development Performance Status

The graph provides a view of the Performance Status of the Service Development Projects:

Service Development	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	16	8	0	24
Development and Infrastructure Services	10	6	1	17
Total	26	14	1	41

The table below shows the Performance Status of the Service Development Projects.



APPENDIX 7 – Strategic Change Project Performance

There are 27 Projects recognised as Strategic Change Projects. 17 are Complete or On Target, 7 are Off Target and Recoverable, 3 projects are Off Target and a Problem.

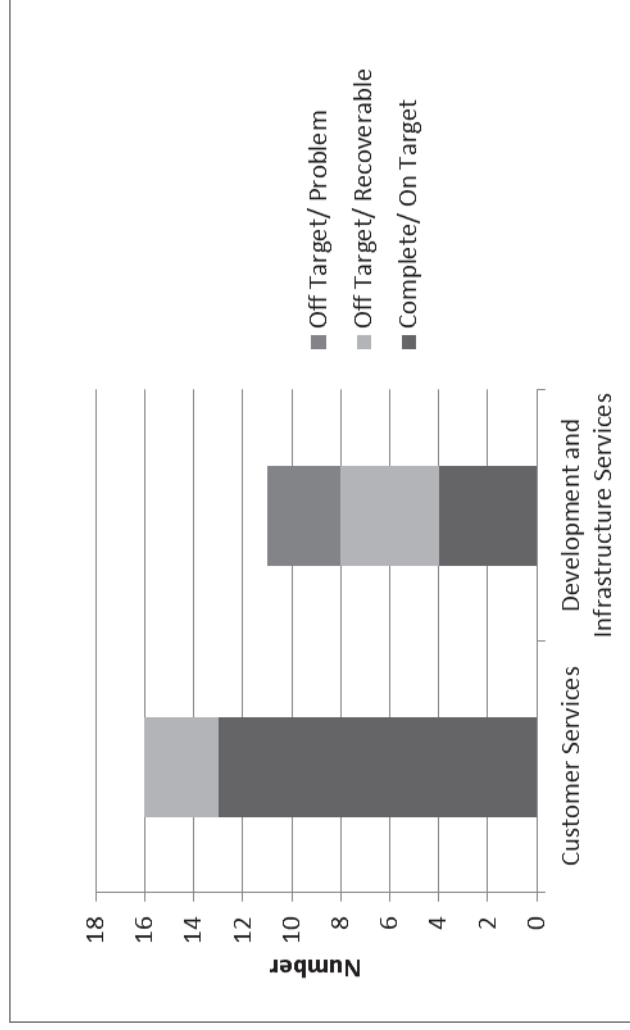
Department Position:

The table below shows the Performance Status of the Strategic Change Projects.

Strategic Change	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	13	3	0	16
Development and Infrastructure Services	4	4	3	11
Total	17	7	3	27

Chart of Strategic Change Performance Status

The graph provides a view of the Performance Status of the Strategic Change Projects:



APPENDIX 8 – Changes to Capital Plan and Financial Impact

OVERALL COST CHANGES

Project	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
Arrochar Primary School	(2)				(2)	Transfer budget to Kilcreggan Primary School to offset overspend.	Project is complete therefore the remaining budget is no longer required.
Cardross Primary School	(18)				(18)	Transfer budget to Kilcreggan Primary School to offset overspend.	Budget surplus not required for this project.
Kilcreggan Primary School	20				20	Transfer budget from Arrochar Primary School (£2k) and Cardross Primary School (£18k).	Overspend of £45k can be reduced by underspends elsewhere within Education.
Inellan Primary School	(6)				(6)	Transfer budget to Sandbank Primary School to offset overspend.	Budget surplus not required for this project.
North Bute Primary School	(5)				(5)	Transfer budget to Sandbank Primary School to offset overspend.	Budget surplus not required for this project.
Sandbank Primary School	11				11	Transfer budget from Inellan Primary School (£6k) and North Bute Primary School (£5k).	Overspend of £18k can be reduced by underspends elsewhere within Education.
Toward Primary School	(10)				(10)	Transfer budget to Dunoon Primary School to offset overspend.	Project is complete therefore the remaining budget is no longer required.
Dunoon Primary School	10				10	Transfer budget from Toward Primary School.	Overspend of £10k can be eliminated by underspends elsewhere within Education.
Helensburgh Library	(8)				(8)	Transfer budget to Rothesay Library.	Budget surplus not required for this project.
Rothesay Library	8				8	Transfer budget from Helensburgh Library.	Overspend of £61k can be reduced by underspends elsewhere within Service.
Rothesay Swimming Pool	(11)				(11)	Transfer budget to Ramsey Memorial Hall.	Budget surplus not required for this project.
Ramsey Memorial Hall	11				11	Transfer budget from Rothesay Swimming Pool.	Overspend of £43k can be reduced by underspends elsewhere within Service.
Total Cost Changes	0	0	0	0	0		

SLIPPAGES AND ACCELERATIONS									
Project	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation		
PC Replacement	49	(49)			0	Accelerate £49k from 2015/16 to 2014/15	Forward spend planned.		
Corporate GIS Portal Rollout	1	(1)			0	Accelerate £1k from 2015/16 to 2015/15	Forward spend planned.		
IT Education	27	(27)			0	Accelerate £27k from 2015/16 to 2014/15	Required to extend pilot.		
Dervaig Primary School	(5)	5			0	Slip £5k from 2014/15 to 2015/16	No works planned for 2014/15. Budget will be required in 2015/16 for rewiring.		
Glassary Primary School	4	(4)			0	Accelerate £4k from 2015/16 to 2014/15	Required to cover overall costs of fire alarm, heating improvements, and improvements to cladding in 2014/15.		
Kilmartin Primary School	(5)	5			0	Slip £5k from 2014/15 to 2015/16	Required to part fund possible rot works to roof timbers in 2015/16 subject to completion of site investigations.		
Luing Primary School	(16)	16			0	Slip £16k from 2014/15 to 2015/16	Disabled car parking expenditure reprofiled to 2015/16 due to land acquisition issues.		
North Bute Primary School	(25)	25			0	Slip £25k from 2014/15 to 2015/16	To reflect timing of actual expenditure.		
Park Primary School	(10)	10			0	Slip £10k from 2014/15 to 2015/16	Fees and retentions payable in 2015/16.		
Rhunaharaine Primary School	(13)	13			0	Slip £13k from 2014/15 to 2015/16	Retentions, fees and further rot works required in 2015/16.		
Skipness Primary School	(5)	5			0	Slip £5k from 2014/15 to 2015/16	Fees and retentions payable in 2015/16.		
Ferry Houses – Housing Quality Standard	(30)	30			0	Slip £30k from 2014/15 to 2015/16	To reflect timing of actual expenditure.		
Legionella Control Works	(8)	8			0	Slip £8k from 2014/15 to 2015/16	To reflect timing of actual expenditure.		

Strachur Primary School – Pre 5 Unit	(6)	6			0	Slip £6k from 2014/15 to 2015/16	Balances and retentions payable in 2015/16.
Aqualibrium	(15)	15			0	Slip £15k from 2014/15 to 2015/16	Spend will slip to 2015/16 to give time for employment and instruction of consultants due to extent of works required.
Helensburgh Library	(2)	2			0	Slip £2k from 2014/15 to 2015/16	To reflect timing of actual expenditure.
Health & Safety	(90)	90			0	Slip £90k from 2014/15 to 2015/16	Due to slippage of Aqualibrium works into 2015/16.
Dunoon Community Education Centre	10	(10)			0	Accelerate £10k from 2015/16 to 2014/15	To reflect timing of actual expenditure.
Burnett Building	(33)	33			0	Slip £33k from 2014/15 to 2015/16	Tenders issued in February with work likely to commence early 2015/16.
NPDO Schools Solar PV Panel Installations	(400)	400			0	Slip £400k from 2014/15 to 2015/16	Delivery of solar panels taking longer than anticipated and installation timescales altered to suit client department.
Helensburgh Office Rationalisation	(1,021)	1,021			0	Slip £1,021k from 2014/15 to 2015/16	Site completion anticipated early 2015/16.
Flood Prevention	(10)		10		0	Slip £10k from 2014/15 to 2016/17	Delays with Scottish Water for the Steel Houses scheme have meant that some costs have moved into 2016/17.
Bridge Strengthening Campbelltown Old Quay	(55)		55		0	Slip £55k from 2014/15 to 2016/17	Due to workload of In House Contractor.
OBC for Dunoon Pier	23	(23)			0	Accelerate £23k from 2015/16 to 2014/15	To reflect timing of actual expenditure.
Total Slippages and Accelerations	(1,635)	1,220	415	0	0		Increase in scope of works requires reprogramming of works.
Net Impact of Changes	(1,635)	1,220	415	0	0		

**ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT - OVERALL COUNCIL
FINANCIAL SUMMARY - GROSS EXPENDITURE**

**Appendix 9
31 January 2015**

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Archives - Asset Sustainability	19	19	0	87	77	10	128	118	10
Area Committee Expenditure - Asset Sustainability	0	0	0	44	0	44	69	25	44
Asset Sustainability Projects									
Customer Services	5,285	5,359	(74)	7,037	7,521	(484)	43,380	44,062	(682)
Development & Infrastructure Services	7,605	9,939	(2,334)	8,606	10,963	(2,357)	28,989	31,411	(2,422)
Asset Sustainability Total	12,890	15,298	(2,408)	15,643	18,484	(2,841)	72,369	75,473	(3,104)
Service Development Projects									
Customer Services	1,064	1,095	(31)	1,616	1,761	(145)	13,560	13,748	(188)
Development & Infrastructure Services	2,558	2,715	(157)	1,639	2,690	(1,051)	8,559	11,062	(2,503)
Service Development Total	3,622	3,810	(188)	3,255	4,451	(1,196)	22,119	24,810	(2,691)
Strategic Change Projects									
Campbeltown Schools Redevelopment	10	10	0	214	214	0	7,653	8,030	(377)
Dunoon Primary	20	20	0	50	50	0	6,834	3,921	2,913
Replacement of Oban High	40	40	0	346	346	0	11,272	11,544	(272)
Kilm Primary School	0	0	0	176	176	0	6,500	6,500	0
Carbon Management Business Cases	0	0	0	75	75	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	944	544	400	944	944	0
Non NPDO Schools Solar PV Panel Installations	425	379	46	488	488	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	38	38	0	145	145	0
Islay HS/Bowmore PS Carbon Management	12	12	0	29	48	(19)	726	745	(19)
Kilmory Biomass Carbon Management	609	609	0	760	760	0	1,033	1,033	0
Oil to Gas Heating Conversions	0	0	0	28	28	0	209	209	0
Campbeltown and Rothesay Rationalisation	0	0	0	8	8	0	35	35	0
Helensburgh Office Rationalisation	4,695	4,694	1	6,521	5,500	1,021	11,489	11,489	0
Mid Argyll Offices Reorganisation	98	145	(47)	98	145	(47)	270	317	(47)
New Helensburgh Swimming Pool	0	0	0	15	15	0	7,652	7,652	0
Tiree Shared Offices	0	0	0	10	10	0	10	10	0
Kintyre Renewables Hub	1,114	1,114	0	3,010	2,675	335	12,115	11,671	444
Port Askaig Pier	0	0	0	0	0	0	13,817	13,817	0
Rothesay Harbour Ferry Improvements	0	0	0	0	0	0	7	7	0
Helensburgh Depot Rationalisation	0	44	(44)	(95)	145	(240)	1,050	1,290	(240)
CHORD - Helensburgh	2,974	2,973	1	3,450	3,450	0	7,330	7,330	0
CHORD - Campbeltown	230	209	21	1,120	1,120	0	4,786	4,786	0
CHORD - Dunoon	583	535	48	686	686	0	8,625	8,625	0
CHORD - Oban	280	280	0	642	642	0	6,560	6,560	0
CHORD - Rothesay	0	0	0	0	0	0	2,400	2,400	0
Helensburgh Pier Flood Defences	9	0	9	20	20	0	2,175	2,175	0
OBC for Dunoon Pier	90	90	0	189	189	0	2,830	2,830	0
Pier Upgrades	0	0	0	30	30	0	300	300	0
Strategic Change Total	11,189	11,154	35	18,852	17,402	1,450	117,516	115,114	2,402
TOTAL	27,720	30,281	(2,561)	37,881	40,414	(2,533)	212,201	215,540	(3,339)

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT										Appendix 9	
FINANCIAL SUMMARY GROSS EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES										31 January 2015	
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs			Variance £000s	
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s		
Asset Sustainability Projects											
Flood Prevention	48	48	0	70	60	10	533	533	0	533	0
Bridge Strengthening	226	226	0	360	305	55	1,930	1,930	0	1,930	0
Traffic Management	30	30	0	85	85	0	368	368	0	368	0
Roads Reconstruction	6,697	7,299	(602)	6,697	7,527	(830)	18,672	19,502	(830)	18,672	(830)
Lighting	295	295	0	507	507	0	1,703	1,703	0	1,703	0
Fleet	130	1,892	(1,762)	150	1,788	(1,638)	3,387	5,025	(1,638)	3,387	(1,638)
Environmental	30	0	30	311	265	46	594	548	46	594	46
Roads	49	49	0	285	285	0	1,251	1,251	0	1,251	0
Waste	75	75	0	98	98	0	403	403	0	403	0
Recreation and Sport	0	0	0	0	0	0	0	0	0	0	0
Crematoria and Burial Grounds	25	25	0	43	43	0	148	148	0	148	0
Pier	0	0	0	0	0	0	0	0	0	0	0
Asset Sustainability Total	7,605	9,939	(2,334)	8,606	10,963	(2,357)	28,989	31,411	(2,422)	28,989	(2,422)
Service Development Projects											
A83 South of Muasdale	1	1	0	2	2	0	584	584	0	584	0
A849 Pennyghael Bridge Mull	0	0	0	0	0	0	131	131	0	131	0
Preliminary design for Regional Transport projects	0	49	(49)	(21)	63	(84)	227	311	(84)	227	(84)
Milton Burn	1	1	0	1	1	0	2,527	2,527	0	2,527	0
Campbeltown Old Quay	2,438	2,438	0	1,190	1,213	(23)	1,424	1,424	0	1,424	0
Helensburgh Cycleways	17	17	0	219	30	189	2,536	2,622	(86)	2,536	(86)
Vehicle Tracking System	41	38	3	41	41	0	217	217	0	217	0
Safe Streets, Walking and Cycling	40	4	36	149	140	9	289	280	9	289	9
SPTT	20	9	11	88	200	(112)	307	619	(312)	307	(312)
CWSS Jubilee Bridge (£93 200) (Lorn)	0	0	0	0	0	0	99	99	0	99	0
CWSS - South Islay Distilleries Path	0	116	(116)	(4)	250	(254)	110	614	(504)	110	(504)
CWSS - Kilmichael Glassary - Bridgend Link	0	9	(9)	1	270	(269)	10	549	(539)	10	(539)
CWSS - Kintyre Schools Route Development	0	0	0	0	0	0	0	0	0	0	0
CWSS - Duncolzie - Ganavan	0	0	0	0	0	0	0	0	0	0	0
CWSS - Connel Station Path	0	0	0	(28)	0	(28)	76	104	(28)	76	(28)
CWSS - South Shian Link	0	0	0	0	0	0	0	0	0	0	0
CWSS - Machrihanish Path	0	0	0	0	0	0	0	0	0	0	0
CWSS - Moryndrain to Achmabreac	0	0	0	0	0	0	0	0	0	0	0
CWSS - Portnacroish Footway	0	0	0	0	0	0	0	0	0	0	0
CWSS - Cycle Parking 2013-14	0	20	(20)	1	0	1	22	21	1	22	1
Dunoon Esplanade Upgrade	0	4	(4)	0	250	(250)	0	500	(500)	0	(500)
Scottish Upgrades	0	3	(3)	0	140	(140)	0	280	(280)	0	(280)
Kilchrean School Footway	0	5	(5)	0	50	(50)	0	100	(100)	0	(100)
Appin School Link	0	1	(1)	0	40	(40)	0	80	(80)	0	(80)
Service Development Total	2,558	2,715	(157)	1,639	2,690	(1,051)	8,559	11,062	(2,503)	8,559	(2,503)
Strategic Change Projects											
Kintyre Renewables Hub	1,114	1,114	0	3,010	2,675	335	12,115	11,671	444	12,115	444
Port Askaig Pier	0	0	0	0	0	0	13,817	13,817	0	13,817	0
Rothesay Harbour Ferry Improvements	0	0	0	0	0	0	7	7	0	7	0
Helensburgh Depot Rationalisation	0	44	(44)	(95)	145	(240)	1,050	1,290	(240)	1,050	(240)
CHORD - Helensburgh	2,974	2,973	1	3,450	3,450	0	7,330	7,330	0	7,330	0
CHORD - Campbeltown	230	209	21	1,120	1,120	0	4,786	4,786	0	4,786	0
CHORD - Dunoon	583	535	48	686	686	0	8,625	8,625	0	8,625	0
CHORD - Oban	280	280	0	642	642	0	6,560	6,560	0	6,560	0
CHORD - Rothesay	9	0	9	20	20	0	2,400	2,400	0	2,400	0
Helensburgh Pier Flood Defences	90	90	0	189	189	0	2,175	2,175	0	2,175	0
OBC For Dunoon Pier	0	0	0	30	30	0	2,830	2,830	0	2,830	0
Pier Upgrades	0	0	0	0	0	0	0	0	0	0	0
Strategic Change Total	5,280	5,245	35	9,052	8,957	95	61,995	61,791	204	61,995	204
Departmental Total Expenditure	15,443	17,899	(2,456)	19,297	22,610	(3,313)	99,543	104,264	(4,721)	99,543	(4,721)

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT										Appendix 9		
FINANCIAL SUMMARY GROSS EXPENDITURE - CUSTOMER SERVICES										31 January 2015		
	Current Financial Year To Date		Full Year This Financial Year		Budget		Forecast		Variance			
	Budget £000s	Actual £000s	Budget £000s	Actual £000s	Forecast £000s	Variance £000s	Forecast £000s	Variance £000s	Forecast £000s	Variance £000s		
Asset Sustainability	2,834	2,950	(116)	3,070	3,532	(462)	26,986	27,595	(609)			
Education	814	810	4	1,152	1,080	72	3,285	3,310	(25)			
Community and Culture	327	258	69	596	537	59	3,378	3,319	59			
Adult Care	120	133	(13)	185	231	(46)	532	578	(46)			
Children and Families	82	100	(18)	508	538	(30)	2,607	2,668	(61)			
Facility Services	1,108	1,108	0	1,526	1,603	(77)	6,592	6,592	0			
Customer and Support Services	5,285	5,359	(74)	7,037	7,521	(484)	43,380	44,062	(682)			
Asset Sustainability Total												
Service Development Projects	0	0	0	0	0	0	496	496	0			
Graham Williamson IT Centre	2	2	0	2	2	0	84	84	0			
Property Management System	1	1	0	1	1	0	443	443	0			
Education Domain Extension	0	0	0	43	43	0	1,052	1,052	0			
Consolidated Server Replacement	5	5	0	12	12	0	1,054	1,054	0			
IT Enablement Process for Change	128	128	0	318	318	0	974	974	0			
Applications Projects	0	0	0	0	0	0	0	0	0			
Flexi System HRS Integration	4	4	0	4	4	0	116	116	0			
Council Chamber Video Conferencing	0	0	0	3	3	0	129	129	0			
Lync 2013	174	157	17	371	361	10	411	401	10			
Ardishaig Primary School - Pre 5 Unit	46	61	(15)	81	90	(9)	765	779	(14)			
Hermitage Primary Annex Replacement	0	25	(25)	(9)	30	(39)	210	249	(39)			
Lochnell Primary School - Pre Five Unit	0	1	(1)	24	24	0	355	355	0			
Park Primary Extension/Pre Fives Unit	0	10	(10)	20	20	0	150	150	0			
Salen Primary School - Gaelic Pre School	32	21	11	37	31	6	75	134	(59)			
St Joseph's Pre Five Parenting Facilities	0	0	0	6	6	0	315	315	0			
Strachur Primary School - Pre Five Unit	330	340	(10)	330	340	(10)	430	472	(42)			
Taynuilt Primary Additional Classroom	319	319	0	400	400	0	2,668	2,668	0			
Tayvallich Primary School - Pre 5 Unit	0	0	0	5	5	0	60	55	5			
Early Learning and Childcare	0	0	0	7	7	0	772	765	7			
Video Conferencing Upgrade	0	0	0	7	7	0	917	964	(47)			
Mull & Iona Progressive Care Centre	0	0	0	(47)	0	(47)	650	646	4			
Campbelltown All Weather Pitch	1	1	0	39	35	4	750	750	0			
Riverside Leisure Centre Refurbishment	2	2	0	30	30	0	55	59	(4)			
Dunclutha Childrens Home	0	0	0	(4)	0	(4)	496	496	0			
Dunoon Family Mediation Centre	0	0	0	2	2	0	13,560	13,748	(188)			
Residential Respite Care Facility	1,064	1,095	(31)	1,616	1,761	(145)	13,560	13,748	(188)			
Service Development Total												
Strategic Change Projects	10	10	0	214	214	0	7,653	8,030	(377)			
Campbelltown Schools Redevelopment	20	20	0	50	50	0	6,834	3,921	2,913			
Dunoon Primary	40	40	0	346	346	0	11,272	11,544	(272)			
Replacement of Oban High	0	0	0	176	176	0	6,500	6,500	0			
Kirn Primary School	0	0	0	0	0	0	0	0	0			
Aqualbrium - residual payments	0	0	0	75	75	0	261	261	0			
Carbon Management Business Cases	0	0	0	944	544	400	944	944	0			
NPDO Schools Solar PV Panel Installations	425	379	46	488	488	0	488	488	0			
Non NPDO Schools Solar PV Panel Installations	0	0	0	38	38	0	145	145	0			
Carbon Management Fuel Conversions	12	12	0	29	48	(19)	726	745	(19)			
Islay HS/Bowmore PS Carbon Management	609	609	0	760	760	0	1,033	1,033	0			
Kilmory Biomass Carbon Management	0	0	0	28	28	0	209	209	0			
Oil to Gas Heating Conversions	0	0	0	8	8	0	35	35	0			
Campbelltown and Rothesay Rationalisation	4,695	4,694	1	6,521	5,500	1,021	11,489	11,489	0			
Helensburgh Office Rationalisation	98	145	(47)	98	145	(47)	270	317	(47)			
Mid Argyll Offices Reorganisation	0	0	0	15	15	0	7,652	7,652	0			
New Helensburgh Swimming Pool	0	0	0	10	10	0	10	10	0			
Tiree Shared Offices	0	0	0	0	0	0	0	0	0			
Strategic Change Total	5,909	5,909	0	9,900	8,445	1,355	55,521	53,323	2,198			
Departmental Total	12,258	12,363	(105)	18,453	17,727	726	112,461	111,133	1,328			

OFF TRACK PROJECT

Appendix 10

Department: Facility Services

Project Name: Whitegates – roofing upgrade

First Added to Capital Plan: 2013/14

Project Manager: Craig Houston

How is this project funded? *Capital*

Why is the project classified as off target?

The project expenditure is greater than budget with a total forecast spend of £202k compared to a budget of £112k, resulting in a total project overspend of £90k.

What has caused the issue outlined above?

Extensive work required to replace new gutters and downpipes, treating rotten timber below roof finish.

What action will be taken to rectify this issue?

This project was transferred to Facility Services, however a review of overall spend in the appropriate service division will take place.

What are the implications of the action proposed?

Possible impact on spend on other buildings to be managed.

OFF TRACK PROJECT

Appendix 10

Department:	Development and Infrastructure
Project Name:	<i>Helensburgh – Cardross Cycleway</i>
First Added to Capital Plan:	2011-12
Project Manager:	Callum Robertson
How is this project funded?	2012 - Grant Funded SPFT £610k over three years , plus £165k legacy funding from previous project
Why is the project classified as off target?	<p>The project is classed as off target due to the slippage in the spend against budget, on physical construction works. Roads Services can only work on packages of construction work as land becomes available.</p>
What has caused the issue outlined above?	<p>Negotiations with landowners is still a slow and laborious process due to land agent reluctance to accept land value prices and insisting on accommodation works which no longer comply with SEPA guidelines on attenuated drainage schemes. Roads Services have been able to deliver construction works on available land during the last two financial years, as it has become available. Infrastructure Design and Estates continue to negotiate with land agents to resolve these issues and release land to progress the works.</p>
What action will be taken to rectify this issue?	<p>Estates section, in conjunction with Infrastructure Design have been asked to widen the scope of land acquisition to cover the entire route between Helensburgh and Cardross (and beyond to Dumbarton) to secure sufficient land anywhere on the corridor to allow construction to progress. The project team has met with colleagues from West Dunbartonshire Council to maximise the availability of land towards completion of the route.</p>
What are the implications of the action proposed?	<p>The funding package from SPFT will overrun, if insufficient land is made available for construction works to the remaining value to be delivered before the end of the 3 year period (2015) Strategic Transportation colleagues are in contact with SPFT on various projects within Argyll and Bute and budget profiling and adjustments can be made to allow works to progress as soon as land becomes available. SPFT only allocate funding on an annual basis and £200k has been applied for 2015-16 to finance any works for which land can be secured.</p>

OFF TRACK PROJECT

Appendix 10

Department: Development and Infrastructure

Project Name: Kintyre Renewables Hub

First Added to Capital Plan: 2010

Project Manager: Arthur McCulloch

How is this project funded? Capital/ERDF/Piers & Harbours Revenue

Why is the project classified as off target?

The forecast total and this year project cost is lower than budget (Amber and Red respectively), together with the Income (Red)

What has caused the issue outlined above?

As the construction elements are coming toward the end, the estimated final costs have been refined with a lower contingency now being used to reflect the high percentage completion of the works on site. This has had the effect of lowering the final estimates which has had a consequent effect on the ERDF award.

What action will be taken to rectify this issue?

No action proposed, however some expenditure will be moved from Campbeltown Old Quay to Kintyre Renewables Hub, and also to Piers & Harbours Revenue to pay for the various works done at the Old Quay on behalf of the Marine Services unit.

What are the implications of the action proposed?

The overall expenditure and ERDF award will be less than originally planned. These are currently estimated at £11.671m KRH expenditure offset by £3.354m ERDF award. The Piers & Harbours Revenue account is contributing £299k toward the works incorporated for its needs.

OFF TRACK PROJECT

Appendix 10

Department:	Development and Infrastructure
Project Name:	Helensburgh Depot Rationalisation
First Added to Capital Plan:	2012 - 13
Project Manager:	Helen Ford
How is this project funded?	Spend to Save
Why is the project classified as off target?	The project is classed as off target as the project is over budget by £240k. Budget £1.050m Final Account £1.290m This is based on a final account figure for phase 2 works still to be agreed by R&A Head of Service.
What has caused the issue outlined above?	The main reason for the projects overspend is due to contaminated soil found on site which required to be treated; this in turn led to extension of time claims. Building complete and occupied.
What action will be taken to rectify this issue?	Head of Service to advise where additional funding to be taken from.
What are the implications of the action proposed?	

OFF TRACK PROJECT

Appendix 10

Department: Development and Infrastructure

Project Name: Campbeltown – Berthing Facility

First Added to Capital Plan: 2009

Project Manager: Kirsteen Macdonald

How is this project funded? Prudential Borrowings

Why is the project classified as off target?

The year to date spend is £34.3k behind forecast and the estimated financial year spend will be £768k less than forecast (£1,120,000). Variance in spend is due to delay in appointing contractor as additional funding was sought to accept preferred tender. The project is due to complete in May 15 therefore all funding for this project will be disbursed in Q1 15/16.

What has caused the issue outlined above? See above

What action will be taken to rectify this issue?

Spend forecast for 15/16 adjusted accordingly

What are the implications of the action proposed?

See above

APPENDIX 11

PROPOSED CAPITAL PLAN 2014-15
SUMMARY

Department	Head of Service	Previous Years				Future			Total £000
		£000	£000	£000	£000	2016-17 £000	Years £000	£000	
Community Services	Adult Care	2,051	597	285	0	0	0	2,933	
	Children and Families	792	219	799	0	0	0	1,810	
	Community and Culture	2,339	1,155	1,507	0	0	0	5,001	
	Education	22,023	4,943	13,631	6,567	16,431	0	63,595	
Community Services Total		27,205	6,914	16,222	6,567	16,431	0	73,339	
Customer Services	Customer and Support Services	4,799	1,986	2,773	0	0	0	9,558	
	Facility Services	7,014	8,047	6,529	4,258	0	0	25,848	
Customer Services Total		11,813	10,033	9,302	4,258	0	0	35,406	
Development and Infrastructure	Economic Development	5,568	6,344	12,883	9,728	1,328	0	35,851	
	Roads and Amenity Services	20,415	12,911	8,340	135	0	0	41,801	
Development and Infrastructure Total		25,983	19,255	21,223	9,863	1,328	0	77,652	
Area Committees	Area Committee	25	44	0	0	0	0	69	
Area Committees Total		25	44	0	0	0	0	69	
Overall Total		65,026	36,246	46,747	20,688	17,759	0	186,466	

Head of Service	Category	Project	Previous			2016-17			Total
			Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	£000s	
Adult Care	Asset Sustainability	Aids and Adaptations	26	24	25	0	0	75	
		Asbestos Removal/Control Works	0	10	10	0	0	20	
		Dunclutha Children's Home	31	-6	0	0	0	25	
		Eadar Glinn	19	206	20	0	0	245	
		Ellis Lodge	47	12	5	0	0	64	
		Health and Safety	864	71	50	0	0	985	
		Legionella Control Works	0	20	20	0	0	40	
		Lochgilphead Resource Centre	49	30	145	0	0	224	
		Lorn Resource Centre	0	75	10	0	0	85	
		Social Work Office Rothesay	41	34	0	0	0	75	
		Struan Lodge Boiler	12	28	0	0	0	40	
		Thomson Home Rothesay	111	36	0	0	0	147	
		Upgrading Older Peoples Homes	0	25	0	0	0	25	
		Woodlands/Greenwood	86	25	0	0	0	111	
		Asset Sustainability Total		1,286	590	285	0	0	2,161
		Service Development	Mull & Iona Progressive Care Centre	765	7	0	0	0	772
		Service Development Total		765	7	0	0	0	772
Adult Care Total		2,051	597	285	0	0	2,933		
Overall Total		2,051	597	285	0	0	2,933		

Head of Service	Category	Project	Previous				Future			Total £000s
			Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Years £000s	Total £000s		
Children and Families	Asset Sustainability	Asbestos Removal/Control Works	0	10	10	0	0	0	20	
		Dunoon Hostel	128	87	0	0	0	0	215	
		East King St Children's Home	0	2	0	0	0	0	2	
		Glencruitten Hostel	94	26	0	0	0	0	120	
		Health and Safety	5	45	50	0	0	0	100	
		Legionella Control Works	0	20	20	0	0	0	40	
		Shellach View	9	1	0	0	0	0	10	
		Asset Sustainability Total	236	191	80	0	0	0	507	
		Service Development	Dunclutha Childrens Home	1	30	719	0	0	0	750
Dunoon Family Mediation Centre	59		-4	0	0	0	0	55		
Residential Respite Care Facility	496		2	0	0	0	0	498		
Service Development Total	556	28	719	0	0	0	1,303			
Children and Families Total	792	219	799	0	0	0	1,810			
Overall Total	792	219	799	0	0	0	1,810			

PROPOSED CAPITAL PLAN 2014-15
COMMUNITY SERVICES

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	Total £000s
Community and Culture	Asset Sustainability	Aqualibrium	0	20	15	0	0	35
		Asbestos Removal/Control Works	0	30	20	0	0	50
		Bute Community Education Centre	6	4	0	0	0	10
		Campbeltown Museum - Burnet Bldg	79	2	0	0	0	81
		Community Centres General - Options Appraisal	0	15	0	0	0	15
		Corran Halls, Oban	220	105	100	0	0	425
		Dunoon Community Education Centre	152	15	10	0	0	177
		Gaelic Centre - Corran Halls (FG)	173	-3	0	0	0	170
		Health & Safety	55	48	147	0	0	250
		Helensburgh Library	0	15	2	0	0	17
		Inveraray CARS	0	21	0	0	0	21
		Kintyre Community Ed Centre	117	-3	0	0	0	114
		Legionella Control Works	0	20	20	0	0	40
		Lochgilphead Community Ed Centre	5	2	245	0	0	252
		Oban Library (Leased Property)	0	0	20	0	0	20
		Ramsay Memorial Hall	79	26	80	0	0	185
		Replacement of Gym Equipment	0	0	100	0	0	100
		Rhu Community Ed Centre	5	119	5	0	0	129
		Rothesay Library	262	-52	0	0	0	210
		Rothesay Swimming Pool	0	120	3	0	0	123
		Sandbank Library HQ	0	22	3	0	0	25
		Tarbert Library	3	45	2	0	0	50
		Victoria Halls, Campbeltown	126	349	50	0	0	525
		Victoria Halls, Helensburgh	41	156	85	0	0	282
		Asset Sustainability Total	1,323	1,076	907	0	0	3,306
	Service Development	Archives - Wee Manse Brae	41	87	0	0	0	128
		Campbeltown All Weather Pitch	964	-47	0	0	0	917
		Riverside Leisure Centre Refurbishment	11	39	600	0	0	650
		Service Development Total	1,016	79	600	0	0	1,695
Community and Culture Total			2,339	1,155	1,507	0	0	5,001
Overall Total			2,339	1,155	1,507	0	0	5,001

Head of Service	Category	Project	Previous Years			2014-15			2015-16			2016-17			Future Years			Total	
			£'000	£'000's	£000's	£'000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's		
Education	Asset Sustainability	Achaleven Primary School	0	0	100	0	0	0	0	0	0	0	0	0	0	0	0	100	
		Ardchattan Primary School	0	0	10	0	0	0	0	0	0	0	0	0	0	0	0	0	10
		Ardishaig Primary School	164	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	204
		Arinagour Primary School	83	0	48	0	0	0	0	0	0	0	0	0	0	0	0	0	131
		Asbestos Control/Removal Works	0	35	50	0	0	0	0	0	0	0	0	0	0	0	0	0	85
		Ashfield Primary School	87	-8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	79
		Barcaldine Primary School	73	-4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	69
		Bowmore Primary School	341	27	0	0	0	0	0	0	0	0	0	0	0	0	0	0	368
		Bunessan Primary School	156	95	4	0	0	0	0	0	0	0	0	0	0	0	0	0	255
		Campbeltown Grammar	3,641	3	25	0	0	0	0	0	0	0	0	0	0	0	0	0	3,669
		Capital Property Works	542	165	127	0	0	0	0	0	0	0	0	0	0	0	0	0	834
		Cardross Primary School	352	170	265	0	0	0	0	0	0	0	0	0	0	0	0	0	787
		Carradale Primary School	19	12	150	0	0	0	0	0	0	0	0	0	0	0	0	0	181
		Castlehill Primary School	146	10	50	0	0	0	0	0	0	0	0	0	0	0	0	0	206
		Clachan Primary	2	0	220	0	0	0	0	0	0	0	0	0	0	0	0	0	222
		Colgrain Primary School	617	121	65	0	0	0	0	0	0	0	0	0	0	0	0	0	803
		Dalintober Primary School	266	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	267
		Dervaig Primary School	0	0	5	0	0	0	0	0	0	0	0	0	0	0	0	0	5
		Drumsemble Primary School	128	86	0	0	0	0	0	0	0	0	0	0	0	0	0	0	214
		Dunbeg Primary School	403	31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	434
		Dunoon Primary School	95	0	25	0	0	0	0	0	0	0	0	0	0	0	0	0	120
		Ferry Houses - Housing Quality Standard	0	8	68	0	0	0	0	0	0	0	0	0	0	0	0	0	76
		Free School Meals	0	130	420	0	0	0	0	0	0	0	0	0	0	0	0	0	550
		Furnace Primary School	104	0	-37	0	0	0	0	0	0	0	0	0	0	0	0	0	67
		Garelochhead Primary School	311	6	45	0	0	0	0	0	0	0	0	0	0	0	0	0	362
		Glassary Primary School	38	36	61	0	0	0	0	0	0	0	0	0	0	0	0	0	135
		Glenbarr Primary School	60	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	65
		Hermitage Primary School	145	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	146
		Homeless Houses - Housing Quality Standard	0	25	25	0	0	0	0	0	0	0	0	0	0	0	0	0	50
		Innellan Primary School	79	0	25	0	0	0	0	0	0	0	0	0	0	0	0	0	104
		Inveraray Primary School	287	155	0	0	0	0	0	0	0	0	0	0	0	0	0	0	442
		Islay High School	3,877	155	50	0	0	0	0	0	0	0	0	0	0	0	0	0	4,082
		John Logie Baird Primary School	364	-42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	322
Keills Primary School	306	-6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	300		
Kilchattan Primary School	165	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	168		
Kilchrenan Primary School	0	11	14	0	0	0	0	0	0	0	0	0	0	0	0	0	25		
Kilcreggan Primary School	221	110	0	0	0	0	0	0	0	0	0	0	0	0	0	0	331		
Kilmartin Primary School	0	15	5	0	0	0	0	0	0	0	0	0	0	0	0	0	20		
Kilmodan Primary School	24	81	90	0	0	0	0	0	0	0	0	0	0	0	0	0	195		
Kilninver Primary School	81	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	93		
Kirm Primary School	44	22	20	0	0	0	0	0	0	0	0	0	0	0	0	0	86		
Legionella Control Works	0	57	83	0	0	0	0	0	0	0	0	0	0	0	0	0	140		
Lismore Primary School	41	6	14	0	0	0	0	0	0	0	0	0	0	0	0	0	61		
Lochdonhead Primary School	152	-17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	135		
Lochgillhead Primary School	55	-13	40	0	0	0	0	0	0	0	0	0	0	0	0	0	82		
Luing Primary School	74	0	16	0	0	0	0	0	0	0	0	0	0	0	0	0	90		
Luss Primary School	34	30	1	0	0	0	0	0	0	0	0	0	0	0	0	0	65		
Minard Primary	3	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	51		
North Bute Primary School	130	211	25	0	0	0	0	0	0	0	0	0	0	0	0	0	366		
Oban High Gaelic Media Studio (FG)	93	-2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	91		
Oban High School	629	-13	10	0	0	0	0	0	0	0	0	0	0	0	0	0	626		

APPENDIX 11

PROPOSED CAPITAL PLAN 2014-15
COMMUNITY SERVICES

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	Total £000s		
Education	Asset Sustainability	Park Primary School	229	250	20	0	0	499		
		Parklands School	116	-8	0	0	0	108		
		Port Charlotte Primary School	146	36	160	0	0	342		
		Port Ellen Primary School	431	16	20	0	0	467		
		Rhu Primary School	32	-2	0	0	0	30		
		Rhunaoirne Primary	14	60	13	0	0	87		
		Rosneath Primary School	258	21	371	0	0	650		
		Sandbank Primary School	478	16	0	0	0	494		
		School Houses - Housing Quality Standard	1	100	345	0	0	446		
		Skipness Primary School	0	10	5	0	0	15		
		Small Isles Primary School	231	57	0	0	0	288		
		St Andrew's Primary School	136	140	50	0	0	326		
		St Joseph's Primary School	161	299	50	0	0	510		
		St Mun's Primary School	72	-21	10	0	0	61		
		Strachur Primary School	154	-1	0	0	0	153		
		Strath of Appin Primary School	355	-15	0	0	0	340		
		Strone Primary School	291	33	0	0	0	324		
		Taynuilt Primary School	110	14	0	0	0	124		
		Tayvallich Primary School	107	-4	0	0	0	103		
		Tighnabraich Primary School	107	3	0	0	0	110		
		Tiree High School	954	-55	0	0	0	899		
		Tiree Primary School	170	50	0	0	0	220		
		Tobermory High School	553	168	0	0	0	721		
Toward Primary School	71	9	0	0	0	80				
Asset Sustainability Total			19,609	2,957	3,200	0	0	25,766		
Service Development	Service Development	Ardrisaigh Primary School - Pre Five Unit	10	371	30	0	0	411		
		Early Learning and Childcare	0	400	1,200	1,068	0	2,668		
		Hermitage Primary Annexe Replacement	684	81	0	0	0	765		
		Lochnell Primary School - Pre Five Unit	219	-9	0	0	0	210		
		Park Primary Extension and Pre Fives Unit	331	24	0	0	0	355		
		Salen Primary School - Gaelic Pre School Extension (FG)	0	20	130	0	0	150		
		St Joseph's Pre 5 Parenting Facilities	118	-43	0	0	0	75		
		Strachur Primary School - Pre Five Unit	278	31	6	0	0	315		
		Taynuilt PS Addnl Classroom	141	-10	0	0	0	131		
		Tayvallich Primary School - Pre Five Unit	96	330	4	0	0	430		
		Video Conferencing Upgrade	55	5	0	0	0	60		
		Service Development Total		1,932	1,200	1,370	1,068	0	5,570	
		Strategic Change	Strategic Change	Campbeltown Schools Redevelopment	177	214	1,142	100	6,020	7,653
				Dunoon Primary School	233	50	3,581	2,048	922	6,834
				Kim Primary School	0	176	1,536	3,251	1,537	6,500
		Replacement of Oban High School	72	346	2,802	100	7,952	11,272		
		Strategic Change Total		482	786	9,061	5,499	16,431	32,259	
Education Total		22,023	4,943	13,631	6,567	16,431	63,595			
Overall Total		22,023	4,943	13,631	6,567	16,431	63,595			

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	Total £000s	
Customer and Support Services	Asset Sustainability	Computer Network Security	494	73	69	0	0	636	
		Corporate GIS Portal Rollout	104	12	111	0	0	227	
		Internet / Online Access	90	125	123	0	0	338	
		IT Education	42	87	692	0	0	821	
		MS Exchange & Doc Sharing	228	69	25	0	0	322	
		PC Replacement	-3	935	785	0	0	1,717	
		Server Capacity Growth	0	80	80	0	0	160	
		Telecomms Network	645	48	54	0	0	747	
		Unified Communications and Video Conferencing	466	174	98	0	0	738	
		Asset Sustainability Total		2,066	1,603	2,037	0	0	5,706
		Service Development	Applications Projects	254	318	402	0	0	974
			Consolidated Server Replacement	1,009	43	0	0	0	1,052
			Council Chamber Video Conferencing	112	4	0	0	0	116
Education Domain Extension	442		1	0	0	0	443		
IT Enablement Process for Change	714		12	328	0	0	1,054		
LYNC 2013	126		3	0	0	0	129		
Property Management System	76		2	6	0	0	84		
Service Development Total		2,733	383	736	0	0	3,852		
Customer and Support Services Total		4,799	1,986	2,773	0	0	9,558		
Overall Total		4,799	1,986	2,773	0	0	9,558		

PROPOSED CAPITAL PLAN 2014-15
CUSTOMER SERVICES

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	Total £000s
Facility Services	Asset Sustainability	Aquilibrium	23	5	0	0	0	28
		Argyll House, Dunoon	13	0	1	0	0	14
		Asbestos Capital Property Works	36	14	0	0	0	50
		Block Allocation to address building fabric upgrades	0	0	588	0	0	588
		Bowmore Area Office	4	14	2	0	0	20
		Burnett Building	0	6	75	0	0	81
		Capital Property Works	239	70	0	0	0	309
		Castle House, Dunoon	26	0	1	0	0	27
		Dalriada House	7	1	0	0	0	8
		Dunoon Office Rationalisation	1	3	219	7	0	230
		Eaglesham House, Rothesay	26	9	0	0	0	35
		Finance Office, Witchburn Rd	10	86	3	0	0	99
		Fire Risk Assessment Works	13	1	0	0	0	14
		Hill Street Dunoon Rewire	2	32	1	0	0	35
		Jura Service Point	0	10	0	0	0	10
		Kilarrow House	1	63	59	1	0	124
		Kilmory Castle	80	69	25	0	0	174
		Kilmory Castle 2012-13	137	6	0	0	0	143
		Lorn House, Oban	0	55	23	0	0	78
		Manse Brae Roads Office	0	15	0	0	0	15
		Oban Municipal Buildings	226	18	0	0	0	244
		Oban Office Rationalisation	0	3	0	0	0	3
		Rothesay Pavilion	20	1	0	0	0	21
		Tobermory Area Office	0	29	1	0	0	30
		Union Street, Rothesay	74	1	0	0	0	75
		Whitegates	188	-76	0	0	0	112
		Whitegates Office, Lochgilphead	0	19	0	0	0	19
		Asset Sustainability Total	1,126	454	998	8	0	2,586
	Strategic Change	Campbeltown & Rothesay Rationalisation	27	8	0	0	0	35
		Carbon Management Business Cases (FPB)	128	75	58	0	0	261
		Carbon Management Fuel Conversions (FPB)	107	38	0	0	0	145
		Helensburgh Office Rationalisation (FPB,REC)	4,179	5,500	1,810	0	0	11,489
		Islay HS/Bowmore PS (FPB)	697	29	0	0	0	726
		Kilmory Biomass Project OBC (FPB,REV)	243	760	30	0	0	1,033
		Mid Argyll Offices Reorganisation	164	98	8	0	0	270
		New Helensburgh Swimming Pool	162	15	3,225	4,250	0	7,652
		Non-NPDO Schools PV Panel Installations	0	488	0	0	0	488
		NPDO Schools Solar PV Panel Installations	0	544	400	0	0	944
		Oil to Gas Heating Conversions (FPB)	181	28	0	0	0	209
		Tiree Shared Offices	0	10	0	0	0	10
		Strategic Change Total	5,888	7,593	5,531	4,250	0	23,262
		Facility Services Total	7,014	8,047	6,529	4,258	0	25,848
		Overall Total	7,014	8,047	6,529	4,258	0	25,848

PROPOSED CAPITAL PLAN 2014-15
DEVELOPMENT AND INFRASTRUCTURE SERVICES

APPENDIX 11

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	Total £000s		
Economic Development	Service Development	CWSS - Connel Station Path	132	-28	0	0	0	104		
		CWSS - Cycle Parking 2013-14	20	1	0	0	0	21		
		CWSS - Kilmichael Glassary - Bridgend Link	9	1	0	0	0	10		
		CWSS - South Islay Distilleries Path	118	-4	0	0	0	114		
		Safe Streets, Walking and Cycling (CWSS)	0	149	140	0	0	289		
		SPT	219	88	0	0	0	307		
Service Development Total			498	207	140	0	0	845		
Strategic Change		CHORD - Campbeltown	1,836	1,120	1,830	0	0	4,786		
		CHORD - Dunoon	8	686	3,397	4,006	528	8,625		
		CHORD - Helensburgh -Public Realm Imprv	2,949	3,450	931	0	0	7,330		
		CHORD - Oban	251	642	3,550	2,117	0	6,560		
		CHORD - Rothesay	0	0	0	1,600	800	2,400		
		Helensburgh Pier Flood Defences	10	20	500	1,645	0	2,175		
		OBC for Dunoon Pier	16	189	2,275	350	0	2,830		
		Pier Upgrades	0	30	260	10	0	300		
		Strategic Change Total			5,070	6,137	12,743	9,728	1,328	35,006
		Economic Development Total			5,568	6,344	12,883	9,728	1,328	35,851
Overall Total			5,568	6,344	12,883	9,728	1,328	35,851		

PROPOSED CAPITAL PLAN 2014-15
DEVELOPMENT AND INFRASTRUCTURE SERVICES

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	Total £000s
Roads and Amenity Services	Asset Sustainability	Bridge Strengthening	173	305	987	105	0	1,570
		Cemetery Houses	7	43	0	0	0	50
		Environmental - Unallocated	0	246	100	0	0	346
		Fleet Management	2,641	150	596	0	0	3,387
		Flood Prevention	-4	60	377	30	0	463
		HITRANS	966	285	0	0	0	1,251
		Lighting	39	507	650	0	0	1,196
		Public Convenience Upgrades	0	65	1	0	0	66
		Roads Reconstruction	912	6,697	4,366	0	0	11,975
		Traffic Management	-16	85	214	0	0	283
		Waste Management Sites	36	64	0	0	0	100
		Zero Waste Fund	269	34	0	0	0	303
		Asset Sustainability Total	5,023	8,541	7,291	135	0	20,990
	Service Development	A83 South of Muasdale	72	2	510	0	0	584
		A849 Pennyghael Bridge Mull	126	0	5	0	0	131
		Campbeltown Old Quay	161	1,213	50	0	0	1,424
		Cycleways - H&L (FSPT)	1,992	219	325	0	0	2,536
		Milton Burn	2,526	1	0	0	0	2,527
		Preliminary design for Regional Transport projects (tif)	248	-21	0	0	0	227
		Vehicle Tracking System (FPB)	176	41	0	0	0	217
		Service Development Total	5,301	1,455	890	0	0	7,646
	Strategic Change	Helensburgh Depot Rationalisation (F)	1,145	-95	0	0	0	1,050
		Kintyre Renewables Hub (FGPB)	8,946	3,010	159	0	0	12,115
		Strategic Change Total	10,091	2,915	159	0	0	13,165
Roads and Amenity Services Total			20,415	12,911	8,340	135	0	41,801
Overall Total			20,415	12,911	8,340	135	0	41,801

TREASURY MANAGEMENT MONITORING REPORT 31 JANUARY 2015

1. EXECUTIVE SUMMARY

- 1.1 This report is for noting its sets out the Council's treasury management position for the period 1 January 2015 to 31 January 2015 and includes information on:
- Overall Borrowing Position
 - Borrowing Activity
 - Investment Activity
 - Economic Background
 - Interest Rate Forecast
 - Prudential Indicators.
- 1.2 The Council has made two repayments of long term debt of £1.5m to PWLB during the period. Due to a reduced Capital Financing Requirement (CFR) of £256m at 31 March 2014 and a reduction of £19.6m in the forecast capital expenditure the estimated CFR for 31 March 2015 has reduced from £275m to £253m from that predicted in the budget at February 2014.
- 1.3 In respect of investment activity the level of investments have increased by £2.4m from £51.6m at 31 December 2014 to £54m at 31 January 2015. The rate of return achieved was 0.666% which compares favourably with the target of 7 day LIBID which was 0.354%.
- 1.4 As part of a policy of increasing the diversification of investments during the period the Council opened two new accounts in the following institutions:
- Nationwide Building Society
 - Barclays Bank
- 1.5 During the period the Council reduced its investments held in Bank of Scotland by £10m, placing £5m in a 6 month fixed term deposit with the Nationwide Building Society at 0.66% and £5m in a 35 Day Notice account with Barclays Bank at 0.50%. Both have a short term rating of A and a long term rating of A-1.
- 1.6 There was no breaching of limits during the period

TREASURY MANAGEMENT MONITORING REPORT 31 JANUARY 2015

2. INTRODUCTION

- 2.1 This report summarises the monitoring as at 31 January 2015 of the Council's:
- Overall Borrowing Position
 - Borrowing Activity
 - Investment Activity
 - Economic Background
 - Interest Rate Forecast
 - Prudential Indicators.

3. RECOMMENDATIONS

- 3.1 The treasury management monitoring report is noted.

4. DETAIL

Overall Borrowing Position

- 4.1 The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at the 31 March 2015. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast 2014/15 £000's	Budget 2014/15 £000's	Forecast 2015/16 £000's	Forecast 2016/17 £000's
CFR at 1 April	256,463	258,871	253,166	268,089
Net Capital Expenditure	15,144	34,809	26,707	2,440
Less Loans Fund Principal Repayments	(18,441)	(18,441)	(11,784)	(10,784)
Estimated CFR 31 March	253,166	275,239	268,089	259,745
Less Funded by NPDO	(79,603)	(79,603)	(78,055)	(76,507)
Estimated Net CFR 31 March	173,563	195,636	190,034	183,238
Estimated External Borrowing at 31 March	151,235	161,315	169,315	177,315
Gap	22,328	34,321	20,719	5,923

- 4.2 Borrowing is currently estimated to be below the CFR for the period to 31 March 2015. This reflects the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment / credit worthiness risks. However if it becomes clear that longer term interest rates are likely to increase significantly the position will be reviewed to ensure the Council locks in funding

at low interest rates.

- 4.3 The Council's estimated net capital financing requirement at the 31 January 2015 is £173.563m. The table below shows how this has been financed. Whilst borrowing is less than the CFR there are substantial internal balances (mainly the General Fund) of which £54.1m is currently invested.

	Position at 31/12/2014 £000's	Position at 31/01/2015 £000's
Loans	161,242	160,112
Internal Balances	72,729	67,516
Less Investments & Deposits	(51,605)	(54,065)
Total	182,366	173,563

Borrowing Activity

- 4.4 The table below summarises the borrowing and repayment transactions in the period 1 January 2014 to 31 January 2015.

	Actual £000's
External Loans Repaid 1st January 2015 to 31st January 2015	1,519
Borrowing undertaken 1st January 2015 to 31st January 2015	0
Net Movement in External Borrowing	(1,519)

- 4.5 No Local Bonds were repaid in the period 1 January 2014 to 31 January 2015
- 4.6 No new Local Bonds was taken out in the period 1 January 2014 to 31 January 2015.
- 4.7 The table below summarises the movement in level and rate of temporary borrowing at the start and end of the period. Owing to the levels of internal balances and surplus cash temporary borrowing has been minimal.

	£000s	% Rate
Temp borrowing at 31st December 2014	1,358	0.30%
Temp borrowing at 31st January 2015	1,356	0.30%

Investment Activity

- 4.8 The average rate of return achieved on the Council's investments to 31st January 2015 was 0.666% compared to the average LIBID rate for the same period of 0.354% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At the 31 January 2015 the Council had £54m of short term investment at an average rate of 0.666%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each of the counterparties.

Counterparty	Maturity	Amount £000s	Interest Rate	Rating
Bank of Scotland	Instant Access	5,050	0.40%	Short Term A-1, Long Term A
Bank of Scotland	31/10/2015	5,000	1.00%	
Royal Bank of Scotland	Instant Access	50	0.25%	Short Term A-2, Long Term A-
Clydesdale Bank	Instant Access	965	0.50%	Short Term A-2, Long Term BBB+
Goldman Sachs	05/02/2015	5,000	0.745%	Short Term A-1, Long Term A
Handelsbanken	35 Day Notice	0	0.65%	Short Term A-1+, Long Term AA-
DZ Bank	14/09/2015	5,000	0.92%	Short Term A-1+, Long Term AA-
Deutsche Bank	65 Day Notice	5,000	0.633%	Short Term A-1, Long Term A
Santander	95 Day Notice	2,500	0.600%	Short Term A-1, Long Term A
Santander	96 Day Notice	2,500	0.600%	Short Term A-1, Long Term A
Nationwide Building Society	07/07/2015	5,000	0.660%	Short Term A, Long Term A-1
Barclays Bank	35 Day Notice	5,000	0.504%	Short Term A, Long Term A-1
CD - RBS	06/01/2016	5,000	0.880%	Short Term A-2, Long Term A-
MMF - BNP Paribas	Instant Access	0	0.457%	AAA
MMF - Federated	Instant Access	3,000	0.460%	AAA
MMF - Ignis	Instant Access	5,000	0.477%	AAA
Total		54,065		

4.9 All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market information available in respect of counterparties.

4.10 As part of a policy of increasing the diversification of investments during the period the Council opened two new accounts in the following institutions:

- Nationwide Building Society
- Barclays Bank

- 4.11 On 7th and 23rd January the £10m fixed term deposits in the Bank of Scotland matured and the Council placed £5m in a fixed term deposit with Nationwide Building Society at a rate of 0.66% and £5m in a 35 Day Notice account with Barclays Bank at 0.50% Both institutions have a short term rating of A and long term rating of A-1
- 4.12 The current market conditions have made investment decisions more difficult as the number of counterparties which meet the Council's parameters has reduced making it harder to achieve reasonable returns while limiting the exposure to any one institution.
- 4.13 No limits were breached during the period.

Economic and Interest Rate Forecasts

- 4.14 The economic background at 31 December 2014 is shown in appendix 1 with the interest rate forecast in appendix 2.

Prudential Indicators

- 4.15 The prudential indicators for 2014-15 are attached in appendix 3.

5. CONCLUSION

- 5.1 The Council has taken no new long term borrowing and made repayments of £1.5m during the two months to 31 January 2015. The investment returns were 0.666% which is above the target of 0.354%.
- 5.2 During the period the Council further diversified its investments by placing funds with Nationwide Building Society and Barclay Bank.

6. IMPLICATIONS

- | | | |
|-----|--------------------|-------|
| 6.1 | Policy – | None. |
| 6.2 | Financial - | None |
| 6.3 | Legal - | None. |
| 6.4 | HR - | None. |
| 6.5 | Equalities - | None. |
| 6.6 | Risk - | None. |
| 6.7 | Customer Service - | None. |

Steve Barrett, Interim Head of Strategic Finance
Dick Walsh Council Leader and Policy Lead for Strategic Finance

For further information please contact Steve Barrett, Interim Head of Strategic Finance 01546-604151.

Appendix 1 – Economic Background
Appendix 2 – Interest Rate Forecast
Appendix 3 – Prudential Indicators

Appendix 1

Economic background:

- During the quarter ended 31st December 2014:
 - Indicators pointed to another quarter of strong GDP growth;
 - Further robust increases in household spending;
 - Jobs growth and real wages picked up;
 - CPI inflation fell to 1%;
 - Further dovish signals from the MPC;
 - The trend in public finance finally started to improve; and
 - The ECB was still struggling to stimulate demand in the euro-zone.
- Following healthy quarterly GDP growth of 0.7% in Q3 of 2014, indicators suggest that growth should broadly maintain this pace in the fourth quarter. On the basis of past form, the CIPS/Markit business surveys point to a quarterly increase in GDP of around 1% in Q4. Admittedly, this indicator has proved to be overly optimistic in recent months. But others, such as the Bank of England's Agents' score and the EC Economic Sentiment Indicator, also suggest that the recovery remained strong in Q4. What's more, the trade deficit narrowed to £2bn in October following a sharp drop in the value of oil imports, reflecting recent falls in the oil price.
- Meanwhile, the recovery in consumer spending appears to have gathered pace in Q4 as real wages continued to rise and consumers' discretionary spending power was boosted by the drop in oil prices. Retail sales volumes rose by an annual 4.6% and 6.4% in October and November respectively. Granted, December's sales volumes are likely to be weaker as a result of sales brought forward into November by heavy "Black Friday" discounting. But the underlying picture for Q4 as a whole continues to look strong.
- What's more, non-high street spending remained robust too. Annual growth in new car registrations averaged around 11% in October and November. While the Bank of England's Agents' measure of consumer services turnover has weakened a touch, it still points to healthy growth in spending in the fourth quarter.
- The consumer recovery has been supported by further improvements in the labour market. Employment rose by 114,000 in the three months to October, and surveys suggest that jobs growth could have strengthened even further in the remaining months of the quarter. Granted, the headline ILO (three month average) unemployment rate in October did not manage

to fall any further from September's 6%. But based on the strength of survey measures of firms' employment plans and the 26,900 monthly fall in the claimant count in November, the headline unemployment rate looks likely to have dropped further over the remainder of the quarter. However, the most encouraging news on the labour market has been the sustained recovery in real wage growth. Annual growth in earnings (excluding bonuses) reached 1.8% in October and so exceeded CPI inflation of 1.3% in the same month.

- Meanwhile, inflation eased further below the 2% target to just 1.0% in November as a result of lower petrol prices, a drop in food prices and competitive pressures which have forced retailers to pass on recent falls in import prices to consumers.
- Accordingly, it is perhaps not surprising that the two hawks that emerged at August's MPC meeting have yet to convince other members to join them in voting for rate hikes. Indeed, the minutes of December's MPC meeting acknowledged "promising" signs that pay growth had strengthened by more than it had anticipated. However, it also noted that a recent modest recovery in productivity meant that "domestic cost growth remained lower than would be consistent with the inflation target", suggesting that the first rate hike remains a few months away yet.
- Meanwhile, November's borrowing figures finally brought some good news on public finances. Borrowing in the year to date on the "PSNB excluding public sector banks" measures fell below last year's equivalent figure for the first time this year. Nonetheless, in order to meet the target set out in the 2014 Budget for borrowing to be 6% lower this year, it would need to be a chunky £5.6bn or 27% lower in the remaining four months of the fiscal year than it was in 2013/14.
- The housing market has continued to cool over the final quarter of 2014. According to Nationwide, house prices rose by only 0.3% in November. What's more, the more stable 3m/3m growth rate eased to 0.9%, the lowest reading since June 2013. Moreover, mortgage approvals fell to a sixteen-month low of 59,426 in October. The continued slowdown in the housing market seems to have been primarily driven by weaker demand. Indeed, the sustained weakness in approvals is in line with other measures, such as the RICS housing market survey, that show new buyer demand easing rapidly.
- Internationally, the 231,000 increase in US non-farm payrolls in November provided another encouraging sign on the strength of the recovery. And November's 1.3% monthly rise in industrial production also added to the positive story on the US economy's strength. Meanwhile, the latest statement from the US Fed dropped the language that it would be a "considerable time" before it began to raise rates from near-zero and

replaced it with the assessment that it “can be patient in beginning to normalise the stance of monetary policy”, giving the Fed more flexibility to move sooner on interest rates if necessary. However, in her post-meeting press conference, Fed Chair Janet Yellen stressed that while everything would come down to the strength of economic data, as things stand now, the FOMC was “unlikely to begin the normalisation process for at least the next couple of meetings”.

- By contrast, activity indicators for the euro-zone suggest that the region has continued to struggle. December’s flash euro-zone PMI survey suggested that the euro-zone economy probably lost steam in the fourth quarter, following lacklustre quarterly GDP growth of just 0.2% in Q3. Meanwhile, headline inflation has remained dangerously weak, falling from 0.4% in October to 0.3% in November, leaving it well below the ECB’s target of “below, but close to, 2%”. Meanwhile, the latest figures show that the ECB’s efforts to revive the euro-zone have so far proved rather ineffective. Banks borrowed just €130bn of a possible €317bn in the ECB’s second Targeted Longer-Term Refinancing Operation (TLTRO). The ECB remains some way from its target to expand its balance sheet by €1tn, strengthening our view that a full-blown QE programme, including sovereign bonds, will be required.
- In the UK, equities continued to underperform other major advanced markets despite the UK’s strong growth prospects. The FTSE 100 has ended the fourth quarter broadly where it started it at about 6,600. The underperformance seems to primarily reflect falls in the oil price and continued weak earnings, potentially as a result of sterling’s strength. Meanwhile, 10-year gilt yields have edged down from 2.31% at the end of Q3 to 1.88% at present. And finally, sterling has fallen slightly against the euro, from €1.28 at the end of Q3 to €1.27. And rising interest rate expectations in the US relative to the UK have pushed cable down, with the pound falling from \$1.62 to \$1.55 over the same period.

Appendix 2

Interest Rate Forecast:

Our treasury management advisers, Capita Asset Services have provided us with the following update to their interest rate forecasts.

Change in market sentiment and outlook

- The plunge in the price of oil has been the major surprise of the last three months. This will reduce inflation and stimulate the economies of oil importing countries.
- There is a downside to the plunge in oil prices in terms of a sharp increase in the risk of emerging country debt default and emerging country oil producing corporate defaults. This could have a knock on effect on western banks who have lent to these areas and to hedge, pension and investment funds which have been wrong footed by holding debt or equities in these areas.
- Greece: the anti EU and anti austerity party Syriza is likely to be the strongest party in the January 25 general election. However, the Eurozone has put in place sufficient firewalls that a Greek exit would have little direct impact on the rest of the EZ and the Euro. The indirect effect is more problematic to quantify as such an election result would be likely to strengthen support for anti EU and anti austerity political parties in many EU countries. Italy is the greatest risk as it has the third biggest debt mountain in the world and has shown little progress so far in undertaking fundamental reforms to improve the competitiveness of the economy.
- UK GDP growth forecasts have recently been more subdued although growth will still remain strong, but not as strong as previously expected.
- The political risks around the UK general election in May 2015 have increased with the likely result now being very hard to predict.
- A combination of the above factors has caused us to put back the start of increases in Bank Rate from Q2 2015 to Q4 with knock on delays on increases in following years.
- We have also had to bring our short term PWLB forecasts down to reflect current abnormally low levels which are unsustainably low. However, how quickly or slowly they will unwind is very hard to predict.

The one area of resoundingly good news over the last three months has been that the American economy is well on track to making a full recovery from the financial crash. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and

5.0% have been stunning and hold great promise for strong growth going forward and further falls in unemployment. It is therefore confidently predicted that the Fed. will start on the first increase in the Fed. rate by the middle of 2015. In contrast, the surge in UK growth during 2014 appears to have diminished (Q1 0.7%, Q2 0.9%, Q3 0.7%) and the year on year rate has subsided from 3.2% in Q2 to 2.6% in Q3. Forward indicators are also revealing some cooling of prospects going forward, though lets still keep hold of the fact that this remains strong growth by UK standards, but not as strong as previously forecast.

In consequence, it is now the US which is most likely to be putting central rates up before the UK. The prospects for the UK are somewhat mixed. The hoped for rebalancing of the economy towards greater reliance on exports is not happening and the UK faces an uphill struggle with its main trading partner, the EU now expected to resort to full blown quantitative easing (QE) early in 2015 in order to stimulate the economy to rise above near stagnation. However, UK consumer confidence is still buoyant although the housing market looks as if it is also cooling with house price rises and new mortgage approvals both subsiding. UK consumers are obviously benefiting from the fall in the oil price with overall inflation falling to 1.0% in November, the lowest rate since September 2002. It is also forecast to stay around the same level for the best part of a year.

Nevertheless, the beneficial effect of the fall in oil prices will fall out after twelve months, so inflation will rise as a result after then, although it is still expected to remain at or near 2%. What this does mean, however, is that average wage increases are likely to exceed inflation for the coming year and so increase the disposable income of consumers. This, in turn, will underpin domestic demand and support GDP growth. Looking further forward, whichever political party or coalition comes to power after the general election in May 2015 will still have to decide what balance of government spending cuts and / or tax increases will be needed to bring the public sector net borrowing deficit down. This will likely mean an erosion of overall consumer disposable income although further falls in unemployment will counteract some of this effect. The Bank of England therefore faces an incredibly delicate task of balancing the pros and cons of when to start on increasing Bank Rate, especially knowing that many consumers are still heavily indebted and very vulnerable to increases in borrowing rates.

A further factor affecting financial markets and the confidence of UK producers is the increase in political risk. The UK faces a general election where the outcome looks very hard to predict as to the knock on effects on the UK economy.

As for the MPC, their last minutes appeared to show a consolidation of support for holding off on increasing Bank Rate due to the fall in inflation caused by the fall in oil prices. They will also be focusing in 2015 on how quickly wage inflation increases and said it needed to pick up further in order to meet the 2% inflation target. This resulted in financial market investors pushing back their bets on the timing of the next interest rate hike to late 2015 / early 2016. Our view has also shifted in this forecast to a first increase in Q4 2015 rather than Q2 2015.

CAPITA ASSET SERVICES FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data transpires over 2015. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis. There is an increased risk that Greece could end up leaving the Euro but if this happens, the EZ now has sufficient fire walls in place that a Greek exit would have little immediate direct impact on the rest of the EZ and the Euro. It is therefore expected that there will be an overall managed, albeit painful and tortuous, resolution of any EZ debt crisis that may occur where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be weak at best for the next couple of years with some EZ countries experiencing low or negative growth, which will, over that time period, see an increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries, especially if growth disappoints and / or efforts to reduce government deficits fail to deliver the necessary reductions. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a sharp resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the larger countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks currently include:

- The situation over Ukraine poses a major threat to EZ and world growth if it was to deteriorate into economic warfare between the West and Russia where Russia resorted to using its control over gas supplies to Europe.
- Fears generated by the potential impact of Ebola around the world.

- UK strong economic growth is currently mainly dependent on consumer spending and the potentially unsustainable boom in the housing market. The boost from these sources is likely to fade after the strong surge in growth in the first half of 2014.
- A weak rebalancing of UK growth to exporting and business investment causing a weakening of overall economic growth beyond 2014.
- Weak growth or recession in the UK's main trading partner - the EU, inhibiting economic recovery in the UK.
- A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
- A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis.
- Recapitalisation of European banks requiring more government financial support.
- Lack of support by populaces in Eurozone countries for austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face major challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- Italy: the political situation has improved but it remains to be seen whether the new government is able to deliver the austerity programme required and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.
- France: after being elected on an anti-austerity platform, President Hollande has embraced a €50bn programme of public sector cuts over the next three years. However, there could be major obstacles in implementing this programme. Major overdue reforms of employment practices and an increase in competitiveness are also urgently required to lift the economy out of stagnation.
- Monetary policy action failing to stimulate sustainable growth and to combat the threat of deflation in western economies, especially the Eurozone and Japan.
- Heightened political risks in the Middle East and East Asia could trigger safe haven flows into bonds.
- There are also increasing concerns at the reluctance of western central banks to raise interest rates significantly for some years,

plus the huge QE measures which remain in place (and likely to be added to by the ECB in the near future). This has created potentially unstable flows of liquidity searching for yield and, therefore, heightened the potential for an increase in risks in order to get higher returns. This is a return to a similar environment to the one which led to the 2008 financial crisis.

The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- An adverse reaction by financial markets to the result of the UK general election in May 2015 and the economic and debt management policies adopted by the new government
- ECB either failing to carry through on recent statements that it will soon start quantitative easing (purchase of government debt) or severely disappointing financial markets with embarking on only a token programme of minimal purchases which are unlikely to have much impact, if any, on stimulating growth in the EZ. (It should be noted that the Bundesbank and most German politicians have been very opposed to the concept of QE.)
- A sudden reversal of Russian policy on military intervention in eastern Ukraine caused by the likelihood of, or actual, severe damage done to the Russian economy by a prolonged depression in oil prices and by sanctions.
- A sudden reversal of Iranian policy on developing militarised nuclear capability caused by the likelihood of, or actual, severe damage done to the Iranian economy by a prolonged depression in oil prices and by sanctions.
- The commencement by the US Fed. of increases in the central rate in 2015 causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities, leading to a sudden flight from bonds to equities
- A surge in investor confidence that a return to robust world economic growth is imminent, causing a flow of funds out of bonds into equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

We would, however, remind clients of the view that we have expressed in our previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are at present. We are experiencing exceptional levels of volatility which are highly correlated to geo-political and sovereign debt crisis developments. Our revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

APPENDIX 3 : PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2014/15	2014/15	2015/16	2016/17
(1). EXTRACT FROM BUDGET AND RENT SETTING REPORT				
	Original Estimate	Forecast Outturn	Forecast Outturn	Forecast Outturn
	£'000	£'000	£'000	£'000
Capital Expenditure				
Non - HRA	50,185	38,732	42,822	14,353
TOTAL	50,185	38,732	42,822	14,353
Ratio of financing costs to net revenue stream				
Non - HRA	10.98%	10.98%	8.24%	7.96%
Net borrowing requirement				
brought forward 1 April *	258,871	258,871	254,823	269,746
carried forward 31 March *	275,239	254,823	269,746	261,402
in year borrowing requirement	16,368	(4,048)	14,923	(8,344)
In year Capital Financing Requirement				
Non - HRA	16,368	(4,048)	14,923	(8,344)
TOTAL	16,368	(4,048)	14,923	(8,344)
Capital Financing Requirement as at 31 March				
Non - HRA	275,239	254,823	269,746	261,402
TOTAL	275,239	254,823	269,746	261,402
Incremental impact of capital investment decisions				
Increase in Council Tax (band D) per annum	£ p 69.61	£ p 36.77	£ p 58.44	£ p 5.33

PRUDENTIAL INDICATOR	2014/15	2015/16	2016/17
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS			
	£'000	£'000	£'000
Authorised limit for external debt -			
borrowing	203,000	220,000	205,000
other long term liabilities	81,000	80,000	78,000
TOTAL	284,000	300,000	283,000
Operational boundary for external debt -			
borrowing	198,000	215,000	200,000
other long term liabilities	78,000	77,000	75,000
TOTAL	276,000	292,000	275,000
Upper limit for fixed interest rate exposure			
Principal re fixed rate borrowing	195%	190%	190%
Upper limit for variable rate exposure			
Principal re variable rate borrowing	60%	60%	60%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£20m	£20m	£20m

Maturity structure of new fixed rate borrowing during 2014/15	upper limit	lower limit
under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	80%	0%

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

CUSTOMER SERVICES

19 MARCH 2015

PERFORMANCE REPORT FQ3 2014-15

1.0 EXECUTIVE SUMMARY

- 1.1 The Council's Planning and Performance Management Framework sets out the process for presentation of the council's quarterly performance reports.
- 1.2 This paper presents the Policy and Resources Committee with the Customer Services departmental performance report and the Strategic Finance performance report with associated scorecard performance in FQ3 2014-15 (October - December 2014) and scorecards.
- 1.3 It is recommended that the Policy and Resources Committee reviews the scorecards as presented.

ARGYLL AND BUTE COUNCIL
**POLICY AND RESOURCES
COMMITTEE**
CUSTOMER SERVICES
19 MARCH 2015

PERFORMANCE REPORT FQ3 2014-15

2.0 INTRODUCTION

- 2.1 The Planning and Performance Management Framework sets out the process for presentation of the council's quarterly performance reports.
- 2.2 This paper presents the Policy and Resources Committee with the Customer Services departmental performance report and the Strategic Finance performance report with associated scorecard performance in FQ3 2014-15 (October - December 2014) and scorecards.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee reviews the scorecards as presented.

4.0 DETAIL

- 4.1 The performance scorecard for the Customer Services department was extracted from the Council's Pyramid performance management system and is comprised of key performance indicators incorporating the four services that make up Customer Services. Likewise the scorecard for Strategic Finance comprises of the key performance indicators for this service.

5.0 IMPLICATIONS

- | | | |
|-----|------------------|--|
| 5.1 | Policy | None |
| 5.2 | Financial | None |
| 5.3 | Legal | The Council has a duty to deliver best value under the Local Government Scotland Act 2003. |
| 5.4 | HR | None |
| 5.5 | Equalities | None |
| 5.6 | Risk | Ensuring performance is effectively scrutinised by members reduces reputational risk to the council. |
| 5.7 | Customer Service | None |

Douglas Hendry, Executive Director – Customer Services

For further information contact:

Jane Fowler, Head of Improvement and HR

Steve Barrett, Head of Strategic Finance

APPENDICES

Financial Quarter 3 Performance report and scorecard – Customer Services

Financial Quarter 3 Performance report and scorecard – Strategic Finance

Performance Report for Customer Services	Period October – December 2014
<p>Key Successes</p> <ol style="list-style-type: none"> 1. The Argyll and Bute Manager programme was recognised with a Bronze COSLA Excellence Award for developing a workforce for the future. 2. The Council achieved bronze accreditation from Healthy Working Lives as part of our ongoing work to improve employee wellbeing. 3. Procurement Capability Assessment carried out and increased score of 72% achieved, up from 63% last year 4. Universal Support Delivered Locally trial well under way with triage being carried out at job centres, by ACHA, NHS and council. 5. Housing Benefit subsidy audit for 2013-14 signed off by Department of Work and Pensions with no changes 6. Successful pilot of free school meals for all P1-P3 pupils in preparation for full implementation from January 2015 7. Oban North and Lorn and South Kintyre by election completed 	
<p>Key Challenges</p> <ol style="list-style-type: none"> 1. Satisfaction with Argyll and Bute Manager e-learning modules has dipped resulting in overall satisfaction level falling below target. The face to face courses continue to attract very positive feedback, above the target. 2. Secure new IT services contract from Argyll Community Housing Association – tender submitted, and short leeted 3. Achieve re-accreditation for Public Services Network (expires 26 January 2015) 4. Delivery of carbon Management Plan target of 20% saving on CO2 emissions to a revised date of March 2015. 5. Preparation for the delivery of free school meals to all P1-P3 pupils from January 2015. 6. Tight timescales for procuring Mid Argyll School and local transport contracts due to previous operator’s notice to terminate. 7. Withdrawal of commercial transport service in Cowal area by operator, outwith Council control. 	
<p>Action Points to address the Challenges</p> <ol style="list-style-type: none"> 1. The team will review the feedback from the customer evaluations, identify the reasons for the lower levels of satisfaction and will build improvements to the e learning modules as appropriate. 2. Respond to clarifications and carry out post tender negotiations if selected 3. Submission made 24 December. Respond to enquiries. 4. Gap analysis undertaken and projects including 5 NPDO School Solar PV installations, up to 13 biomass installations and alternative waste collection, have been identified to meet the target. Where necessary, business cases to be developed with a view to securing savings in 2014/15 and delivering the projects on site in the summer of 2015. 5. Continuation of a multi service implementation group to scope out financial and operational issues, and ensure that the plans are on track to ensure P1-P3 free school meals are delivered 6. Working closely with Procurement Team to ensure no break in Service. 7. Working closely with local transport forum to ensure service disruption is minimised. 	

Corporate Objective 1 - Working together to improve the potential of our people A →

CO1 Our children are nurtured so that they can achieve their potential.	Department does not contribute directly to this Outcome
CO2 Our young people have the skills, attitudes and achievements to succeed throughout their ...	G →
CO3 We have a skilled and competitive workforce capable of attracting employment to Argyll an...	Department does not contribute directly to this Outcome
CO4 Our people are supported to live more active, healthier and independent lives.	Department does not contribute directly to this Outcome
CO5 We work with our partners to tackle discrimination.	
CO6 Vulnerable adults, children and families are protected and supported within their communities.	A →

Corporate Objective 2 - Working together to improve the potential of our communities A →

CO7 The places where we live, work and visit are well planned, safer and successful.	A →
CO8 Create opportunities for partners and communities to engage in service delivery.	A →
CO9 The impact of alcohol and drugs on our communities, and on mental health ... is reduced.	Department does not contribute directly to this Outcome

Customer Services Scorecard 2014-15 FQ3 14/15 Click for Full Outcomes

Corporate Objective 3 - Working together to improve the potential of our area A →

CO10 We create the right conditions where existing and new businesses can succeed.	A →
CO11 Argyll and Bute has more new businesses operating in the area, creating more jobs.	Department does not contribute directly to this Outcome
CO12 Our transport infrastructure meets the economic and social needs of our communities.	G →
CO13 We contribute to a sustainable environment.	G ↑
CO14 We make the best use of our built and natural environment.	Department does not contribute directly to this Outcome

Corporate Objective 4 - Working together to improve the potential of our organisation A →

CO15 Our services are continually improving.	A →
CO16 Our employees have the skills and attitudes to deliver efficient and effective services.	A ↓
CO17 We provide good customer service.	A ↑

...realising our potential together...

RESOURCES						
People	Benchmark	Target	Actual	Status	Trend	
Sickness absence CU		1.68 Days	2.35 Days	R	↓	
PRDs % complete		90 %	90 %	G		
Financial		Budget	Forecast			
Finance Revenue totals CU		£K 39,047	£K 38,344	R	↑	
Capital forecasts - current year CU		£K 18,964	£K 19,298	A	↑	
Capital forecasts - total project CU		£K 112,461	£K 111,095	R	↓	
Efficiency Savings CU	Actions on track Savings	Target	Actual	G	→	
		19	16			
		£K 186	£K 186			
Asset Management - Customer Services 2014-15 G						
IMPROVEMENT Status Trend						
Improvement Plan Outcomes CU	Outcomes	Total No	Off track	On track	Complete	A →
		68	8	0	17	
CARP Customer Services		Total No	Off track	Due	Complete	G →
		4	0	4	4	
Customer Service CU		Number of consultations			1	
Customer Charter	G →	Stage 1 complaints				
Customer satisfaction	87 % G ↓	Stage 2 complaints				
Customer Services Audit Recommendations	R	Overdue	Due in future	Future - off target		
		3 ↓	15 ↑	0 →		
CU Average Demand Risk	Score	4	Appetite	4	↑	
CU Average Supply Risk	Score	7	Appetite	7	↓	

CO2 Our young people have the skills, attitudes and achievements to succeed throughout their ...			G
FS01 Children are healthier ... nutritionally balanced school meals	Success Measures 6	6	G
On track	6	⇒	
CO5 We work with our partners to tackle discrimination.			
IH01 We recognize and tackle discrimination and promote equality	Success Measures 2	2	A
On track	1	↓	
CO6 Vulnerable adults, children and families are protected and supported within their communities.			
CS01 Benefits paid promptly whilst minimising fraud	Success Measures 6	6	A
On track	6	⇒	
GL06 The best interests of children at risk are promoted	Success Measures 1	1	G
On track	1	⇒	
CO7 The places where we live, work and visit are well planned, safer and successful.			
FS02 Communities are safer ... through improved facilities	Success Measures 9	9	A
On track	7	↓	
GL04 Improve quality of life & safety of residents & visitors	Success Measures 3	3	A
On track	2	⇒	
IH02 Communities and employees are prepared to deal with major incidents	Success Measures 3	3	A
On track	2	↓	
IH03 Employees/service users are not exposed to unacceptable H&S risks	Success Measures 3	3	A
On track	3	↓	
CO8 Create opportunities for partners and communities to engage in service delivery.			
GL05 Electors enabled to participate in the democratic process	Success Measures 2	2	G
On track	2	⇒	
GL07 Community Councils are supported	Success Measures 4	4	A
On track	3	⇒	

CO10 We create the right conditions where existing and new businesses can succeed.			A
CS02 Businesses supported in claiming Non Domestic Rates relief	Success Measures 2	2	G
On track	2	⇒	
CS03 Maximize opportunities for SME's to sell to the Council ...	Success Measures 4	4	R
On track	1	⇒	
CO12 Our transport infrastructure meets the economic and social needs of our communities.			
FS04 School & public transport meets the needs of communities	Success Measures 3	3	G
On track	3	⇒	
CO15 Our services are continually improving.			
CS05 Income from local taxes and sundry debtors is maximised ...	Success Measures 5	5	R
On track	2	↓	
CS06 Increased value is delivered from procurement ...	Success Measures 5	5	A
On track	4	⇒	
CS07 IT applications & infrastructure available ... and meet business needs	Success Measures 8	8	G
On track	8	⇒	
GL03 Members enabled to deal with their case load	Success Measures 1	1	R
On track	0	⇒	
GL09 Provision of high quality ... legal documentation	Success Measures 2	2	G
On track	2	⇒	
IH04 Services and employees are supported to deliver improvement and change	Success Measures 10	10	A
On track	6	⇒	
IH05 Our customers and employees are informed and engaged	Success Measures 8	8	A
On track	6	⇒	
IH06 The Gaelic language is supported and promoted	Success Measures 1	1	G
On track	1	⇒	

Customer Services Scorecard 2014-15		FQ4 14/15	Click for Full Scorecard
Scorecard owner			
CO17 We provide good customer service.			
CS08 Customers can access council services more easily ... service quality	Success Measures 11	11	G
On track	7	↓	
GL01 Framework to support democratic decision making	Success Measures 10	10	A
On track	7	⇒	
GL02 Council compliance with governance & info arrangements	Success Measures 5	5	R
On track	2	↓	
GL10 Timely provision of Liquor Licences & Civic Government Licences to the public	Success Measures 5	5	A
On track	4	⇒	
CO16 Our employees have the skills and attitudes to deliver efficient and effective services.			
GL08 Provision of high quality, timely legal advice	Success Measures 2	2	G
On track	2	⇒	
IH07 Employees have skills/attitudes to deliver efficient/effective services	Success Measures 4	4	A
On track	3	↓	
CO13 We contribute to a sustainable environment.			
CS04 Reduced spend on postage and bulk reprographics	Success Measures 1	1	G
On track	1	↓	
FS03 We contribute to the sustainability of the local area	Success Measures 5	5	G
On track	5	⇒	

Departmental performance report for Strategic Finance	period Financial Quarter 3 2014-15
<p>Key Successes</p> <ul style="list-style-type: none"> • 6 out of 7 measures for service outcome SF02: Assurance is provided that financial and management controls are operating effectively are on target. • 16 out of 23 measures for service outcome SF01 Effective planning, reporting and management of finance, risk and money and capital market transactions are on target. • Budget and PRDs on target 	
<p>Key Challenges</p> <ol style="list-style-type: none"> 1. At 31 December actual days of internal audit input were 80% of those planned compared to a target of 90%. 2. 7 of 23 measures for service outcome SF01 Effective planning, reporting and management of finance, risk and money and capital market transactions are not on target – see below. 3. Preparation of summary unaudited accounts, summary budget report and in year summary reports have not progressed as planned in first half of year but are now being addressed. 4. Decided not to proceed with CIPFA FM Model analysis this year as we need to review how we collect data for this. 5. Commissioner satisfaction score 77% compared to target of 80%. 6. Treasury management good practice assessment not yet completed pending completion of treasury management improvement plan from last review. 7. Slight delay in completing financial quarter 3 reviews of operational risk registers. 	
<p>Action Points to address the Challenges</p> <ol style="list-style-type: none"> 1. Scheduling of internal audit activity through the second half of the financial year should see actual days of internal audit input be at least in line with 90% of those planned. 2. Comments on action to address the 7 measures off track for outcome SF01 Effective planning, reporting and management of finance, risk and money and capital market transactions are set out below. 3. Focussed work has now been carried out on summary financial reports (unaudited, budget and in year reports) and these will be ready for the next cycle of reporting. 4. Review of process for completing CIPFA FM Model due for completion in financial quarter 4. 5. No action proposed but will review once commissioner satisfaction assessment for this year received from benchmarking club. 6. Complete treasury management improvement plan then review good practice assessment. 7. Quarterly review of operational risk registers now complete so no action proposed. 	

Strategic Finance Scorecard 2014-15		FQ3 14/15	
<p>Click for full Outcomes</p> <p>Corporate Support Team Scorecard</p> <p>Departmental Support Team Scorecard</p> <p>Internal Audit Team Scorecard</p>	SF01 Effective planning, reporting and management of finance ...	Links to Council Outcome CO15	A
	SF02 Assurance...that financial and management controls are operating effectively	Links to Council Outcome CO15	A
RESOURCES			
<i>People</i>			
Sickness absence SF	Benchmark	Target	Actual Status Trend
		0.6 Days	1.0 Days R ↑
PRDs SF		90 %	94 % G ↓
<i>Financial</i>			
	Budget	Forecast	
Finance Revenue totals SF	£K 1,871	£K 1,871 G →	
Capital forecasts - current year SF	£K 0	£K 0	
Capital forecasts - total project SF	£K 0	£K 0	
Efficiency Savings SF	Actions on track	Target	Actual
	Savings	5	
IMPROVEMENT			
<i>Status Trend</i>			
SF Service Improvement Plan 2014-15	Total No	Off track	On track Complete
Actions	8	8	
Strategic Finance Audit Recommendations	Overdue	Due in future	Future - off target
	0 ↑	5 ↓	0 →
CARP Strategic Finance	Total No	Off track	Due Complete
	1	0	1 1 G →
Customer Service SF	Number of consultations		
Customer Charter	G →	Stage 1 complaints	100 % G ↑
Customer satisfaction		Stage 2 complaints	100 % G →
SF Average Demand Risk	Score	9	Appetite 9 →
SF Average Supply Risk	Score		Appetite

SF01 Effective planning, reporting and management of finance ...		Links to Council Outcome CO15	A			Strategic Finance Scorecard 2014-15		Click for full Scorecard	
SF01 Council Finances Managed Effectively - Net		£	Budget £ 1,649,728 Forecast £ 1,649,728	G	% rating public audit forum - practice	Actual 70 % Target 70 % Benchmark 80 %			
Annual accounts prepared on time and without qualification		Status	Yes	G	% rating public audit forum - satisfaction	Actual 77 % Target 80 % Benchmark 80 %			
Unaudited Accounts Summarised Report by 30 June		Status	Not on track	R	SF user satisfaction survey - quarterly	Actual 74 % Target 73 % Benchmark 76 %			
Audited Accounts Summary Report by 30 November		Status	Not on track	R	% investment returns	Actual 0.736 % Target 0.355 % Benchmark 0.355 %			
Budget Summary Report by 31 March		Status	Not due	G	Average loans fund rate	Actual 5.500 % Target 5.500 % Benchmark 5.140 %			
Summary Financial Report - Quarterly		Status	Delayed and rescheduled	R	Rate for new long term loans	Actual 0.000 % Target 5.500 % Benchmark			
Budget Preparation Timetable		Status	Not due	G	Annual treasury assessment against good practice	Actual 0 % Target 90 % Benchmark 90 %			
Medium Term Financial Strategy Review Regularly		Status	On track	G	Annual review of treasury management practice statements	Actual 100 % Target 100 % Benchmark			
Budget Monitoring Process		Status	On track	G	Annual review of risk management policy etc - by 31 March	Actual Yes Target Yes Benchmark Yes			
No of days to distribute monthly routine reports to budget holders		Actual	1.5 Days	G	Risks are incorporated in service plans	Actual Yes Target Yes Benchmark Yes			
% of direct expenditure fully costed with perf measures		Actual	100.0 %	G	Annual report on risk registers	Status Not on track Target			
CIPFA FM Assessment		Status	Delayed not rescheduled	R	Quarterly report on risk registers	Status On track Target On track			
SF02 Assurance...that financial and management controls are operating effectively		Links to Council Outcome CO15	A			SF02 Internal Audit - Net		£	Budget £ 221,753 Forecast £ 221,753
Audit risk assessment prepared by 31 January		Status	Complete	G					
Audit Plan approved by 31 March		Status	Complete	G					
% of audits completed compared to planned		Actual	100 %	G					
Actual audit days as % of planned		Actual	84 %	R					
% of recommendations accepted 2010 onwards		Actual	100 %	G					
Annual Assessment of IA Good Practice		Actual	90	G					
Internal Audit Client Feedback Survey		Actual							

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****CUSTOMER SERVICES****19th MARCH 2015**

EQUALITIES MAINSTREAMING REPORT 2015

1. EXECUTIVE SUMMARY

The purpose of this report is to meet the duties placed on Argyll and Bute Council created by the secondary legislation in the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.

The specific duties include requirements to publish information and progress reports in 2015. Listed public authorities, including the council, are required to publish:

- A mainstreaming report
- Annual employee information together with details of the progress made in gathering and using the information to better meet the duty;
- A report on progress made towards achieving the equality outcomes set;
- Public authorities with 150 staff or more must also publish updated gender pay gap information
- Publish a statement on equal pay

As the duties are placed on both the local authority and the education authority, Argyll and Bute Council has taken an integrated approach when preparing this report to ensure that both authorities meet the requirements on the specific duties.

It is recommended that the Committee:

- Note that the content of the report meets the requirements of the Act
- Note the positive progress being made by the Council to deliver on the Equality Outcomes
- Note that the council operates an equal pay environment

EQUALITIES MAINSTREAMING REPORT 2015

2. SUMMARY

- 2.1 This report presents Argyll and Bute Council's Equalities Mainstreaming Report, as required by the Scottish Public Sector Equality Duty and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.
- 2.2 The specific duties include requirements to publish information and progress reports in 2015. Listed public authorities, including the council, are required to publish:
- A mainstreaming report
 - Annual employee information together with details of the progress made in gathering and using the information to better meet the duty;
 - A report on progress made towards achieving the equality outcomes set;
 - Public authorities with 150 staff or more must also publish updated gender pay gap information
 - Publish a statement on equal pay
- 2.3 The report, attached, finds that the council has made good progress on actions to deliver the agreed equality outcomes since April 2013. The workforce is broadly representative of the population, apart from the age profile, where 16-24 year olds are underrepresented in council employment. There is lower than average disability and LGBT representation, but this may be due to non-disclosure of information by employees. There are strategies in place to mitigate these. The report finds that the council operates a positive pay environment for pay equality, mainly as a result of the successful implementation of single status. There is a remaining organisational pay gap that is mostly reflective of the relative large numbers of lower paid female employees in high number occupancy roles. This is not anomalous in a local authority context.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Committee:
- Note that the content of the report meets the requirements of the Act
 - Note the positive progress being made by the Council to deliver on the Equality Outcomes
 - Note that the council operates an equal pay environment

- Consider and comment on the report

4. DETAIL

4.1 The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 places a number of requirements on public authorities, including the Council.

4.2 The duties set out that the council must:

- Report on mainstreaming the equality duty
- Publish equality outcomes
- Gather employee information
- Publish gender pay gap information
- Publish statements on equal pay

4.3 For each of the duties, the Council should report within 2 years of their last publication. The first Equality Outcomes and Mainstreaming Report was published on 25th April 2013 and activity has been led by Improvement and HR to comply fully with the legislative requirements. Equality Outcomes were agreed and submitted to Equality and Human Rights Commission (EHRC). This Mainstreaming Report is an integrated report which meets the requirements placed on Argyll and Bute Council both as a local authority and also as an education authority.

4.4 Following guidance and feedback from the Equality and Human Rights Commission in 2014, work was undertaken to review the Equality Outcomes for the Council. The new set of outcomes were approved by the Policy and Resources Committee on 18th December 2014.

4.5 The report attached contains information and analysis that meets the statutory requirements as set out in the Act. The report is in two sections: the first sets out information on the council's progress in mainstreaming equalities and details of the council's equality outcomes giving information on progress against actions in support of these as at December 2014; the second sets out employee information, gender pay gap analysis and an equal pay statement.

5. CONCLUSION

5.1 The Equalities Report 2015 meets the requirements of the public sector equality duty.

6. IMPLICATIONS

6.1 Policy - The Public Sector Equality Duty assists in delivering the Council's corporate objectives.

6.2 Financial – No Implications

- 6.3 Legal – The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 includes a duty for public authorities to publish equality outcomes and report on progress

Any person, including the EHRC, can apply to the Court of Session for judicial review of a public body that they felt was failing to comply with the general duty.

For the specific duty, the EHRC can only enforce.

- 6.4 HR – No implications
- 6.5 Equalities – As part of the Equality duty, the council is required to eliminate discrimination, advance equality of opportunity and foster good relations
- 6.6 Risk – Failure to publish Equality Outcomes/Pay information and a mainstreaming report could result in adverse publicity for the Council.
- 6.7 Customer Service – No Implications

Douglas Hendry, Executive Director – Customer Services
Councillor Dick Walsh, Policy Lead for Improvement and HR

For further information, please contact Jane Fowler (Head of Improvement & HR) on 01546 604466, jane.fowler@argyll-bute.gov.uk

APPENDICES

- Appendix 1 – Employment Data
- Appendix 2 – Equal Pay Audit

ARGYLL AND BUTE COUNCIL EQUALITIES MAINSTREAMING REPORT AND PROGRESS ON EQUALITY OUTCOMES 2015



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1. Foreword

Our Council is forward looking and ambitious, continuously improving our relationship with our partners, customers and employees to ensure that we deliver the right services, by the best people, in the best way.

Our priority is to deliver on the Single Outcome Agreement with our partners, to increase our population and strengthen our economy this is underpinned by our values:

- We involve and listen to our customers and communities
- We take pride in delivering best value services
- We are open, honest, fair and inclusive
- We respect and value everyone
-

We recognise that the work undertaken by the Council has led to improvements to some groups and individuals but we also recognise that we could do more to assist the groups who are disadvantaged.

Our Equality Outcomes were approved in 2013 and following recommendations by the Equality and Human Rights Commission, we have improved our outcomes and considered the updated evidence which has been made available at both a local and a national level.

As a major employer in the area we are determined to ensure that our HR policies eliminate any evidence of discrimination and promote equality of opportunity for all current and future staff regardless of their backgrounds.

We remain determined to improve relations between people who share a protected characteristic and as a public authority we will take a lead role in ensuring that the mechanisms are in place for this to happen.

Our new Single Outcome Agreement reemphasises that equality, diversity and inclusiveness is at the centre of all services and actions.

Whilst recognising that there is much still to achieve, this report outlines the main areas of work which the Council has undertaken in the period since April 2013.

Councillor Dick Walsh
Council Leader
Argyll and Bute Council

Sally Loudon
Chief Executive
Argyll and Bute Council

2. Argyll and Bute

Argyll and Bute is bounded by the Clyde and Loch Lomond to the east, the Mull of Kintyre to the south, Atlantic Islands to the west, and the sound of Mull and Appin to the north.

Argyll and Bute covers an area of 6,910 square kilometres, making it the second largest local authority by area in Scotland (2011 Census). Argyll and Bute has the third sparsest population density of the 32 Scottish local authority areas, with an average population density of just 13 persons per square kilometre (2011 Census). Argyll and Bute has a population of 88,050, divided between the council's four Administrative Areas.

- Bute and Cowal: population 21,060 (23.9% of the total for Argyll and Bute)
- Helensburgh and Lomond: 26,170 (29.7%)
- Mid Argyll, Kintyre and the Islands: 20,586 (23.4%)
- Oban, Lorn and the Isles: 20,234 (23.0%) (NRS 2013 Mid-Year Estimates, NRS 2013 Small Area Population Estimates)

The Argyll and Bute Community Planning Partnership recognises, and is responding to, the challenges presented by the area's ageing and declining population. The overarching outcome sought by the CPP's Single Outcome Agreement is that 'Argyll and Bute's economy is based on a growing population'.

Argyll and Bute has 23 inhabited islands, more than any other local authority in Scotland. Around 17% of our population lives on islands (2011 Census).

The area is also home to several long sea and fresh-water lochs, which bisect the landscape. The sea lochs, along with the islands, give Argyll and Bute a very long coastline, and a high reliance on ferries for transport.

Over 96% of Argyll and Bute's land area is classified by Scottish Government as being 'remote rural'. Over half of Argyll and Bute's population live in rural areas (which Scottish Government define as settlements with populations of less than 3,000), or outwith settlements altogether (Scottish Government 2011-2012 Urban-Rural Classification; NRS 2013-based Small Area Population Estimates).

Settlements tend to be small and scattered. Only five towns in Argyll and Bute have populations over 3,000. These are Rothesay (population 4,540), Campbeltown (4,800), Oban (8,540), Dunoon (9,540) and Helensburgh (15,590). A further 14 settlements have populations between 500 and 4,000 (NRS 2012-based Settlement Estimates).

The importance of Argyll and Bute's natural environment is indicated by the 121 sites of Special Scientific Interest that have been designated within the area (SNH, as at July 2014). Between them, these SSSI's cover almost 10% of Argyll and Bute's land area. In addition, almost 30% of the Loch Lomond and the Trossachs National Park falls within the local authority's boundaries.

The release of the 2011 census data provided a more accurate and up to date profile of the population of Argyll and Bute in comparison to what was available in 2013 when developing the Equality Outcomes.

2.1 The Equality Act 2010 and the General Equality Duty

The Act came into force in 2010 providing a modern and single legal framework to tackle disadvantage and discrimination more effectively.

Prior to the Equality Act 2010, the Council, as a public authority, had specific equality duties for race, disability and gender.

The Act brings together the 9 areas of race, disability, gender, age, sexual orientation, religion and belief, gender reassignment, marriage and civil partnership and pregnancy and maternity.

The council in the exercise of its functions must:-

- Eliminate discrimination, harassment and victimisation
- Advance equality of opportunity between people who share a protected characteristic and those who do not
- Foster good relations between people who share a protected characteristic and those who do not.

(Marriage and civil partnership is covered only by the first duty)

The General Equality Duty allows the Council to:

- Take effective action on equality issues
- Make the right decision, first time round
- Develop better policies and practices, based on evidence
- Be more transparent, accessible and accountable
- Improve outcomes for all

2.2 Specific Equality Duties

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 came into force on May 2012. These specific duties are designed to help public sector organisations meet the general duty effectively.

The key duties are that the Council must

- Report on mainstreaming equality
- Publish equality outcomes and report on progress
- Assess and review policies and practices
- Gather and use employment information
- Publish gender pay gap information
- Publish statements on equal pay
- Consider award criteria and conditions in relation to public procurement

3 Why Mainstreaming is important

Mainstreaming equality simply means integrating equality into the day-to-day working of the council. This means taking equality into account in the way the council goes about its business when acting as an employer, or planning and providing services.

Mainstreaming the equality duty has a number of benefits including:

- Equality becomes part of the structures, behaviours and culture of the council
- The council knows and can demonstrate how, in carrying out its functions, it is promoting equality
- Mainstreaming equality contributes to continuous improvement and better performance

Equality outcomes aim to result in improvements in people's lives creating a fair and more inclusive society.

As one of the biggest employers in Argyll and Bute, the council aims to ensure that the make-up of our workforce reflects the diversity of the local population.

The Council's Education Service is covered separately by the specific duties and is therefore required to prepare and publish outcomes, report on mainstreaming within the service and to gather and use employment information. For the benefits of reporting purposes, the information for education has been included in this report.

3.1 Mainstreaming Equality within Argyll and Bute Council

It is vital that all employees and staff are aware of the general equality duty and that it is considered in the day-to-day work of delivering services to our customers. To ensure that equalities is considered by all staff, the council has undertaken the following steps:

- We promote our commitment to equality in the Corporate Plan
- We include "Promoting Equality" in the Service Planning Guidance
- We include an "Equalities" section within the Service Planning Template
- We have established an inter-departmental Employee Equality Forum
- We carry out Equality Impact Assessments on new policies and functions
- We provide support for officers when developing impact assessments
- We have included an Equalities module as part of the Employee and Elected Member Development Programme which will be rolled out in the next cohort of managers
- We have delivered awareness raising events for elected members
- We provide face to face and e-learning modules for employees and managers on equalities
- We are making equalities training mandatory through our Job Roles and Training Needs Analysis project

- We have developed a section on the employee Hub providing information on equalities
- We promote equalities policies in our recruitment materials

3.2 Employee Equality Forum

The Council established an inter-departmental Employee Equality Forum in 2013. Members of the forum are volunteers and represent the interests of protected characteristics outlined in the Equality Act 2010 or have a general interest in equality issues. The purpose of the forum is to raise equality issues which affect staff and their employment. It also takes into consideration how equalities has wider impacts on the public of Argyll and Bute.

The Chair of the forum is the Executive Director – Community Services, The Head of Improvement and HR is the lead senior officer with departmental responsibility for equalities and there are representatives from HR, Improvement and Organisational Development and employees from a variety of services who have an interest in equality issues.

A revised Terms of Reference will be adopted in 2015 and an annual workplan will be produced to ensure that the forum has a focus on celebrating the diversity of our workforce as well as ensuring that any issues around equalities are raised and resolved using the appropriate mechanisms.

The forum has contributed to the development of the Equality Section on the Hub, reviews EQIAs and raises issues, local or national, that impact employees or services.

3.3 Employee Surveys

Throughout 2014, the Council conducted surveys, focus groups and roadshows. These were used as a method of employee engagement which allows us to form an understanding of our employees and their views of the Council as their employer. This identifies areas which are important to them as well as providing information to allow the Council to make the improvements that are needed to meet the workforce challenges of the future and deliver for success.

Within the 2014 Employee Survey, respondents were asked about dignity at work. 72% of those who completed the survey strongly agreed or agreed that they are fully aware of the protections afforded to all employees by the Equality Act 2010. Only 11% disagree or strongly disagree and the remaining 18% either gave a neutral response or did not know / did not answer this question.

The majority of respondents (71%, also 71% in 2012) are aware of the Council's policy and procedures which can be used in relation to bullying and harassment or discrimination at work. A further 28% (up from 25% in 2012) are not aware of the Council's policy and procedures and the remaining 1% did not answer this question.

Respondents were asked how far they agreed with the following statement; "I am fully aware of the difference between discrimination, harassment and victimisation of

employees.” Again, the majority of respondents (71%) agree or strongly agree that they are fully aware of the difference between discrimination, harassment and victimisation of employees. 12% disagree or strongly disagree and the remaining 18% either gave a neutral response or did not know / did not answer this question.

Overall this indicates that there is a good awareness amongst employees about equality issues, but there is room for improvement and further analysis will be undertaken to identify where there are specific issues that can be addressed through, for example, improved communications.

As part of our wellbeing agenda the Council is committed to providing a safe and healthy work experience for all employees. One priority within the scope of the wellbeing agenda is to tackle stress at work. In May 2014 a Stress Audit was issued to all employees of the Council. The survey was based on the Health & Safety Executive’s Management Standards Indicator Tool for work related stress.

The purpose of the survey was to capture information of how stress and pressure at work was impacting on staff across the Council and identify areas for action given that stress accounted for almost a quarter of the Council’s sickness absence in 2012/13. Over 1400 responses to the survey were received providing a response rate of 26%. This is an average level of response rate for the size and type of organisation.

Key performance data around equalities illustrates that there is still some work to be done across the Council in implementing some policies for our workforce. The audit found that over 8% of respondents were often or always subject to personal harassment in the form of unkind words or behaviour. Just over 4% of respondents were often or always subject to bullying at work and over 13% had sometimes been subject to bullying. This is an issue that is important for us to tackle and an intensive programme of face to face training on equalities was implemented immediately following the results of this survey. This is an area that the Council will continue to address.

3.4 Core Competency Framework

The Council has identified a set of core competencies that reflect the strategic priorities of the organisation. They capture our commitment to excellence and to valuing our customers and our employees and they underpin all our learning and development programmes, modules and courses. Included within the competency framework is a set of behaviours for each level of competencies, which includes behaviours to promote equalities. At level 1, all staff should recognise individual differences; show respect for individual differences; and recognises that although they do not manage others, they can also lead by being a role model. As the level of responsibility increases as does the core competencies relating to equalities which are expected from employees.

3.5 Learning and Development

In 2013, the Council conducted a review of all corporate training courses and training providers. This included a review of the Equality and Diversity training which was offered to employees.

In line with the procurement duties placed upon the public sector, the council went through the normal tender process and procured Organisation and Social Development Consultants (OSDC) to deliver Equality and Diversity courses for employees. There have been 2 separate courses delivered – Equality and Diversity for Managers and Equality and Diversity for Non Managers. The Council is committed to removing discrimination and encouraging diversity amongst our workforce. Our Equality and Diversity training applies to all employees of Argyll and Bute Council and aims to raise awareness and provide employees with an introduction to equality and diversity. In addition, the training for managers considers responsibilities as an employer and as a service provider.

Positive feedback has been received from respondents who have attended the one day Equality and Diversity training course with some of the feedback highlighted below:

“Very enjoyable, bring Equality and Diversity back into people’s daily role”

“Enjoyed the course, workshops made the day more interesting”

“This is once course I will remember. Has made me more aware of how I conduct myself within my team. Thoroughly enjoyed it! “

“Very thought provoking and good to challenge yourself and think about your behaviour in work and world”

Since December 2013 when the training was procured, over 200 employees have attended the face-to-face training which has been delivered by OSDC. In addition to the face-to-face training, the Equality and Diversity e-learning modules available to employees have been completed over 400 times.

A mandate has been developed and issued to have a program of blended learning for Equalities which would involve an e-learning module and face-to-face training. An awareness session was held by for elected members in October 2014 which was delivered by OSDC. This was well received amongst those members who attended the session.

4 Equality Outcomes

Outcomes are the changes that result for individuals, communities, organisations or society as a consequence of the action the Council has taken. Outcomes can include short-term benefits such as changes in awareness, knowledge, skills and attitudes, and longer-term benefits such as changes in behaviours, decision-making and environmental conditions.

By focusing on outcomes rather than objectives, this specific duty aims to bring practical improvements in the life chances of those who experience discrimination and disadvantage.

4.1 Argyll and Bute Council's Equality Outcomes 2013 - 2017

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 placed a number of requirements on public authorities. In line with the requirements, Argyll and Bute Council published a set of approved Equality Outcomes on 25th April 2013.

The Equality and Human Rights Commission carried out a project in 2013/14 to monitor how well Scottish public authorities had met the Public Sector Equality Duty (PSED) specific duties.

The Commission found that many public authorities, including Argyll and Bute Council (both the local authority and the education authority) could benefit from clearer more measureable outcomes.

In response to the project undertaken, the EHRC created a programme of work that directly supported the public authorities whose outcomes they feel would benefit most from improvement.

This programme, Improving Equality Outcomes Project, commenced in late June 2014 and support has been provided to Argyll and Bute Council by the EHRC in progressing with the review of our equality outcomes

The initial feedback provided by the EHRC was that the equality outcomes for Argyll and Bute Council (both the local authority and the education authority were published in the same report) would benefit from having an improved structure and rationale as to why the outcomes were chosen, clearer links to local and national evidence and the detail of how we will measure progress towards achieving the outcomes which has been set. In addition they recommended that it would be beneficial for the council to revise the wording of some of our published outcomes so in effect there were no changes to the focus of the outcomes, rather it was minor adjustment to wording to make the outcomes more structured.

Work was undertaken at analysing the latest local and national evidence against protected characteristics and to build an evidence base and justification as to why the proposed outcomes were the priority areas for Argyll and Bute Council.

At the Policy and Resources Committee meeting on 21st August 2014, the draft Equality Outcomes were approved for public consultation. The proposed outcomes were made available through the website and the staff intranet and were sent out by Argyll Voluntary Action on the Council's behalf to their network of contacts.

Following feedback received from employees and customers through the consultation process, the outcomes were revised and were approved by the Policy and Resources Committee on 18th December 2014. As a result of new outcomes having been set, work took place across all services to identify key performance measures which will help the Council to make progress in achieving the new set of outcomes. The performance indicators against the new outcomes were unchanged from the measures that services were working towards following the initial set of outcomes which were published in April 2013. This was due to the focus of the outcomes remaining the same.

The identified performance measures will now be referenced to departmental scorecards and will be scrutinised by strategic committees and the evidence gathered by the Council together with feedback from employees and service users will continue to help the authority identify the priority areas for the Council in continuing to improve our approach to equalities.

4.2 Argyll and Bute Council Equality Outcomes

The initial set of Equality Outcomes and those revised and approved in 2014 are listed in the table below.

Equality Outcome published in April 2013	Equality Outcome approved in December 2014	Protected Characteristics	Duty
More people are actively engaged in local decision making	More people are actively engaged in local decision making	Age, Disability, Gender, Gender Reassignment, Race, Religion and Belief, Sexual Orientation	Advance equality of opportunity; Foster good relations
Our service delivery is sensitive to the needs of all users	More people are confident that service delivery is sensitive to their needs	Age, Disability, Gender, Gender reassignment, Race, Religion and Belief, Sexual Orientation	Advance equality of opportunity; Eliminate discrimination; Foster good relations
The needs of individuals who provide unpaid care and support are recognised including young carers	Carers are more confident that their needs are recognised	Age, Disability, Gender	Advance equality of opportunity; Foster good relations
The individual needs of care are recognised	People who use social care are more confident that their personal outcomes are being recognised because they feel they are at the centre of decision making about their lives and the supports that are in place	Age, Disability, Gender, Religion and Belief	Advance equality of opportunity; Foster good relations
The gap in educational attainment between people with protected characteristics has been reduced	The gap in educational attainment between people with protected characteristics has been reduced	Disability, Gender	Advance equality of opportunity
Bullying of young people in schools is reduced	Bullying of young people in schools is reduced	Disability, Gender, Sexual Orientation	Foster good relations

Equality Outcome published in April 2013	Equality Outcome approved in December 2014	Protected Characteristics	Duty
We have improved engagement with protected groups	Our approach to engagement reflects the diversity of all our communities	Age, Disability, Gender, Gender reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion and Belief, Sexual Orientation	Foster good relations

4.3 Equalities Action Plan

Progress made against the Equality Outcomes as at 31ST December 2014

Equality Outcome	Actions	Success Measure	Target/Timescale	Progress made as at December 2014
More people are actively engaged in local decision making	Revise Equality Impact Assessments and guidance	Updated EQIA in place with clear and accessible guidance	March 2016	On track Sample of rapid EQIA from Dundee City Council was considered by the Equality Forum as a model
	Provide Training on Equality Impact Assessments	Deliver training on new EQIA process once approved	2016	On track
	Improve availability of information to employees on equality groups	Increased number of groups identified and contact information made available to services	Oct 2015	On track
	Promote elections to all voters. Completion of publicity and promotion plan for elections	Maximise turnout for elections	Target will be specific to each election and outlined in each relevant promotion plan	The turnout at the Scottish Independence Referendum was 88.2%.
	Complete major review of polling places to ensure suitable access	All polling places are easily accessible	March 2016	The Electoral Registration and Administration Act 2013 requires the Council to undertake a review of polling places. Polling places will be reviewed on an on-going basis by the Returning Officer. No changes proposed at this time.
	Promote Community Council membership by	Increase in Membership of	70% membership	78.2% of Community Councils have more than 70% membership

	providing information on how to get involve in Council decision making.	Community Councils		
	Promote involvement in Community Council by elections	Maintain high % of by elections contested	100% of by elections for Community Councils contested	2 by elections contested out of 32 participating (6.25%)
	Arrange consultation events on the delivery of the SOA, involving strategic partners and SOA outcome leads to aid consultation and maximise participation	Development of the delivery plans completed	March 2015	Delivery plans are now agreed and quarterly performance information is being monitored and reported
	Public consultations held with community groups regarding changes to service delivery	Increase in consultation events	10 events by March 2015	Comprehensive service of Public/Community Council meetings relating to service delivery for Amenity Services and increased kerbside collections for waste
More people are confident that service delivery is sensitive to their needs	Provide Equality and Diversity training for all employees	Increase the number of employees who have undergone Equalities training	Review quarterly	Programme of Face to face training in place 132 employees have undertaken face to face training to date E-Learning courses are available on all individual protected characteristics
	Provide equalities training for all managers	Increase the number of managers who have undergone Equalities training	Review quarterly	Programme of face to face training for managers in place - 84 managers have undertaken training to date E-learning courses are available on all individual protected characteristics
	Improve information on	Equalities Hub	August 2014	Complete

	equalities available to services	page developed		
		Information campaigns on equality issues	Jan 2015 and ongoing	First planned campaign on LGBT History month Feb 2015, followed by Dyslexia Awareness
	Improve awareness of equality related policies and procedures amongst employees	Improved response rates to key questions in employee surveys	Dec 2016	Baseline and trends in awareness levels established in 2012 and 2014 employee surveys and 2014 stress audit.
		Improved reported levels of awareness	Dec 2016	Baseline and trends in awareness levels established in 2012 and 2014 employee surveys and 2014 stress audit.
	Reduce incidence of employees experiencing harassment through increased awareness and training	Reduction in number of employees reporting harassment in response to employee survey	Dec 2016	Baseline and trends in reported harassment levels established in 2012 and 2014 employee surveys and 2014 stress audit.
	Consultation takes place with equality forum and Trade Unions on new policies and procedures	Increased number of new policies and procedures referred to Equality Forum for consideration	Ongoing	Baseline to be established 2015
	Continued improvement in use of hub and HR advice line to make HR related equality issues more accessible.	Review of Hub content to ensure equality related policies and procedures are accessible	March 2016	Continuous updating takes place as policies/procedures are updated. Review will align with Web Team work plan

		Maintain and increase user visits to HR and Equalities sections of Hub	Annual review	Baseline established at launch of Equality Hub section 2014.
	Deliver service improvements in response to findings of Employee Surveys	Action plan in place to address key issues raised	June 2015	Draft Action Plan presented to SMT December 2014
	Promote the use of the Positive about Disabled People symbol	Promotion action plan agreed	Dec 2015	
	External financial reports made available and accessible to all users.	Request for external reports in an alternative format completed.	Within 2 weeks of request.	No requests received to date
	Undertake review of instructional and guidance procedures to align with the needs of equality groups	% of financial guidance documents/procedures reviewed	100% by April 2017	This is a NEW measure
	Publicise same sex marriage	Council website updated for details on same sex marriage	31 December 2014	Information provided by registration service and updated on website by 18th December 2014. The Marriage brochure will also include any pictures of same sex marriages
	Provision of civil partnership/same sex	Number of civil partnerships/same	Establish baseline by 2017	Registration Statistics updated to include volumes of same sex

	marriage ceremonies	sex marriages		marriages
		Obtain customer feedback from recipients of service	2017	First same sex marriage took place on 16.1.15. Feedback received from couple who were delighted with the service and allowed a photo to be taken and put on the Council's website.
	Elected members to participate in Equalities training as part of CPD framework	Increase % of members who have completed equalities training	70% by 31 st March 2015	32% of elected members have completed equalities training.
	Introduction of VC facilities for central committee meetings	Increase % of meetings available by VC	30% by 31 st December 2014	Central Committees: 37% (3/8)
	Review standard conditions for Civic Government licences to ensure consideration of equality and diversity	Review completed	30 th June 2015	On track
	Ensure that people accessing community care assessments report that they feel safe	Increased numbers of clients report they feel safe at the time of assessment	70% of people report they feel safe at assessment	Go –Live for March 2015
	Consider the needs of minority groups within policy and service development	Undertake EQIA on Integrated Children Services Plan	April 2015	An EqIA was completed for the Argyll and Bute Integrated Children and Young People's Service Plan 2014-17.
	Promote e-book service to assist housebound clients and rural communities	Number of e-books loaned	150 per quarter	1,061 e-books issued between April – December 2014 (working out at just under 354 per quarter).
Conduct consultation in	Consultation	4 by March 2015	Arrangements made for events in	

	each of four areas to initiate co-production on next local housing strategy	events held and local housing fora established in each area		February
	Improve the accessibility and quality of Planning and Regulatory Services information on the Council Website and through the customer contact centre	<p>Increased usage of Council web site and increased customer satisfaction returns</p> <p>Use social media to promote web page and engage with customers in Jan 2015.</p> <p>Customer Satisfaction Survey planned in Feb 2015.</p> <p>Review the webpage design.</p>	March 2015	<p>Website content updated in line with guidance from SOCITM. Public access software upgraded so maps are easier to navigate around, search functions are more intuitive and push notifications can be set up if applications are submitted in your neighbourhood.</p> <p>2014 - 240,000 unique webpage views by customers + 20,000 from 2013. Planning is most popular page on the website by volume. This demonstrates that high levels of exposure and continuing channel shift.</p> <p>Regulatory Services and building standards information on the website extended and updated with ongoing review</p>
	School meals service provides special diets as a result of health, cultural or religious beliefs	School meals available for pupils with special dietary needs	100% of pupils with special dietary needs catered for	100% of pupils with special dietary needs are catered for
	Building users are engaged in developing design brief for strategic	Buildings meet the needs of users	100% of strategic change projects involve	100% of strategic change projects involve consultation with building users – eg new Helensburgh Office Building

	change projects to ensure individual requirements are met		consultation with building users	
	School transport is adapted to fit the needs of pupils with Additional Support Needs	Maintain high level of requests met	100% of requests	100% of requests have been fulfilled
	Necessary design arrangements made for ASN pupils	Increase number of ASN pupils who have their design needs met	100% of requests	100% of requests have been fulfilled
	All council owned buildings where the public require access are suitable for and accessible to disabled people	Maximise number of accessible buildings	100% of council owned buildings accessible.	100% of council owned buildings accessible.
	Marine and Airports: Ferry timetables designed to maximise accessibility to the mainland for Islanders.	Capability to transport all users to Island communities safely.	Continue to review service provision on an annual basis	Public consultation carried out with all residents of Coll, Colonsay and Tiree. Over 90% of all residents consulted agreed local air services have enhanced community life.
	Assistance to mobility impaired people. Adaptations are provided for ease access to facilities. Customer feedback forms are available	Limited number of complaints		All Argyll and Bute Council airport terminal buildings are DDA compliant with disabled access friendly ramps, automated doors and disabled toilet. Argyll and Bute Council staff will also assist the pilot in providing assistance with members of the travelling public with reduced mobility. Island airport terminals and Oban airport terminal

				has a manual wheel chair to assist with transport to and from the terminal buildings.
	Assist people using public transport	Implement new equalities public transport card as part of HiTrans project	March 2015	A new equalities public transport card will be introduced in March 2015 that allows people to communicate with bus providers of any needs they have.
	Bin pull outs carried out where criteria is met	Maintain low levels of missed bins	Missed bins below 5%	On Target
	Burial options expanded to include woodland burial for those who do not wish traditional cemetery burial	Increase number of sites available for woodland burial	4 sites available by December 2014	Sites now available: Barbour Cemetary H & L Strachur Cemetary B&C Carrick Cementary Tarbert MAKI Perryfuir Cemetary OLI
	Introduction of pavement licences	Policy approved and process in place to apply for licences to use the public highway for café areas whilst maintaining sufficient space for pedestrian movement.	April 2015	On track
Carers are more confident that their needs are recognised	Policies are reviewed to include reference to carers	Revised and updated policies in place	Dec 2015	On track
	Council achieves carers kitemark	Application and assessment process is	2016	On track

		successful		
	Carry out consultation /involvement with equality groups on decisions that are likely to affect them	Number of consultation sessions held for fosters carers	April 2015	Two sessions offered. Next session March. Consultation with parents over 600 hours implementation.
	Carers assessments externalised to relevant carers groups	Increase the uptake of carers assessments	100% of people accessing carers centres will be offered a carers assessment	Ongoing- all carers where appropriate offered a carers assessment by the carers centres
People who use social care are more confident that their personal outcomes are being recognised because they feel they are at the centre of decision making about their lives and the supports that are in place	Support young people to allow them to live independently in their communities	100% of young people with pathway plan.	April 2014	100% pathway in place
		All appropriate young people are offered the option of self-directed support	April 2015	Children with disability are in the processes of being assessed.
		% of looked after children with universal child assessment plan in place	March 2015	In process. On line to being complete.
	Existing cases reviewed to comply for Self Directed Support legislation	Increase existing cases that have been reviewed to comply with SDS legislation	100% by March 2015	Work ongoing currently to establish current completion rate and work required to meet target by March 2015
	Advocacy services offered to service users who have been the	Increase % offered advocacy services	100% offered services	Base line of 45% of adults offered advocacy 2013/14, increased to 91% by Dec. 2014, reported in APC

	subject of an adult protection investigation			scorecard
The gap in educational attainment between people with protected characteristics has been reduced	Establishments will continue to monitor the educational attainment of pupils in relation to gender	There is a reduced gap in attainment between boys and girls without an overall deterioration in standards	June 2016	A new national attainment data system, called Insight, was launched in August 2014. This new tool allows attainment data to be interrogated against national and local information. This system will be used by senior leaders in secondary schools to look at data relating to the relative attainment between boys and girls once Insight has been fully implemented. Primary head teachers will look at gender attainment in relation to the Suffolk Reading Test in relation to gender attainment in literacy.
	Ongoing discussions with EO's and Education Manager regarding the attainment of boys and girls and discussions about steps being taken to support their attainment	Establishments are able to discuss and report on attainment by gender	June 2016	Managers and officers from the central team already have scheduled discussions with head teachers to discuss issues around attainment. These discussions will be expanded to include attainment relative to gender.
Bullying of young people in schools is reduced	Communicate and promote the revised anti-bullying policy and procedures through Headteachers meetings and Respect Me training events Communicate the anti-	Respect me bi annually reports an increase in number of young people reporting confidence in their schools ability to deal with bullying	June 2017	The revised Education Service anti-bullying policy is on the Council website. The revised anti-bullying policy was shared with Headteachers in June 2014. RespectMe have been commissioned by the Scottish Government to assess the impact of the revised approach to bullying and will provide Argyll and Bute with

	bullying policy on the Council Website			disaggregated data every 2 years.
	Ensure each establishment implements, monitors, reviews and communicates their anti-bullying statement in line with the authority's policy (2013). This will include consultation with staff, parents and other users	All establishments will have updated anti-bullying statement to promote good behaviour and reduce bullying.	June 2015	The Health and Wellbeing Group have begun to quality assure these policies. This will be completed by June 2015.
	All schools will offer curriculum provision on anti bullying	Decrease in number of young people experiencing discrimination, harassment and victimisation in our establishments	December 2015	In our own September 2014 survey of schools 90% of schools reported offering curriculum provision on anti-bullying whilst the other 10% were revising this provision. All schools have access to a Respectme trainer and free resources.
	All establishments record and report incidents of bullying following the 2013 policy and procedures which includes an equality monitoring process for all relevant protected characteristics These will be analysed for changes in	All schools make a return quarterly return	May 2015	This data is currently collected by central support staff and returns are reviewed and analysed by the Health and Wellbeing Forum.

	involvement of pupils with disabilities, race and gender issues			
	All schools undertake training of all staff in the Respect Me methodology which emphasises all protected characteristics	All schools have delivered training to staff	June 2015	Headteachers and the central team received training in June 2014. Every school has access to a local trainer. A programme of training to all staff in schools is underway and should be completed by June 2015.
	Heads of Establishment ensure staff to undertake the corporate e training on equality and diversity to ensure improved awareness of protected characteristics.	Staff are knowledgeable of protected characteristic and the impact of bullying	June 2016	This will be discussed with head teachers with the expectation that all staff will complete the e-module as part of their professional learning
Our approach to engagement reflects the diversity of all our communities	Gather feedback from staff representing protected characteristics through the Employee Equality Forum	Equality Forum meets regularly and has input from protected groups	Ongoing	Regular meetings in place and issues are raised
	Gather feedback from community groups representing protected characteristics	Establish a framework for establishing feedback from community groups	March 2016	
	Identify groups representing different characteristics	Undertake equalities mapping exercise of groups with a presence in Argyll and Bute	2016	

	Encourage more participation in completing the equality monitoring form to more accurately reflect the composition of the workforce	Increased number of employees complete equalities monitoring information	2016	The desire for anonymity amongst employees is high in relation to survey completion, so disclosure of equalities information tends to be low. We work closely with the trades unions and forums such as Healthy Working lives, Equality Forum to reassure staff that this information will remain anonymous.
	Implement Modern Apprenticeship Framework to improve opportunities for young people in workforce	Number of council modern apprenticeships	Up to 25 in 2015	The council has a very small number of younger age employees, lower than the population profile. This is an important initiative to improve our age profile and provide opportunities for young people to get into employment.
	Ensure planning for Universal Credit implementation (including digital by default aspects) includes engagement with protected groups	Relevant protected groups identified and consulted to identify service needs and built into service design.	By December 2015	<p>Monthly multi-agency Welfare Reform Working Group Meetings take place. Work of the group includes the planning for UC implementation and any digital aspects.</p> <p>Customer research carried out by consultants to identify service needs of those affected by Welfare Reform:</p> <ul style="list-style-type: none"> • Questionnaires issued • Interviews held in Job Clubs • Focus Groups in 3 main towns <p>Universal Support Delivered Locally Trial running within Argyll and Bute from 1 September 2014 to 31 August 2015. Triage process set up with referrals being made to Housing Support Providers for Personal</p>
		Consideration given to how best to fill gaps in provision of public access points and action plan prepared		

				<p>Budgeting Advice and Support and Community Learning and Development for Digital Support.</p> <p>Rural schools WiFi project will enable Community Learning and Development to run courses in the evenings for those in the rural communities</p>
	Following a survey of the youth forum develop an action plan to encourage engagement in local decision making	Action plan developed	December 2015	On track
	All pupils have the opportunity to contribute to menu development through focus groups held in schools	Ensure that pupils have a say in the menu provided for school lunches	Rolling programme over 12 months across a cross-section of school sizes and locations	<p>Pupil feedback has contributed to the development of the current autumn/winter menu. Focus groups are underway for the following schools to assist in the development of the spring/summer 2015 menu:</p> <ul style="list-style-type: none"> • Kirn (as part of the Ask the Children Research) • St. Mun's • Clachan • Inveraray • Kilniver • Dunbeg • Cardross • Arrochar
	Regular liaison meetings to be set up with local access panels	Increased number of local access panel consultation	Annual meetings to be held with all local access	Progress to date has been slow as we have had difficulty accessing the relevant groups / contact points.

	to discuss disability issues relevant to processing Planning applications and building warrants	responses leading to better built environment outcomes	panels	Based on an analysis of this information strategic meetings will be set up over the course of 2015
	Improve access for all children to Youth Services	Number of youths participating in Youth Services activities	4500 per quarter	Since April 2013, the number of youths participating in Youth Services has consistently been higher than the target set. For FQ3 2014/15 5,432 pupils has engaged in activities.
	Engage with gypsy travellers to ensure their needs are incorporated within the next local housing strategy	Focus groups held and gypsy traveller community representation	We have engaged with ten Gypsy/Travellers who live on two of the sites within Argyll & Bute, as well as those who live in mainstream housing. In addition, we have had lengthy consultation with one of the representative bodies of the Gypsy/Traveller community- MECOPP.	Report on outcome of consultation exercise in preparation
	Development of Joint Older Peoples Commissioning Plan	Service improvement and service delivery are jointly	Older people in Argyll & Bute are engaged and consulted with in	Ongoing

		commissioned to meet the needs of older people in Argyll & Bute	relation to future service commissioning and development	
	Marine and Airports: Staff with PVG checks for vulnerable people. Port security staff have CTC checks providing safe access for all users	Safe Service provision for all users	Continue to review on an annual basis	
	Increase range of engagement methods to include social media where possible	Trial proposed to use social media for traffic consultations	March 2016	Social media used to report service disruption during weather events Winter 15/16
	Hold public meetings in Oban regarding pedestrian access for individuals with mobility problems	Meetings held and actions agreed	March 2017	Previous meetings held – future meetings to be facilitated as demands require.

4.4 Monitoring and Continuous Improvement

The Equality Outcomes will be incorporated onto council scorecards and will be monitored through the council's performance management system and scrutiny provided by senior officers and elected members.

Through a program of self-assessments and improvement planning, the council will continue to identify improvements and actions to successfully deliver the Equality outcomes that have been set.

The Employee Equality Forum will provide a forum to address equality issues and to seek to deliver improvements for the workforce and to service users.

In addition, further analysis of the local and national evidence available will continue to inform any future areas for development to ensure that the council is delivering the services which meets the needs of our customers as well as ensuring that all out internal policies for the workforce are clear, robust and in line with employment law.

5 Appendix 1 Employment Data

Workforce Profile

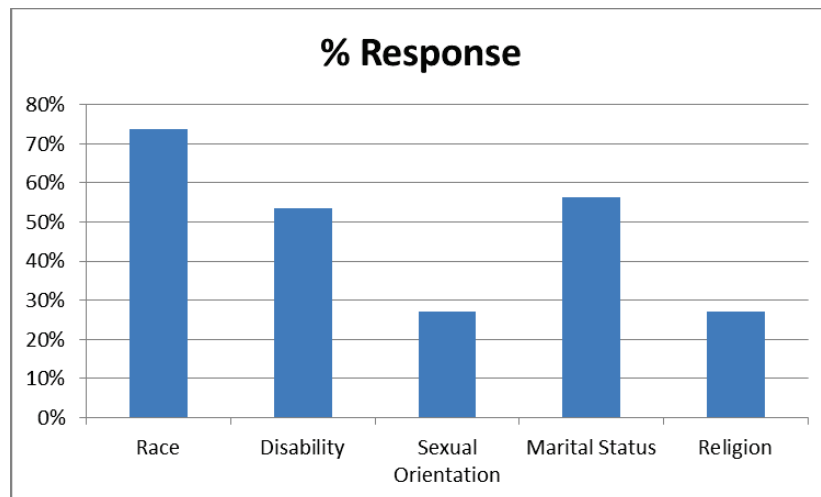
The Council aims to have a workforce which reflects the community the Council serves, recognising the benefits of having a diverse workforce that is broadly representative of the local population. We also aim to be an employer of choice, an employer who provides fair employment opportunities for all current and future employees.

Argyll and Bute has a population of 88,050 spread throughout remote rural settlements, 6 towns and 23 inhabited islands. Argyll and Bute exhibits low levels of ethnic minority groups in the overall population, an older than average population and a level of declared disability throughout the population that is just over 20%.

At 31st December 2014 the Council had 4592 employees compared to 31st March 2013 when there were 4577 employees and 4569 employees at 31 March 2012. This is a relatively static number.

The data in this section is gathered from employees. Some data such as gender and age is provided by all employees, other equality data is optional for job applicants, successful candidates and a questionnaire was sent to all employees in 2014. We have also made available through the HR/Expenses system the option for employees to update their own equality information.

Response rates vary per characteristic; the 2013/14 Employee data has the following responses:



This section of the report presents analysis of workforce data in 9 sections. These are:

- 1.0 Current Employees
- 2.0 Job applicants
- 3.0 Applicants for Promotion
- 4.0 Applications for Training

- 5.0 Employees involved in Disciplinary Procedures
- 6.0 Employees involved in Grievance Procedures
- 7.0 Leavers
- 8.0 Education
- 9.0 Equal Pay Gap

The overall analysis of the workforce is broadly similar to that of the general population in Argyll and Bute except in terms of age and disability. In terms of age, the council has an aging workforce, which parallels the overall age profile, but the younger age groups are under-represented in the workforce. We have put in place actions to address this in terms of workforce planning and the implementation of a Modern Apprenticeship scheme to promote employment opportunities for younger people to enter the workforce. We are now seeing a positive trend in terms of increasing numbers of employees in the 16-24 age band. In terms of disability, there are fewer disabled people in the workforce than in the population as a whole, but this data may be affected by employees choosing not to disclose this information. We are an equal opportunities, double tick employer and promote a positive approach to encouraging disabled job applicants and support the provision of reasonable adjustments for employees with disabilities. The council has been recognised with a national award for its HR policies and procedures supporting disabled employees.

The workforce also exhibits a lower than average representation of LGBT employees than the wider population. Again this may be as a result of no disclosure of information by employees. The promotion of the Equalities Forum and related activities should have a positive impact on this.

It must be noted that some of the data in the report represent very small numbers of employees and so are not statistically significant.

1.0 Current Employees

1.1 Race

The proportion of Black and Ethnic Minority employees has increased slightly from 0.81% in 2011/12 and 0.89% at 2012/13 to 1.02% in 2014. Census data indicates that the local Black Minority Ethnic population is 1.25% of the community. This is a positive result as it highlights an increasing trend in Ethnic minority employees, approaching the level of ethnic minorities within the community. The percentage of employees identifying as white has decreased. This can be explained by a slightly higher percentage of employees not disclosing information, up 2% and an increase in ethnic minorities.

Figure 1 – Workforce Profile – Race

Ethnic Origin	2011/12	2012/13	2013/14	2013/14 adjusted*	2011 Census
African - Other	0.02%	0.02%	0.05%	0.07%	0.00%
African - (inc. Scottish/British)	0.00%	0.02%	0.05%	0.07%	0.01%
Asian - Chinese (inc. Scot/Brit)	0.02%	0.04%	0.02%	0.03%	0.17%
Asian - Indian (inc. Scot/Brit)	0.02%	0.02%	0.04%	0.05%	0.13%
Asian - Other (inc. Scot/Brit)	0.02%	0.04%	0.04%	0.05%	0.18%
Asian, Asian Scottish, Asian British	0.07%	0.07%	0.05%	0.07%	0.12%
Black (inc. Scottish/British)	0.09%	0.04%	0.02%	0.03%	0.01%
Mixed or Multiple Race	0.20%	0.20%	0.19%	0.26%	0.31%
Other Ethnic Background	0.09%	0.09%	0.02%	0.03%	0.07%
Other White Ethnic Group	0.28%	0.35%	0.54%	0.73%	0.04%
Total Ethnic Minority	0.81%	0.89%	1.02%	1.38%	1.25%
White	60.32%	54.93%	37.97%	51.41%	
White - Eastern European	0.07%	0.07%	0.07%	0.09%	0.58%
White - Irish	0.15%	0.20%	0.25%	0.34%	0.82%
White - Other British	2.19%	2.93%	4.87%	6.59%	16.64%
White - Scottish	13.70%	16.65%	28.88%	39.10%	78.83%
Total White	76.43%	74.78%	72.03%	97.54%	98.75%
Prefer Not to Answer	0.11%	0.15%	0.18%	0.24%	
Unknown	22.65%	24.19%	26.14%		

* = Unknowns removed

1.2 Gender

There has been a slight change in the workforce gender profile as the male/female split which was relatively static has increased slightly. The Council workforce is predominately female (72%). The gender profile reflects the trends within the public sector where the majority of the workforce is female (64%) from the Scottish Governments Equality Statement: Scotland's Budget 2011-12.

	Gender	
	Male	Female
2011/12	28.78%	71.22%
2012/13	28.86%	71.14%
2013/14	27.68%	72.32%

1.3 Disability

The disability profile has decreased slightly from 1.66% in 2012/13 to 1.60% in 2014 of the workforce identifying themselves as having a disability. This is low compared with the most recent Argyll and Bute Census figure giving a figure of 20.6% of those within the working age population in Argyll and Bute who have a disability. It is recognised that 1.60% may not be a true reflection of the workforce disability profile as many staff have chosen not to answer this option.

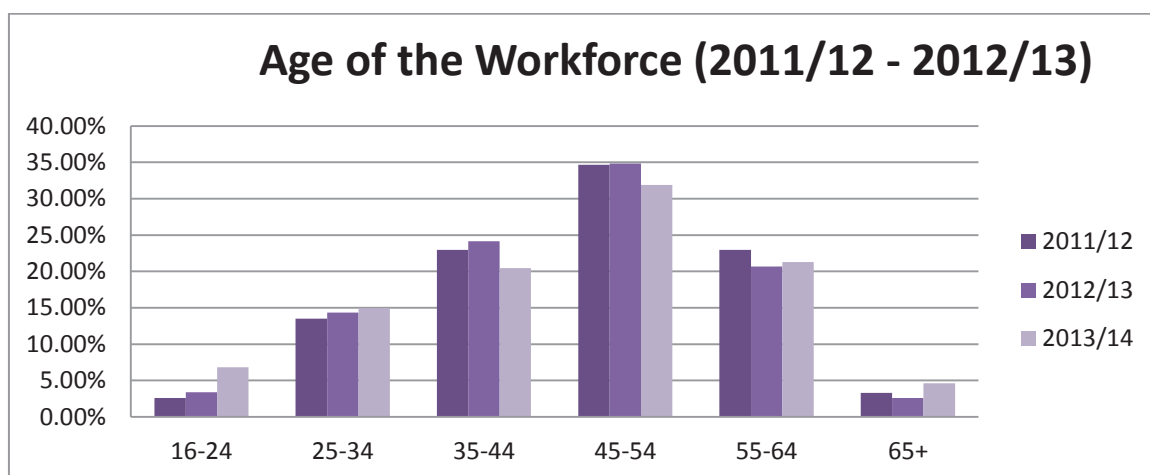
Disabilities	2011/12	2012/13	2013/14	2013/14 adjusted*
Yes	1.51%	1.66%	1.60%	2.99%
No	58.31%	56.72%	51.93%	96.99%
Unknown	40.18%	41.62%	46.46%	

* = Unknowns removed

1.4 Age

The NRS 2013-based Mid-Year Estimates identify that in the local population the average age for males is 42 and for females 43 which is broadly reflective of the age split within the workforce. The Council age profile includes small numbers of younger and older employees however the removal of the default retirement age appears to have resulted in an increase the number of employees in the higher age bands. There is also positive movement in the number of employees in the 16 to 24 age band.

Figure 2 – Workforce Profile - Age



Comparison with the working age profile of the local population reveals that the 16 to 24 age group is under represented. The recent introduction of a modern apprenticeship scheme and a plan in 2015 to reinvigorate the council's Growing Our Own scheme should continue to increase this age group's representation.

Age group	Proportion of Working Age population (16 to 65), based on NRS 2013 Mid-Year Estimates
16-24	16%
25-34	15%
35-44	18%
45-54	25%
55-64	23%
65+ (for workforce) / 65 for NRS 2013 MYE)	3%

1.5 Sexual Orientation

Of the 2014 data 0.3 % of employees identified themselves as gay, lesbian or bisexual, this would appear under-representative of the population. Statistics are limited, the Integrated Household Survey 2009 showed 1.4% of the population of Scotland as gay, lesbian or bisexual. This is still a positive trend over the 2012/13 data of 0.18% identifying as gay, lesbian or bisexual.

Sexual Orientation	2011/12	2012/13	2013/14	2013/14 adjusted*
Bisexual	0.02%	0.04%	0.07%	0.26%
Gay	0.02%	0.07%	0.12%	0.44%
Heterosexual/Straight	15.47%	16.93%	25.98%	95.55%
Lesbian	0.02%	0.07%	0.11%	0.40%
Prefer Not to Answer	0.85%	0.87%	0.91%	3.35%
Unknown	83.61%	82.02%	72.81%	

* = Unknowns removed

1.6 Pregnancy/Maternity

Of the 2014 data 2.46 % of employees took maternity leave, this will be reviewed as a trend in future reports.

Pregnancy/Maternity	2013/14
Not	97.26%
On Maternity Leave	2.46%

1.7 Marital Status

The 2014 data was adjusted to compare with the 2011 census data. Married and civil partnership is the largest group as in the census, while Divorced/Separated appears under represented.

Marital Status	2013/14	2013/14 adjusted*	2011 Census
Divorced/Separated	1.35%	2.40%	11.67%
Living with partner	2.39%	4.25%	
Married/Civil Partnership	34.38%	61.07%	50.10%
Prefer not to answer	12.78%		
Single	17.86%	31.06%	38.24%
Not disclosed	43.70%		

*not disclosed and prefer not to answer removed

1.8 Religion and Belief

Just over 27% of employees have declared this characteristic, to compare with census data the unknown was removed and the relative percentages compared with 2011 census data for Argyll and Bute. The religious data quite closely correlates with the census data, with the exception of Church of Scotland is better represented while the figure for atheists is low.

Religion and Belief	2013/14	2013/14 adjusted*	2011 Census
Atheist/none	6.79%	25.03%	32.04%
Buddhist	0.07%	0.26%	0.24%
Catholic	3.16%	11.67%	11.3%
Church of Scotland	12.37%	45.65%	40.04%
Hindu	0.07%	0.26%	0.06%
Humanist	0.32%	1.17%	
Jewish	0.02%	0.06%	0.05%
Muslim	0.07%	0.26%	0.21%
No Religious Group	0.00%	0.00%	
Other Christian	2.37%	8.75%	7.69%
Pagan	0.04%	0.13%	
Sikh	0.02%	0.06%	0.01%
Unknown	72.90%		
Prefer not to answer	1.27%	4.67%	8.00%
Other	0.54%	2.01%	0.36%

*Unknown removed

2.0 Applications for Employment

The Council aims to ensure that there are no barriers to individuals seeking employment and that it is an employer of choice.

The Council participates in the development and use of the National Recruitment Portal (www.myjobscotland.gov.uk) and whilst this offers opportunities for improving reporting and analysis of recruitment data, submitting equalities data is not mandatory for applicants. Links to the council's equalities information is promoted on the Argyll and Bute Council front page of MyJobScotland to encourage applicants from protected groups.

2.1 Race

There has been a decrease in the number of Black Minority Ethnic applicants from 4.27% in 2012/13 to 2.61% in 2014. Though a significant decrease, this is still a higher proportion of applications received from those of Black Minority Ethnic groups than the proportion of the local population at less than 1.25%.

Figure 3 – Applications for Employment - Race

Ethnic Group	2011/12	2012/13	2013/14
African	0.70%	0.95%	0.60%
Any Mixed	0.28%	0.55%	0.51%
Black Scottish	0.11%	0.20%	0.07%
Bangladeshi	0.15%	0.15%	0.00%
Caribbean	0.00%	0.23%	0.10%
Chinese	0.11%	0.14%	0.11%
Gypsy/Traveller	0.02%	0.07%	0.02%
Indian	0.60%	0.53%	0.33%
Other Ethnic Group	0.59%	0.76%	0.54%
Other South Asian	0.28%	0.26%	0.18%
Pakistani	0.33%	0.45%	0.15%
Black Minority Ethnic Total	3.15%	4.27%	2.61%
White British	14.82%	14.06%	15.80%
White Irish	1.19%	1.04%	1.08%
White Scottish	73.28%	72.78%	74.13%
Other White	2.49%	3.12%	3.63%
White Total	91.78%	91.00%	94.63%
Not Disclosed	5.02%	4.69%	2.76%

The highest percentage of employees identify as Scottish which is consistent with the information provided for race. The 2011 Scottish census data indicates 76% of the population of Argyll and Bute was born in Scotland, with the next significant

group born in England at over 17%. These groups appear underrepresented in job applications. This may be explained by the larger geographic pool of applicants for posts than the local area and the high proportion of retired people who are likely to belong to those nationalities in the local area e.g. the 17.7% of English born inhabitants of Argyll and Bute are down to just over 12% between 16 and 64 from the 2011 census.

National Identity	2011/12	2012/13	2013/14
British	17.94%	20.30%	22.39%
English	5.05%	5.15%	5.58%
Northern Irish	1.05%	0.74%	0.48%
Other	4.80%	5.82%	5.78%
Prefer not to answer	0.72%	0.67%	0.81%
Scottish	64.97%	65.64%	62.76%
Welsh	0.38%	0.40%	0.46%
Unknown	5.10%	1.26%	1.74%

2.3 Gender

Applications for posts exhibit a female dominated gender consistent with the workforce profile.

	Gender	
	Male	Female
2011/12	40.37%	59.63%
2012/13	38.36%	61.64%
2013/14	39.64%	60.36%

2.4 Disability

The Council is a “disability symbol” user. This is a double tick symbol which is awarded by Jobcentre Plus and supports positive action for disabled applicants. This supports the Council’s commitment to employ, keep and develop the abilities of disabled people. As part of this commitment the Council operates a guaranteed interview scheme for disabled applicants who meet the essential criteria for a vacant post. The statistics across the years to 2014 indicate consistent levels of applicants are identifying their disability status which supports the Council in maintaining its commitment to positive action for disabled applicants. The data available illustrates that though there is a consistent level of applications from the disabled population, it is under representative of the local population.

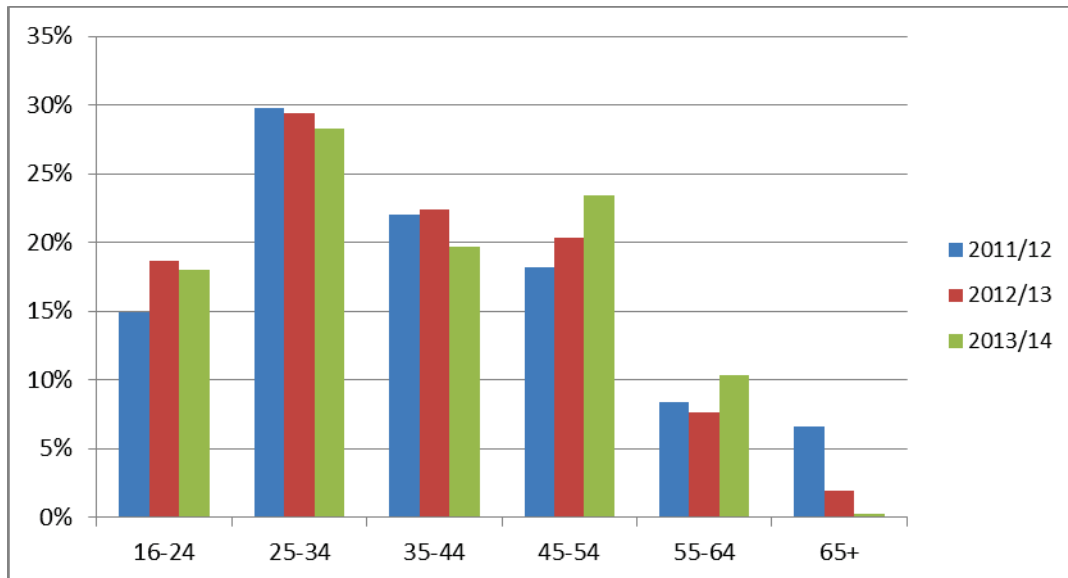
Disabilities	2011/12	2012/13	2013/14
Yes	5.33%	5.27%	5.30%
No	93.24%	93.43%	92.12%
Unknown	1.43%	1.30%	2.57%

2.5 Age

The workforce profile shows that whilst less than 7% of staff are within the age 16-24 category, a significant number of applications come from those in this age group.

This is reflective of the local population seeking employment.

Figure 4 –Applications for Employment – Age



As previously indicated, the implementation of a Modern Apprenticeship Scheme and the reinstatement of the Growing Our Own scheme will have a positive impact in providing opportunities for young people to join the council's workforce.

2.5 Pregnancy/Maternity

A higher percentage of applicants have not disclosed this information compared with last year, but similar to that in 2011/12. The reasons for this are unclear. The Council provides advice and has comprehensive policies and procedures for supporting employees who are pregnant or on maternity leave. We are clear as an employer that we value our employees and wish to support them positively through their pregnancy and maternity leave, enabling them to return to work. In order to support return to work, We have a nationally recognised flexible working policy and procedure, which enables our employees to agree with their manager a work pattern that meets their needs, whilst continuing to deliver services. Argyll and Bute Council's single outcome agreement is focussed on growing the population, so our approach to pregnancy and maternity is an essential mechanism to support this. Promotion of our policies and procedures on pregnancy and maternity are made available to employees and will now be included on our external facing website in order to raise awareness of this support.

Pregnancy/Maternity	2011/12	2012/13	2013/14
No	9.23%	27.13%	8.23%
Not Disclosed	90.23%	66.58%	91.58%
On Maternity Leave	0.16%	0.00%	0.18%
Pregnant	0.38%	6.30%	0.01%

Marriage/Civil Partnership

A high percentage of applicants have provided detailed information across this protected characteristic. There is no significant change in 2014. The highest percentage of applicants identify as single, which is not represented in the workforce profile or the census statistics.

Marital Status	2011/12	2012/13	2013/14
Divorced/Separated	6.83%	5.29%	8.03%
Living with partner	13.95%	14.23%	13.55%
Married/Civil Partnership	33.07%	34.88%	32.83%
Prefer not to answer	0.92%	1.27%	1.09%
Single	40.71%	42.51%	42.64%
Unknown	4.52%	1.82%	1.88%

2.6 Religion and Belief

The 2014 data is compared against the 2011 Census data for Argyll and Bute: Atheist/none (37.10%) which is relatively high compared to the local population with 32.04% of individuals identifying as having no religion. Applicants identifying as members of the Church of Scotland at 24.73% are a significantly lower representation compared to the local census population which states the Church of Scotland group at 40.04%. All other groups are relatively representative of the national population.

Religion and Belief	2011/12	2012/13	2013/14	2011 Census
Atheist/none	30.15%	31.62%	37.10%	32.04%
Buddhist	0.23%	0.25%	0.47%	0.24%
Catholic	14.78%	15.27%	13.35%	11.3%
Church of Scotland	26.16%	27.71%	24.73%	40.04%
Hindu	0.30%	0.30%	0.20%	0.06%
Humanist	0.68%	0.38%	0.41%	
Jewish	0.09%	0.05%	0.07%	0.05%
Muslim	0.60%	0.86%	0.37%	0.21%
No Religious Group	0.08%	0.00%	0.00%	
Other Christian	9.61%	9.78%	9.90%	7.69%
Pagan	0.15%	0.08%	0.23%	
Sikh	0.19%	0.08%	0.03%	0.01%
Unknown	9.14%	6.33%	2.87%	
Prefer not to answer	7.80%	7.27%	7.91%	8.00%
Other	0.04%	0.00%	2.38%	0.36%

2.7 Sexual Orientation

Only 3.95% did not disclose this information. Local population information is not available. A question on sexual orientation was included in the Integrated Household Survey (administered by the Office for National Statistics) in 2009 which shows that the number of people who identified as lesbian, gay or bisexual in Scotland was 1.4%. The applicants represent 2.09% of the total, which appears consistent with national figures.

Sexual Orientation	2011/12	2012/13	2013/14
Bisexual	0.36%	0.36%	0.82%
Gay	0.70%	0.67%	0.88%
Heterosexual	88.91%	93.11%	93.48%
Lesbian	0.38%	0.29%	0.39%
Other	5.91%	1.62%	0.33%
Prefer not to answer	3.73%	3.95%	4.10%

3.0 Applications for Promotion

The Council aims to have a diverse and skilled workforce and offer a wide range of opportunities for staff development. The National Recruitment Portal system is used for monitoring applications for promotions in certain roles.

3.1 Race

There has been an increase in applications for promotion received from black minority and ethnic groups, up to 3.34%, this figure is encouraging.

Ethnic Group	2011/12	2012/13	2013/14
African	0.00%	1.10%	0.53%
Any Mixed	0.00%	0.66%	1.05%
Black Scottish	0.00%	0.22%	0.00%
Bangladeshi	0.00%	0.00%	0.00%
Caribbean	0.00%	0.00%	0.00%
Chinese	0.00%	0.00%	0.18%
Gypsy/Traveller	0.00%	0.00%	0.00%
Indian	0.00%	0.00%	0.00%
Other Ethnic Group	0.00%	0.22%	0.70%
Other South Asian	0.00%	0.00%	0.88%
Pakistani	0.00%	0.00%	0.00%
Black Minority Ethnic Total	0.00%	2.20%	3.34%
White British	21.96%	14.29%	14.41%
White Irish	0.93%	0.88%	0.88%
White Scottish	72.90%	77.80%	78.03%
Other White	4.21%	3.08%	2.11%
White Total	100.00%	96.04%	95.43%
Not Disclosed	0.00%	1.76%	1.23%

The national identity of applicants for promoted posts closely mirrors that of job applicants.

National Identity	2011/12	2012/13	2013/14
British	18.14%	21.68%	22.67%
English	3.80%	4.65%	4.75%
Northern Irish	0.84%	0.44%	0.70%
Other	5.06%	4.20%	3.16%
Prefer not to answer	0.00%	0.00%	0.70%
Scottish	70.46%	68.36%	67.14%
Welsh	0.00%	0.22%	0.00%
Unknown	1.69%	0.44%	0.88%

3.2 Gender

Applications for promotion in 2014 had a female dominated gender split. There has been a trend of increasing male applicants for promotion by around 8%.

	Gender	
	Male	Female
2011/12	21.52%	78.48%
2012/13	24.44%	75.56%
2013/14	32.63%	67.37%

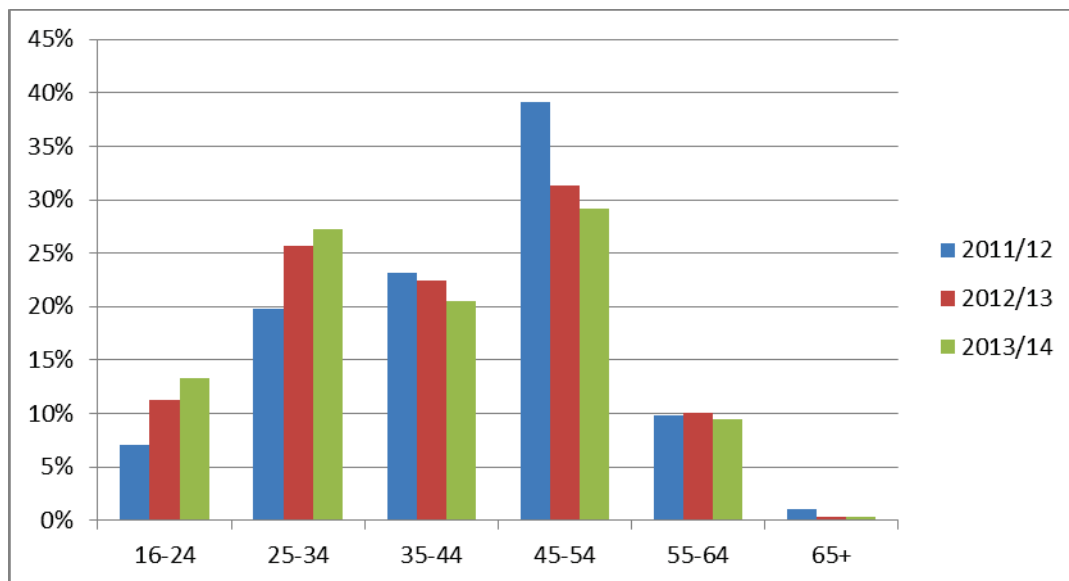
3.3 Disability

4.22% of applicants identified themselves as disabled in 2014, this is an improvement over 2012/13.

Disabilities	2011/12	2012/13	2013/14
Yes	5.60%	2.20%	4.22%
No	93.53%	97.36%	94.20%
Unknown	0.86%	0.44%	1.58%

3.4 Age

The 2014 data shows a continuing trend to younger applicants for promotion particularly in the 16 to 34 range. As the council has a relatively high proportion of long serving employees.



3.5 Pregnancy / Maternity

A higher proportion of applicants have not disclosed this information so it is difficult to draw conclusions bar there may be a reluctance to disclose.

Pregnancy/Maternity	2011/12	2012/13	2013/14
No	4.64%	18.07%	4.04%
Not Disclosed	93.30%	80.72%	95.96%
On Maternity Leave	0.00%	0.00%	0.00%
Pregnant	2.06%	1.20%	0.00%

3.6 Marriage / Civil Partnership

No significant trends are observed between 2011/12, 2012/13 and 2013/14. A higher proportion of staff applying for promoted posts are married or living with a partner than those applying for jobs.

Marital Status	2011/12	2012/13	2013/14
Divorced/Separated	7.66%	6.64%	7.21%
Living with partner	18.72%	17.04%	18.28%
Married/Civil Partnership	45.11%	48.01%	42.53%
Prefer not to answer	0.00%	0.22%	1.58%
Single	25.53%	27.21%	29.53%
Unknown	2.98%	0.88%	0.88%

3.7 Religion and Belief

This group broadly mirrors the data for employees as a whole, with a slight increase in followers of the Church of Scotland. Though this is less than the 2011 census figures.

Religion and Belief	2011/12	2012/13	2013/14	2011 Census
Atheist/none	30.34%	28.95%	34.97%	32.04%
Buddhist	0.00%	0.22%	0.00%	0.24%
Catholic	16.67%	14.03%	12.65%	11.3%
Church of Scotland	32.91%	36.53%	32.69%	40.04%
Hindu	0.00%	0.00%	0.00%	0.06%
Humanist	0.00%	1.11%	0.18%	
Jewish	0.00%	0.00%	0.00%	0.05%
Muslim	0.00%	0.22%	0.18%	0.21%
No Religious Group	0.00%	0.00%	0.00%	
Other Christian	5.98%	10.24%	9.84%	7.69%
Pagan	0.00%	0.00%	0.00%	
Sikh	0.00%	0.00%	0.00%	0.01%
Unknown	3.42%	3.12%	0.70%	
Prefer not to answer	10.68%	5.57%	7.38%	8.00%
Other	0.00%	0.00%	1.41%	0.36%

3.8 Sexual Orientation

No significant trends are observed between 2011/12 and 2012/13. It is encouraging that fewer people prefer not to answer and the proportion of gay and lesbians is representative of the workforce for 2012/13. Though no lesbians are identified this is a small sample of the workforce.

Sexual Orientation	2011/12	2012/13	2013/14
Bisexual	0.00%	0.00%	0.53%
Gay	0.00%	0.67%	2.64%
Heterosexual	86.92%	92.43%	89.96%
Lesbian	0.42%	0.45%	0.00%
Other	4.22%	1.78%	0.00%
Prefer not to answer	8.44%	4.68%	6.87%

4.0 Applications for training

Applications for training are recorded for eligible employees through our Performance Review and Development process. This currently applies to approximately 50% of employees. The remainder of our employees, who mainly work outside office environments receive training specific to their jobs. The process of annual PRD assessment and planning will be improved in 2015/16 to encompass all council employees. Our job roles and training needs analysis project, which is currently underway, identifies specific training requirements for all council posts. This will support future improvements in the planning, delivery and recording of training. A programme of mandatory training for employees who require SSSC registration to practice in Social Work is supported by the council's SVQ centre. Programmes of service based mandatory training are recorded by services.

4.1 Race

In both years the majority of applications were White British and White Scottish which is in line with the workforce profile. All applications for training were supported. There is some variation in the proportion of Black Minority Ethnic employees received training this is an area that should be examined for future trends.

Ethnic Group	2011/12	2012/13	2013/14	2013/14 adjusted*
African	0.00%	0.29%	0.06%	0.08%
Any Mixed	0.13%	0.29%	0.13%	0.18%
Black Scottish	0.00%	0.00%	0.00%	0.00%
Bangladeshi	0.00%	0.00%	0.00%	0.00%
Caribbean	0.00%	0.00%	0.00%	0.00%
Chinese	0.00%	0.00%	0.00%	0.00%
Gypsy/Traveller	0.00%	0.00%	0.00%	0.00%
Indian	0.00%	0.00%	0.00%	0.00%
Other Ethnic Group	0.13%	0.29%	0.32%	0.43%
Other South Asian	0.00%	0.57%	0.13%	0.18%
Pakistani	0.00%	0.00%	0.00%	0.00%
Black Minority Ethnic Total	0.25%	1.44%	0.65%	0.87%
White British	61.49%	51.72%	43.12%	58.59%
White Irish	0.51%	0.00%	0.19%	0.26%
White Scottish	15.91%	24.14%	28.28%	38.42%
Other White	3.28%	5.46%	1.03%	1.40%
White Total	81.19%	81.32%	72.63%	98.67%
Not Disclosed	18.56%	17.24%	26.40%	

* = Unknowns removed

National Identity

The high percentage of staff with a UK default nationality on our system makes analysis not meaningful. Though we have given employees access to their own equality information to update on our HR system this data has not improved indicating the need to publicise this to employees.

National Identity	2011/12	2012/13	2013/14
Northern Irish	0.53%	0.00%	0.06%
Other	0.53%	1.14%	1.42%
Prefer not to answer	0.71%	0.85%	0.26%
Scottish	21.67%	21.65%	23.05%
Welsh	0.00%	0.00%	0.13%
Unknown - UK Default	64.48%	64.67%	67.53%

4.2 Gender

The majority of applications continue to be from female employees, which is consistent with the workforce profile. This is a consistent pattern.

	Gender	
	Male	Female
2011/12	30.78%	69.22%
2012/13	28.77%	71.23%
2013/14	29.83%	70.17%

4.3 Disability

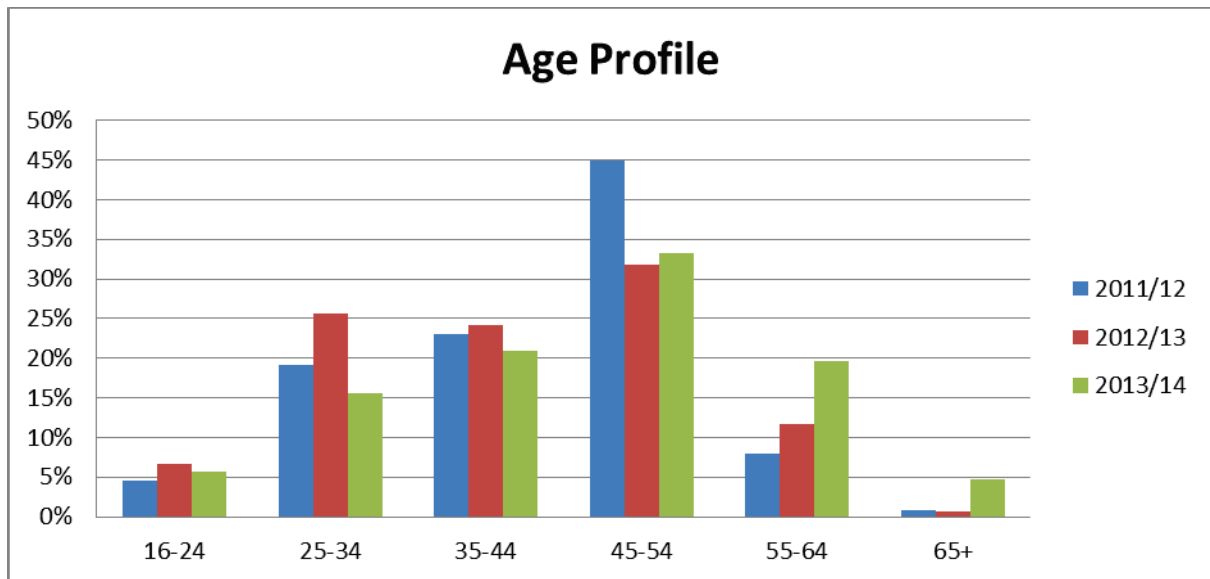
Applications from disabled employees have dropped in the past year and are lower than that of the workforce profile, currently 1.60%. Monitoring of this figure in the future will demonstrate if this is a trend that needs addressed, though it is noted that a higher percentage of employees have not indicated whether they have a disability than the previous employee populations.

Disabilities	2011/12	2012/13	2013/14	2013/14 adjusted*
Yes	2.76%	2.96%	1.29%	2.46%
No	71.13%	70.12%	51.07%	97.54%
Unknown	26.12%	26.92%	47.64%	

* = Unknowns removed

4.4 Age

Though the figures show that older employees are slightly less likely to apply for training, there is reasonable a correlation between applicants age profile.



4.5 Marriage / Civil Partnership

A higher proportion of staff applying for training are married or living with a partner than the workforce profile.

Marital Status	2013/14	2013/14 adjusted*
Divorced/Separated	1.58%	3.24%
Living with partner	3.24%	6.64%
Married/Civil Partnership	39.05%	80.09%
Prefer not to answer	0.53%	1.09%
Single	4.36%	8.94%
Not disclosed	51.24%	

* = Unknowns removed

4.6 Religion and Belief

This very much reflects the same profile as the workforce overall.

Religion and Belief	2013/14	2013/14 adjusted*	2011 Census
Atheist/none	6.05%	21.44%	32.04%
Buddhist	0.07%	0.25%	0.24%
Catholic	3.16%	11.20%	11.30%
Church of Scotland	13.29%	47.09%	40.04%
Hindu	0.07%	0.25%	0.06%
Humanist	0.39%	1.38%	
Jewish	0.07%	0.25%	0.05%
Muslim	0.07%	0.25%	0.21%
No Religious Group	0.00%	0.00%	
Other Christian	2.63%	9.32%	7.69%
Pagan	0.07%	0.25%	
Sikh	0.07%	0.25%	0.01%
Unknown	71.78%	254.36%	
Prefer not to answer	1.97%	6.98%	8.00%
Other	0.33%	1.17%	0.36%

* = Unknowns removed

4.7 Sexual Orientation

Only 27% did disclose this information. Local population information is not available. The results again broadly reflect the workforce profile.

Sexual Orientation	2013/14	2013/14 adjusted*
Bisexual	0.13%	0.46%
Gay	0.13%	0.46%
Heterosexual/Straight	26.86%	95.66%
Lesbian	0.06%	0.21%
Prefer Not to Answer	0.90%	3.21%
Unknown	71.92%	

* = Unknowns removed

5.0 Employees who are involved in disciplinary procedures

The Council strives to ensure that no equality groups are detrimentally impacted by the application of disciplinary procedures. The Council's aim is to ensure that disciplinary policies and procedures are applied consistently across the Council.

5.1 Race

The percentage of disciplinary procedures involving BME employees was significantly higher than the workforce profile in 2011/12, however in 2012/13 no BME employees were involved in disciplinary procedures and this trend has continued to 2014 HR professionals are involved in disciplinary proceedings and would ensure that the policies are being followed to avoid discrimination. This highlights the disproportionate impact of very small numbers of employees on the statistics.

Ethnic Group	2011/12	2012/13	2013/14	2013/14 adjusted*
African	0.00%	0.00%	0.00%	0.00%
Any Mixed	0.00%	0.00%	0.00%	0.00%
Black Scottish	0.00%	0.00%	0.00%	0.00%
Bangladeshi	0.00%	0.00%	0.00%	0.00%
Caribbean	0.00%	0.00%	0.00%	0.00%
Chinese	0.00%	0.00%	0.00%	0.00%
Gypsy/Traveller	0.00%	0.00%	0.00%	0.00%
Indian	0.00%	0.00%	0.00%	0.00%
Other Ethnic Group	3.33%	0.00%	0.00%	0.00%
Other South Asian	0.00%	0.00%	0.00%	0.00%
Pakistani	0.00%	0.00%	0.00%	0.00%
Black Minority Ethnic Total	3.33%	0.00%	0.00%	0.00%
White British	60.00%	52.17%	3.45%	5.27%
White Irish	0.00%	0.00%	0.00%	0.00%
White Scottish	0.00%	13.05%	41.38%	63.16%
Other White	0.00%	0.00%	20.69%	31.58%
White Total	60.00%	65.22%	65.52%	100.00%
Not Disclosed	36.67%	34.78%	34.48%	

* = Unknowns removed

5.2 Gender

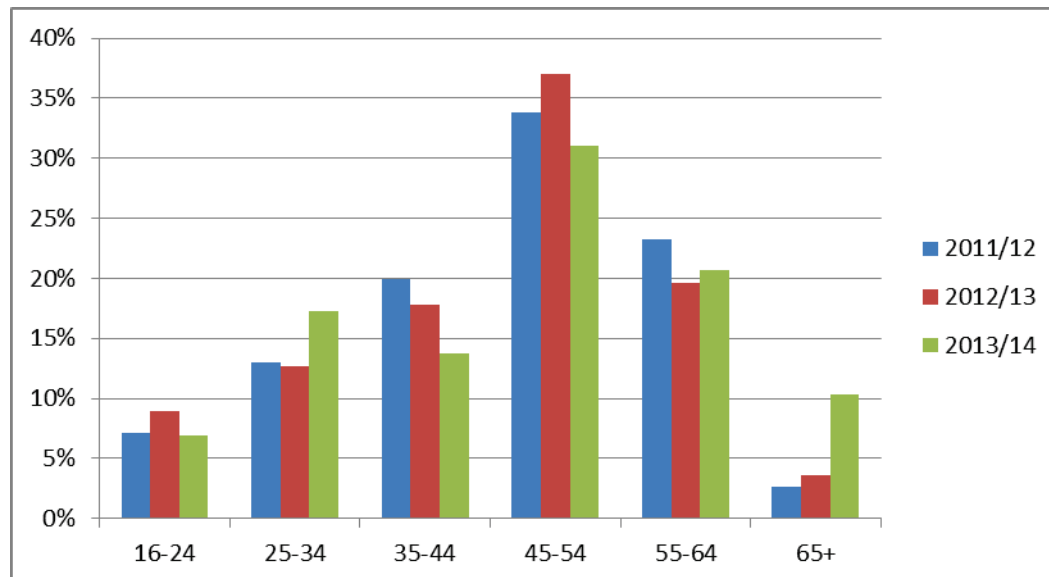
The gender split is not comparable to the workforce profile with the majority of employees that are involved in disciplinary procedures being male despite making up only 28% of the workforce. This figure follows a trend documented in academic papers of male manual workers having the highest incidence of disciplinary issues.

Further monitoring and research is required to establish if this is an unusual split and if there are any particular determining factors that must be addressed.

	Gender	
	Male	Female
2011/12	57%	43%
2012/13	54%	46%
2013/14	51.72%	48.28%

5.3 Age

The age profile of those involved in disciplinary procedures is broadly consistent with the workforce profile.



5.4 Disability

The disability profile for disciplinary procedures is not consistent with the workforce profile of 1.66%. Employees with a disability represent a higher percentage than identified in the workforce profile in 2011/12 and no employees identified as having a disability were involved in this process in 2012/13, whereas this jumps up to 10% in 2014. It is a relatively low population: 0.5% of all employees involved in the disciplinary process, so this figure is easily skewed. Future monitoring will indicate if this is a trend and whether there are any particular determining factors that require action.

Disabilities	2011/12	2012/13	2013/14	2013/14 adjusted*
Yes	3.33%	0%	10.00%	13.33%
No	46.67%	54.35%	65.00%	86.67%
Unknown	50.00%	45.65%	25.00%	

* = Unknowns
removed

5.5 Marriage / Civil Partnership

A higher proportion of staff subject to the disciplinary procedures are divorced/separated than the workforce profile. Again the small sample of the workforce involved in disciplinary proceedings may be the reason as in not a large enough sample to be representative.

Marital Status	2013/14	2013/14 adjusted*
Divorced/Separated	6.90%	14.29%
Living with partner	0.00%	0.00%
Married/Civil Partnership	31.03%	64.27%
Prefer not to answer	0.00%	0.00%
Single	10.34%	21.42%
Unknown	51.72%	

* = Unknowns
removed

5.6 Religion and Belief

This generally reflects the same profile as the workforce overall, the proportion of Catholic employees is relatively high though again this may be a result of the small population compared to the workforce overall.

Religion and Belief	2013/14	2013/14 adjusted*	2011 Census
Atheist/none	3.45%	7.70%	32.04%
Buddhist	0.00%	0.00%	0.24%
Catholic	10.34%	23.06%	11.30%
Church of Scotland	20.69%	46.15%	40.04%
Hindu	0.00%	0.00%	0.06%
Humanist	0.00%	0.00%	
Jewish	0.00%	0.00%	0.05%
Muslim	0.00%	0.00%	0.21%
No Religious Group	0.00%	0.00%	
Other Christian	3.45%	7.70%	7.69%
Pagan	0.00%	0.00%	
Sikh	0.00%	0.00%	0.01%
Unknown	55.17%	123.06%	
Prefer not to answer	6.90%	15.39%	8.00%
Other	0.00%	0.00%	0.36%

* = Unknowns
removed

5.7 Sexual Orientation

As heterosexuals and no responses are the largest groups in the workforce profile, it is not a surprise that they are the only groups represented.

Sexual Orientation	2013/14	2013/14 adjusted*
Bisexual	0.00%	0.00%
Gay	0.00%	0.00%
Heterosexual	34.48%	100.00%
Lesbian	0.00%	0.00%
Other	0.00%	0.00%
Prefer not to answer	65.52%	

* = Unknowns
removed

6.0 Employees who are involved in grievance procedures

The Council aims to ensure that employees have a route to raise concerns in the course of their employment. All information on policies and procedures are available on the Hub, with clear guidance. Information can be provided in hard copy for those employees who do not have access to the Hub. In addition advice and support is available from hrAdviceenquiries helpline, which is staffed during working hours. The Council must continue to ensure that grievance policies and procedures are applied consistently across the Council and as such the grievance profile should be reflective of the workforce. The delivery of the Argyll and Bute Manager Programme, including as it does a module on the grievance process, is continuing to improve management skills in this area.

6.1 Race

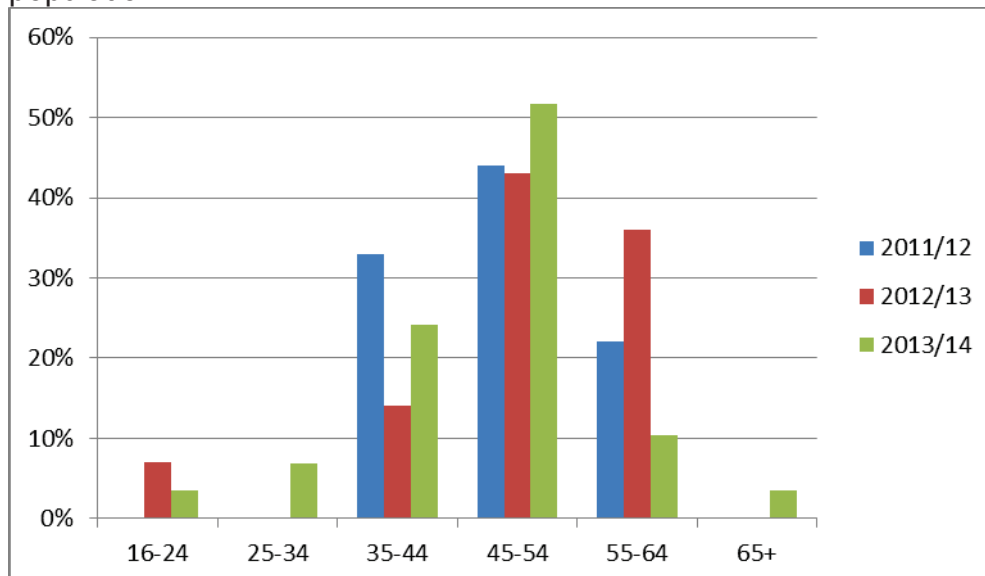
No grievance procedures involved BME groups with 100% of grievance cases involving White employees in 2012/13 and of those declaring an ethnic background in the 2014 data all were white. Again this is a small sample of the workforce population, comparable to the disciplinary population at 0.5% of the workforce.

Ethnic Group	2011/12	2012/13	2013/14	2013/14 adjusted*
African	0.00%	0.00%	0.00%	0.00%
Any Mixed	0.00%	0.00%	0.00%	0.00%
Black Scottish	0.00%	0.00%	0.00%	0.00%
Bangladeshi	0.00%	0.00%	0.00%	0.00%
Caribbean	0.00%	0.00%	0.00%	0.00%
Chinese	0.00%	0.00%	0.00%	0.00%
Gypsy/Traveller	0.00%	0.00%	0.00%	0.00%
Indian	0.00%	0.00%	0.00%	0.00%
Other Ethnic Group	3.33%	0.00%	0.00%	0.00%
Other South Asian	0.00%	0.00%	0.00%	0.00%
Pakistani	0.00%	0.00%	0.00%	0.00%
Black Minority Ethnic Total	0.00%	0.00%	0.00%	0.00%
White British	55.56%	85.72%	0.00%	0.00%
White Irish	0.00%	0.00%	0.00%	0.00%
White Scottish	0.00%	7.14%	37.93%	52.38%
Other White	0.00%	7.14%	34.48%	47.62%
White Total	55.56%	100.00%	72.41%	100.00%
Not Disclosed	44.44%	0.00%	27.59%	

* = Unknowns removed

6.2 Age

The age profile is not consistent with the workforce profile except the highest percentage of those involved in grievance procedures being in the age group 45-54. Again the small sample size makes it difficult to compare to the workforce population.



6.3 Gender

The gender profile for those involved in grievance procedures was inverted against the workforce gender profile in 2011/12, with over 76% individuals being male. However, this has been brought more into line with the workforce profile in 2012/13 and 2013/14. There is, however, a slightly higher incidence of male employees involved in grievances than the current workforce profile.

	Gender	
	Male	Female
2011/12	67%	33%
2012/13	36%	64%
2013/14	31.03%	68.97%

6.4 Disability

The disability profile for those involved in grievance procedures has been zero for 2013 and 2014.

Disabilities	2011/12	2012/13	2013/14	2013/14 adjusted*
Yes	11.11%	0%	0.00%	0.00%
No	33.33%	78.57%	13.79%	100.00%
Unknown	55.56%	21.43%	86.21%	

* = Unknowns removed

6.5 Marriage / Civil Partnership

A higher proportion of staff accessing the grievance procedures are married/civil partnership than the workforce profile. Again the small sample of the workforce involved in grievance proceedings may be the cause.

Marital Status	2013/14	2013/14 adjusted*
Divorced/Separated	0.00%	0.00%
Living with partner	3.45%	6.67%
Married/Civil Partnership	48.28%	93.35%
Prefer not to answer	0.00%	0.00%
Single	0.00%	0.00%
Unknown	48.28%	

* = Unknowns removed

6.6 Religion and Belief

This generally reflects the same profile as the workforce overall.

Religion and Belief	2013/14	2013/14 adjusted*	2011 Census
Atheist/none	6.90%	20.01%	32.04%
Buddhist	0.00%	0.00%	0.24%
Catholic	3.45%	10.01%	11.30%
Church of Scotland	17.24%	50.00%	40.04%
Hindu	0.00%	0.00%	0.06%
Humanist	0.00%	0.00%	
Jewish	0.00%	0.00%	0.05%
Muslim	0.00%	0.00%	0.21%
No Religious Group	0.00%	0.00%	
Other Christian	3.45%	10.01%	7.69%
Pagan	0.00%	0.00%	
Sikh	0.00%	0.00%	0.01%
Unknown	65.52%		
Prefer not to answer	3.45%	10.01%	8.00%
Other	0.00%	0.00%	0.36%

* = Unknowns removed

6.7 Sexual Orientation

As heterosexuals and no responses are the largest groups in the workforce profile, it is not a surprise that they are the only groups represented.

Sexual Orientation	2013/14	2013/14 adjusted*
Bisexual	0.00%	0.00%
Gay	0.00%	0.00%
Heterosexual	31.03%	100.00%
Lesbian	0.00%	0.00%
Other	0.00%	0.00%
Prefer not to answer	68.97%	

* = Prefer not to answer removed

7.0 Employees leaving the Council

Through monitoring the equalities profile of leavers, The Council can use this information to influence workforce planning strategies on employee retention and identify any improvements we can make in encouraging equality.

7.1 Race

The race profile of leavers is consistent with the workforce profile with the majority of leavers being in the White category and under 0.6% of leavers being from BME groups. No trend is evident and the increase in white Scottish from white is in the main due to updates to the data held.

Ethnic Origin	2011/12	2012/13	2013/14	2013/14 adjusted*	2011 Census
African – Other	0.00%	0.00%	0.09%	0.13%	0.00%
African - (inc. Scottish/British)	0.00%	0.00%	0.00%	0.00%	0.01%
Asian - Chinese (inc. Scot/Brit)	0.00%	0.00%	0.00%	0.00%	0.17%
Asian - Indian (inc. Scot/Brit)	0.00%	0.00%	0.00%	0.00%	0.13%
Asian - Other (inc. Scot/Brit)	0.00%	0.00%	0.00%	0.00%	0.18%
Asian, Asian Scottish, Asian British	0.00%	0.00%	0.00%	0.00%	0.12%
Black (inc. Scottish/British)	0.13%	0.16%	0.00%	0.00%	0.01%
Mixed or Multiple Race	0.00%	0.31%	0.18%	0.27%	0.31%
Other Ethnic Background	0.13%	0.16%	0.27%	0.40%	0.07%
Total BME	0.26%	0.63%	0.54%	0.81%	1.25%
White	66.41%	57.34%	38.91%	58.14%	
White - Eastern European	0.00%	0.00%	0.45%	0.67%	0.58%
White - Irish	0.00%	0.16%	0.09%	0.13%	0.82%
White - Other British	0.13%	1.56%	4.55%	6.80%	16.64%
White - Scottish	0.13%	9.22%	22.39%	33.45%	78.83%
Total White	66.67%	68.44%	66.99%	99.19%	98.75%
Unknown	33.07%	30.94%	32.38%		

* = Unknowns removed

7.2 Gender

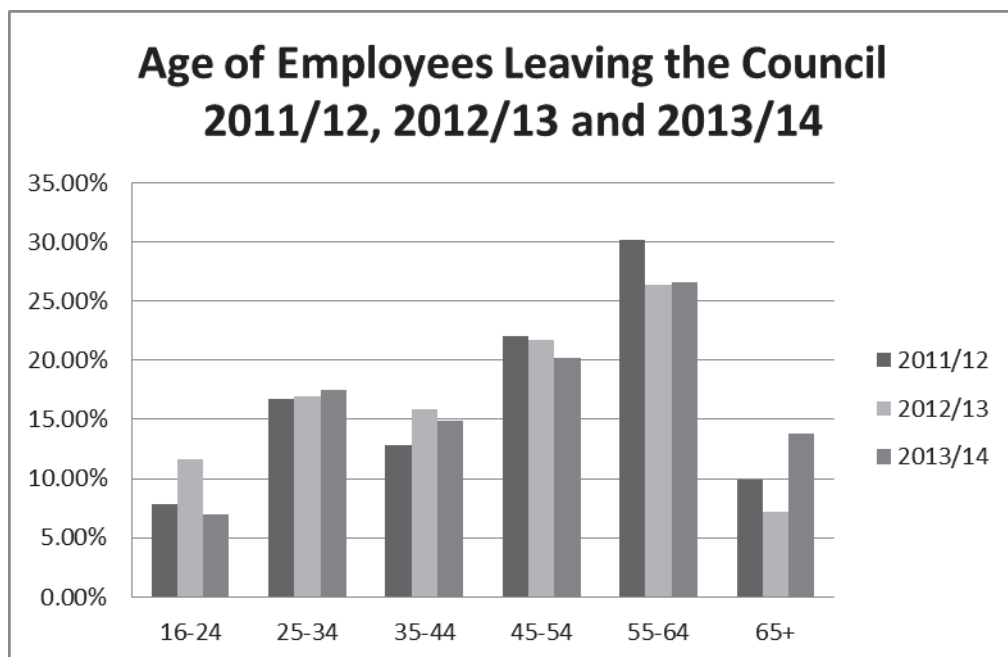
The gender profile of leavers is broadly comparative to the workforce profile with the highest percentage of leavers being female.

	Gender	
	Male	Female
2011/12	32.43%	67.57%
2012/13	25.31%	74.69%
2013/14	32.56%	67.44%

7.3 Age

The highest percentages of leavers are in age groups 45-54 and 55-64 which are reflected in the workforce profile. The period for reporting the data includes the implementation of service reviews, which resulted in an overall reduction in FTEs

across the organisation, with some employees opting for voluntary severance. This accords with the age groups identified. The 65+ age group can access their pension scheme hence may choose to retire.



7.4 Disability

Leavers identified as having a disability remained at just over 1% from 2011/12 to 2013/14.

Disabilities	2011/12	2012/13	2013/14	2013/14 adjusted*
Yes	1.04%	1.41%	1.16%	2.28%
No	46.69%	52.19%	49.78%	97.72%
Unknown	52.27%	46.41%	49.06%	

* = Unknowns removed

7.5 Marriage / Civil Partnership

A higher proportion of leavers are married/civil partnership than the workforce profile. There is a high level of undisclosed data as longer serving staff are less likely to have provided equality data.

Marital Status	2013/14	2013/14 adjusted*
Divorced/Separated	0.54%	3.50%
Living with partner	0.71%	4.60%
Married/Civil Partnership	9.01%	58.39%
Prefer not to answer	0.09%	0.58%
Single	2.85%	18.47%
Not disclosed	84.57%	

* = Unknowns removed

7.6 Religion and Belief

This generally reflects the same profile as the workforce overall, though a high percentage of unknown..

Religion and Belief	2013/14	2013/14 adjusted*	2011 Census
Atheist/none	6.07%	29.08%	32.04%
Buddhist	0.09%	0.43%	0.24%
Catholic	2.41%	11.55%	11.30%
Church of Scotland	9.72%	46.57%	40.04%
Hindu	0.00%	0.00%	0.06%
Humanist	0.27%	1.29%	
Jewish	0.00%	0.00%	0.05%
Muslim	0.00%	0.00%	0.21%
No Religious Group	0.00%	0.00%	
Other Christian	1.87%	8.96%	7.69%
Pagan	0.00%	0.00%	
Sikh	0.00%	0.00%	0.01%
Unknown	79.13%		
Prefer not to answer	0.36%	1.72%	8.00%
Other	0.09%	0.43%	0.36%

* = Unknowns removed

7.7 Sexual Orientation

As heterosexuals and no responses are the largest groups in the workforce profile, this is reflected in the leaver data.

Sexual Orientation	2013/14	2013/14 adjusted*
Bisexual	0.09%	0.43%
Gay	0.36%	1.73%
Heterosexual/Straight	20.25%	97.40%
Lesbian	0.00%	0.00%
Prefer Not to Answer	0.09%	0.43%
Unknown	79.21%	

* = Unknowns removed

Improving Our Approach

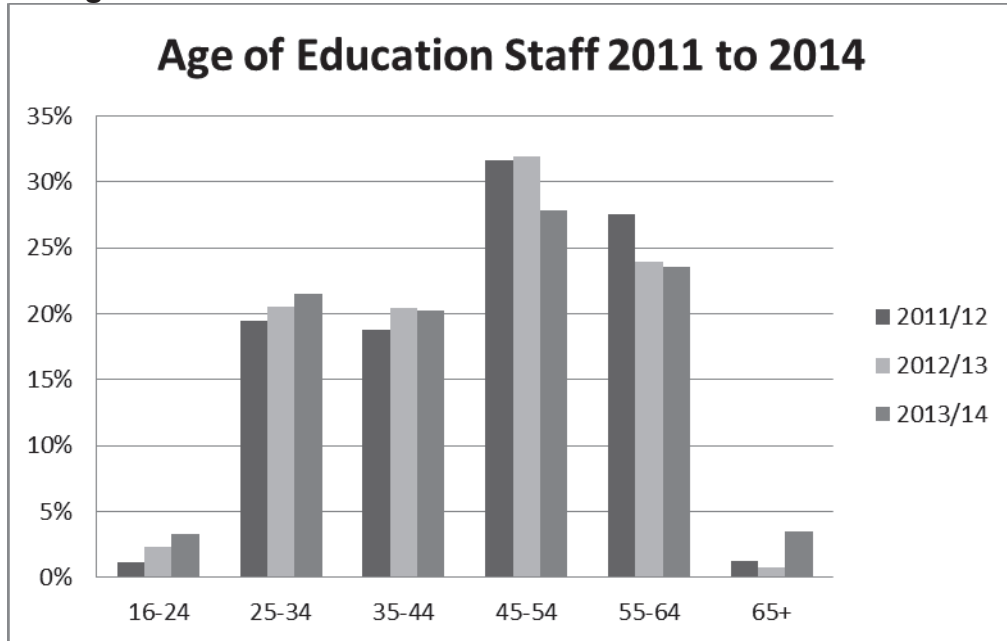
To improve the equality data held by the Council for employees the following actions were undertaken:-

- The Council has worked with Trade Unions to promote the provision of equality data, an Equality monitoring Questionnaire was issued to all employees.
- The option to update personal equality data directly by employees has been made available to those employees who can access the Council's self-service MyView system. This provides access to pay information, online expenses and overtime claims and holds personal employee information,
- An electronic questionnaire was also utilised for staff without access to MyView and hard copy questionnaires were issued to all other employees
- The Council has instituted an Employee Equality Forum that meets on a quarterly basis and raises the profile of equalities throughout the organisation.

8.0 Education; Equalities Monitoring Data on Teaching Staff

Specific equalities information on teaching staff is presented below:-

8.1 Age



The age profile of teaching staff is significantly different from that of the Council overall, with a greater proportion in the 25-34 band. This is fairly typical of the overall situation in Scotland. The latest data sees an increase in staff over 65.

8.2 Sex

Gender	2011/12	2012/13	2013/14
Male	24.93%	24.88%	25.86%
Female	75.07%	75.12%	74.14%

Over 24% of teachers in its schools are male, less than the proportion of males in the rest of the workforce. Again this is typical of the pattern nationally, and it is recognised nationally that it would be desirable to have more male teachers, especially in primary schools. The 2013/14 figures show a marginal increase in male teachers of just under 1%.

8.3 Ethnicity

Ethnic Origin	2011/12	2012/13	2013/14	2013/14 adjusted*	2011 Census
African - Other	0.00%	0.00%	0.00%	0.00%	0.00%
African - (inc. Scottish/British)	0.00%	0.00%	0.00%	0.00%	0.01%
Asian - Chinese (inc. Scot/Brit)	0.00%	0.00%	0.00%	0.00%	0.17%
Asian - Indian (inc. Scot/Brit)	0.00%	0.00%	0.00%	0.00%	0.13%
Asian - Other (inc. Scot/Brit)	0.00%	0.00%	0.00%	0.00%	0.18%
Asian, Asian Scottish, Asian British	0.10%	0.10%	0.09%	0.10%	0.12%
Black (inc. Scottish/British)	0.20%	0.00%	0.00%	0.00%	0.01%
Mixed or Multiple Race	0.00%	0.10%	0.09%	0.10%	0.31%
Other Ethnic Background	0.10%	0.00%	0.00%	0.00%	0.07%
Total BME	0.40%	0.20%	0.18%	0.21%	1.25%
Other White Ethnic Group	0.20%	0.50%	1.20%	1.39%	
White	80.64%	71.66%	51.55%	59.77%	
White - Eastern European	0.00%	0.00%	0.09%	0.10%	0.58%
White - Irish	0.30%	0.40%	0.26%	0.30%	0.82%
White - Other British	1.59%	1.78%	4.98%	5.77%	16.64%
White - Scottish	11.32%	15.96%	27.98%	32.44%	78.83%
Total White	94.05%	90.30%	86.06%	99.78%	98.75%
Unknown	5.46%	9.42%	13.75%		

* = Unknowns removed

There are very few teachers from non white backgrounds. It is likely that there is significant underrepresentation from non white ethnicities, when compared to their numbers in the local population. The requirement to hold a Scottish Teaching qualification may be a factor in limiting applicants from non white ethnicities. The 2014 figures see a further slight decline in BME employees.

8.4 Disability

Disabilities	2011/12	2012/13	2013/14	2013/14 adjusted*
Yes	0.79%	0.79%	0.69%	1.12%
No	66.04%	62.54%	61.00%	98.90%
Unknown	33.17%	36.67%	38.32%	

* = Unknowns removed

There is a high proportion of 'Unknowns', however given the very small number of teachers who identified as disabled it is likely that there is a significant under representation of disabled people in teaching.

8.5 Pregnancy/Maternity

Pregnancy/Maternity	2013/14
On Maternity Leave	1.98%
Not	95.96%

There is a reduction in the number of staff taking maternity leave among teachers in comparison to the Council overall by almost 0.5%. Given the higher proportion of females and staff in the 25-34 age group, this figure is surprising.

8.6 Marital Status

Marital Status	2013/14	2013/14 adjusted*
Divorced/Separated	0.95%	1.46%
Living with partner	1.72%	2.65%
Married/Civil Partnership	38.06%	58.68%
Prefer not to answer	0.69%	1.06%
Single	23.45%	36.15%
Not disclosed	35.14%	

* = Unknowns removed

The marital status statistics are broadly in line with the Council workforce overall.

8.7 Religion and Belief

Religion and Belief	2013/14	2013/14 adjusted*	2011 Census
Atheist/none	4.64%	22.22%	32.04%
Buddhist	0.00%	0.00%	0.24%
Catholic	2.15%	10.30%	11.30%
Church of Scotland	9.79%	46.89%	40.04%
Hindu	0.00%	0.00%	0.06%
Humanist	0.09%	0.43%	
Jewish	0.00%	0.00%	0.05%
Muslim	0.00%	0.00%	0.21%
No Religious Group	0.00%	0.00%	
Other Christian	3.01%	14.42%	7.69%
Pagan	0.00%	0.00%	
Sikh	0.00%	0.00%	0.01%
Unknown	79.12%		
Prefer not to answer	0.86%	4.12%	8.00%
Other	0.34%	1.63%	0.36%

* = Unknowns removed

The religion and belief categories are in the same proportion as the workforce profile overall bar there are 6% more unknowns.

8.8 Sexual Orientation

Sexual Orientation	2013/14	2013/14 adjusted*
Bisexual	0.17%	0.75%
Gay	0.09%	0.40%
Heterosexual/Straight	21.82%	96.21%
Lesbian	0.09%	0.40%
Prefer Not to Answer	0.52%	2.29%
Unknown	77.32%	

* = Unknowns removed

The proportion of teaching staff identifying themselves as Gay, Lesbian or bisexual at 0.34% is comparable to the entire workforce profile at 0.30%. It is noted that equality data unknown is higher than for the Council overall within teaching by 5%.

8.9 Addressing under representation of equality groups in teaching

Further work is required to explore more specific barriers to education staff relating to disability and racial group.

8.10 Improving Equality Data on Teaching Staff

The data on teaching staff generally exhibits a higher proportion of unknowns than the rest of the workforce. It would be beneficial to better publicise how and why to provide relevant equality data. Note that Teaching staff have access to the Council's MyView system for travel expenses, this also gives them access to input their own equality data.

9.0 Equal Pay Gap

As per the specific duties of the Equality Act 2010 the Council commissioned an independent equal pay audit to identify any pay gap. This was undertaken in December 2014, see Appendix 3. It therefore includes the most up-to-date information available on the Council's workforce.

The report identifies the following results and summaries:

9.1 Gender:

This audit identified that the average hourly rate for a Council male employee is £14.28 and the average hourly rate for female employees is £12.96 resulting in a gender pay gap in favour of male employees of 9.23% on the basis of the percentage difference. The previous audit demonstrated a pay gap of 10.69%, so some improvement has been made. This figure has been calculated based on all posts held by each employee.

Argyll and Bute Council operate a positive gender pay environment. In running the statistical analysis no gender pay gap is reported with the exception of the overall organisational pay gap, which is a reflection of the recruitment profile of males to more senior positions in relative comparison to females. The presented pay gap is not anomalous with the wider national average within Local Government and the fact that single status has now been in place for several years has presented a situation of a positive pay environment for gender pay. The persistence of the overall organisational pay gap is, like most local authorities, mainly caused by the relative numbers of lower paid female dominant roles.

9.2 Disability:

The average hourly rate for a Council non-disabled employee is £13.89 and the average hourly rate for disabled employees is £12.26 resulting in a disability pay gap in favour of non-disabled employees of 11.7% on the basis of the percentage difference between average total hourly rate pay (excluding overtime) between non-disabled and disabled employees.

In analysing the proposals in relation to Disability relatively few employees have a declared disability. From the data we can analyse however, the reported pay gap issues relates to the placement of a number of the disabled employee lower on the pay band relative to non-disabled colleagues. In addition non-disabled employees work more unsocial hours and therefore receive night duty payments. The pay gaps

will mostly be removed with application of pay progression. The comments relating to the gender pay implications of potential future challenges for pay progression also apply here and care must be taken in any future revisions to reward strategies.

9.3 Ethnicity:

The average hourly rate for a Council ethnic minority employee is £14.49 and the average hourly rate for ethnic majority (white) employees is £13.94 resulting in a ethnicity pay gap in favour of ethnic minority employees of 3.94% on the basis of the percentage difference between average total hourly rate pay (excluding overtime) between White and ethnic minority employees.

The majority of Argyll & Bute Council employees are declared within the 'White' or 'White-Scottish' ethnic groups. The reported pay gaps in two grades will be resolved with the application of incremental progression within the grade structure.

6 Appendix 3 Equal Pay Audit

ARGYLL & BUTE COUNCIL

**EQUAL PAY AUDIT
DECEMBER 2014**

**GRAEME STEPHEN
PRINCIPAL REWARD CONSULTANT
NORTHGATEARINSO REWARD SOLUTIONS
DECEMBER 2014**

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1. Introduction

This report presents an Equal Pay Audit as at December 2014 for Argyll & Bute Council. The report is an independent assessment of pay equity. This report also includes summary extracts for publication under the Equality Act 2010 (Specific Duties) (Scotland) Regulations.

Northgate Arinso Reward Solutions are specialist reward consultants utilising tailored software solutions to provide reward consulting services.

Data and management information relating to this assessment has been processed and produced by the 'Equal Pay Reviewer' software tool.

2. Equality Act 2010 (Specific Duties) (Scotland) 2012 Regulations Summary Extracts.

A listed authority must publish pay gap information every two years after 30 April 2013. Pay gap information is the percentage difference between average hourly pay (excluding overtime) between gender, disability and ethnic minority groups. This is produced as one set of comparative figures for the whole workforce. All staff, including part-time and temporary employees are included.

Gender

Table 1: Occupational Segregation by Gender by Grade

Equal Work Group	Organisation	Male			Female		
	Count	Count	% of Group	% of Male	Count	% of Group	% of Female
NONSPINAL GRADE	46	10	21.74	0.75	35	76.09	0.98
Modern Apprentice	2	0	0	0	2	100	0.06
New Deal - 16hrs per week	1	0	0	0	0	0	0
NEWDEAL30	5	4	80	0.3	0	0	0
2	285	61	21.4	4.58	224	78.6	6.27
3	362	51	14.09	3.83	311	85.91	8.7
4	636	216	33.96	16.23	420	66.04	11.75
5	722	160	22.16	12.02	562	77.84	15.72
6	361	79	21.88	5.94	282	78.12	7.89
7	296	66	22.3	4.96	230	77.7	6.43
8	237	65	27.43	4.88	172	72.57	4.81
9	249	96	38.55	7.21	153	61.45	4.28
10	135	39	28.89	2.93	96	71.11	2.69
11	242	101	41.74	7.59	141	58.26	3.94
12	112	53	47.32	3.98	59	52.68	1.65
13	45	25	55.56	1.88	20	44.44	0.56
14	44	22	50	1.65	22	50	0.62
Quality Improvement Officer	7	3	42.86	0.23	4	57.14	0.11
Quality Improvement Manager	2	2	100	0.15	0	0	0
Education Psychologist	9	5	55.56	0.38	4	44.44	0.11
Depute/Principal Psychologist+	1	0	0	0	1	100	0.03
Music Instructors	34	21	61.76	1.58	13	38.24	0.36
Education Support Worker	3	2	66.67	0.15	1	33.33	0.03
Teachers	695	136	19.57	10.22	559	80.43	15.64
Chartered Teachers	49	15	30.61	1.13	34	69.39	0.95
Principal Teacher	189	62	32.8	4.66	127	67.2	3.55
Head and Depute Head Teachers	125	27	21.6	2.03	97	77.6	2.71
Chief Officer SCP 29	12	8	66.67	0.6	4	33.33	0.11
Chief Officer SCP 43	3	2	66.67	0.15	1	33.33	0.03
Chief Executive	1	0	0	0	1	100	0.03
	4910	1331	27.11	100	3575	72.81	100

Argyll & Bute Council have 4910 employee records. Of this 1331 are male or 27.1% of the overall population. For females the figures are 3575 or 72.9%. This female dominant profile is common in a local authority environment. It is notable that within Grades 2 through to 8 we note a significant proportion of females in these lowest grades. This represents 2,201 employees or 61.5% of total female employment.

Table2: Occupational Segregation by Gender by Role:

Roles which are female dominant (greater than 70% occupation and with greater than 10 employees) are summarised as follows:

Job Title	F	%	M	%	Grand Total
TEACHER	585	79.81%	148	20.19%	733
ADDITIONAL SUPPORT NEEDS ASSISTANT	200	98.04%	4	1.96%	204
CLERICAL ASSISTANT	179	95.21%	9	4.79%	188
CATERING ASSISTANT	166	98.81%	2	1.19%	168
CLASSROOM ASSISTANT	145	96.67%	5	3.33%	150
PRINCIPAL TEACHER	122	67.03%	60	32.97%	182
CLEANER	117	83.57%	23	16.43%	140
HOME CARER	111	98.23%	2	1.77%	113
CATERING MANAGER	66	100.00%		0.00%	66
CHILDCARE & EDUCATION WORKER	65	100.00%		0.00%	65
SOCIAL WORKER	64	81.01%	15	18.99%	79
HEADTEACHER	63	84.00%	11	14.67%	75
SCHOOL CLEANER	60	89.55%	7	10.45%	67
SOCIAL CARE WORKER	53	88.33%	7	11.67%	60
ADMINISTRATIVE SUPPORT WORKER	47	97.92%	1	2.08%	48
ADMINISTRATIVE ASSISTANT	47	92.16%	4	7.84%	51
ADDITIONAL SUPPORT NEEDS	45	95.74%	2	4.26%	47
PUPIL SUPPORT ASSISTANT	38	100.00%		0.00%	38
JANITOR/CLEANER	33	76.74%	10	23.26%	43
SENIOR CLERICAL ASSISTANT	30	90.91%	3	9.09%	33
DOMESTIC ASSISTANT	26	92.86%	2	7.14%	28
SENIOR SOCIAL CARE WORKER	26	89.66%	3	10.34%	29
CUSTOMER SERVICES CENTRE AGENT	23	95.83%	1	4.17%	24
ASSISTANT COOK	21	100.00%		0.00%	21
ESCORT	20	95.24%	1	4.76%	21
SCHOOL CLEANER IN CHARGE	20	90.91%	2	9.09%	22
BENEFITS ASSESSOR	19	86.36%	3	13.64%	22
SUPPORT WORKER	19	82.61%	4	17.39%	23

ADMINISTRATIVE OFFICER	18	94.74%	1	5.26%	19
DEVELOPMENT WORKER	18	85.71%	3	14.29%	21
HOUSEPARENT	16	100.00%		0.00%	16
LIBRARY ASSISTANT	16	94.12%	1	5.88%	17
TUTOR OUT OF SCHOOL	16	80.00%	4	20.00%	20
ASSISTANT DEVELOPMENT WORKER	15	83.33%	3	16.67%	18
ASSISTANT SOCIAL CARE WORKER	14	100.00%		0.00%	14
COMMUNITY CARE ASSISTANT	14	100.00%		0.00%	14
LOCAL TAX ASSISTANT	14	100.00%		0.00%	14
SOCIAL CARE WORKER - CHILDREN'S UNIT	14	93.33%	1	6.67%	15
UNIT MANAGER	14	93.33%	1	6.67%	15
SENIOR ADMIN SUPPORT WORKER	12	100.00%		0.00%	12
TEAM LEADER	12	75.00%	4	25.00%	16
ADMINISTRATIVE SUPPORT OFFICER	10	90.91%	1	9.09%	11

Roles noted as male dominant (greater than 70% occupation with greater than 10 employees) are noted as follows:

Job Title	F	%	M	%	Grand Total
DRIVER/ESCORT	20	0.00%	47	70.15%	67
REFUSE COLLECTOR		0.00%	36	100.00%	36
JANITOR/CARETAKER	10	0.00%	33	76.74%	43
ROADWORKER 2 (SEMI SKILLED)		0.00%	30	100.00%	30
LOCAL ENVIRONMENT TEAM OPERATIVE	1	0.00%	30	96.77%	31
DRIVER 2		0.00%	25	100.00%	25
ROADWORKER 3 (SKILLED)		0.00%	25	100.00%	25
PIER OPERATIVE	2	0.00%	16	88.89%	18
MUSIC INSTRUCTOR	6	0.00%	14	70.00%	20
GARDENER3/GRAVEDIGGER		0.00%	13	100.00%	13
ROADSWEEPER	1	0.00%	13	92.86%	14
ICT TECHNICIAN	1	0.00%	10	90.91%	11

The above tables highlight gender dominant roles. These roles reflect the broader occupational segregation experienced across the Local Government sector. There is strong gender based segregation noted in traditional 'female' roles of Teaching, Caring and Catering and for 'male' roles in former manual worker categories such as Roadworker, Drivers and Refuse Collection.

Table 3: Gender pay gap.

Equal Work Group	Male	Avg Total	Female	Avg Total		
	Count	Hourly Rate	Count	Hourly Rate	Difference (£)	Pay Gap (%)
NONSPINAL GRADE	10	1.05	35	0.6	0.44	42.26
Modern Apprentice	0		2	2.68		
New Deal - 16hrs per week	0		0			
NEWDEAL30	4	6.72	0			
2	61	7	224	7	0	0.03
3	51	7.59	311	7.66	-0.07	-0.98
4	216	8.43	420	8.44	0	-0.05
5	160	9.67	562	9.45	0.22	2.31
6	79	10.72	282	10.39	0.33	3.11
7	66	11.6	230	11.43	0.17	1.47
8	65	12.71	172	12.73	-0.02	-0.13
9	96	14.55	153	14.23	0.31	2.16
10	39	16.49	96	16.84	-0.35	-2.14
11	101	18.88	141	18.74	0.14	0.72
12	53	21.19	59	20.95	0.24	1.13
13	25	23.69	20	23.59	0.11	0.44
14	22	26.8	22	26.61	0.19	0.71
Quality Improvement Officer	3	30.83	4	29.99	0.84	2.72
Quality Improvement Manager	2	32.12	0			
Education Psychologist	5	27.25	4	25.8	1.46	5.35
Depute/Principal Psychologist+	0		1	30.67		
Music Instructors	21	17.14	13	17.11	0.04	0.23
Education Support Worker	2	23.41	1	23.41	0	0
Teachers	136	17.95	559	18.13	-0.19	-1.04
Chartered Teachers	15	21.66	34	21.32	0.34	1.57
Principal Teacher	62	23.27	127	22.35	0.91	3.92
Head and Depute Head Teachers	27	28.59	97	26.31	2.28	7.98
Chief Officer SCP 29	8	38.49	4	38.44	0.05	0.13
Chief Officer SCP 43	2	51.99	1	51.78	0.21	0.4
Chief Executive	0		1	65.01		
	1331	14.28	3575	12.96	1.32	9.23

The average hourly rate for a Council male employee is £14.28 and the average hourly rate for female employees is £12.96 resulting in a gender pay gap in favour of male employees of 9.23% on the basis of the percentage difference between average total hourly rate pay (excluding overtime) between men and women.

Disability

Table 4: Occupational Segregation by Disability by Grade

Equal Work Group	Organisation	Non-Disabled	% of	% of	Disabled	% of	% of
	Count	Count	Group	Non-Disabled	Count	Group	Disabled
NONSPINAL GRADE	46	17	36.96	0.59	1	2.17	1.08
Modern Apprentice	2	0	0	0	0	0	0
New Deal - 16hrs per week	1	0	0	0	0	0	0
NEWDEAL30	5	1	20	0.03	0	0	0
2	285	152	53.33	5.28	10	3.51	10.75
3	362	191	52.76	6.63	5	1.38	5.38
4	636	334	52.52	11.6	16	2.52	17.2
5	722	400	55.4	13.89	12	1.66	12.9
6	361	223	61.77	7.75	6	1.66	6.45
7	296	162	54.73	5.63	1	0.34	1.08
8	237	142	59.92	4.93	8	3.38	8.6
9	249	171	68.67	5.94	7	2.81	7.53
10	135	87	64.44	3.02	5	3.7	5.38
11	242	155	64.05	5.38	7	2.89	7.53
12	112	76	67.86	2.64	6	5.36	6.45
13	45	33	73.33	1.15	0	0	0
14	44	34	77.27	1.18	0	0	0
Quality Improvement Officer	7	4	57.14	0.14	0	0	0
Quality Improvement Manager	2	2	100	0.07	0	0	0
Education Psychologist	9	4	44.44	0.14	0	0	0
Depute/Principal Psychologist+	1	1	100	0.03	0	0	0
Music Instructors	34	23	67.65	0.8	2	5.88	2.15
Education Support Worker	3	2	66.67	0.07	0	0	0
Teachers	695	419	60.29	14.55	5	0.72	5.38
Chartered Teachers	49	23	46.94	0.8	1	2.04	1.08
Principal Teacher	189	124	65.61	4.31	0	0	0
Head and Depute Head Teachers	125	88	70.4	3.06	1	0.8	1.08
Chief Officer SCP 29	12	8	66.67	0.28	0	0	0
Chief Officer SCP 43	3	2	66.67	0.07	0	0	0
Chief Executive	1	1	100	0.03	0	0	0
	4910	2879	58.64	100	93	1.89	100

Argyll & Bute Council have 4910 employee records. However only 2,972 have declared either a 'yes' response or a 'no' response to disability. This means that we have a partial disability profile for all employees. Of those who have declared a

disability we have 93 employees which represents c3.2% of those who have declared 'no' to a disability.

Table 5: Occupational Segregation by Disability by Role:

Roles which have greater than 2 declared disabled employees are summarised as follows:

Job Title	N	Y	%	Grand Total
ADDITIONAL SUPPORT NEEDS ASSISTANT	142	7	3.43%	204
CLERICAL ASSISTANT	106	6	3.19%	188
TEACHER	432	6	0.82%	733
CLASSROOM ASSISTANT	89	5	3.33%	150
DRIVER/ESCORT	39	4	5.97%	67
CLEANER	84	4	2.86%	140
PUPIL SUPPORT ASSISTANT	23	3	7.89%	38
CLERK OF WORKS/BRIDGE INSPECTOR		2	100.00%	2
COMMUNITY PAYBACK OFFICER	2	2	40.00%	5
ENVIRONMENTAL HEALTH OFFICER	5	2	20.00%	10
UNIT MANAGER	8	2	13.33%	15
MUSIC INSTRUCTOR	13	2	10.00%	20
SCHOOL CROSSING PATROLLER	14	2	6.67%	30
SCHOOL CLEANER	37	2	2.99%	67

The occupational profile of disability by role does not indicate any significant occupational groups. The numbers with a declared disability do not provide enough statistical validity to provide a definitive picture of occupational segregation.

Table 6: Disability pay gap.

Equal Work Group	Non-Disabled	Avg Total	Disabled	Avg Total		
	Count	Hourly Rate	Count	Hourly Rate	Difference (£)	Pay Gap (%)
NONSPINAL GRADE	17	1.22	1			
Modern Apprentice	0		0			
New Deal - 16hrs per week	0		0			
NEWDEAL30	1	6.46	0			
2	152	6.95	10	6.85	0.1	1.45
3	191	7.7	5	7.4	0.3	3.84
4	334	8.45	16	8.44	0.01	0.09
5	400	9.52	12	9.49	0.03	0.28
6	223	10.47	6	10.46	0	0.04
7	162	11.52	1	10.78	0.74	6.39
8	142	12.78	8	12.78	-0.01	-0.06
9	171	14.38	7	14.2	0.18	1.26
10	87	16.84	5	16.18	0.66	3.89
11	155	18.84	7	18.98	-0.14	-0.74
12	76	21.14	6	20.77	0.37	1.76
13	33	23.8	0			
14	34	26.72	0			
Quality Improvement Officer	4	30.02	0			
Quality Improvement Manager	2	32.12	0			
Education Psychologist	4	27.25	0			
Depute/Principal Psychologist+	1	30.67	0			
Music Instructors	23	17.03	2	17.66	-0.62	-3.66
Education Support Worker	2	23.41	0			
Teachers	419	18.4	5	17.17	1.23	6.68
Chartered Teachers	23	21.58	1	23.41	-1.83	-8.46
Principal Teacher	124	22.52	0			
Head and Depute Head Teachers	88	27.25	1	27.6	-0.35	-1.27
Chief Officer SCP 29	8	38.49	0			
Chief Officer SCP 43	2	51.99	0			
Chief Executive	1	65.01	0			
	2879	13.89	93	12.26	1.63	11.7

The average hourly rate for a Council non-disabled employee is £13.89 and the average hourly rate for disabled employees is £12.26 resulting in a disability pay gap in favour of non-disabled employees of 11.7% on the basis of the percentage

difference between average total hourly rate pay (excluding overtime) between non-disabled and disabled employees.

Ethnicity

Table 7: Occupational Segregation by Ethnicity by Grade

Equal Work Group	Organisation	White			Ethnic Minority		
	Count	Count	% of Group	% of White	Count	% of Group	% of Minority
NONSPINAL GRADE	46	20	43.48	0.53	0	0	0
Modern Apprentice	2	2	100	0.05	0	0	0
New Deal - 16hrs per week	1	0	0	0	0	0	0
NEWDEAL30	5	1	20	0.03	0	0	0
2	285	156	54.74	4.13	0	0	0
3	362	202	55.8	5.35	1	0.28	2.33
4	636	471	74.06	12.47	4	0.63	9.3
5	722	561	77.7	14.85	8	1.11	18.6
6	361	285	78.95	7.55	5	1.39	11.63
7	296	228	77.03	6.04	2	0.68	4.65
8	237	187	78.9	4.95	1	0.42	2.33
9	249	209	83.94	5.53	1	0.4	2.33
10	135	113	83.7	2.99	0	0	0
11	242	195	80.58	5.16	4	1.65	9.3
12	112	88	78.57	2.33	3	2.68	6.98
13	45	36	80	0.95	1	2.22	2.33
14	44	40	90.91	1.06	0	0	0
Quality Improvement Officer	7	7	100	0.19	0	0	0
Quality Improvement Manager	2	2	100	0.05	0	0	0
Education Psychologist	9	7	77.78	0.19	0	0	0
Depute/Principal Psychologist+	1	1	100	0.03	0	0	0
Music Instructors	34	30	88.24	0.79	0	0	0
Education Support Worker	3	3	100	0.08	0	0	0
Teachers	695	576	82.88	15.25	11	1.58	25.58
Chartered Teachers	49	47	95.92	1.24	1	2.04	2.33
Principal Teacher	189	181	95.77	4.79	0	0	0
Head and Depute Head Teachers	125	117	93.6	3.1	1	0.8	2.33
Chief Officer SCP 29	12	9	75	0.24	0	0	0
Chief Officer SCP 43	3	3	100	0.08	0	0	0
Chief Executive	1	0	0	0	0	0	0
	4910	3777	76.92	100	43	0.88	100

Argyll & Bute Council have 4910 employee records. However only 43 employees have declared a response which represents an ethnic minority. This accounts for 1.1% of the population who have a declared ethnicity. In Argyll & Bute, the employment profile is strongly weighted towards those who are declared against the 'White-Scottish' categories. This reflects the local demographic population. This leaves a small proportion of employees with a declared Ethnic minority of which the majority are White but not Scottish. Therefore, any statistical patterns are unlikely to be conclusive. However, for comparison we can compare a 'White' group against all other groups (excluding not declared). An analysis by role will be inconclusive.

Table 8: Ethnicity pay gap.

Equal Work Group	White	Avg Total	Ethnic Minority	Avg Total		
	Count	Hourly Rate	Count	Hourly Rate	Difference (£)	Pay Gap (%)
NONSPINAL GRADE	20	1.58	0			
Modern Apprentice	2	2.68	0			
New Deal - 16hrs per week	0		0			
NEWDEAL30	1	6.46	0			
2	156	6.97	0			
3	202	7.65	1	7.3	0.35	4.62
4	471	8.43	4	8.47	-0.04	-0.51
5	561	9.49	8	9.4	0.1	1
6	285	10.46	5	10.21	0.24	2.31
7	228	11.49	2	11.43	0.06	0.54
8	187	12.76	1	11.8	0.96	7.5
9	209	14.36	1	14.49	-0.13	-0.92
10	113	16.75	0			
11	195	18.83	4	18.57	0.25	1.35
12	88	21.07	3	21.27	-0.2	-0.96
13	36	23.68	1	24.18	-0.5	-2.11
14	40	26.68	0			
Quality Improvement Officer	7	30.35	0			
Quality Improvement Manager	2	32.12	0			
Education Psychologist	7	27.25	0			
Depute/Principal Psychologist+	1	30.67	0			
Music Instructors	30	17.06	0			
Education Support Worker	3	23.41	0			
Teachers	576	18.26	11	17.57	0.68	3.75
Chartered Teachers	47	21.38	1	21.68	-0.3	-1.4
Principal Teacher	181	22.67	0			
Head and Depute Head Teachers	117	26.89	1	29.2	-2.3	-8.56
Chief Officer SCP 29	9	38.47	0			
Chief Officer SCP 43	3	51.92	0			
Chief Executive	0		0			
	3777	13.94	43	14.49	-0.55	-3.94

The average hourly rate for a Council ethnic minority employee is £14.49 and the average hourly rate for ethnic majority (white) employees is £13.94 resulting in an ethnicity pay gap in favour of ethnic minority employees of 3.94% on the basis of the

percentage difference between average total hourly rate pay (excluding overtime) between White and ethnic minority employees.

3. Equal Pay Audit

This audit will follow the five step approach as recommended by the Equalities and Human Rights Commission (EHRC) thus:

- Step 1. Decide the scope of the review and identify the data required;
- Step 2. Select jobs of like work, work rated as equivalent or work of equal value;
- Step 3. Apply a standard set of reporting templates to help identify the pay gaps in the organisation;
- Step 4. Find out which aspects of your pay system are contributing to any pay gaps;
- Step 5. Obtain expert advice and guidance on the steps needed to implement equal pay.

Step 1: Decide the scope of the review and identify the data required.

This audit will examine the equality of pay by reference to the 'protected characteristics' as defined in the Equality Act 2010. In the act the protected groups are defined as:

- Gender
- Disability
- Age
- Marriage and civil partnerships
- Pregnancy and maternity
- Race
- Religion and belief
- Sexual orientation
- Gender re-assignment

The Equality Act 2010 (Specific Duties) (Scotland) Regulations specify the requirement to publish a number of key statistics by 30 April 2013 and every two years thereafter. In particular:

1. Pay gap information. (see section 2 above);
2. Equal Pay statement relating to equal pay policies for:
 - (i) women and men, disabled people and non-disabled people, people in a minority racial group and people who are not;
occupational segregation within its workforce, being the concentration of:
 - (i) women and men, disabled people and non-disabled people, people in a minority racial group and people who are not.

This audit is to include an analysis by:

- Gender
- Disability
- Ethnicity

The audit will incorporate an analysis of pay including base pay and total pay including other additional pay elements.

The data provided for the analysis contained details of all current employees including their salary position at October 2014 values plus all individual pay element allowances on an annualised basis. This data was imported into the 'Equal Pay Reviewer' software tool for analysis.

The scope of this audit covers all employees with the exception of the following specific exclusions from the data:

- Councillors;
- Teachers;
- New Deal;
- Casual employees

In total this provides for a population of 3,741 employee records. Pay and grade arrangements for Teaching staff are out with the control of Argyll & Bute Council and whilst they are employees of the Council, the pay levels are not within Council control and are therefore excluded from the following analysis. Casual employee records are also excluded.

Step 2: Select jobs of like work, work rated as equivalent or work of equal value;

A critical step in the assessment of equal pay is the measure used for comparison of the various categories of employees. The clearest and most appropriate measure is the 'work rated as equivalent' one whereby employees have been evaluated under an appropriate scheme of job evaluation.

Argyll & Bute Council has applied the SJC job evaluation scheme up to and including those of Grade 14. Implementation of the 'single status agreement' took place several years ago.

The scheme of job evaluation applied, the SJC is an objective robust mechanism for the assessment of roles against the 'work rated as equivalent' measure of the Equality Act. The additional Senior Management employees are presented in their own respective grade groups for presentation here.

Step 3&4: Apply a standard set of reporting templates to help identify the pay gaps in the organisation and find out which aspects are contributing to any gaps;

This section is the bulk of our analysis and will be broken down into component parts thus:

- i. Equality Impact Assessment of the grading structure
- ii. Gender Pay Analysis
- iii. Disability Pay Analysis
- iv. Ethnicity Pay Analysis

i. **Equality Impact Assessment of the Argyll & Bute Council pay Structure**

The pay structure

This section will take a top level review of the pay and grading structure currently applied by Argyll & Bute Council.

The pay structure for all single status staff can be summarised as follows:

LOCAL GOVERNMENT EMPLOYEES

GRADE	COSLA SCP's					INC STEPS
2	3	5	7			2
3	9	11	13	15		3
4	17	19	21			2
5	23	25	27	29		3
6	31	33	35			2
7	37	39	41			2
8	43	45	47	49		3
9	51	53	55	57		3
10	59	61	63	65	67	4
11	69	71	73	75		3
12	77	79	81	83		3
13	85	87	89	91		3
14	93	95	97	99		3

The current single status pay structure is underpinned by the following key principles.

Pay structure based on the SJC Pay Spine

The model analysed is based on the SJC pay spine. The pay structure contains a number of key elements.

- i. Progression through the grade is by one annual step incremental progression equivalent to two SJC scale points as per the grade structure.
- ii. No grades contain 'overlapping' points whereby a lower increment in the higher grade applies than in the preceding grade.

From a pure design point of view, the assurance of Equal Pay directs us to a number of key principles. Failing to achieve these principles is not a definitive statement of pay inequity; however, the failure to achieve these principles may give rise to challenge in the future.

- Good practice encourages us to avoid the adoption of tenure based annual increments beyond five steps.

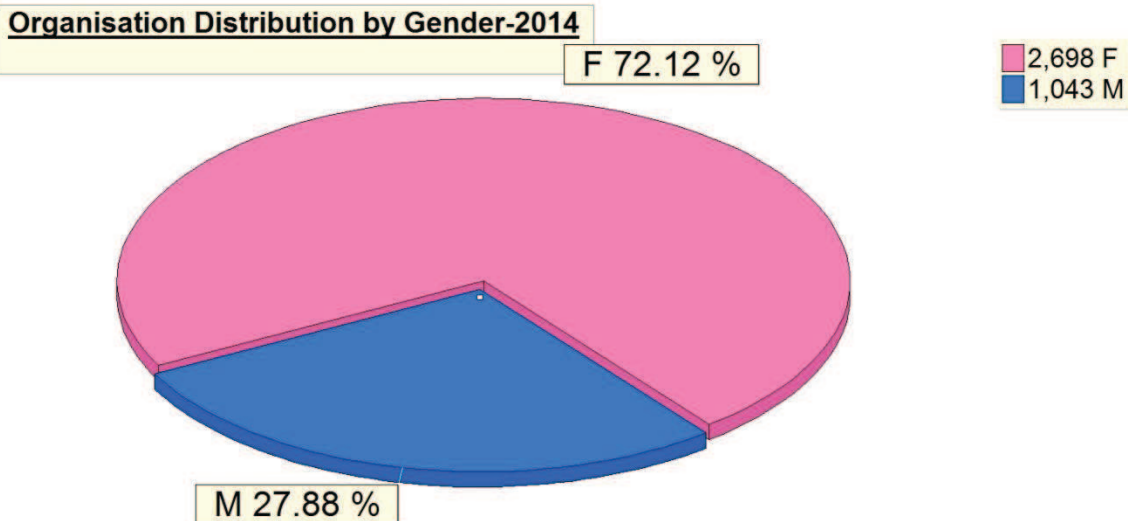
No grades contain greater than five increment steps. Indeed, the highest number is contained in one grade (grade 10) which has four steps. This, in 'good practice' terms, is acceptable.

- The adoption of overlapping points between grades is potentially discriminatory.

The issue of utilising overlapping points is not always apparent when undertaking an Equal Pay Audit. Where we do have an overlap, there is a potential for an employee to challenge their pay point if this is lower than an overlapping grade on the basis of equal value. In the case of Argyll & Bute, no grade point 'overlaps'.

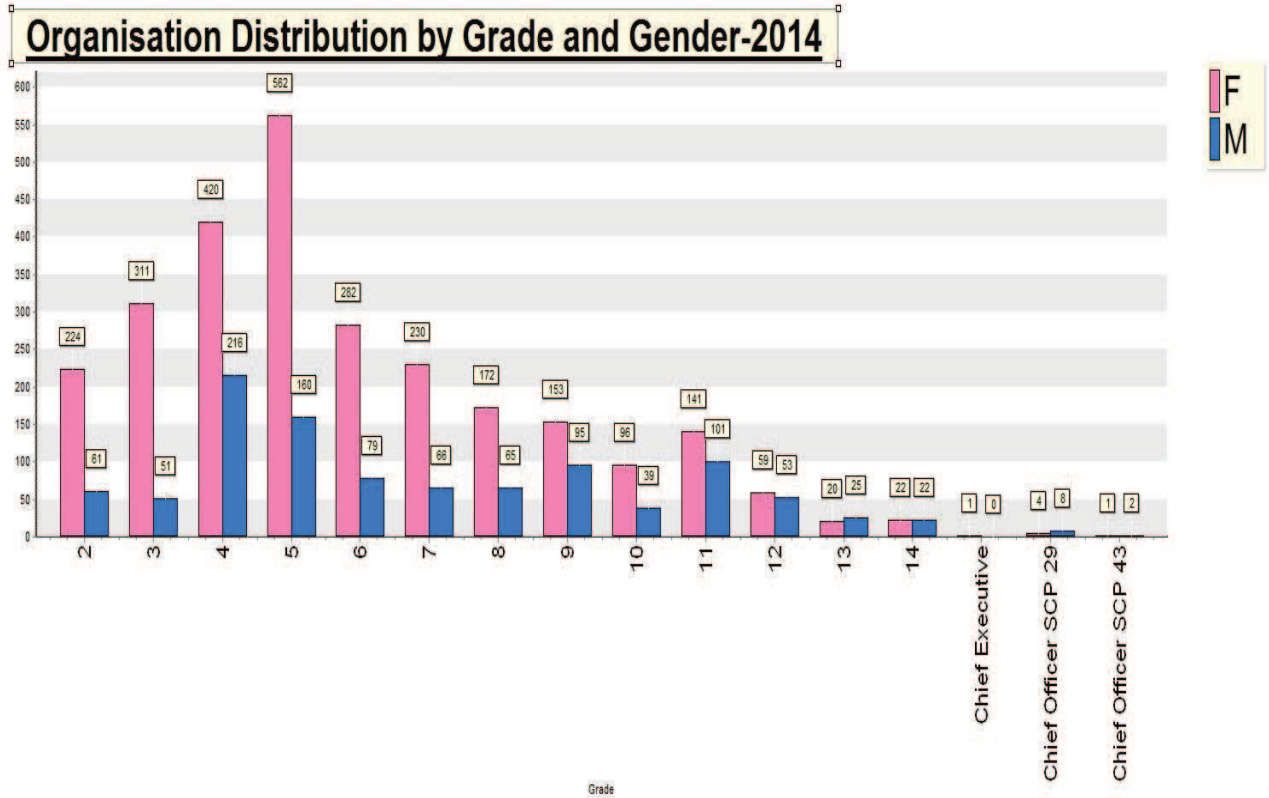
ii. Gender Pay Analysis.

The greatest risk from an Equal Pay challenge remains from a potential gender pay gap. Firstly an overall examination of the gender breakdown of the population sets the scene.



Subject to the exclusions noted earlier in the report, Argyll & Bute Council employs an overall staff population of 3,741 employees as at October 2014. Of these employees, 2,698 are female (72%) against 1,043 male staff (28%). Commonly in a local authority environment, we would note a particular female dominant workforce. The Argyll & Bute Council environment is reflective of this.

A further breakdown of by grade is also informative.



The above chart demonstrates the ‘bias’ of employment for female employees in a number of key grades. Grades 2 through 5 employ 56% of all females employed. It is within these grades that the greatest ‘risk’ to the Council from Equal Pay challenge would come.

The Pay Gap

In the assessment of equal pay risk, the Equalities and Human Rights Commission (EHRC) advise that any gender pay gap within a defined ‘equal pay work set’ of greater than 5% is of concern and action be taken to address this gap. A gap of between 3-5% is cautionary and the reasons for this be investigated. Any pay gap is a concern, but we shall focus on any significant or cautionary pay gap. All elements of pay and associated terms and conditions need to be examined individually for a full analysis of the pay gap to be presented.

The single status grading structure can be used as a valid ‘equal work group’ for the purposes of comparing one role against another. The application of the SJC scheme can be declared as a valid descriptor for Equal Pay by using grades as the ‘equal pay work group’.

Base Pay Gap

All salaries are presented as annual base pay figures to a full-time equivalent value. This is important in as much as for comparison purposes, all part-time staff must have their pay raised to full-time equivalent values. This overall pay gap can be further broken down into the ‘Equal Work Groups’ for analysis.

The basic pay gap male against female average pay is as follows:

Equal Work Group	Male		Female			
	Count	Avg Basic Hourly Rate	Count	Avg Basic Hourly Rate	Difference (£)	Pay Gap (%)
2	61	7	224	7	0	0.04
3	51	7.58	311	7.65	-0.08	-1
4	216	8.39	420	8.43	-0.04	-0.45
5	160	9.48	562	9.43	0.04	0.47
6	79	10.41	282	10.36	0.04	0.4
7	66	11.33	230	11.34	-0.02	-0.14
8	65	12.69	172	12.69	0	0.04
9	95	14.31	153	14.21	0.1	0.67
10	39	16.41	96	16.47	-0.06	-0.37
11	101	18.8	141	18.71	0.09	0.48
12	53	21.15	59	20.9	0.25	1.19
13	25	23.66	20	23.58	0.07	0.31
14	22	26.76	22	26.61	0.15	0.56
Chief Officer SCP 29	8	38.44	4	38.42	0.03	0.07
Chief Officer SCP 43	2	51.92	1	51.78	0.14	0.27
Chief Executive	0		1	64.96		
	1043	12.61	2698	10.92	1.69	13.38

In total we have a significant pay gap of 13.38% in favour of male employees. The gender gap profile is however, not anomalous in a local authority context. We note that there are no grades reporting any notable pay gap. This is an extremely positive outcome and reflects well on the Council implementation of single status several years ago. It is from within each grade that any valid equal pay comparison is likely to arise rather than an overall organisational pay gap.

Total Pay Gap:

The Equality Act (Specific Duty) Regulations request that overtime is excluded from the submitted statistical analysis for publication. For this reason, the analysis of total pay here will also exclude overtime. If we include all additional pay elements (excluding overtime) in our analysis to present total pay we note the following pay gap analysis:

Equal Work Group	Male	Avg Total	Female	Avg Total		
	Count	Hourly Rate	Count	Hourly Rate	Difference (£)	Pay Gap (%)
2	61	7	224	7	0	0.03
3	51	7.59	311	7.66	-0.07	-0.98
4	216	8.43	420	8.44	0	-0.05
5	160	9.67	562	9.45	0.22	2.31
6	79	10.72	282	10.39	0.33	3.11
7	66	11.6	230	11.43	0.17	1.47
8	65	12.71	172	12.73	-0.02	-0.13
9	95	14.62	153	14.23	0.39	2.68
10	39	16.49	96	16.84	-0.35	-2.14
11	101	18.88	141	18.74	0.14	0.72
12	53	21.19	59	20.95	0.24	1.13
13	25	23.69	20	23.59	0.11	0.44
14	22	26.8	22	26.61	0.19	0.71
Chief Officer SCP 29	8	38.49	4	38.44	0.05	0.13
Chief Officer SCP 43	2	51.99	1	51.78	0.21	0.4
Chief Executive	0		1	65.01		
	1043	12.73	2698	10.95	1.78	13.96

An overall pay gap is presented in favour of males of 13.96%. One cautionary pay gap is reported in favour of male employees in Grade 5.

Grade 5 – Pay Gap 3.11%

This cautionary pay gap is created as a result of a significant group of male employees working Standby arrangements. The effect of Standby on gender pay is noted later in this report.

If we reverse the gender comparison to compare total male pay (excluding overtime) with female pay the following is noted:

Equal Work Group	Female	Avg Total	Male	Avg Total		
	Count	Hourly Rate	Count	Hourly Rate	Difference (£)	Pay Gap (%)
2	224	7	61	7	0	-0.03
3	311	7.66	51	7.59	0.07	0.97
4	420	8.44	216	8.43	0	0.05
5	562	9.45	160	9.67	-0.22	-2.36
6	282	10.39	79	10.72	-0.33	-3.21
7	230	11.43	66	11.6	-0.17	-1.5
8	172	12.73	65	12.71	0.02	0.13
9	153	14.23	95	14.62	-0.39	-2.75
10	96	16.84	39	16.49	0.35	2.09
11	141	18.74	101	18.88	-0.14	-0.73
12	59	20.95	53	21.19	-0.24	-1.14
13	20	23.59	25	23.69	-0.11	-0.45
14	22	26.61	22	26.8	-0.19	-0.72
Chief Officer SCP 29	4	38.44	8	38.49	-0.05	-0.13
Chief Officer SCP 43	1	51.78	2	51.99	-0.21	-0.4
Chief Executive	1	65.01	0			
	2698	10.95	1043	12.73	-1.78	-16.22

There are no reported pay gaps.

If we examine each of the major pay elements that the Council currently pays a review of the gender impact can be noted thus:

PAY ELEMENTS BY GENDER

The volume of allowances paid is not significant in terms of total pay but they do present minor gender pay gaps in one area of the pay structure. It is prudent to review each category of allowance from a gender point of view.

Distant Islands

An annual allowance is paid to employees employed by Island Councils and those based on Tiree, Coll and Colonsay. The payment is made to compensate for a circumstantial situation and no gender concern is noted.

Night Working

Night Work is paid at the rate of time and a third of the hourly rate for each hour worked on recognised night shifts between 10pm and 6am. The allowance is claimed by key roles such as Social Care Worker which are female dominant. This payment for 'unsocial hours' is a reasonable recompense for work within a 24hour service cycle and whilst a pay gap has been noted as a result of the payment in Grader 10, no action is required.

Call Out/Standby

A range of standby/call-out payments are in place to compensate employees who are on a standby duty or are called out to work out of normal hours.

Of significance here is the gender profile for Standby payments.

Female	70
SOCIAL WORKER	32
Male	209
ROADWORKER 2 (SEMI SKILLED)	27
ROADWORKER 3 (SKILLED)	21
LOCAL ENVIRONMENT TEAM OPERATIVE	11
CLERK OF WORKS INSPECTOR	8
DRIVER 2	7
WORKING FOREPERSON ROADS MAINTENANCE	7
FERRY OPERATIVE (2ND MAN)	5
MECHANIC	5
REFUSE COLLECTOR	5
SUPERINTENDENT	5
FERRY OPERATIVE	5
GARDENER	4
PROPERTY OFFICER/CLERK OF WORKS	4
TEAM LEADER	3
AMENITY SUPERVISOR	3
LOCAL ENVIRONMENT TEAM CHARGEHAND	3
ROADWORKER (SKILLED)	3
ROADWORKER CHARGEHAND	3
TECHNICAL OFFICER	3
WASTE DISPOSAL OPERATIVE 2	3
WORKING FOREMAN	3

The above profile highlights a male dominant group. Key roles (at least three jobholders listed only with overall totals) include Road workers on standby. This reflects the nature of the role and the fact that in general males tend to be available to work out of standard hours with females in proportion having primary care duties.

Sleep in

Employees required to sleep-in as part of their normal duties receive sleep-in compensation payments. The key roles claiming this allowance include Houseparent and Social Support Worker roles required to stay away from home as part of their duties and no concern is noted.

Telephone Allowance

Telephone allowances are paid incorporating basic line rental and rental cost of one handset.

Payment for business calls also applies where Directors determine employees eligible to receive telephone allowance based on the exigency of the service.

The gender profile is as follows:

Job Title	F	M
SOCIAL WORKER	11	2
HEAD OF SERVICE	2	7
CLERK OF WORKS		
INSPECTOR		3
JANITOR/CARETAKER		3
SUPERINTENDENT		4
TECHNICAL OFFICER		5
Grand Total	26	52

The above profile highlights a male dominant group. Key roles (at least three jobholders listed only with overall totals) include Superintendents and Technical Officers. Telephone allowance is a payment depending on the needs of the particular service provision. Whilst more male employees receive this payment, the circumstantial nature of the requirement to have access to a telephone does not present a specific gender concern.

Gender Impact Analysis -Conclusion

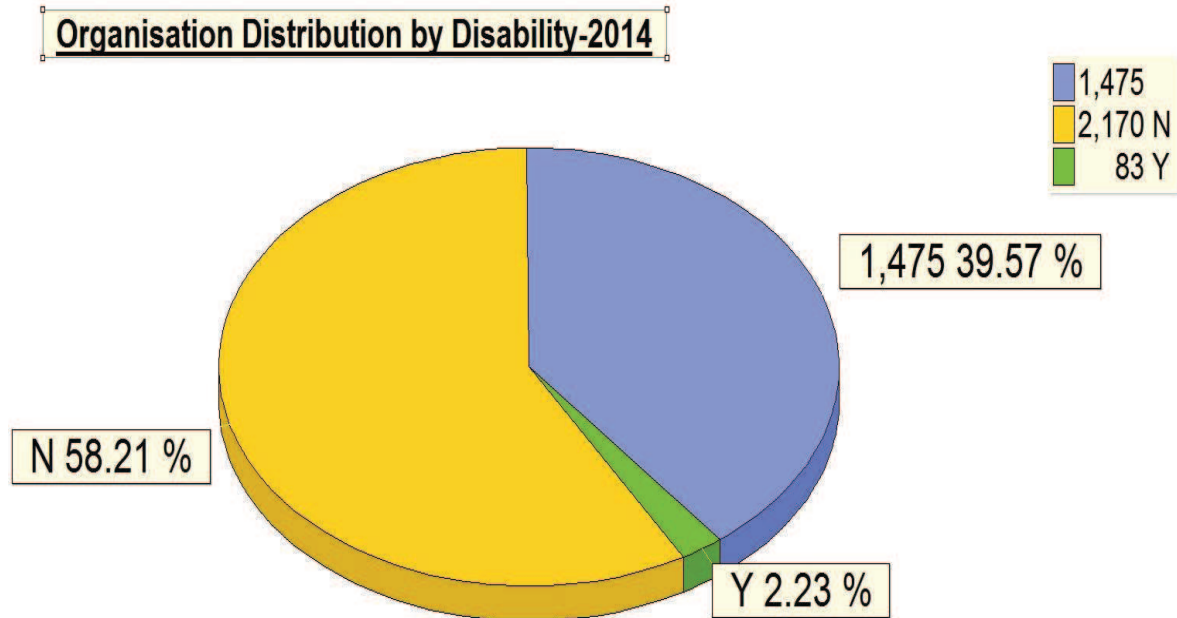
The gender pay analysis provides us with the following summary:

Argyll and Bute Council operate a positive gender pay environment. In running the statistical analysis no gender pay gap is reported with the exception of the overall organisational pay gap which is a reflection of the recruitment profile of males to more senior positions in relative comparison to females. The presented pay gap is not anomalous with the wider national average within Local Government and the fact that single status has now been in place for several years has presented a situation

of a positive pay environment for gender pay. The persistence of the overall organisational pay gap is, like most local authorities, mainly caused by the relative numbers of lower paid female dominant roles.

iii. Disability Pay Analysis

An overall examination of the disability breakdown of the population sets the scene.



At this stage, it is particularly important to stress that clear conclusions relating to disability pay are limited due to the small population of employees who have declared a disability (83 employees out of a total of 2,253 who have made a declaration or 3.7%). This small representative sample does not allow us the opportunity to identify clear patterns. It is worth noting that 1,475 records are blank. However we can examine a top level overview of those who are disabled in comparison with those who are not. In other words 83 employees have declared a disability compared to 2,170 who have declared no disability.

With a disability pay audit we are not concerned should a positive pay gap be noted in favour of disabled employees so we will concentrate on any areas where a negative pay gap exists.

The Pay Gap: Total Pay

Equal Work Group	Non-Disabled	Avg Total	Disabled	Avg Total		
	Count	Hourly Rate	Count	Hourly Rate	Difference (£)	Pay Gap (%)
2	152	6.95	10	6.85	0.1	1.45
3	191	7.7	5	7.4	0.3	3.84
4	334	8.45	16	8.44	0.01	0.09
5	400	9.52	12	9.49	0.03	0.28
6	223	10.47	6	10.46	0	0.04
7	162	11.52	1	10.78	0.74	6.39
8	142	12.78	8	12.78	-0.01	-0.06
9	170	14.42	7	14.2	0.22	1.55
10	87	16.84	5	16.18	0.66	3.89
11	155	18.84	7	18.98	-0.14	-0.74
12	76	21.14	6	20.77	0.37	1.76
13	33	23.8	0			
14	34	26.72	0			
Chief Officer SCP 29	8	38.49	0			
Chief Officer SCP 43	2	51.99	0			
Chief Executive	1	65.01	0			
	2170	11.88	83	11.66	0.22	1.84

From the above table we see an overall pay gap in favour of non-disabled staff of 1.84%. One significant pay gap is reported in Grade 7 and two cautionary pay gaps are reported in Grades 3 and 10.

Pay Gap – Grade 3 – 3.84%

We have five employees with a Disability of which three are currently on the lowest three spinal column points of the Grade. Only by incremental progression will the pay gap be removed. In addition, some of the non-disabled group work and receiving Night Duty and Distant Islands Allowance to a greater degree than the Disabled group.

Pay Gap – Grade 7 – 6.39%

One employee with a declared disability has been recruited to the minimum point of the pay band. Only by incremental progression will the pay gap be removed.

Pay Gap – Grade 10 – 3.89%

The reported pay gap here is the result of a number of non-disabled employees claiming night duty allowance. None of the Disabled employees do so.

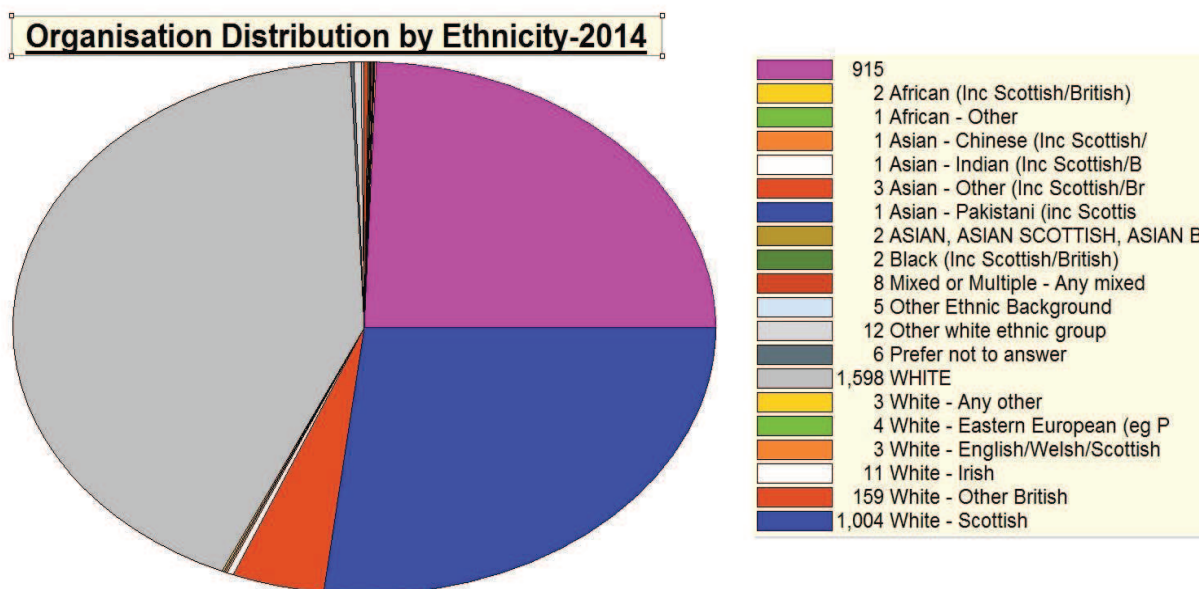
Disability Impact Analysis-Conclusion

In analysing the proposals in relation to Disability, we note that relatively few employees have a declared disability. From the data we can analyse however, the reported pay gap issues relates to the placement of a number of the disabled employee lower on the pay band relative to non-disabled colleagues. In addition non-disabled employees work more unsocial hours and therefore receive night duty payments. The pay gaps will mostly be removed with application of pay progression. The comments relating to the gender pay implications of potential future challenges for pay progression also apply here and care must be taken in any future revisions to reward strategies.

The Council is encouraged to further improve data collation in relation to Disability to reduce the number of undeclared records.

iv. Ethnicity Pay Analysis

An overall examination of the ethnicity breakdown of the population sets the scene.



In Argyll & Bute, the employment profile is strongly weighted towards those who are declared against the 'White' or 'White-Scottish' categories. This reflects the local demographic population. This relates to 93.1% of the total declared ethnicity. This leaves a small proportion of 218 employees with a declared Ethnic minority of which 180 are White but not Scottish. Therefore, like Disability, any patterns are unlikely to be conclusive. However, for comparison we will compare a 'White' group against all other groups (excluding not declared).

The total pay gap analysis is as follows:

Equal Work Group	White	Avg Total	Ethnic Minority	Avg Total		
	Count	Hourly Rate	Count	Hourly Rate	Difference (£)	Pay Gap (%)
2	156	6.97	0			
3	202	7.65	1	7.3	0.35	4.62
4	471	8.43	4	8.47	-0.04	-0.51
5	561	9.49	8	9.4	0.1	1
6	285	10.46	5	10.21	0.24	2.31
7	228	11.49	2	11.43	0.06	0.54
8	187	12.76	1	11.8	0.96	7.5
9	208	14.39	1	14.49	-0.1	-0.68
10	113	16.75	0			
11	195	18.83	4	18.57	0.25	1.35
12	88	21.07	3	21.27	-0.2	-0.96
13	36	23.68	1	24.18	-0.5	-2.11
14	40	26.68	0			
Chief Officer SCP 29	9	38.47	0			
Chief Officer SCP 43	3	51.92	0			
Chief Executive	0		0			
	2782	11.77	30	12.63	-0.86	-7.29

The above analysis reports an overall pay gap in favour of ethnic minority groups of 7.29%.

Within each grade, however, we note one significant and one cautionary pay gap.

Grade 3 – Pay Gap 4.62%

This pay gap is a result of the fact that the one identified employee from ethnic minority is currently placed at the minimum of the grade. The majority of ethnic majority employees are placed at grade maximum. This has the effect, in relative comparison, to create the pay gap. Only by incremental progression will this pay anomaly be removed.

Grade 8 – Pay Gap 7.5%

This pay gap is a result of the fact that the employee from a declared ethnic minority group is placed on the minimum point of Grade 8. This has the effect, in relative comparison, to create the pay gap. Only by incremental progression will this pay anomaly be removed.

Ethnicity Summary

The majority of Argyll & Bute Council employees are declared within the 'White' or 'White-Scottish' ethnic groups. The reported pay gaps in two grades will be resolved with the application of incremental progression within the grade structure.

4. Step 5: Action plan and Recommendation:

Argyll & Bute Council operate a positive pay environment for pay equality. Very few areas of concern have been noted within the pay gap analysis. This is as a result of the successful implementation of single status several years ago and the subsequent progression of employees through the pay structure in tandem with the ending of arrangements for pay protection.

The remaining organisational pay gap is mostly reflective of the relative large numbers of lower paid female employees in high number occupancy roles. This is not anomalous in a local authority context.

The few remaining pay gap concerns relate to the placement of limited numbers of Disabled or Ethnic minority groups on lower incremental points of the pay structure. The resolution of these pay gaps will be via the mechanism of pay progression. Any restriction of pay progression due to financial restriction which is based on circumstance of current pay could be problematic from an Equal Pay point of view, although the overall risk appears small to the Council at this time.

Graeme Stephen
Senior Reward Consultant
Northgate Arinso Reward Solutions
8 December 2014

ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****Customer Services****19 March 2015**

Redundancy Policy and Procedures

1.0 EXECUTIVE SUMMARY

This report presents the Policy and Resources Committee with an updated Redundancy Policy and accompanying procedures for consideration and approval. The policy has been refreshed as part of the HR work plan and minor amendments have been made to the policy to reflect ACAS guidance on time off for employees to seek alternative employment and the appeals process regarding selection.

The policy and procedures were developed in 2010 and have proven robust in managing the council's workforce through service reviews.

There are no direct financial implications from the report.

It is recommended that the Policy and resources Committee:

- Note the rationale for amending the policy;
- Note that the revised policy has been discussed with the Trade Unions;
- Approve the revised policy;
- Refer the policy to Council for noting the revisions.

ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

Customer Services

19 March 2015

Redundancy Policy and Procedures

2.0 INTRODUCTION

- 2.1 The Council approved the Redundancy Policy and Procedures document in November 2010. This policy has now been reviewed to ensure that it is fit for purpose and has been refreshed to reflect ACAS guidance. This policy revision has been carried out as part of the HR work plan 2014/15.
- 2.2 The changes to the policy are minor and are highlighted in this report. The revised policy is attached for consideration and approval by the Policy and Resources Committee and then for onward referral to the Council for approval and adoption.

3. RECOMMENDATIONS

- 3.1 Note the rationale for amending the policy;
- 3.2 Note that the revised policy has been discussed with the Trade Unions;
- 3.3 Approve the revised policy;
- 3.4 Refer the policy to Council for noting the revisions.

4. DETAIL

- 4.1 The Redundancy Policy and Procedures is the Council's overarching document that sets out our approach to dealing with redundancies. It has proven effective as a management tool in managing change in the organisation through service reviews.
- 4.2 This document was agreed through discussion with the Trade Unions in 2010 and has now been reviewed to ensure that it is fit for purpose and to reflect ACAS guidance.
- 4.3 2 amendments have been made to the previous policy document:

Paragraph 11.2 has been amended to reflect ACAS guidance that employees are allowed time off to find alternative employment and irrespective of the

amount of time taken for this activity, the maximum pay the employee will receive is 2/5ths of a week's pay. Previously the document stated that employees were allowed to have up to 40% paid leave per week to find alternative employment.

Paragraph 13.1 has been expanded to make clear the process that will be followed should an employee wish to appeal their selection for redundancy. Previously the document was silent on this.

- 4.4 New legislation is currently being developed by the UK Treasury through the Small Business, Enterprise and Employment Bill which will have implications for the recovery of redundancy payments to employees earning over £100,000 and who subsequently take up employment in another public sector organisation. This does not directly affect this Policy but will be included in the Policy on Discretions which is due for review this year.

5.0 CONCLUSION

- 5.1 The policy has been amended to reflect ACAS guidance and to make clear the process to be followed when an employee appeals the decision to select him/her for redundancy thus removing any ambiguity.
- 5.2 The policy has been reviewed in order to ensure it is fit for purpose for future workforce management and planning.

6.0 IMPLICATIONS

- 6.1 Policy: The updated policy appended to this report will replace the previously approved Redundancy Policy and Procedures in 2010.
- 6.2 Financial: There are no direct financial implications from this report.
- 6.3 Personnel: The revised policy ensures that the Council's approach to and management of redundancy is fair, consistent and effective. It has been updated to reflect best practice HR guidance and provide the council with effective people management tools.
- 6.4 Legal: The policy reflects all related legislative requirements.
- 6.5 Equal Opportunities: There are no issues arising from the Equality Impact Assessment for this policy.
- 6.6 Risk: This policy mitigates any risk potentially arising to the council from non-compliance with employment legislation.

6.7 Customer Service: None

**Executive Director - Customer Services
Policy Lead Dick Walsh**

Feb 2015

For further information contact:

Jane Fowler, Head of Improvement and HR
Aileen McCosh, Senior HR Officer

APPENDICES

Appendix 1 Redundancy Policy and Procedures



Argyll and Bute Council

Redundancy Policy & Procedures

Approved by Policy and Resources Committee 19 March 2015

Reviewed by HR November 2014, Version 2

Agreed by SMT Jan 2015

Part 1 - Redundancy Policy & Procedure

1.0 Policy Statement

- 1.1 While it is the intention of the Council to provide a stable work environment and reasonable security of employment for its employees, it is recognised that there may be changes in organisational requirements which affect staffing needs. Redundancy is a difficult situation to manage and can have a significant long term impact not only on employees asked to leave but also those who remain employees of the Council. In order to minimise the impact of redundancies and to ensure the council is fair and consistent in its approach to redundancy situations, the following procedure will be adopted wherever possible. It must be recognised, that where the needs of the business dictate, the procedure may be adapted to the particular circumstances.
- 1.2 If a reduction in staffing requirement is necessary, the Council is committed to achieving reductions on a voluntary basis wherever possible.
- 1.3 Compulsory Redundancies are the last option that the Council would wish to undertake as a means of reducing employee numbers.
- 1.4 The Council recognises the impact of change on employees and is committed to adopting a consultative approach to necessary adjustments to staffing arrangements.
- 1.5 It will be the responsibility of SMT to determine any requirement to reduce employee numbers within a department in line with the discretions available within the Council's Policy on Discretions.
- 1.6 In addition to its legal obligations to advise recognised Trade Unions if a redundancy situation arises, the Council will undertake to consult fully with its employees and their representatives at the earliest opportunity.
- 1.7 The agreement of the recognised trade unions to this policy and associated procedures is without prejudice to their opposition to compulsory redundancy.

2.0 Scope

- 2.1 This policy & procedure applies to all employees of Argyll and Bute Council.

3.0 Redundancy Definition

- 3.1 An employee will be regarded as dismissed by reason of redundancy if the dismissal is attributable wholly or mainly to:
- the employer has ceased, or intends to cease, to carry on the business for the purposes of which the employee was so employed

- the employer has ceased, or intends to cease, to carry on the business in the place where the employee was so employed
- the requirements of the business for employees to carry out work of a particular kind has ceased or diminished or are expected to cease or diminish
- the requirements of the business for the employees to carry out work of a particular kind, in the place where they were so employed, has ceased or diminished or are expected to cease or diminish.

4.0 Voluntary Redundancy

- 4.1 In the first instance the Council will seek to reduce employee numbers on a voluntary basis, this may be on a Council wide or Service specific basis. Approval of such applications will be at the Chief Executive/Executive Director's discretion in line with the outcome of a Service Review or other process. An explanation of the reasons for any requests being declined will be provided in writing to employees.
- 4.2 When considering requests for voluntary redundancy, the Council will consider how the request fits with business needs and the financial implications of the potential redundancy.
- 4.3 In situations where the number of volunteers exceeds requirements, the Council shall seek to agree with Trade Union Representatives the selection criteria to be used.
- 4.4 In order to minimise the number of requests refused, the Council will, where appropriate, retain the right to specify the types of posts from which volunteers are being sought.

5.0 Compulsory Redundancy

- 5.1 Where voluntary redundancy has not produced suitable volunteers, the Council, shall seek to agree with Trade Union Representatives the criteria to be used when making compulsory redundancies. It is important that criteria used in redundancy selection are used in an objective way, and applied consistently.

6.0 Consultation

- 6.1 The Council has a Consultation Procedure that complies with statutory requirements. This will be used as the basis for **all** consultation that is carried out in relation to redundancy situations.

7.0 Selection Criteria

7.1 The Council has a Selection Criteria procedure that complies with statutory requirements. The Council shall seek to agree with Trade Union representatives the selection criteria to be applied. This will be applied in all cases of redundancy where a selection process is required.

8.0 The Termination Procedure

8.1 When contemplating dismissing an employee on the grounds of redundancy, the Council will follow the termination procedure summarised below:

8.2 (i) The Council will send a letter to each affected employee explaining the grounds on which dismissal is being contemplated and inviting the employee to a meeting to discuss the matter. Employees will also be advised that they are entitled to be accompanied by their Trade Union Representative or other person of their choice.

(ii) A meeting will be held with each employee to discuss the matter and will be followed up with a letter confirming the outcome of this meeting.

(iii) The opportunity is provided for the employee to appeal should the dismissal go ahead.

9.0 Notice Periods

9.1 Employees leaving the Council as a result of redundancy will normally be expected to work their notice period. Pay in lieu of notice will only be paid where there is good reason in the view of management for the employee not working the notice period.

10.0 Alternative to Redundancy

10.1 The Council has an agreed Redeployment Procedure that will be applied in all cases as an alternative to redundancy.

11.0 Support Available to Employees

11.1 While the Council will endeavour to minimise the effects by keeping employees informed and consulted during redundancy situations, line managers should remind employees who are anxious about the process of the services provided by the Employee Counselling Service.

11.2 Once placed under notice of redundancy, reasonable paid time off work will be granted to employees for the purpose of finding alternative employment (including attending job interviews) or making arrangements for training for future employment. ***In accordance with ACAS Guidance, the Council will pay no more than 2/5th of a week's pay in each week the employee is***

under notice of redundancy and actively seeking employment. Where an employee requires more time off than 2/5ths of a working week, this will be granted but without pay. The employee will provide his/her manager with evidence of appointments in relation to the job search.

- 11.3 Repayment of allowances or expenses paid in connection with training, relocation or car leasing early termination charges will be waived in the event of compulsory redundancy or redeployment to a post that does not attract such payments.
- 11.4 Employees should contact the relevant Pension Authority for advice relating to how redundancy may affect their occupational pension.
- 11.5 There are a number of pensions implications that an employee must consider in relation to the provisions contained within this policy. Although the Council can help employees to understand pension scheme rules, the Council is not legally authorised under the Financial Services and Markets Act 2000 to give pensions or other financial advice to individuals. Employees should seek advice from an independent financial adviser.
- 12.0 **Redundancy Pay**
- 12.1 Under the Employment Rights Act 1996, an employee who is dismissed on the grounds of redundancy and who has at least two years continuous service as recognised by the Redundancy Payments (Continuity of Employment in Local Government, etc) (Modification) Order 1999 and subsequent amendments will be entitled to a statutory redundancy payment. Advice can be obtained from the HR Section.
- 12.2 Employees will not receive benefits (e.g. discretionary added years, a redundancy payment or enhanced redundancy payment) for any period of service for which they have previously received enhanced benefits, i.e. periods of service will not be reckoned more than once.
- 12.3 Redundancy payments will be paid in accordance with the Council's Policy on Discretions.
- 13.0 **Appeals Process**
- 13.1 Any member of staff given notice of redundancy will have the right to appeal if they consider that they have been unfairly selected for redundancy. ***The Appeals Officer will be a senior officer of the council who has not been involved in the selection of redundant posts and will be named in the redundancy notice letter. The process to be followed is in accordance with the Council's Grievance and Disputes Procedure.***

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ARGYLL AND BUTE COUNCIL

POLICY & RESOURCES COMMITTEE

CUSTOMER SERVICES

19 MARCH 2015

INFORMATION MANAGEMENT STRATEGY

1.0 EXECUTIVE SUMMARY

- 1.1 This report presents a proposed Information Management Strategy to set a direction and inform the development of a strategic framework for information management across the Council.
- 1.2 Policy & Resources Committee is asked to approve the draft strategy.

INFORMATION MANAGEMENT STRATEGY

2.0 INTRODUCTION

- 2.1 Improving the way in which the Council manages information has been identified as an important objective of the Council's Corporate Improvement Programme. An Information Management Strategy has been developed to set a direction and inform the development of a strategic framework for information management across the Council.

3.0 RECOMMENDATIONS

- 3.1 Policy & Resources Committee is asked to approve the attached draft Information Management Strategy for Argyll and Bute Council.

4.0 DETAIL

- 4.1 Information is essential for all of our employees, every day, and at all levels so that we can all do our jobs individually and collectively provide the services of the Council. It needs to be accurate, available and accessible. We need to be able to recognise its relevance and value.
- 4.2 The Council needs, within its regulatory obligations, to safely manage and secure the information created or managed, but it also needs to dispose of information that is no longer needed and holds little value to the Council. Moving forward, we must develop a culture that understands there is a balance between the costs of maintaining the information held, versus the value of that information to the Council and the services that it delivers.
- 4.3 A new Information Management Strategy has been created after extensive consultation with Departments and is attached for approval covering the period 2014-2018. It has been developed with input from Objective, who are specialist consultants in this area. It sets out an overview of information management, details how this can assist in meeting corporate objectives, outlines the benefits from having a strategy, the measurable outcomes expected, proposed governance through the ICT Steering Board and an associated action plan. The draft strategy is attached at Appendix 1 and is presented for approval.

5.0 CONCLUSIONS

- 5.1 This report proposes adoption of an Information Management Strategy for the Council with clearly defined outcomes and actions for implementation over the next four years.

6.0 IMPLICATIONS

- 6.1 Policy: A new Information Management Strategy is presented for comment and approval.
- 6.2 Financial: None at present. However it is expected that a Business Case for enabling technology will be developed following approval of the strategy which will require business case justification.
- 6.3 Legal: Enables compliance with relevant FOI, PRSA 2011, and Data Protection legislation.
- 6.4 HR: None.
- 6.5 Equalities: None.
- 6.6 Risk: Reduces risk of non-compliance with relevant legislation and reputational risk.
- 6.7 Customer Service: Improved Information Management will ultimately improve quality of service to Customers.

Appendices:

- 1 Draft Information Management Strategy 2014-2018

Douglas Hendry
Executive Director Customer Services
5 February 2015

Policy Lead: Councillor Dick Walsh

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Gerry Wilson, IT Infrastructure Services Manager, Tel 01436 658936

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Argyll and Bute Council

Information Management Strategy 2014-2018

**Version 1.3
November 2014**

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1. INTRODUCTION

1.1 Purpose of the Document

The purpose of this document is to set a direction and inform the development of a strategic framework for information management across Argyll and Bute Council (the Council). It should be aligned with other corporate Council strategies and reviewed on a regular basis, ideally annually.

The document is split into the following sections:

- **Information Management Overview**

This section provides an introduction to the broad concepts of information management, and introduces terms and definitions. It is designed to give the reader a high level understanding of information management from a generic stand point.

- **Council Priorities**

This section provides a high level summary of the current challenges facing the Council in terms of its management of information, records and content. It also details the overall objectives and Outcomes for improved Information Management.

- **Envisaged Benefits**

- **Strategy Outcomes**

- **Information Management Programme**

The Information Management Programme provides a standardised approach to information management at both a Council level and within each department.

2. INFORMATION MANAGEMENT OVERVIEW

2.1 What Is Information?

For the purpose of this document **Information** is defined as any printed or electronically held document or structured data stored in databases within the Council and any associated third party organisations.

This includes:

- Any printed or handwritten document including correspondence received by the Council.
- Any electronically held document, including media images, email, office documents, social media, audio and video information (often referred to as unstructured information)
- Any information held in a database or similar repository such as customer relationship management information, asset management information or finance information (often referred to as structured information)
- Informal or tacit information held by individuals in notes of meetings, diaries, site visit notes, knowledge banks

This deliberately broad and wide ranging definition has the implication that any information, in whatever shape or form, needs to be managed with the **appropriate** level of care and attention.

Information is essential to all staff, at all levels, and across all services of the Council in order that they can carry out their day to day duties. The Council needs, within its regulatory obligations, to safely manage and secure the information created or managed, but it also needs to dispose of information that is no longer needed and holds little value to the Council. Moving forward we must develop a culture that understands there is a balance between the costs of maintaining the information held, versus the value of that information to the Council and the services that it delivers.

2.2 Definition of “Information Management”

Information Management describes the means by which an organisation “efficiently governs, plans, controls, collects, creates, evaluates, organises, stores, analyses, disseminates, maintains, and disposes of its information, and through which it ensures that the value of that information is identified and exploited to the fullest extent.”

Information Management is not an ICT issue. It incorporates many elements including the nature of the information, the technology used to manage the information, the people (both skills and behaviour) used to work with the information - and the governance applied to the information including management and leadership.

An Information Management Programme has been developed to give guidance to staff within the Council that focuses on embedding a culture of better management of information that becomes part of our normal day to day operation.

2.3 Information Lifecycle

Through this Information Management Strategy the Council recognises that Information is an asset to the Council and that the Council needs to manage information through its lifecycle – no different from managing any other asset. Like any other asset, information has a value to the Council, its staff, customers, communities, partners and third-party suppliers. The Council needs to manage the creation, collection and management of information in a cost effective manner, but more importantly if managed effectively the information has the capability to aid effective decision making and support the efficient delivery of the services provided.



Diagram 1: The Information Management Lifecycle

2.4 Key Aims of Information Management

The key aim of the Council's information vision is to create an environment where everyone, including associated partner organisations values information and supports the manner in which the Council governs, manages and uses information.

The Council's vision is to create an information environment which is:

- **Business Driven** – Information should be viewed as a corporate asset, like people, property and financial assets and needs to be aligned to the strategic priorities of the Council.
- **Custodian based** – Information should have a clear business owner, with defined accountability and responsibility to maintain security, accuracy and currency of information in their charge. Information owners should also acknowledge that the information belongs to the Council rather than a specific team, department or service.
- **Secure** – All users of information should know, understand and adhere to the security requirements and associated access permissions for all the information they use. The Council holds sensitive information and as a result information users should also be aware of the data protection requirement for all the information they use.
- **Integrated** – One of the key goals of good information management is to make information from various sources available to staff at the point of need.
- **Reliable** – Information quality assurance should be maintained to ensure that when viewed the information is current, accurate and complete.
- **Open** – Information is seen as open and accessible to all members of the Council and public unless there are privacy, commercial or legislative reasons to keep it confidential.
- **Role focused** – Information is presented to a user in a format that is customised (wherever possible) to the specific role being undertaken.
- **Aligned** – the information management processes should be aligned to business requirements and should also be aligned wherever possible with existing investments in technology and systems.
- **Agile** – The information management processes and architecture should be agile and flexible to enable changes to be incorporated as the councils use of information expands.

2.5 Business Context

Accurate information is essential for all of our employees, every day, and at all levels so that we can all do our jobs individually or collectively as services of the Council. It needs to be accurate, available and accessible. We need all to be able to recognise its relevance and value.

There is increasing external scrutiny relating to the various Legal (and sometimes conflicting) obligations that are placed on the Council including the FOI, the Data Protection Act and PRSA - Public Records (Scotland) Act 2011. As a large public body, under this Act the Council is expected to apply a business classification scheme to its records. The Business Classification Scheme allows an authority to map its functions and provides a structure for operating a disposal schedule effectively. The Act also requires the Council to evidence the existence of retention and disposal schedules at an operational level (as opposed to policy level commitments to good retention and disposal practice).

Throughout the public sector, information sharing and cross agency working is creating opportunities to streamline services and drive operational efficiencies. Good information management practices will best place the council to engage in collaborative working and take advantage of potential efficiencies.

To maximise the potential benefit from our information we need to manage it effectively, re-use it where we can, share it appropriately and ensure that it is adequately protected.

In summary, the future challenge for the Council is to:

- Create a culture which values information and treats it accordingly;
- Improve access to information through technology, processes and tools;
- Ensure best use of information by developing opportunities for sharing and re-use;
- Comply with information management legislation, policies, standards, codes of practice and other guidance.

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3. COUNCIL PRIORITIES

The Council focuses on 4 corporate objectives within the Corporate Plan 2013 – 2017 for delivering excellent services to the citizens of Argyll and Bute. All four objectives focus on collaboration of effort, expertise and resources (within this organisation and with partner organisations and customers), to deliver the very best service that we can to the citizens of Argyll and Bute. Reliable and available information lies at the heart of any collaborative effort and as custodians of this information, we are entrusted to value and manage this information appropriately. Legislation, such the Public records Scotland Act, FOI and Data Protection Act, obligates us to evidence that.

3.1 Corporate Objectives

It is important that the Council is able to measure and report on performance against the four objectives in the table below. The capture and aggregation of information from across the Council will lead to accurate and meaningful reporting. The Information Strategy and a culture of information awareness will ensure that the quality of information captured and used in these reports is of high quality and fit for purpose.

Corporate Objectives 2013 - 2017
1. Working together to realise the potential of our people
2. Working together to realise the potential of our communities
3. Working together to realise the potential of our area
4. Working together to realise the potential of our organisation.

In particular the Information Management Strategy contributes directly to the outcomes of Corporate Objective 4 – ***“Working together to realise the potential of our organisation”***

3.1.1 Meeting Corporate Objectives

The table below explains the role of the IM Strategy in meeting corporate objectives.

Corporate Objective (Corporate Plan 2013 – 17)	Corporate Outcomes (Corporate Plan 2013 – 17)	Adoption of a corporate IM strategy can help to achieve these outcomes through:
<p>Working together to realise the potential of our organisation:</p> <p><i>In order to deliver the best services for our customers. We need to have policies, protocols and processes that focus on our customers' needs.</i></p> <p><i>Our employees need to have the right skills and tools to do their jobs. We need to make the most of our resources by working with our partners to deliver services in a different way.</i></p>	<ul style="list-style-type: none"> • Our services are continually improving. • Our employees have the skills and attitudes to deliver efficient and effective services. • We provide good customer service 	<ul style="list-style-type: none"> • Creating a culture which values information and treats it accordingly; • Improving access to information through technology, processes and tools; <ul style="list-style-type: none"> ○ Improving the efficiency of business processes through the delivery of workflow and business process automation ○ Training staff in the better use of information, with policies and processes in place for sharing information both within and outside of the council where appropriate. ○ Improving the use of information by storing information in a coherent and easily searchable manner (based on relevance and need), that is accessible to all staff from any location. ○ Generating high quality management information that can be used to facilitate the improvement in business processes • Ensuring best use of information by developing opportunities for sharing and re-use; <ul style="list-style-type: none"> ○ Controlling the growth in information storage costs by storing information once and removing redundant, obsolete and trivial information. • Ensuring compliance with information management legislation, policies, standards, codes of practice and other guidance.

4. ENVISAGED BENEFITS

The Information Management Strategy supports council objectives by providing staff access to comprehensive and reliable information, at the point of need, where everyone, understands the importance of handling it correctly, sharing it appropriately and protecting it from improper use.

There are a number of outcomes that benefit the council, staff and customers:

4.1 Corporate Benefits

- Identification and understanding of the Council Information Assets will contribute greatly to the creation of clearly defined and understood policy and guidance Retention and Disposal;
- Supports broader decision making and policy making;
- The Council will be better positioned to demonstrate compliance with regulations such as Public Records (Scotland) Act 2011 and Data Protection Act 1998;
- Enables the council to provide a more effective service to its customers with greater transparency around the information it holds;
- Increases its efficiency by enabling it to get the most out of the information it holds, avoiding duplication and promoting re-use where appropriate;
- Reduces levels of information-related risk and helps to ensure that council information is protected and secure;
- Preserves its public reputation and enables it to meet public expectation of how it will manage their information;
- Builds trust in the quality of its information both for staff and the public;
- Preserves for the public record decisions being made now which will become our history in the future;
- Increases its efficiency by enabling it to get the most out of the information it holds, avoiding duplication and promoting re-use where appropriate; and
- Reduces levels of information-related risk and ensures that council information is protected and secure.

4.2 Benefits for Staff

Improving the way services manage their information brings a number of benefits both to the individual and the services within which they operate. Good information management provides staff with the following benefits:

- Improved searching, retrieving and use of information through the introduction of a more consistent structure for storing information resulting in being able to find information quickly and easily;
- Access to better quality and more reliable information;
- Better access to the right information as a result of de-duplication of information and version control;
- Raised awareness of responsibilities for information handling leading to staff being better equipped to comply with policy and legislation;
- Use of email archiving, search and classification better understood;
- Working more efficiently, making best use of existing information resources - re-using information and not reinventing the wheel;
- Better equipped to work collaboratively - making best use of skills and knowledge;
- Greater certainty and understanding of what to keep, how it should be kept and what to dispose of ;
- Knowing what to share and with whom;
- Reassurance that everyone is complying with responsibilities under legal requirements.

4.3 Benefits for Customers

- Information is captured once and not repeatedly;
- Information is more accurate, reliable and accessible;
- Assurance that information relating to them is protected and handled appropriately;
- That when they give consent to share information, that consistent standards will be applied;
- The council is more responsive, informed and able to deal with customer queries and transactions quicker.

5. STRATEGY OUTCOMES

Having considered how the IM Strategy can help meet Corporate Objectives, identified an initial batch of outcomes, and identified the envisaged benefits for the Council and our customers, the following section explores the detail around anticipated outcomes, associated activities and performance expectations.

Outcome 1 : To Create a Culture which Values Information

The strategy aim is to create an organisational culture which values information and works to remove barriers to managing information effectively.

We will communicate our vision and culture to all staff and stakeholders, resulting in a high level of awareness due to effective messages around Information Management. Changing culture and behaviours is a long process but we will continue building a culture:

- Which values sharing information and knowledge and recognises the consequences of not sharing;
- Which values protecting information appropriately;
- Where staff have confidence and trust in the quality of the information they manage and use;
- Where good information management is everyone's responsibility and part of how people do their jobs every day;
- Where managing information is viewed positively – as an enabler to our business and not an additional responsibility;
- Where we anticipate future information management requirements, planning proactively to improve our efficiency and effectiveness and not just react when things go wrong;
- Where policies are accessible, understood and followed by staff;
- Which values collaborative working and discourages silo working;
- Which values corporate benefits over individual benefits.

Activities

The main activities that will be undertaken in 2014/18 to achieve this priority outcome are:

- Create a clear governance structure for information management
- Develop and implement records management policies, procedures and guidance
- Implement an appropriate training and awareness programme
- Develop and implement a Customer Information Charter

Performance

The following performance indicators will be used to monitor progress in the outcome for the 4 year life span of the strategy:

Performance (4 years)				
Performance Measure	2015 & 2016 target	2017 & 2018 target	Service	Responsible Officer
% Office Staff trained in Information Management	80%	100%	All Service Areas	Heads of Service
Information Management Policies, Procedures & Guidelines in place	100% complete, relevant and up to date	100% complete, relevant and up to date	Customer Services	Head of Governance & Law

Outcome 2 : Improve Access to Information through Technology, Process and Tools

There has never been a more important time for the council to focus on how it manages information. The council now has more information and is conducting more integration between systems than ever before. The IT Capabilities that are and will be needed in the future to support better delivery of Services will be driven by the need for information. The benefits of Information driven ICT transformation to the staff and the Council are:

- A more consistent use of IM tools and systems will make it easier for staff to access, reuse and share information across organisational or network boundaries where there is a business need to do so;
- It will enhance security, providing increased protection for information;
- Allow for the centralisation and consolidation of systems currently used within the council;
- Facilitate collaborative working, support remote working and also provide significant efficiencies.

To achieve the aims of this strategy we need to ensure our Information Management and ICT requirements are aligned and that Information Management needs are a key factor in the making of IT decisions. This will cover: the planning and acquisition of new systems; the implementation and management of systems; the management of legacy systems and the secure disposal of information and IT equipment. We must focus on the availability, integrity and confidentiality of information within systems and not the systems alone.

All Information Management tools need to:

- support effective retrieval and re-use;
- support the needs of the business and adapt to changing requirements;
- support standardisation of documentation across the council;
- support flexible, remote and collaborative working;
- protect information and provide information security;

- support compliance with standards, policies and legislation such as the Public Records (Scotland) act 2011;
- provide continued access to digital information;
- provide reliable management information to inform decision making.

We will work towards a situation where our business information is held in appropriate core business applications or a corporate repository for non-structured information - and not stored in a multitude of email inboxes, bespoke local applications, filing cabinets and personal drives. We will develop existing systems to support local champions (Information Liaison Officers, Local Records Officers) capable of meeting business, user and Information Management needs.

The council has already invested in Electronic Document Workflow Management Systems (EDWMS) which are utilised by a range of services and have a number of advantages for the individual and the Council:

- Information can be shared where appropriate and re-used;
- Scanning, reducing paper;
- Reduces the risk of duplication – a single copy of a document is held centrally, rather than multiple copies held locally;
- The latest version of a document is easily identifiable;
- Appropriate retention and disposal rules can be applied;
- Information is stored securely and protected via permissions settings;
- Information is not lost when a member of staff changes roles or leaves the council;
- Using an appropriate corporate repository means less money is spent on individual business-specific solutions.

There is also some very good use of SharePoint for storage of non-structured information and as a portal for accessing single source information in a beneficial way.

The Council must develop a Business case for a single Electronic Document and Records Management System (EDRMS) or maximise benefits from the existing systems through greater uptake, better integration and appropriate Business Intelligence tools.

Activities

The main activities that will be undertaken in 2014/17 to achieve this priority outcome are:

- Linking, sharing and consolidating council IT systems where possible
- Consolidate corporate document solution/ repositories where possible or implement a single corporate EDRMS solution
- Encourage best use of appropriate tools to allow remote working, collaboration and sharing including MS SharePoint and MS LYNC
- Support opportunities paperless transactions within the council and with customers

Performance

The following performance indicators will be used to monitor progress in the outcome for the life span of the strategy:

Performance				
Performance Measure	2015 & 2016 target	2017 & 2018 target	Service	Responsible Officer
% of Office Staff handling electronic records who actively use EDWMS	90%	100%	All Service Areas	Heads of Service
% Paper Records archived after 3 months	50%	100%	All Service Areas	Heads of Service
Reduction in Volume of Duplicate Documents	30%	10%	All Service Areas	Heads of Service

Outcome 3 : Ensure Best Use of Information by developing Opportunities for Sharing and Re-Use

Information and knowledge are key corporate assets and by reusing and sharing them we release their value and maximise benefits to the business. The council recognises the need to share information and knowledge with colleagues, business partners, stakeholders and others as appropriate – and the benefits that this brings. Sharing and protecting information are both essential to working together to serve the public. Further, sharing information and building professional relationships with partners and agencies will aid in the development of a joined up approach to public services. Information Sharing Agreements will provide staff with the security and confidence to know that what they are doing is correct.

At a time when we are under pressure to do more with less the council cannot afford to reinvent the wheel but must make the most of the knowledge and information it already has.

In order to achieve the above, this strategy advocates:

- Development of a clear picture of where information and knowledge reside across the organisation
- Identifying who the council needs to share information with, e.g. Stakeholders and suppliers, and manage this in a responsible way
- Establish common data sharing principles and agreements, and work to embed these across the council
- A risk-based approach to sharing to ensure information and knowledge are shared responsibly
- Active sharing and re-use of information to meet the business need
- Sharing of appropriate information with the public to meet government commitments on transparency and accountability, facilitating the re-use of data to increase economic and social value

The main activities to be undertaken in 2014/18 to achieve this priority outcome are:

- Implementation and maintenance of a central register of information
- Development and Implementation of standard sharing protocols and agreements
- Develop opportunities for sharing between council services
- Develop opportunities for sharing with partner organisations

Performance

The following performance indicators will be used to monitor progress in the outcome for the life span of the strategy:

Performance				
Performance Measure	2015 & 2016 target	2017 & 2018 target	Service	Responsible Officer
% Information Risk Assessed	80%	100% complete, relevant and up to date	All Service Areas	Heads of Service
% Systems with sharing/processing agreements in place	75%	100%	All Service Areas	Heads of Service

Outcome 4 : Compliance With Information Management Legislation, Policies and Standards, Codes of Practice and Other Guidance

There are many Information Management related requirements; some of these are external and others are internally generated. While some are wholly focused on Information Management, others are not, for example, those on technology or security.

We are legally obliged to comply with some requirements such as the Data Protection Act (1988), Freedom of Information (Scotland) Act 2002, Public Records (Scotland) Act 2011, Re-use of Public Sector Information Regulations 2005, INSPIRE (Scotland) Regulations 2009 and Environmental Information (Scotland) Regulations 2004.

The aim of this strategy in regard to the legislation referred to above is to:

- Bring together and maintain those Information Management requirements with which we must comply. These requirements will be prioritised according to the potential impact and associated risks;
- Rationalise the differing requirements of standards, legislation etc. to better understand our obligations;
- Build these requirements into our ways of working by embedding them in our next generation IT infrastructure and developing our corporate Information Management policy framework;
- Be aware that compliance requirements will vary across the council and, through a project management framework, consider resources required to achieve compliance;
- Be aware that requirements will change over time and that our responses must change too;
- Use a measured, risk-based approach to determine the degree of compliance required.

- Report regularly on the uptake and statistics for online security training and security breaches;
- Establish internal auditing processes and align these with external audit requirements, such as Information Management Assessments by The National Archives;
- Ensure that we are clear about who is responsible and accountable for compliance;
- All staff are required to comply with FOISA, DPA and other relevant legislation;
- The council must work to balance any “risk averse culture”, where some staff have a fear of sharing information, to a “risk aware culture” giving staff the confidence to share information.
- While ensuring that information is properly protected, we will appropriately and effectively
- Share information in order to protect the public. It is essential that we communicate to staff that protection and sharing are not opposing principles.

A corporate approach to information security will:

- Ensure that everyone who handles council information receive information security training and remain aware of the standard methods of handling council information.
- Ensure that everyone is aware of the Argyll and Bute Council information charter when information is being collected and processed on their behalf.
- Develop and maintain an information security management system (ISMS) within the council that provides a framework for managing information security, including the policies, procedures, processes, products, people and tools.
- Actively identify any shortfalls in security and manage each instance to a point where remedial actions are taken to prevent breaches in security.
- Ensure that standards of destroying information e.g. shredding documents, is consistent across the organisation.
- Ensure that the owners and administrators apply the corporate standards to all ICT systems and applications managed within service areas.

Activities

The main activities that will be undertaken in 2014/18 to achieve this priority outcome are:

- Implement an accessible central information management policy framework
- Align systems, processes and procedures with legislative requirements
- Further develop information security standards, practices and awareness
- Identify and manage information risks

Performance

The following performance indicators will be used to monitor progress in the outcome for the life span of the strategy:

Performance				
Performance Measure	2015 & 2016 target	2017 & 2018 target	Service	Responsible Officer
% of upheld complaints to the Information Commissioner	0%	0%	Customer Services	Head of Governance & law
% FOI Requests completed on time	100%	100%	All Service Areas	Heads of Service

6. Information Management Programme

6.1 General

The Information Management Programme is intended to be a Council-wide development which will last up to 4 years. Beyond this point information management will continue to be an integral part of the way the Council operates.

A permanent IM governance structure is essential - one that continues beyond the 3 years estimated for the completion of the IM Programme. This recommended on-going governance structure sees responsibilities assigned amongst the following :

- Senior Responsible Officer (Executive Director level)
- Information Management Steering Group
- Information Manager
- Information Management Working Group

As the IM Programme progresses it will itself identify further governance roles within individual Services.

6.2 Information Management Governance and Roles

This Information Management Strategy and the associated action plan will provide a road map for implementing an Information Management Programme and delivery of the Information Management Strategy. The supporting organisational structure for delivery of that plan and governance thereafter is detailed below. Initially governance will be provided by the Information Management Project Board. On completion of the project, governance will be provided by the ICT Steering Board.

6.2.1 Information Management Organisation Structure

Group	Governance Role	Frequency
The ICT Steering Board	The ICT Steering Board will provide input and direction for the implementation and ongoing review and governance of the Information Management Strategy and Programme. The ICT Steering Board has representation from business and technical areas within the Council, supported by specialists on a regular and 'as needed basis'. This Board meets quarterly.	Quarterly

The Information Management Working Group	The group responsible for the implementation of the IM Strategy and progression of related IM projects and initiatives.	Quarterly
Departmental Management Teams	To review and approve Information Asset Register revisions	Annual
Council	Approve Strategies and Policies	As required

6.2.2 Information Management Strategy Roles

There are some key roles in the delivery of the IM strategy:

Governance Role	Description
The Senior Responsible Owner (SRO)	The SRO for the Information Management Strategy is the Executive Director – Customer Services, the chair of the IM Steering Group and associated project sponsor.
The Information Manager	The Information Manager (IM) is responsible for the ‘day to day’ delivery of the Information Management Strategy and its Governance, Insight and Rationalisation work-streams. The Information Manager will report to the SRO. The IM will chair the IM working Group.

6.2.3 The ICT Steering Board

The following attend the ICT Steering Board:

- **SRO (chair)**
- **Information Manager**
- **Business Representation**
 - Head of Governance & Law
 - Head of Customer & Support Services
 - Head of Adult Care
 - Head of Facility Services
 - Head of Planning and Regulatory Services
 - Finance Manager

Also in attendance

IT Infrastructure Services Manager
 Governance & Risk Manager
 Archivist/Records Manager
 ICT Projects and Liaison Manager
 ICT Client Liaison Officers

6.2.4 Information Management Working Group

The following representation is required to attend/ contribute to the IM Working Group:

- **Information Manager (chair) – tbd**
- **Business Representation**
 - All departments – key IM representatives
- **Specialist Representation (regular and/or specialist)**
 - ICT Client Liaison Officers
 - Governance & Risk Manager
 - Archivist/Records Manager

Information Management Compliance and Assurance

The Senior Responsible Owner for the Information Management Strategy needs to be appointed directly on compliance and assurance matters.

6.3 IM Programme Action Plan

There are 4 proposed workstreams or themes within the IM Programme:

Theme	Description
1	Governance and Compliance & Assurance
2	Information Asset Audit
3	Enabling Systems & Technologies
4	Communication & Training and Use & Practice

Outline timescales/ action plan for these workstreams are provided in the Appendix.

APPENDIX - ACTION PLAN

Theme 1 – Governance and Assurance						
Action	Description	Planned Outcome	Owner	Start	End	Status
Establish the Governance Structure for IM	Implement the structure for IM Governance as detailed within the IM Strategy	<ul style="list-style-type: none"> IM Steering Group established IM Working Group established 	Douglas Hendry	October 2014	December 2014	Complete
Develop IM and Records Management Policies, procedures and Guidance	<p>There are a range of IM related policies that will be required to be developed or reviewed within the overall IM Framework including:</p> <ul style="list-style-type: none"> Records Management; Information Security; Email; Electronic Communications; FOI; PRSA; Social media; AUP; Data Protection; Business Continuity; Corporate Communication; Information asset management. 	<ul style="list-style-type: none"> Re-aligned Security Polices and Practice. Information Sharing protocols and agreements within the Council and with partner organisations; 	Charles Reppke		December 2015	Active

Theme 1 – Governance and Assurance

Action	Description	Planned Outcome	Owner	Start	End	Status
Develop and Implement a Customer Information Charter	An Information Charter will set out the standards applied to the handling of customer information	Customers are aware of the charter when providing information to the Council.	Charles Reppke/ Judy Orr	March 2015	July 2015	Planned
Published Records Management Plans in compliance with the Public records Scotland Act 2011	The Council's Records Management Plan will be developed and reviewed by the Keeper of the Records of Scotland early 2015. Once approved a regime for annual review will be established.	Records Management Plan accepted by the Keeper of the Records of Scotland with regime for annual review in place following its publication.	Charles Reppke		Dec 2015	Active
Corporate Governance for MS SharePoint	<ul style="list-style-type: none"> Establish an authorisation process for SharePoint Site Creation; Creation of a Corporate Taxonomy (classification system) and guidance around the use of metadata. 	Establish an authorisation procedure and process for SharePoint site creation;	Douglas Bailey	September 2014	October 2014	Complete
		Administrators and users of SharePoint apply the corporate taxonomy in the organisation and describing of SharePoint information.	Katrina Duncan	January 2015	July 2015	Active

Theme 2 – Information Asset Audit						
Action	Description	Planned Outcome	Owner	Start	End	Status
Implement an Information Asset register	Identify, collate and risk assess all Council information assets	<ul style="list-style-type: none"> • A register of information assets that have been assessed in terms of risks and approved by individual department. • Regime in place for annual review and update; • Weaknesses in information handling being addressed. 	Katrina Duncan	August 2014	March 2016	Ongoing

Theme 3 – Enabling Technologies						
Action	Description	Planned Outcome	Owner	Start	End	Status
EDRMS – Options appraisal and Outline Business Case	A detailed evaluation of SharePoint and its Record management capabilities, extending integrated EDRMS in additional to exploring a new corporate EDRMS.	A costed Business Case for a future IM and RM solution.	Katrina Duncan	Jan 2015	Apr 2015	Active
Implement Improved Intranet (Hub)	Linked content/ data to the hub	Hub linked to definitive source of content with greater integration avoiding duplication, and improving reliability of information.	Judy Orr	March 2015	March 2016	Planned

Theme 3 – Enabling Technologies

Action	Description	Planned Outcome	Owner	Start	End	Status
Maximise the use of appropriate tools to allow remote working, collaboration and sharing	This action will focus around encouraging services to embrace the culture of more effective IM and uptake of new and improved technologies and around any new EDRMS, Central Mail Handling, SharePoint , LYNC, email and attachment classification etc.	Appropriate staff are properly equipped to work remotely and access shared information	Gerry Wilson	November 2014	March 2016	Active
Provide technology solutions for higher levels of Paperless Transactions with the Council	Enabling customers to interact with the Council through electronic means across all services as preferred means	Services have adopted a Digital First strategy and delivered all appropriate services online	Judy Orr	September 2014	March 2017	Active
Replacement of the current Email Archiving System	A new and improved email archiving system will reflect the Council's strategies for retention and disposal of information and information retrieval.	New email archiving system live	Douglas Bailey	December 2014	September 2015	Active
Full roll out of the TITUS Email Classification Scheme for Email	The existing email classification scheme will be extended to all users, attachments within emails and will extend to mobile phones and integrated business application email engines.	All emails are classified in accordance with the Council's Protective Marking Scheme	Douglas Bailey	April 2014	December 2014	Complete
Participation in the Scottish Wide Area Network	Facilitating cross departmental collaboration	Improving Accessibility to information using a robust and	Gerry Wilson	August 2014	September 2016	Active

Theme 3 – Enabling Technologies						
Action	Description	Planned Outcome	Owner	Start	End	Status
(SWAN) programme	compliance with PSN Code of Connection	reliable communications network				
Extend Central mail handling to incorporate all geographic areas of the Council.	Extend the existing central mail handling service in Lochgilphead to other locations in Argyll and Bute	Mail routed to a central point in Kilmory and applicable incoming mail scanned at source for electronic distribution and availability.	Judy Orr	TBD	TBD	TBD

Theme 4 – Communication & Training						
Action	Description	Planned Outcome	Owner	Start	End	Status
Implement an Awareness Training Programme for IM across the organisation	Introduce an appropriate programme and a set of training materials to ensure all staff are aware of their responsibilities around the management of information.	Staff understand what is required of them in terms of improved IM	Jane Fowler	April 2015	March 2016	Planned
Establish appropriate training resources for MS SharePoint	Introduce a training programme for MS SharePoint and ensure all administrators are properly equipped to structure and manage SharePoint sites in accordance with IM policies	Appropriately trained users in MS SharePoint including advanced levels for Administrators; Appropriately trained ICT staff better equipped to support users within MS SharePoint environment.	Katrina Duncan	April 2015	March 2016	Planned

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER SERVICES****19 MARCH 2015**

2015 – 2019 CUSTOMER SERVICE STRATEGY

1.0 EXECUTIVE SUMMARY

- 1.1 For 2010 to 2014 the council's customer service strategy was determined by the deliverables of the Process for Change Programme Customer Management Project. On completion of that project last year, the Customer Service Board directed that a formal Customer Service Strategy be developed for the Council to act as the framework for customer service improvement going forward.
- 1.2 An extensive consultation of customers has been carried out and these results are presented. In addition, a number of other research and benchmarking activities have informed the content of the new strategy which builds on the many advances made since 2010. The paper builds on the 3 principles adopted in the "Do we do digital" report and the opportunity for joint procurement of updated customer contact systems with The Highland Council both approved on 30 October 2014.
- 1.3 This paper presents the outline business case for the replacement of our customer contact systems. The business case takes accounts of the proposed digital development officer (Do We Do Digital? report) post, and includes these costs, along with expected capital and ongoing revenue costs for new systems. When offset against projected savings from channel shift to digital, a positive net present value of £92,492 is projected after 4 years. However replacement is also required in order to replace an increasingly aged system with a modern, robust customer management system which could support customer contact effectively through until 2020. The business case is presented for approval along with the associated revenue and capital consequences.
- 1.4 A draft Customer Service Strategy is presented for comment and approval. It includes a revised Customer Service Charter and an Action Plan and covers:
- The Council's customer service culture and its alignment with the council's values, plans and strategic outcomes;
 - The Council's customer service standards and their performance management;
 - Customer service governance, improvement/development planning and management;
 - Channel access - review of existing and planning for emerging channels including customer insight into desired future channel access and priorities;
 - Complaints management systems, processes, reporting and service improvement;
 - Ensuring an effective interface between elected members and customers;
 - Employee training and development in customer service.

2015 – 2019 CUSTOMER SERVICE STRATEGY

2.0 INTRODUCTION

- 2.1 For 2010 to 2014 the council's customer service strategy was determined by the deliverables of the Process for Change Programme Customer Management Project. On completion of that project last year, the Customer Service Board directed that a formal Customer Service Strategy be developed for the council, to act as the framework for customer service improvement going forward.
- 2.2 An extensive consultation of customers has been carried out and these results are presented. In addition, a number of other research and benchmarking activities have informed the content of the new strategy which builds on the many advances made since 2010. The paper builds on the 3 principles adopted in the "Do we do digital?" report and the opportunity for joint procurement of updated customer contact systems with The Highland Council; both approved on 30 October 2014.

3.0 RECOMMENDATIONS

- 3.1 To note the results of the customer consultation attached at Appendix 1.
- 3.2 To consider the draft 2015-2019 Customer Service Strategy including revised Customer Service Charter and associated action plan attached at Appendix 2 and approve this.
- 3.3 To approve the outline business case for replacement customer contact systems attached at Appendix 3 and associated revenue and capital consequences.
- 3.4 To approve the tendering approach on a collaborative basis with Highland Council as the preferred option but if not possible Argyll and Bute Council to progress on an individual basis.
- 3.5 To approve the earmarking of £94,680 from year end underspend in Customer Services to be carried forward to meet the additional one-off revenue requirements in 2015/16 and 2016/17 for the replacement customer contact systems.

4.0 DETAIL

- 4.1 In August 2014 the CSB commissioned the research and creation of a new corporate Customer Service Strategy with the following scope:
1. The council's customer service culture and its alignment with the council's values, plans and Strategic Outcomes and the equivalents in its partner organisations.
 2. The council's customer service standards and their performance management including:

- a review of the Customer Service Charter pledges and the performance management and reporting of the Charter standards
 - Other non-Charter related performance management such as customer satisfaction and mystery shopping
3. Customer service improvement/development including:
 - Ensuring customer service delivery and design is customer focused
 - Ensuring the most is made of existing ICT systems in support of customer service delivery on a corporate basis
 - Corporate and Service based development planning
 - Corporate and Service based development management and reporting, including a review of the role of the CSB
 4. Channel access - review of existing and planning for emerging channels including customer insight into desired future channel access and priorities
 5. Complaints Management; systems, processes, reporting and learning and service improvement
 6. Ensuring an effective interface between elected members and customers. Specifically reviewing the use and operation of the Members' Portal.
 7. Customer service training and guidance including a review of:
 - The Jenison online Customer Care module
 - Customer Service Professional Qualification
 - Argyll and Bute manager course
 - Customer Service Toolkit
- 4.2 The Customer Development and Support Team undertook the research to inform the new strategy and this included:
- A Customer Service Survey that covered actual customer experiences and options for future standards and channel delivery options. This received nearly 500 responses
 - A benchmark survey of all Customer Service Surveys and Customer Service Charters published by Scottish Councils
 - A benchmark survey of customer service professional qualifications used by Scottish Councils followed by market research and comparative analysis of market lead options
 - Interviews with relevant stakeholders and stakeholder groups e.g. the Complaints Officers' Group, Web Team, and Improvement Service etc.
 - A seminar with Elected Members in December 2014 on the draft strategy and Customer Survey outcomes

Customer Service Survey and Customer Service Charter

- 4.3 The results of the customer survey are attached at Appendix 1. These were presented at the Members Seminar held on 1 December. Many of the questions were the same as in the previous survey in 2008, which has allowed us to track changes.
- 4.4 The use of email and website has grown significantly whilst conversely those contacting the council by letter have fallen. The numbers choosing to visit council offices is virtually unchanged. There is good satisfaction with telephony and face to

face channels but satisfaction with email and website leaves a lot to be desired. Just over three-quarters of respondents say they would be prepared to use these channels for interacting with the council – substantially more than the 30% using these channels already. This tells us that there is significant opportunity for the council to develop these digital channels – which are much cheaper to service.

- 4.5 Customers are not in favour of extending opening hours at customer service points or for the telephony service centre unless this can be done in a low or no cost way. In contrast there is considerable interest in the potential for saving money by providing face to face services in different ways e.g. moving into libraries or co-location with community planning partners. Customers are concerned about value for money.
- 4.6 Customers are generally not aware of our customer service charter. They believe we should have measurable standards and should report on our performance. Quite a number think our response times are too long, especially for simple queries, and for emails. We have therefore revised our customer service charter and this is presented for approval. It is included as a separate appendix (Appendix 1) within the draft Customer Services Strategy document at Appendix 2.
- 4.7 The key changes in the Customer Service Charter are to respond within 5 working days for simple issues (previously 10 working days), and to add two new standards for the website (we will make it easy to access our services online and ensure that you can find what you want on our website) and add a new pledge on complaints handling (deal with complaints promptly within 5 working days for simple issues, learn from our mistakes and publish details of improvements).

Customer Service Strategy

- 4.8 The draft Customer Service Strategy is attached at Appendix 2. It takes account of all these inputs, as well as the 3 principles adopted in the “Do we do digital” report and the opportunity for joint procurement of updated customer contact systems with The Highland Council both approved on 30 October 2014. It covers:
- The Council’s customer service culture and its alignment with the council’s values, plans and strategic outcomes;
 - The Council’s customer service standards and their performance management;
 - Customer service governance, improvement/development planning and management;
 - Channel access - review of existing and planning for emerging channels including customer insight into desired future channel access and priorities;
 - Complaints Management systems, processes, reporting and service improvement;
 - Ensuring an effective interface between elected members and customers;
 - Employee training and development in customer service.
- 4.9 It sets out our channel access strategy. There is still a need for face to face services in our major towns, with demand being undiminished. Efficiencies should focus on opportunities for co-location with other council outlets and/or community planning partners. There is the potential to trial late opening one day per week if back offices services can support this. Voice automation can be further deployed in response to the fairly limited demand for out of hours service, particularly if this can be improved and extended. Resources need to shift from phones to emails to

reflect shifting patterns of demand. Much greater priority and resource needs to be given to the digital channel, ensuring that it is fit for purpose with single sign-on for all online services.

- 4.10 The new strategy sets out how we propose to measure performance against the customer service charter, and to introduce the Customer Service Excellence standard to all departments. This is supplemented by a formal approach to training our employees in customer service excellence through induction training for all, and targeted expansion of the Customer Service Professional Qualification and topic specific guides for staff. The Customer Service toolkit on the Hub will be re-launched. It is proposed that formal governance will continue to be provided through the Customer Service Board which reports through to the Strategic Management Team. The terms of reference for this board are set out in Appendix 2 to the draft strategy.
- 4.11 The draft strategy is supported by an action plan to be completed through to March 2016. This is set out in Appendix 3 to the draft strategy. The Customer Services Board will monitor progress against the action plan.

Outline Business Case for replacement customer contact systems

- 4.12 The existing customer contact systems are now 7 years old. There are two key systems – an automated call distribution (ACD) system provided by MacFarlane for telephony and a Customer Relationship Management (CRM) system from Lagan Kana which logs customer interactions and provides scripting to customer service agents for use both at customer service points and on the telephone. The Members Portal element has been de-supported and major upgrades are required to maintain future support. The existing systems need to be upgraded or replaced. Current systems do not support social media interactions. Reviews of the market show that existing systems are no longer market leaders and it is possible to procure newer more integrated solutions that would be simpler and cheaper to maintain in the future.
- 4.13 An options appraisal was carried out considering “do nothing”, upgrade or replace. The preferred option is to upgrade or replace these systems through a collaborative tender led by The Highland Council, however if this is not possible the Council will require to progress the tender on an individual basis. Existing suppliers will be able to bid on an upgrade basis if they wish. Whilst the expected costs of a replacement system are more than those of an upgrade by c £146k over 4 years, this is expected to be more than offset by savings from channel shift which would not be available from a simple upgrade. A newer more functional system is expected to be able to support the needs of the council going forward to 2020.
- 4.14 The OBC is attached at Appendix 3 for approval. This is summarised below:

Benefit Savings Vs Costs	YEAR 1 2015/16	YEAR 2 2016/17	YEAR 3 2017/18	YEAR 4 2018/19	TOTAL 4 YEAR COST/ BENS
Capital Costs	-£220,000				-£220,000
Project Officer Costs	-£51,300				-£51,300
Capital sub-total	-£271,300				-£271,300
Digital Dev. Officer Costs	-£36,628	-£37,361	-£38,108	-£38,870	-£150,966
Revenue Costs	-£48,400	-£49,852	-£51,348	-£52,888	-£202,488
System Maintenance Savings	£0	£77,561	£79,888	£82,284	£239,733
Employee Savings	£0	£0	£23,697	£48,816	£72,513
Revenue sub-total	-£85,028	-£9,652	£14,129	£39,342	-£41,208
Channel Shift Savings	£0	£70,000	£135,000	£200,000	£405,000
Net Present Value Benefit	-£356,328	£60,348	£125,432	£190,527	£92,492

- 4.15 This includes costs of two temporary project officers full time for 8 months to carry out the implementation with minimum disruption to existing services. These posts are part of the capital implementation costs. There is also the cost of the proposed Digital Development Officer, who would be crucial in ensuring that more and more services are offered online in a simple easy to use basis for our customers. This latter post would be a permanent enhancement to the establishment and therefore a revenue cost. From year 3 onwards, there is a net revenue cost saving anticipated, based on anticipated savings in system maintenance and from employee savings in the CSC team (1 FTE in 2017/18 and 2 FTE in 2018/19). The channel shift savings are estimated at £1 per transaction, with 200,000 new online transactions anticipated by year 4. The savings will be tracked using the existing methodology for valuing and tracking customer management savings developed for Process for Change. They will not be taken directly from Service budgets, but treated as enablers towards making core departmental savings targets. The council currently has 200,000 online transactions p.a. and the business case assumes a doubling of these volumes within 4 years which should be easily achievable with the additional resource.
- 4.16 The capital cost can be accommodated within the existing ICT capital programme under the residual Process for Change Customer Management line which currently has a balance of £312,000. Approval is being sought for the additional one-off revenue costs for 2015/16 and 2016/17 to be covered from anticipated year end underspend in Customer Services in 2014/15 and for an earmarked amount of £94,680 to be carried forward to meet these amounts.

5.0 CONCLUSION

- 5.1 Policy & Resources Committee is asked to review and approve this draft Customer Service Strategy which is based on customer input, market research and benchmarking. It builds on the many sound approaches, products and management systems already in place and has a draft Action Plan for the implementation of improvement actions. It is supported by a revised Customer Services Charter for which approval is also sought.

6.0 IMPLICATIONS

- 6.1 Policy: Develops principles followed in Customer Management work stream of Process for Change and includes the “Digital First” principle already approved by the council.
- 6.2 Financial: Capital costs of £271,300 for replacement of the customer contact systems will be covered by the existing ICT capital programme. Additional revenue costs required for 2015/16 and 2016/17 totalling £94,680 will be covered from Customer Services using end of year underspend from 2014/15.
- 6.3 Legal: None.
- 6.4 HR: Additional permanent post proposed of Digital Services Development Officer, plus 2 additional temporary project officer posts for 8 months. This is included in OBC costs for replacement customer contact systems.
- 6.5 Equalities: Includes provision for ‘Assisted Digital’ support to ensure vulnerable citizens are not digitally excluded.
- 6.6 Risk: Renewal of systems will reduce risk of system failures and will provide opportunities for efficiencies in service delivery.
- 6.7 Customer Service: Provides a corporate strategy for customer service management and development through to 2019.

Douglas Hendry
Executive Director Customer Services
02 February 2015

Policy Lead: Councillor Dick Walsh, Customer and Support Services

For further information please contact Judy Orr, Head of Customer and Support Services (01586-555280) or Mhairi Renton Customer Services Manager (01586-555250)

Background papers:

Do we do digital? - Policy & Resources Committee 30 October 2014

Replacement/Upgrade of Customer Contact Systems - Policy & Resources Committee 30 October 2014

Appendices

Appendix 1: Customer Service Strategy – Customer Survey November 2014

Appendix 2: 2015-2019 Customer Service Strategy and Action Plan

Appendix 3: Customer Management System Project – Outline Business Case

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CUSTOMER SERVICE STRATEGY CUSTOMER SURVEY NOVEMBER 2014

Author	Jamie Robertson
Team	CSC Development and Support Team
Date	November 2014
Version	1.0



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Executive Summary

- 1.1 This report presents an overview of the results of the consultation carried out on customers' satisfaction with their experience of contacting Argyll and Bute Council and their views on how this could potentially be improved. All Citizens Panel Members had the opportunity to complete the survey in October and November 2014 and 490 responses were received (42%). Of those responding, only 57% had contacted the council in the last year, and of those contacts by far the largest numbers (56%) were in respect of environmental and amenity services. Many of the questions were the same as the last survey in 2008 which allowed us to track changes.

The way in which people are contacting the council is changing

- 1.2 71% contacted the council by telephone which is reduced from 2008 when this was 84%. The use of email (30%) and website (30%) has grown significantly. Conversely the use of letter has fallen from 27% to just 15%. The numbers choosing to visit a council office is virtually unchanged at 35% (up from 32%).
- 1.3 There is good satisfaction with telephone and face to face contacts - 81% and 82% respectively are fairly or very satisfied with these channels. This reflects the effort put into the customer service centre and the improvements both in customer service points and the telephony centre since the service centre was set up and the Process for Change project.
- 1.4 Conversely satisfaction with email and the website channels leaves a lot to be desired. 37% and 36% respectively are fairly or very dissatisfied with these channels. These newer channels are not meeting customer expectations yet. There is high awareness of these channels (88% and 93% respectively) and just over three-quarters of respondents say they would be prepared to use these channels for interacting with the council. This is substantially more than the 30% who have actually used these channels recently.
- 1.5 This tells us that there is significant opportunity for the council to develop digital channels. The majority of our customers are prepared to use them as long as they are fit for purpose. This is a huge opportunity for the council as these channels are cheaper to service.

How can we improve council online services?

- 1.6 Our customers' top 3 priorities were for better broadband coverage, provision of wi-fi hot spots in main towns and single sign on for all our online systems. The Next Generation Broadband project will give coverage to at least 85% of all premises in our area and a wi-fi project has been approved for Helensburgh and if successful, will provide a template for the other main towns. We are working with the Improvement Service to progress the ability to use the new national MyAccount authentication service to provide the single public sector sign-on for online services which our customers clearly want.

Increased access to customer service points and telephony customer service centre

- 1.7 Currently the customer service points are open from 9 a.m. to 5p.m. weekdays but close for lunch 12.30 to 1.30 p.m. and there is late opening at 10 a.m. on a Wednesday to allow for staff training. The telephony customer service centre is open 9 a.m. to 5 p.m. weekdays. Respondents were given a range of options for increasing these hours and told what the associated costs would be and asked if they thought that extending any of these would be value for money. The only option finding favour with the majority was a no cost option to open customer service points till 6 p.m. one day per week by amending staff rotas. The next lowest cost option of opening the telephony centre on a Saturday morning at a cost of £20,500 p.a. was only supported by 28% of respondents.
- 1.8 In contrast, there was considerable appetite for considering the potential to save money by providing face to face services in a different way e.g. through moving these into libraries or other council offices, or though co-location with community planning partners. Most respondents wanted to continue to be able to make cash payments at customer service points and did not support reducing the numbers of these.

Customers' priorities

- 1.9 We gave customers a number of different options for improving customer service across a range of channels (face to face opening hours; 24/7 voice automated telephony services; telephony opening hours; improved website services; helping customers get online) and asked them to rank these. The weighted rankings of all the options were pretty similar.
- 1.10 However, it is clear from other questions that customers are concerned about value for money and expect us to take this into account before prioritising any particular aspects.

Customer service standards

- 1.11 Only one third of our customers are aware of the customer service charter. However nearly all think we should have measurable standards and should publish how we perform against those standards. Quite a number think our response times are too long, especially for simple enquiries. Expectations are higher for emails. We do not meet these expectations as we do not prioritise this channel.

Conclusion

- 1.12 Our revised customer service strategy must take into account the changing way in which our customers want to do business with us, recognise their desire for value for money from the different channels, and meet their expectations of faster response especially from digital channels.

1. Overview

1.1 Introduction

The Council's existing Customer Service Strategy was derived from the Process for Change Customer Management Project that ran from 2009 to 2013. The Customer Service Board commissioned a review of the strategy in June 2014 and as part of that review a customer survey was completed. This report presents the findings from the customer survey.

1.2 Customer Survey

The survey focuses on customers' satisfaction with their experience of contacting Argyll and Bute Council as well as their views on a range of potential customer service options for the Council in the future. The survey questionnaire covered the following topics:

- Your Contact with the Council
- Your Customer Service Experience
- Your Views on Contacting the Council
- Customer Service Standards

Where possible, comparisons were made to the 2008 Hexagon Survey of Citizens Panel Members on the same topics that informed the previous strategy, so that differences and trends could be identified.

The survey content was agreed by the Customer Service Board and signed off by the Head of Customer and Support Services and Chief Executive.

1.3 Survey Participants

The survey was posted to all Citizens Panel Members (1,170), who also had the option to complete the survey online. A version of the survey was added to the Council website within the consultations section and paper copies were also made available at all Customer Service Points.

1.4 Returns

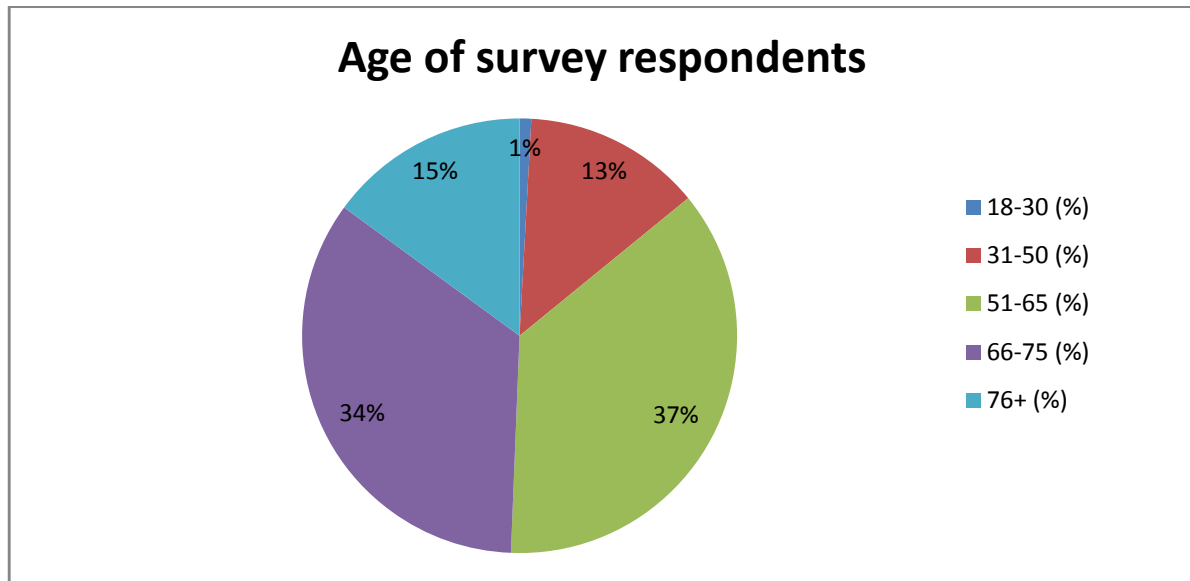
The total number of surveys returned was 490, however, it must be noted that not all surveys were fully completed.

1.5 Demographic Results

The gender (45% Male, 55% Female) and area ratio (B&C 27%, H&L 28%, MAKI 27%, OLI 18%) were as expected.

As detailed below, the customers who completed the survey were preponderantly over 50 years old. This must be kept under consideration when reviewing the survey results.

	18-30	31-50	51-65	66-75	76+
AGE	1%	13%	37%	34%	15%



2. Key Findings:

1A:	The number of people surveyed that had contacted the Council within the last year has dropped by almost 10% from the 2008 survey.
2A:	Environmental Services is still the most contacted service. Customer Services and Planning and Regulatory have switched 2 nd and 3 rd most popular contacted services..
2B:	There have been no large variations in contacts for any service area, but the reduced levels of building development probably accounts for lower levels of contacts to Planning and Regulatory whilst the benefit related activity is higher, hence more contacts to Customer Services.
3A:	Phone is still the most popular channel, however, usage has dropped from 84% down to 71% of customers since the 2008 survey.
3B:	Customers writing letters has almost halved (27% down to 15%) since the 2008 survey.
3C:	Customers using email has almost trebled (11% to 30%) since the 2008 survey.
3D:	Use of the Council website has increased five-fold (6% to 30%) since the 2008 survey.
3E:	Face to Face contact is undiminished.
4A:	Customers tell us that they use the telephone phone as it is convenient (57%), simple (49%) and provides a good quality of response (26%).
4B:	Customers use email as it is convenient (53%) and the best way to discuss a complicated matter (24%)
4C:	Customers use Face to Face as it is simple (52%), the best way to discuss a complicated matter (33%) and of customers it is the only channel they know about.
4D:	The website scores highest for convenience and simplicity (70%).
5A:	Face to Face delivers the highest service request resolution at 90%, followed by Phone at 77%
5B:	Overall 72% of customers' most recent enquiries were fully resolved
5C:	Letter (2), Email (9) and Website (5) are small sample sizes so no clear trends can be determined.
6A:	Face to Face (82%) and Phone (81%) have the highest customer satisfaction levels for overall contact experience.
6B:	Across all channels overall experience averaged 71% with 19% dissatisfied.
6C:	The poorest performing channel for experience is email (38% satisfied and 37% dissatisfied)
9A:	Face to Face (77%) and Phone (78%) have the highest levels for satisfaction with service.
9B:	Across all channels overall satisfaction with service (experience and outcome) is 67% with 25% dissatisfied.
9C:	The poorest performing channel is email (40% satisfied and 40% dissatisfied)
10A:	The top priority for contact improvement is that customers want to be responded to and kept up to date with the progress of their enquiry when they contact the Council.
10B:	Another customer contact improvement priority is to be able to speak to the correct person that can answer their enquiry.
11A:	More than three quarters of customers would use digital channels Email (78%) and Website (76%).
11B:	More than three quarters of customers surveyed say they would not use the following new media: Voice Automation (81%), Mobile Phone App (86%), Digital TV (90%),

	Facebook (89%), Twitter (94%) and SMS Text Messaging (83%).
11C:	Across all channels, 16% of customers would now use a channel that they previously were not aware of for contacting the Council.
12A:	Many customers were not aware of the range of online services and 45% said that now they are aware of them, they would use them.
13A:	Customers agree that going online is a convenient way to contact the Council (74%) and they can deal with the Council when they want (75%).
13B:	Of those surveyed, 17% do not have access to the internet.
13C:	63% Customers don't agree it is a secure way to deal with a confidential matter and 72% do not want to discuss complicated matters online (72%)
13D:	60% do not feel that the services they require are online (though many were unaware of the services that are available).
13E:	59% of customers don't want to have register for online services
13F:	A high proportion of customers believe contacting the council by web takes too long (42%) and the services don't operate well enough (43%).
14A:	Better Broadband coverage was the clear priority for improving web services for with 53% of customers selecting it as their top priority and 82% overall selecting it in their top 3 priorities.
14B:	Single registration sign on (53%) and provision of Wi-Fi hotspots in main towns (50%) were customers' other web improvement priorities.
15A:	61% of customers want Service Points to open until 6pm one day per week
15B:	There was little desire to increase opening hours of Customer Service Centre (8%) or Service Points (1%) to 8am – 6pm
15C:	One outcome of the CSC Service Review was to close Service Points over lunchtime from 12:30 to 13:30. Only 12% of customers requested this be reversed.
16A:	Customers are agreeable to relocating Service Points in to other Council offices (80%) or co-locating with partner organisations (64%)
16B:	Replacing Service Points with video booths is not popular (18%)
16C:	Customers are fairly evenly split on stopping cash payments at Service Points (40% Yes / 60% No) and on reducing the number of Service Points (41% Yes / 59% No)
16D:	95% of customers do not wish Service Points to close
17A:	There was only 2% difference across four of the five options for what should be the Councils' customer contact priority.
17B:	Increased voice automation divided opinion receiving the joint highest percentage priority ranking (23%) but also the lowest priority percentage (31%)
17C:	As per question 15, there is little desire to increase opening hours of the CSC with only 13% putting this as their highest priority.
17D:	Improving interactive and mobile web services received the most high priority votes (23%), the least low priority votes (12%) and scored highest overall (21.2%)
18A:	Only 34% of customers are aware of the Customer Service Charter
18B:	97% of customers think it is important the Council has measurable standards, and 91% think it is important that these standards are published.
19A:	Many customers are happy with the existing standards (16 out of 40), although some feel that response times for email, letter and fax should be reduced; especially for simple enquiries.
19B:	Customers are interested in having new standards for complaints management, being

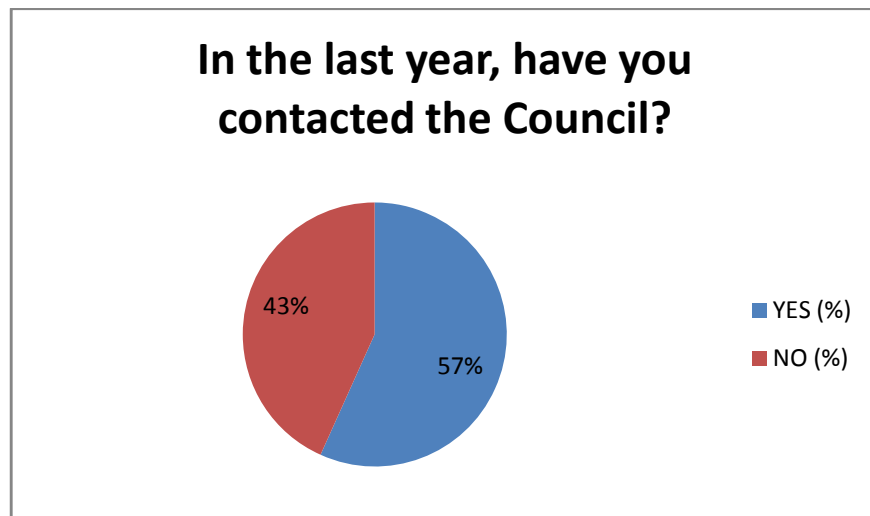
	able to find what they want on the web and on being informed of progress.
19C:	Customers are conscious of the difficulty for the Council to attain standards with reduced resource levels.
20A:	There were very low returns by the under 50s age group (1% for 18-30, 13% for 31-50).
20B:	More surveys were returned by customers aged 76+ (15%) than aged under50 (14%).
20C:	Returns were split fairly equally between male 45%, and female 55%.
20D:	OLI (18%) not as well represented as well as three other administrative areas (B&C 27%, MAKI 27%, H&L 28%).

3.1 Your Contact with the Council:

Q1: In the last year have you contacted the Council?

Results:

	2014 Survey	2008 Hexagon Survey	Difference
Yes	57%	68%	-9%
No	43%	32%	+9%



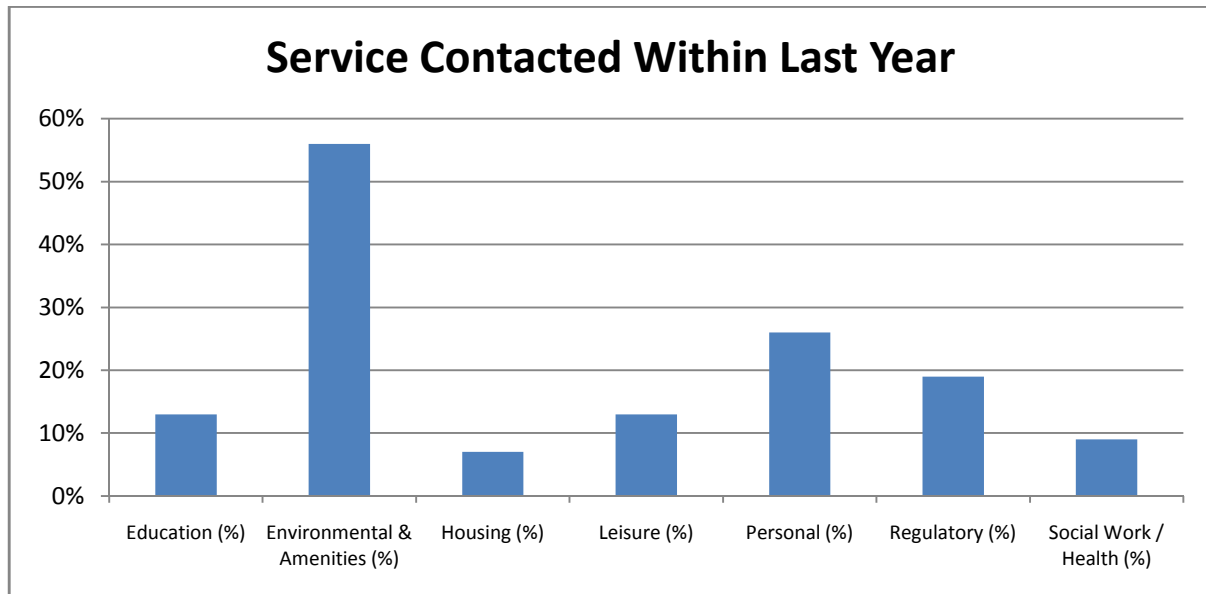
Key Findings:

1A:	The number of people surveyed that had contacted the Council within the last year has dropped by almost 10% from the 2008 survey.
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Q2: What services did you require or ask about when you were contacting the Council? Please tick all that apply.

Results:

SERVICE AREA	2014 Survey	2008 Survey	Difference
Education	13%	13%	0%
Environmental Services	56%	61%	-5%
Housing Services	7%	6%	+1%
Leisure Services	13%	16%	+3%
Personal Services (Council Tax, Registration, Benefits, etc.)	26%	22%	+4%
Regulatory Services (Licensing, Planning, Building Control, etc.)	19%	26%	-7%
Social Work/Health	9%	11%	-2%



Key Findings:

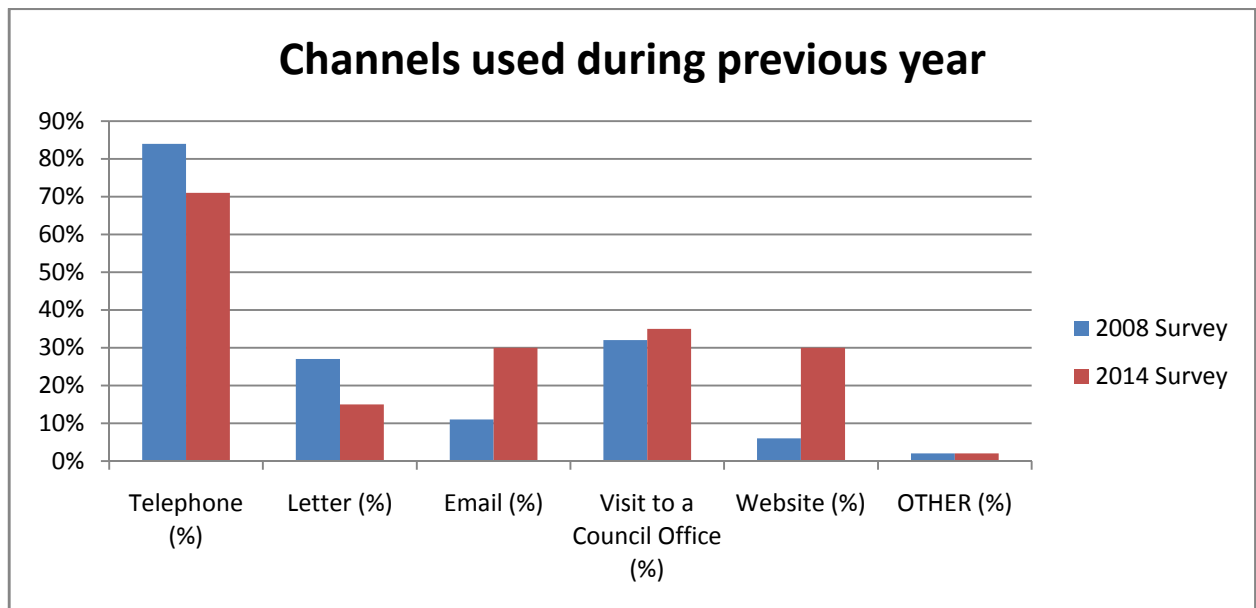
2A:	Environmental Services is still the most contacted service. Customer Services and Planning and Regulatory have switched 2 nd and 3 rd most popular contacted services..
2B:	There have been no large variations in contacts for any service area, but the reduced levels of building development probably accounts for lower levels of contacts to Planning and Regulatory whilst the benefit related activity is higher, hence more contacts to Customer Services.

Q3: Thinking about all your contacts with the Council in the last twelve months, which of these methods did you use? In the first column please tick all the methods used within the last year, and in the second column select the method you used most recently:

Results:

Method of contacts used in last year:

CHANNEL	2014 Survey	2008 Survey	Difference
Telephone	71%	84%	-13%
Letter	15%	27%	-12%
Email	30%	11%	+19%
Visit to a Council Office	35%	32%	+3%
Website	30%	6%	+24%
Other	1%	2%	-1%



Key Findings:

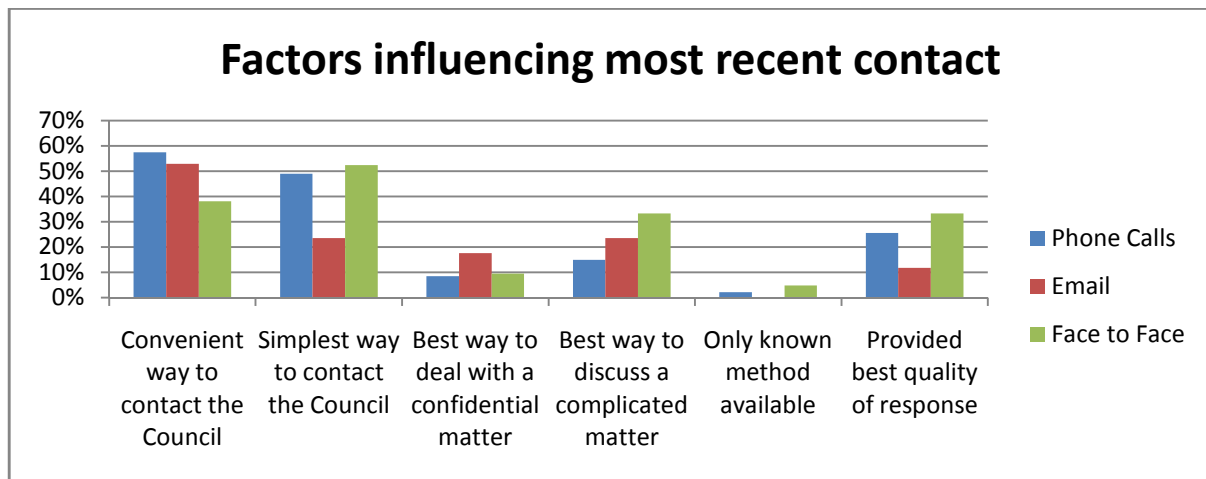
3A:	Phone is still the most popular channel, however, usage has dropped from 84% down to 71% of customers since the 2008 survey.
3B:	Customers writing letters has almost halved (27% down to 15%) since the 2008 survey.
3C:	Customers using email has almost trebled (11% to 30%) since the 2008 survey.
3D:	Use of the Council website has increased five-fold (6% to 30%) since the 2008 survey.
3E:	Face to Face contact is undiminished.

Q4: What factors influenced this most recent choice of contact method?

Please tick all that apply

Results:

	Phone	Email	Face to Face	Letter	Website
Convenient way to contact the Council	57%	53%	38%	60%	70%
Simplest way to contact the Council	49%	24%	52%	60%	70%
Best way to deal with a confidential matter	9%	18%	10%	20%	0%
Best way to discuss a complicated matter	15%	24%	33%	40%	0%
Only known method available	2%	0%	5%	0%	0%
Provided best quality of response	26%	12%	33%	0%	0%



Key Findings:

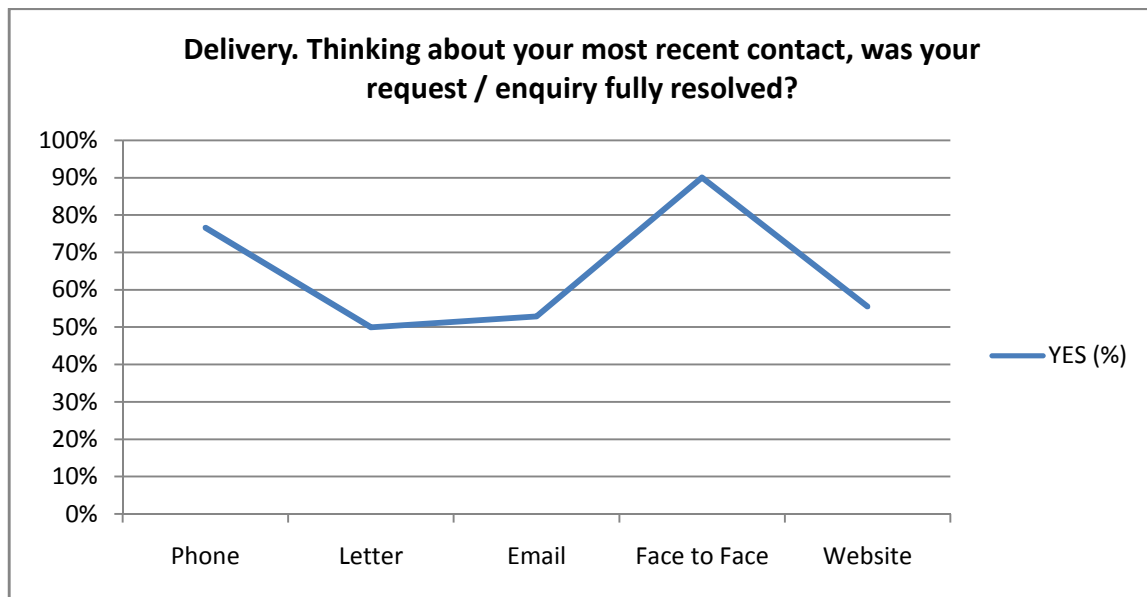
4A:	Customers tell us that they use the telephone phone as it is convenient (57%), simple (49%) and provides a good quality of response (26%).
4B:	Customers use email as it is convenient (53%) and the best way to discuss a complicated matter (24%)
4C:	Customers use Face to Face as it is simple (52%), the best way to discuss a complicated matter (33%) and of customers it is the only channel they know about.
4D:	The website scores highest for convenience and simplicity (70%).

3.2 Your Customer Service Experience

Q5: Delivery. Thinking about your most recent contact, was your request / enquiry fully resolved?

Results:

	Phone	Letter	Email	Face to Face	Website	OVERALL
Yes	77%	50%	53%	90%	56%	72%
No	23%	50%	47%	10%	44%	28%



Key Findings:

5A:	Face to Face delivers the highest service request resolution at 90%, followed by Phone at 77%
5B:	Overall 72% of customers' most recent enquiries were fully resolved
5C:	Letter (2), Email (9) and Website (5) are small sample sizes so no clear trends can be determined.

Q6-8: Experience (Timeliness, Information, Professional & Staff Attitude):

Results:

OVERALL SATISFACTION	PHONE	LETTER	EMAIL	FACE TO FACE	WEBSITE	OVERALL
Very Satisfied	51%	59%	12%	72%	24%	48%
Fairly Satisfied	30%	0%	26%	10%	31%	23%
Neither Satisfied nor Dissatisfied	5%	25%	25%	7%	9%	10%
Fairly Dissatisfied	6%	16%	13%	2%	7%	7%

Very Dissatisfied	8%	0%	24%	9%	29%	12%
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Key Findings:

6A:	Face to Face (82%) and Phone (81%) have the highest customer satisfaction levels for overall contact experience.
6B:	Across all channels overall experience averaged 71% with 19% dissatisfied.
6C:	The poorest performing channel for experience is email (38% satisfied and 37% dissatisfied)

Q9: Satisfaction with Service

OVERALL SATISFACTION	PHONE	LETTER	EMAIL	FACE TO FACE	WEBSITE	OVERALL
Very Satisfied	62%	0%	11%	61%	19%	46%
Fairly Satisfied	14%	44%	29%	16%	38%	21%
Neither Satisfied nor Dissatisfied	5%	33%	21%	3%	0%	8%
Fairly Dissatisfied	7%	11%	11%	5%	9%	8%
Very Dissatisfied	12%	11%	29%	16%	25%	17%

Key Findings:

9A:	Face to Face (77%) and Phone (78%) have the highest levels for satisfaction with service.
9B:	Across all channels overall satisfaction with service (experience and outcome) is 67% with 25% dissatisfied.
9C:	The poorest performing channel is email (40% satisfied and 40% dissatisfied)

Q10: Do you have any specific suggestions on how customer service and methods of contacting the Council should be improved in the future?

Results:

All 41 comments are detailed at **Appendix A**. A summary of comments are detailed below:

COMMENT TYPE	VOLUME
Easier to find correct contact details (phone or email)	2
Failure to respond and/or supply progress updates	10
Ensure service requests are completed	3
Improve phone systems	6
Suggestion relating to direct incident	6
More joined up working across Council departments	3
Improved staff training and/or availability	6

Miscellaneous	5
TOTAL	41

Key Findings:

10A:	The top priority for contact improvement is that customers want to be responded to and kept up to date with the progress of their enquiry when they contact the Council.
10B:	Another customer contact improvement priority is to be able to speak to the correct person that can answer their enquiry.

3.3 Your Views on Contacting the Council

Q11: The Council offers contact by a range of methods and these are listed below. Please tell us the ones you are aware of and which ones you would consider using:

Results:

CHANNEL	Aware of Channel		Would Use Channel	
	YES	NO	YES	NO
Customer Service Points	59%	41%	77%	23%
Customer Service Centre	77%	23%	87%	13%
Voice Automation	24%	76%	19%	81%
Email	88%	12%	78%	22%
Website	93%	7%	76%	24%
Mobile Phone App	20%	80%	14%	86%
Digital TV	9%	91%	10%	90%
Facebook	31%	69%	11%	89%
Twitter	27%	73%	6%	94%
Text Service	17%	83%	17%	83%
General Enquiries Line	84%	16%	89%	11%

Of those that were unaware of a channel, the table below details the number that would use the channel and as a percentage of respondents previously unaware that would now use the channel:

CHANNEL	Now Aware of and Would Use Channel	Now Aware of and Would Use Channel (%)
Customer Service Points	81	47%
Customer Service Centre	61	60%
Voice Automation	25	9%
Email	26	50%
Website	6	20%
Mobile Phone App	32	10%
Digital TV	23	7%
Facebook	17	6%
Twitter	9	3%
Text Service	43	14%
General Enquiries Line	35	51%
TOTAL	358	16%

Key Findings:

11A:	More than three quarters of customers would use digital channels Email (78%) and Website (76%).
11B:	More than three quarters of customers surveyed say they would not use the following new media: Voice Automation (81%), Mobile Phone App (86%), Digital TV (90%), Facebook (89%), Twitter (94%) and SMS Text Messaging (83%).
11C:	Across all channels, 16% of customers would now use a channel that they previously were not aware of for contacting the Council.

Q12: The range of transactions that can be carried out on the Council website is detailed below. Please tell us the service you are aware of and if you would consider using them:

Results:

ONLINE SERVICE AREA	Aware of Online Service		Would Use Online Service	
	YES	NO	YES	NO
Making Payments	72%	28%	58%	42%
Library Services	52%	48%	54%	46%
Planning Portal	63%	37%	59%	41%
Report Issues	64%	36%	82%	18%
Request Council Services	62%	38%	76%	24%
Taking part in Consultations	47%	53%	57%	43%
Notification of Service Disruptions	55%	45%	75%	25%

Of those that were unaware of a service that is available online, the table below details the number that would use this service online and as a percentage of respondents previously unaware that would now use the channel:

ONLINE SERVICE AREA	Now Aware of and Would Use Online Service	Now Aware of and Would Use Online Service(%)
Making Payments	33	26%
Library Services	75	36%
Planning Portal	55	34%
Report Issues	108	65%
Request Council Services	96	58%
Taking part in Consultations	85	38%
Notification of Service Disruptions	107	55%

TOTAL	559	45%
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Key Findings:

12A:	Many customers were not aware of the range of online services and 45% said that now they are aware of them, they would use them.
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Q13: Please select whether you agree or disagree with the following statements regarding online service provided by the Council:

Results:

	AGREE	DISAGREE
Going online is a convenient way to contact the Council	74%	26%
I don't have the skills or confidence to use online services	24%	76%
Going online is the simplest way to contact the Council	41%	59%
I do not have access to the internet	17%	83%
I believe it is a secure way to deal with a confidential matter	37%	63%
I can deal with Council when I want, including out with normal opening hours	75%	25%
I don't want to discuss complicated matters online	72%	28%
I don't want to have to register for online services	59%	41%
It takes too long	42%	58%
The online services don't operate well enough	43%	57%
The services I require are provided online	60%	40%

Key Findings:

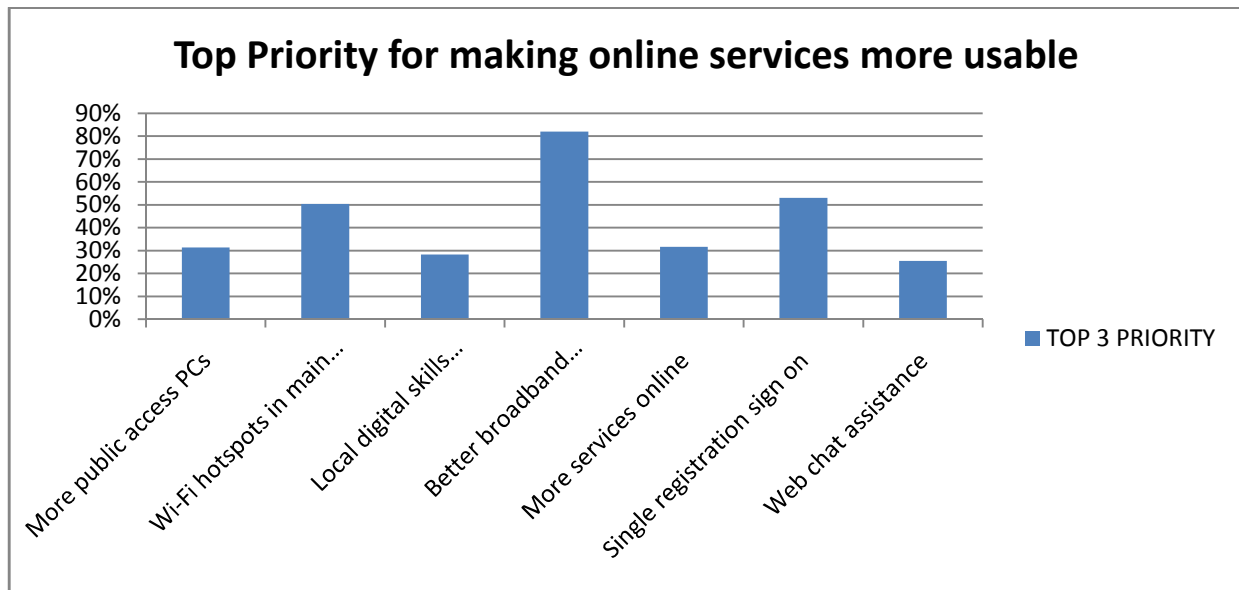
13A:	Customers agree that going online is a convenient way to contact the Council (74%) and they can deal with the Council when they want (75%).
13B:	Of those surveyed, 17% do not have access to the internet.
13C:	63% Customers don't agree it is a secure way to deal with a confidential matter and 72% do not want to discuss complicated matters online (72%)
13D:	60% do not feel that the services they require are online (though many were unaware of the services that are available).
13E:	59% of customers don't want to have register for online services
13F:	A high proportion of customers believe contacting the council by web takes too long (42%) and the services don't operate well enough (43%).

Q14: How could we make our online services more usable? Please rate your top 3, where 1 is your most desired option:

Results:

Only surveys where customers correctly marked their top three options with 1, 2 and 3 were included. To weight the priority of each selection, highest priority of 1 were multiplied by 3, those marked 2 were multiplied by 2 and those marked 3 were multiplied by 1.

	TOP PRIORITY – RANK 1	PRIORITY – RANK 1-3	WEIGHTED (%)
Provision of more public access PCs	8%	31%	9%
Provision of Wi-Fi hotspots in main towns	12%	50%	17%
Provision of local digital skills training courses	7%	28%	9%
Better broadband coverage	53%	82%	35%
Offering more services online	4%	32%	9%
A single registration sign on for all online services	11%	53%	15%
Offering web chat assistance	4%	26%	7%



Key Findings:

14A:	Better Broadband coverage was the clear priority for improving web services for with 53% of customers selecting it as their top priority and 82% overall selecting it in their top 3 priorities.
14B:	Single registration sign on (53%) and provision of Wi-Fi hotspots in main towns (50%) were customers' other web improvement priorities.

Q15: The Customer Service Centre is open for telephone calls from 9am to 5pm, Monday to Friday. The Customer Service Points in each main town are open from 9am to 5pm, Monday, Tuesday, Thursday and Friday and 10am to 5pm on Wednesdays. The Customer Service Points currently close for lunch between 12:30pm and 1:30pm every day.

Increasing the opening hours would incur the costs estimated below. Do you think the following changes would represent value for money?

Results:

INCREASED HOURS OPTION	YES	NO
All Customer Service Points opening until 6pm ONE day per week	61%	39%
Opening the Customer Service Centre for telephone calls on a Saturday morning from 9am – 12:30pm	28%	72%
Increasing opening hours at the Customer Service Centre for telephone calls from 8am to 6pm	8%	92%
Opening the Customer Service Points on a Saturday morning from 9am – 12:30pm	10%	90%
All Customer Service Points opening all day Monday to Friday from 9am to 5pm (including over lunchtime)	12%	88%
Increasing opening hours at Customer Service Points from 9am to 6pm	1%	99%

Key Findings:

15A:	61% of customers want Service Points to open until 6pm one day per week
15B:	There was little desire to increase opening hours of Customer Service Centre (8%) or Service Points (1%) to 8am – 6pm
15C:	One outcome of the CSC Service Review was to close Service Points over lunchtime from 12:30 to 13:30. Only 12% of customers requested this be reversed.

Q16: Other Councils have saved money by providing Face to Face services in a different way. Do you think the Council should consider any of the following options? Please tick all that apply:

Results:

FACE TO FACE DELIVERY OPTIONS	YES	NO
Relocating Customer Service Points into libraries or other Council offices	80%	20%
Co-locating with partner organisations (e.g. DWP, Post Office, NHS, Fire, Police, etc.)	64%	36%
Replacing Customer Service Points with interactive video booths at libraries or other Council offices linked to the Customer Service Centre	18%	82%
Stop taking <u>cash</u> payments at Customer Service Points – payments being made online, by telephone or at Post Office/Paypoints	40%	60%
Reducing the number of standalone Customer Service Points	41%	59%
Closing all Customer Service Points in favour of electronic channels	5%	95%

Key Findings:

16A:	Customers are agreeable to relocating Service Points in to other Council offices (80%) or co-locating with partner organisations (64%)
16B:	Replacing Service Points with video booths is not popular (18%)
16C:	Customers are fairly evenly split on stopping cash payments at Service Points (40% Yes / 60% No) and on reducing the number of Service Points (41% Yes / 59% No)
16D:	95% of customers do not wish Service Points to close

Q17: In the medium term what should be the Council's customer contact priorities? Please rate each of the following options from 1 to 5, with 1 being the lowest priority and 5 being the highest priority:

Results:

Only surveys where customers correctly marked their priorities 1 to 5 were evaluated. To weight the priority of each selection, highest priority of 5 were multiplied by 5, those marked 4 were multiplied by 4, etc.

	HIGHEST PRIORITY – RANK 5	LOWEST PRIORITY – RANK 1	WEIGHTED
Increased face to face services at Customer Service Points	21%	20%	19.9%
Increased voice automated 24/7 telephone services	23%	31%	18.9%
Increased opening hours for phone calls to the Customer	13%	19%	19.7%

Service Centre			
Improved interactive web and mobile web services	23%	12%	21.2%
Helping customers who struggle with digital services get online	20%	18%	20.4%

Key Findings:

17A:	There was only 2% difference across four of the five options for what should be the Councils' customer contact priority.
17B:	Increased voice automation divided opinion receiving the joint highest percentage priority ranking (23%) but also the lowest priority percentage (31%)
17C:	As per question 15, there is little desire to increase opening hours of the CSC with only 13% putting this as their highest priority.
17D:	Improving interactive and mobile web services received the most high priority votes (23%), the least low priority votes (12%) and scored highest overall (21.2%)

3.4 Customer Service Standards

Q18: Customer Service Standards:

Results:

	YES (%)	NO (%)
Are you aware of the Council's Customer Service Charter and the standards it contains?	34%	66%
Do you think it is important that the Council has measurable standards for Customer Services?	97%	3%
Do you think it is important that the Council publishes how it performs against the standards it sets?	91%	9%

Key Findings:

18A:	Only 34% of customers are aware of the Customer Service Charter
18B:	97% of customers think it is important the Council has measurable standards, and 91% think it is important that these standards are published.

Q19: Please tell us if you think any of the Charter standards are not appropriate, or if you think an alternative standard or pledge should be introduced:

Results:

All 40 comments are detailed at **Appendix B** (p39). A summary of comments are detailed below:

COMMENT TYPE	VOLUME
Happy with existing standards	16
Shorten existing timescales	6
Lengthen existing timescales	2
Alternative measurements / Improvements to existing measures	9
Reduced staffing levels / Difficulty attaining standards	3
Miscellaneous	4
TOTAL	40

Alternative Measures:

1. Easily find what they need on the Council website
2. Kept informed of progress
3. Complaints handling

Key Findings:

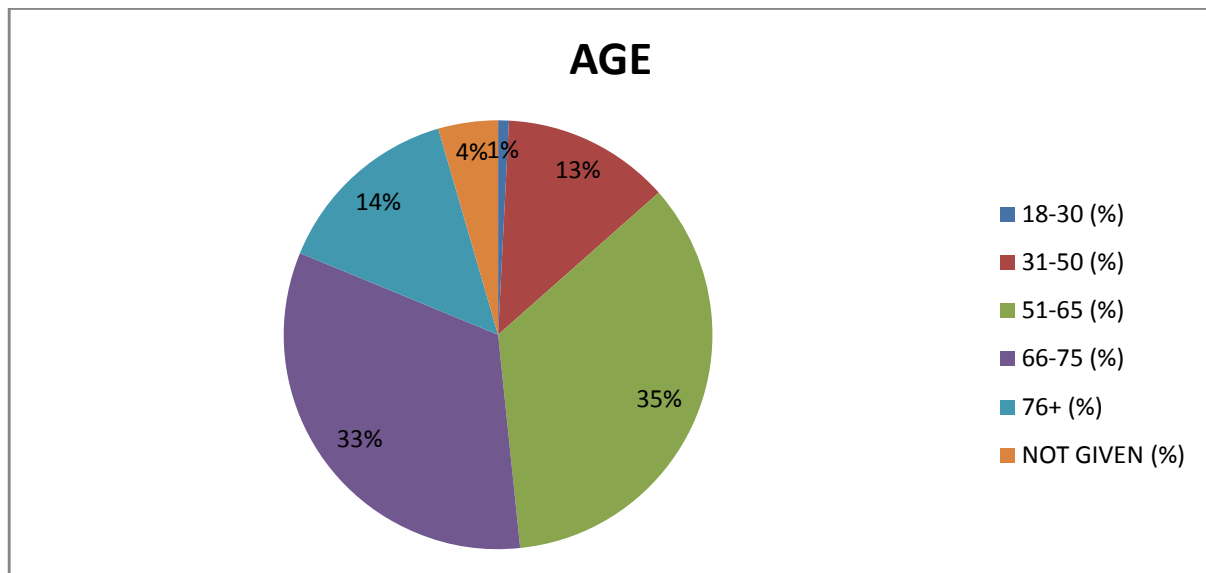
19A:	Many customers are happy with the existing standards (16 out of 40), although some feel that response times for email, letter and fax should be reduced; especially for simple enquiries.
19B:	Customers are interested in having new standards for complaints management, being able to find what they want on the web and on being informed of progress.
19C:	Customers are conscious of the difficulty for the Council to attain standards with reduced resource levels

Q20: The results of this survey are anonymous, however, it will help us to know what different groups of customers think about our customer service if you complete the following:

Results:

	MALE	FEMALE
GENDER	45%	55%

	18-30	31-50	51-65	66-75	76+
AGE	1%	13%	37%	34%	15%



	B&C	H&L	MAKI	OLI
LOCATION	27%	28%	27%	18%

Key Findings:

20A:	There were very low returns by the under 50s age group (1% for 18-30, 13% for 31-50).
20B:	More surveys were returned by customers aged 76+ (15%) than aged under50 (14%).
20C:	Returns were split fairly equally between male 45%, and female 55%.
20D:	OLI (18%) not as well represented as well as three other administrative areas (B&C 27%, MAKI 27%, H&L 28%).

Recommendations and Actions

No.	ACTION/RECOMMENDATION
1	Our main focus has been on developing and improving the Council website. It is clear that we need to refocus some of our efforts to email handling. From the survey, 30% of customers had used both email and the website to contact the Council within the last year. The satisfaction levels for email were poor with just 38% satisfied with the experience and 40% satisfied with the service.
2	Customers recommended improving customer service by ensuring that they are kept up to date with progress. The procedures set up for giving customers progress updates also require to be reviewed and improved.
3	The survey confirmed that more people (76%), are using email and the council website to contact the Council. This is a firm starting point for the new Digital First programme, especially as improving interactive and mobile web services scored highest on where the Council should be focusing their efforts. Customers have identified areas of the website that should be improved e.g. offering more services, improving existing functionality, adding single sign on registration and making people aware of the services that are available.
4	The age demographic of survey respondents decreased the probability of high desire for new channels and this was reflected in the results. Focus and effort on improving new channels should still be continued as they are more likely to be adopted by the younger demographic who were not well represented in the survey.
5	It is clear that customers are not aware of all channels available to them. More must be done to publicise and raise awareness of available channels and their capabilities.
7	The website must ensure it has high levels of authentication and encryption as required across the site. This must be clearly and simply displayed to customers to improve their understanding and increase their faith in the security and confidentiality of the site.

8	Customers do wish a single sign on for the website rather than the current set up of different sign ons for different parts of the site. The work underway with Improvement Service to provide a national single sign on must be continued to deliver this requirement.
9	The desire for better broadband is clear and the while this is a national issue, it may be worth exploring what return in broadband coverage could be leveraged from council specific coverage.
10	The only popular option for extending Customer Service Centre or Customer Service Point access is opening from 9am - 6pm one day per week. This should perhaps be piloted to establish true demand.
11	Customers still want to contact the Council Face to Face. If in the future there is a requirement to make savings across the network of Service Points, this should be achieved by creating efficiencies from relocating to other Council offices or co-locating with partner organisations, which found favour with a majority of respondents.
12	There is a desire from customers for Voice Automation improvements and this channel should continue to be developed as the technology improves. There is, however, some dislike of this channel therefore it should only be developed as part of a multi-channel solution.
13	The Customer Service Charter requires to be updated in line with some of the alternatives given in the survey. It must be publicised more to raise awareness and performance of the Council against the measures must be reported on.
16	The demographic makeup of the Citizens Panel requires to be reviewed as the results from this survey are not representative of the area. The Council must also identify better ways of engaging with the 18-30 and 31-50 age groups.

Appendix A – Customer Comments**Q10: Do you have any specific suggestions on how customer service and methods of contacting the Council should be improved in the future?**

You should be up to date with yourselves

Please answer all emails, even if you can't help

Communication was a 1 way street i.e. me -> the Council. I had no idea they were going to do this thing I'd asked them to do. They did it without informing me they were going to do it or when they were going to do it.

Would prefer telephone call should be answered by a staff member. Not automatic selection of department on offer

Train staff in customer relations and not to be high handed when dealing with public

Follow up timeliness / getting back to you dependant on individual person you get. Some great, some slow and need reminding

Don't say someone will call unless it is known they will. Don't offer clearance service if NOT going to be provided. Answer phone within 20 rings NOT 5 minutes!!!!

More direct phone lines

I twice in the past telephoned regarding recycling collection. I was told someone in the correct department would phone back. They never did. Perhaps whatever method is used to contact the council a reply should be made where appropriate. I would be unlikely to contact eh council again unless absolutely necessary.

Revisit how charges are graded for uplifts e.g. sliding scale relating how difficult/time consuming the job is and then charge as appropriate.

It's not the contacting its getting the results

Staff should be allowed to smile and speed up responses

No contact was made me directly re my road complaint - I have had no response when I chased it up.

Not at this time

List of email addresses for specific enquiries

By ensuring that list of telephone numbers and email addresses are given to households.

Contact customer with an update

Simplify searching for planning applications by making it easy to search via multiple criteria

For members of staff to return calls when promised and to give accurate information to questions asked.

Have sufficient people available to answer queries at first time of asking.

The Council often do not reply to letters but the requested action detailed in the letter does take place.

Phone system should be simplified to direct to correct department and more availability of staff if possible.

I may have contacted the wrong person or the wrong department but surely one of them could have had the decency to advise me, Instead my enquiry was totally ignored.

*Yes you are as guilty as the Council in describing us as customers. Customers have a choice of providers. Tax payers do not. We are **Tax Payers.***

Response to emails normally is "I am out of the office etc.". And emails are therefore a waste of effort and this particularly where Community Council questions require a speedy response and urgent personal questions similarly. The filling out of surveys is long winded and rarely generates a response e.g. Core Paths.

Initial contact to take all details and then have appropriate person contact customer within 1 hour. Not pass you from one department to another. Have staff accept their responsibility and act correctly. Not pass the buck hoping you will go away. I had to do Social Work work for them.

I had 2 problems with my Planning application. 1) Phone calls were sent from a withheld number which we do not receive. One of the documents sent to us was badly laid out. Consequently we filled it on incorrectly. Subsequent phone calls established that this was already recognised as a problem. No one appeared to be able to make the necessary very simple changes to the document.

Improve online booking system

Telephone calls can take a long time to answer and may not feed through to required department messages not best way of contact

If not a straight forward enquiry they should get back to you.

When contacting by telephone, it is difficult to find a phone number dealing with local enquiries.

All too often the one specific individual responsible for taking action on an issue is not available

There is no point having improved methods of communication if the council still don't deal with the issue you're raising.

It took two visits and quite a long time before the alarm system was installed in the house. This was done without the paper work being filled in. I tried to pay for the system by direct debit and filled in two forms to get this done. I received demands to pay so I went to the council office and I believe the matter is now sorted out. The staff on this occasion was very helpful.

Please see comments at Q4. Rather than being passed from one department to the other I would much rather find the local number online and call direct. I was totally satisfied with Trading Standards once I finally got there. As mentioned, I've called to several departments over the year and each time the same thing happened. Please go back to contacting offices/departments directly.

No - quality of response has improved significantly over last 2 or 3 years

I would have thought the starting of a puppy farm in a residential area would require change of use or at least some planning permission.

Straight forward direct to correct department although press button good redirected if person not available or offline very frustrating due to time required to go through process several time before get correct person.

Telephone and or personal contact is preferred for most enquiries.

Matters could be resolved quicker

Ease to speak to someone appropriate is essential. Not reliant on having or access to a computer. Really best to have local contact.

I like to speak to someone with local knowledge. I don't think someone in Helensburgh would have had sufficient local knowledge to deal with an island related enquiry.

Employing more staff. Staff are always rushed off their feet

Q19: Please tell us if you think any of the Charter standards are not appropriate, or if you think an alternative standard or pledge should be introduced:

Too hard a standard for your calls answered within 20 seconds. Don't mind waiting a little longer

All seem good

Wasn't aware of charter standards

I have completed this from a personal viewpoint and do appreciate that for the vast majority of people modern technology is the most appropriate method of communication, but there are other people like me - and older - who prefer more 'old fashioned' ways of communicating. So until we are all gone I think it should still be an option.

I think they are sufficient and appropriate.

Find all Charter standards most appropriate

I think everything is covered all entirely appropriate.

I think the polite, friendly, professional should apply to all methods of contact including email.

The website is over complicated. Information is hidden and requires persistence to find what you require.

All seem satisfactory

I think charter standards are appropriate

All seem appropriate

10 days to answer for full response to simple email - not really acceptable. Should be much shorter.

The only appropriate ones are those that can be accurately measured - time taken for example. "polite, friendly, professional" is intangible and subjective and is meaningless here.

As long as its achievable it seems fine.

Surely a phone can ring for more than 20 second? How do these relate to, for example, schools? Do they have their own charter?

The current charter seems appropriate

Clear distinct speech

Sorry I could not answer many of your questions as I don't have a computer

The most important thing is a timely response and continuing progress reports on how a matter is being resolved. Non-communication when something is delayed, or proves difficult is not acceptable.

I think that contacting the Council offices should be a local rate number. I live in Campbeltown and it is expensive to call Kilmory during working hours.

15/20 days to reply to a letter is too long! With regards to giving names I was told recently by a member of staff (female) that they were not prepared to give out full names

Reduce response times for enquiries by letter, email or fax. 10 and 20 days is too long

The charter standards are excellent. Everyone employed must be suitably trained, and trusted to keep up standards.

Most of them are common decency, and should be expected without any charter stating them. The Council is setting itself up to fail by publishing some of these.

Timescales not strict enough. 2 weeks to reply to a simple query! Queries are normally holding up action e.g. important decisions people have to make. Thrown in bank holidays, a simple query could take 3 weeks.

Appropriate

All the standards are appropriate and simple courtesy expected.

The charter is bureaucratic gobbledygook. It is sufficient the Council does its job properly

Reduce time for contact by letter email or fax. Some of which have in recent times been excessively long - some by return which is app???? and normally very important otherwise why does one write to the Council

I agree with the charter standards. Over the years I have always found staff to be polite, friendly and professional.

They are appropriate. All you need is for all staff to comply.

"Answer calls within 20 secs" - this needs attention. "Letter/email/fax" acknowledge enquiry within 2 working day" - too slow - 24 hours

Contact by telephone: "Always ensure a suitable, qualified representative, or an alternative person, is available to resolve your query there and then."

If the charter is not being met, have someone to whom a complaint can be directed.

Example - Dolphin Hall offices, Dunoon. No reception desk. A telephone on the wall with a list of phone extension numbers beside it. There is a window for the homeless departments there that could answer and they could dial the extension number. My parents are elderly and couldn't understand what they had to do. They came for me and I had to go with them to contact the appropriate department. There was a reception desk there before but was taken away. The elderly don't want computers etc. They want to see a person when they contact the Council.

Appropriate but level of staffing make or put unrealistic pressure on staff to achieve. See a culture of bullying and fear among Council staff developing due to this pressure.

Some Council departments have fewer admin workers than before - how are they to answer all calls within the same timeframes?

Charter is acceptable

The standards listed are precise and to the point providing all are adhered to it will work well



ARGYLL AND BUTE COUNCIL

CUSTOMER SERVICE STRATEGY 2015-2019



Author: Bob Miller
Title: Customer Service Support and Development Manager
Date: February 2014
Version 1.1

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1. EXECUTIVE SUMMARY

From 2010-2014 the council's customer service strategy was determined by the deliverables of the Customer Management Project agreed as part of the Process for Change Programme. Following the completion of that project the Customer Service Board directed that a formal Customer Service Strategy be developed for the council, to act as the framework for customer service improvement going forward. An extensive consultation of customers and number of other research and benchmarking activities have informed the content of the new strategy, which builds on the many advances made since 2010.

The key features of the new Strategy are:

Customer Service Development and Governance

- To retain the Customer Service Board (CSB), as the strategic board for customer service related development management, performance management and employee development management
- Have a dedicated annual Customer Service Development Plan whose delivery is managed by the CSB, but which is integral to and aligned with the Corporate Improvement Plan and Annual Service Plans
- Review, improve and relaunch the Customer Service Toolkit as the focused corporate resource for all elements of customer service excellence on the newly upgraded Hub intranet.
- Implement better tools and approaches that allow is to identify specific customer groups, to better meet their specific needs.

Standards and Performance Management

- Introduce a revised Customer Service Charter that has additional elements requested by customers including pledges regarding the council website, customer complaints and being kept informed of the progress of service requests.
- Monitor performance against charter pledges on the corporate Customer Service Scorecard, reviewing the target levels annually to ensure that they remain challenging
- Procuring a new automated customer satisfaction monitoring tool to continually report on front and back office achievement of response standards, to replace the annual mystery shopping approach used in the past
- Increase the number of customer consultations and satisfaction surveys undertaken corporately and by Services each year (tracked by CSB), and report the outcomes to customers on the council's website.
- Introduce new measurement and reporting of 'failure demand' as a means to identify delivery improvements and reduce avoidable contacts and complaints

Customer Contact and Channel Access

- Maintain a range of customer access channels to ensure channel choice, but implement the "Digital First" approach agreed by the Policy and Resources Committee
- Recruitment of a new Digital Development Officer post to systematically implement and promote the re-engineering of service delivery to maximise digital self-service opportunities for customers
- Procurement of a next generation customer contact and customer relationship management system for the Customer Service Centre that can support new mobile web and social media interactions, streamline the increasingly hard to maintain mosaic of elderly systems currently in place and help to deal with ever increasing customer demand by supporting integrated self-service and workforce management

- Implementation of an effective successor to the Members Portal that allows elected members to log and monitor service requests on behalf of their constituents
- Ensuring face to face contact via customer service points is retained in each major town, but exploring the possibility of co-location with other Services or partners to deliver efficiencies.

Employee Development

- Retain the Customer Service Professional Qualification, but expand take up by making its completion at Award or Certificate level a mandatory element of job descriptions for certain customer focused posts
- Develop a new base level e-learning course in customer care as part of the wider overhaul of e-learning being progressed by Improvement and HR
- Continue to deliver a bespoke and regularly updated Customer Management module as part of the Argyll and Bute Manager programme
- Implement the Customer Service Excellence Standard to at least two Services in each Department, with a view to building in house expertise in this national standard and gaining corporate accreditation by 2018
- Developing a range of topic specific guides and aids for employees, beginning with a review of the Effective Call Handling Guide and a new guide to responding to letters and emails.
- Recognise excellence in customer service delivery by ensuring it is maintained as a distinct category in the corporate employee annual awards

An Action Plan (Appendix 3) with a formal implementation timetable has been developed to accompany the Strategy and it will be incorporated into the Corporate Customer Service Development Plan to be managed by the Customer Service Board, with quarterly updates to the Senior Management Team and the Policy and Resources Committee. It should be noted that many items on the Action Plan have a dependency to the procurement of a new Customer Contact System which is being jointly procured with Highland and Aberdeen City Councils, hence delivery dates may be subject to change.

2. INTRODUCTION AND BACKGROUND

The Council is committed to putting customers at the heart of all it does and this is reflected in its drive to provide responsive, high quality and continually improving standards of customer service, informed by customer engagement. The council's extensive geography and demographic make-up mean that many customers are hard to reach and this requires extra effort to ensure equality of access and consistency of service.

In 2009 and the council established the Customer Management Project to deliver the customer service improvement strategy agreed as part of the Process for Change Programme. Following the completion of that project and its successor in 2014 the Customer Service Board took responsibility for the continued focus on customer service improvement. The Customer Service Board commissioned a review of the Customer Service Strategy to bring it up to date and make sure it aligned with corporate plans and aspirations for the period 2015-19.

This strategy builds on the investments in technology and training made since 2009 and which led to the independent Customer Service Excellence Assessor remarking in November 2013 that:

The culture and ethos within the organisation is clearly customer focused. Strong leadership is demonstrated at all levels and sound policies and procedures are in place. Customers have high expectations, but delivery matches that requirement.

The scope of the strategy covers:

1. The council's customer service culture and its alignment with the council's values, plans and strategic outcomes.
2. The council's customer service standards and their performance management
3. Customer service improvement/development planning and management
4. Channel access - review of existing and planning for emerging channels including customer insight into desired future channel access and priorities
5. Complaints Management; systems, processes, reporting and service improvement
6. Ensuring and effective interface between elected members and customers.
7. Customer service training and employee development.

3. VISION, VALUES AND PRINCIPLES

The strategy supports and helps to enable the following council values:

- We involve and listen to our customers and communities
- We take pride in delivering best value services
- We are open, honest, fair and inclusive
- We respect and value everyone

It also underpins delivery of the SOA outcomes:

- We provide good customer service
- We have a skilled and competitive workforce
- Our services are continually improving
- We contribute to a sustainable environment.
- Our employees have the skills and attitudes to deliver efficient and effective services.

The vision of the original Customer Service Strategy was “ Consistent, Convenient, Efficient Customer Care”. The ethos was to offer digital self-service as a choice for customers and to use corporate systems, training and standards to ensure consistency and efficiency. That vision has not changed, but has been summarised in the new Customer Service Charter (Appendix 1), into the three words:

CUSTOMERS COME FIRST.

What has changed however is that rather than simply making digital services a channel choice, the council's ethos will be to offer “Digital services so good that all who can use them prefer to use them” as stipulated in the Government Digital Strategy. This will be underpinned by three digital delivery principles:

- Services will be delivered as “digital first” and customers who can self-serve using digital media will be enabled and encouraged to self-serve;
- Customers who are unable to self-serve will be assisted to access services so they are not disadvantaged;
- Service access, delivery and associated business processes will be re-designed to improve performance and productivity and to reflect the above two principles.

The focus on customers requires the council to have a good understanding of who they are (customer segmentation), and what matters to them. Using customer profiling to develop

typical customer profiles, known as 'personas' and by more intensive use of customer journey mapping, we will be able to provide services that more closely meet customer needs and improve take up of online self service. Enhanced reporting and analytical capabilities provided by our replacement Customer Service Centre contact management systems will greatly aid customer focus too.

4. CUSTOMERS AND CHANNELS

Customers' expectations and needs are changing, largely driven by the use of the internet and the recent revolution in the use of mobile devices such as smartphones to access it. This change was reflected in the council's November 2014 Customer Service Survey completed by nearly 500 respondents. That survey showed a fivefold increase (up to 30% from only 6%), in those using the council website to access services compared to 2009, with the other main digital medium of email also being used by 30% of customers.

Of the traditional media the number using white mail nearly halved to only 15% and the use of telephone also fell from 84% to 71%, although those using face to face services rose from 31% to 35%. It is worth noting that the majority of respondents were aged 50 or over. This means that, if the council is to keep up with changing expectations and contact preferences, we must better understand how our customers want to interact with us and then plan and deliver our services in ways that are convenient to them and also cost effective for the Council.

4.1 Our Channel Strategy

Argyll and Bute Council will make access to its services available through appropriate and cost effective contact channels designed with the needs of its customers in mind, keeping abreast of changes in technology.

We will operate a "Digital First" approach whereby service access, delivery and associated business processes will be re-designed to encourage and enable those who can use digital self-service to do so, whilst assisting those who initially cannot use self-service to be able to use it. For the period of this strategy the council will continue to provide the full range of non-digital access channels and encourage customers to channel shift to digital by the quality, ease and efficiency of our digital services and by providing assistive digital support.

4.2 The Customer Service Centre

The Customer Service Centre (CSC) provides initial customer contact support for all council services except Education and internal teams such as Strategic Finance. It services:

- the council's easy contact 'Golden Numbers' (including the council switchboard),
- the enquiries@argyll-bute.gov.uk email account
- the single number text service
- Facebook direct messages
- 'Contact Us' web enquiries
- The online 'Quickbook' booking service
- All voice automated services such as payments, switchboard and service disruptions.

There are no plans to change these arrangements; however the efficiency and quality of service delivery is being limited by ageing and varied systems that have evolved over time and which are increasingly difficult to support and to keep compliant with stringent new security requirements. Nor are the current systems geared for social media or sufficiently advanced to support the council's Digital First aspirations.

The strategy is therefore to replace the CSC's customer contact and customer relationship and case management systems with a unified modern system by the end of 2015 that aligns

to the council's ICT Strategy and which will be more resilient. Best value is more likely to be achieved if this done on a joint procurement basis with other councils, which will also give the potential for shared service opportunities. The replacement system will have a number of added value features such as workforce management functionality to help target resources to demand across channels and an automated customer satisfaction monitoring module. Above all the system will have digital self-service (online and voice automated) at its core, aided by advanced integration to other back office systems and mobile workers. This will be a key enabler for the Digital First element of the Customer Service Strategy.

The existing Customer Relationship Management system has a module that allows elected members (or Members Services employees), to log service requests and to track their progress and also to see management information about all customer service activity in their constituency. This module is no longer being supported by the supplier and was in any case limited in functionality and scope. The strategy is to replace it in tandem with the procurement of the new CSC system; to provide a more flexible and usable interface that can be more tailored to individual member's needs and which can be accessed from mobile devices.

4.3 Web & Mobile Web Channels

Although web access to council services has grown faster than any other channel since 2009, the recent Customer Service survey highlighted a number of barriers to even greater take up by customers, including difficulty in registering for services, the range of fully transactional services on offer, third party services that are not mobile device friendly, distrust of online security for confidential matters and ability to deal with more complex transactions online. Planned provision of high speed broadband and more extensive 3g mobile coverage will address the other main constraints on digital demand.

To address these issues and to make the council website and its associated mobile media the main 24/7 access point for council services the Customer Service Strategy includes the following elements:

1. Ensure all elements of the website, including third party web services are fully mobile device adaptive. This will require that no back office systems are procured unless they have a web interface and that all existing third party interfaces are made adaptive by the end of 2015
2. Adopt the national MyAccount service (managed by the Improvement Service), for the implementation of a single sign on to all council web services that require registration and authentication. This will make sign on easier and more trustworthy as it will be linked to the national Citizens Account database.
3. Improve the range and quality of fully web interactive services that require no rekeying to back office systems, through a planned and systematic re-engineering of processes to make them Digital First compliant. This will also involve a greater element of personalisation of each customer's web experience, for example so that they can select and display their most frequently used services
4. Priority will be given to ensuring that the website is fit for purpose and designed around customer demand; the benchmark of which will be to ensure it achieves and retains the SOCITM 4 star rating in the annual 'Better Connected' national survey
5. Recruitment of a Digital Development Officer in Customer and Support Services to undertake the Digital First BPR programme and to promote the development of digital services in the council and to optimise their use by customers. This post will be funded from channel shift savings generated by the BPR activities
6. Maximising opportunities for the use of mobile smart phone technology where feasible, for example by use of apps and social media services for information and transactional uses. Initially this will continue to be through the Looking Local digital TV and branded

App service, however the new CSC systems at 4.2 above may offer more cost effective solutions that are better integrated to the customer management systems

7. Rebrand the Web Team as the Digital Services Team to reflect the fact that its remit is more than just managing the website, but maximising service delivery via all digital media. The new Digital Development Officer will be part of this team.
8. Work closely with the Scottish Government and national providers to ensure the speediest and most extensive implementation possible of high speed broadband and 3g (and 4g when it becomes available), mobile coverage. Progressing local initiatives to improve coverage where there is a business case to do so.
9. Use lessons learned from participation in Universal Credit Local Support Services Trial (effective ways to triage needs and enhance digital skills), to develop plans for "Assisted Digital" support to digitally excluded customers.

If implemented well this strategy will lower costs, empower our customers and enable the council to make best use of resources, thereby freeing up staff to support more vulnerable customers.

4.4 Face-to-Face Access

The Customer Service Survey and separate management information shows that demand for face to face services is undiminished and customers prefer it for complex and confidential enquiries. Only 5% of survey respondents were in favour of closing Customer Service Points in favour of a digital only approach, however 80% were happy to see CSPs co-located with other council services such as libraries or with partner organisations. There was also majority support for having late opening for one day a week (as opposed to weekend or lunchtime opening).

The customer service strategy for face to face contact is therefore:

1. To retain a customer service point in all main towns but to explore the potential for efficiencies through colocation with other council services or with partner organisations where constraints allow
2. Continue to develop interactive video and self-service PCs in Customer Service Points as part of the 'assisted digital' element of Digital First
3. Undertake a trial of extended opening in CPs and CSC until 6pm one day a week to determine demand for and viability of the service
4. Explore the potential for ceasing the taking of cash payments in CSPs and direct customers to readily alternative cash handling outlets such as post offices and Paypoints, in order to free up face to face capacity for more specialist enquiries and assisted digital support
5. Ensure that Customer Services processes and technology are embedded within the new Helensburgh Office Refurbishment Project and any other office rationalisation project approved over the term of the strategy.

4.5 Written Communication

The Customer Service Survey showed that use of traditional white mail has halved over the past five years with only 15% of respondents having used it. Conversely the use of email has dramatically increased and the council now receives more emails than telephone calls. These two media have the lowest customer satisfaction rating; largely due to the lack of or speed of response. Feedback on the Customer Service Charter showed that customers wanted a lower target set for speed of response on emails in particular.

The ever diminishing volume of white mail will require that the disparate resources invested in mail handling are concentrated in order to maintain efficiencies and economies. This process has already begun with the Lochgilphead Mail Centralisation Project, but the

process will need to be extended or mail handling will become increasingly inefficient.

The channel strategy for written communication is therefore:

1. To continue to reduce the amount of post and paper communication by better use of electronic channels to deliver faster, greener services at less cost.
2. To maximise the efficient handling of diminishing white mail volumes through increased use of centralised mail handling linked to integrated Electronic Document Management Systems
3. Refocus and rebalance resources towards effective email handling both in services and in the CSC ensuring newly procured systems have integrated email workflow capabilities.
4. Reduce the Customer Service Charter target for email and whitemail from the current 10 working days to 5 working days for simple enquiries and let customers with complex enquiries know it will take longer
5. Ensure all leaflets and information resources are available by digital media to minimise printing, reduce environmental impact and contribute to Digital First
6. Improve employee training and guidance regarding these media beginning with an 'Effective Correspondence Guide', to complement the existing 'Effective Call Handling Guide'.

5 CUSTOMER SERVICE STANDARDS AND PERFORMANCE MANAGEMENT

The Customer Service Charter was introduced in 2010 with annual mystery shopping exercises to monitor performance. Subsequently the CSB introduced the Customer Service Scorecard to provide a quarterly update on all aspects of customer service delivery including:

- Key elements of the Charter
- Customer Consultation
- Customer Satisfaction
- Complaints Management and Improvement
- Customer Service Development.

The Customer Service Survey showed that there was low awareness of the Charter (34%), but that 95% thought it was important to have such standards and to publish performance against it. Most respondents were happy with the existing standards but there was a desire to have new ones regarding, complaints handling, web services and the progress of service requests, also faster response targets for emails.

Appendix 1 shows the proposed new Customer Service Charter and the Customer Service Board will continue to be the heart of the structured performance management approach, using an updated Customer Service Scorecard. Internal Audit has requested that the Scorecard targets on Pyramid are updated more regularly, so the CSB will now do this annually. The new Customer Contact Management System being introduced to the CSC will have a customer satisfaction measurement module that will supplant the need for external mystery shopping exercises; thereby removing this cost and giving a more continual assessment of performance.

A new independent assessment of Customer Service standards will be provided by the rollout of the Government approved Customer Service Excellence (CSE) standard to all Departments. This is covered in more detail at section 7 below. A key element of CSE is building in customer insight to service delivery design and delivery using effective consultation and satisfaction monitoring. Hence the strategy will be to increase insight activity (monitored by CSB), and crucially to report back to customers on the impact that their input has had on a 'You Said, We Did...' basis.

6 COMPLAINTS MANAGEMENT

The council must continue to abide by the Scottish Public Services Ombudsman's framework for complaints management with its two tier approach. The centralised complaints management system will also be retained as it works well, as evidenced by the fact that only 31 complaints went to the SPSO in 2013/14 (only one was fully upheld and four partially upheld). The ICT system that underpins centralised complaints management will be replaced as part of the renewal of the CSC's systems. The existing mechanisms of reporting via the Pyramid Customer Service Scorecard and reports to SMT will be maintained, however there will be more transparency re complaint outcomes on the website, e.g. a summary version of the quarterly report to SMT published online. A new pledge regarding complaints handling will be added to the Customer Service Charter and performance on this will also be reported.

The new CSC contact management systems will allow the measurement and reporting of failure demand, (also known as avoidable contact) which is when a customer has to get in touch with us unnecessarily. It costs time and money and adversely affects the Council's reputation. This might be because:

- The Council didn't do something
- The Council did something wrong
- The customer is seeking unnecessary clarification
- There is repeat contact with a customer who has to provide the same information a number of times
- The customer is progress chasing
- The customer has tried to find information or request a service online and has been unable to do so.

Raising the profile of failure demand and analysing its root causes will reduce needless contacts, increase first point of contact resolution and release resources that were dealing with low value unnecessary contacts and complaints, to work on added value contacts instead. In tandem the strategy is also for even greater emphasis on complaint derived service delivery improvements with the introduction of a new report for Heads of Service that will allow them to review and identify systemic issues flagged up by customer complaints that need improvement.

7 EMPLOYEE DEVELOPMENT

The council has adopted a tiered approach to employee training in customer services:

INDUCTION/CORE > PROFESSIONAL > MANAGER

A benchmarking exercise was undertaken to determine if the Customer Service Professional Qualification should be retained. A survey of other councils found that the Institute of Customer Services' qualification and a private sector course provided by World Host Programmes were the only other courses used. Comparative analysis showed that CSPQ had the best scope, was most cost effective and above all was the only course that offered an SQA approved qualification as the outcome.

The strategy is to retain the tiered approach in a refreshed format as follows:

1. Develop a new base level e-learning induction course in customer care as part of the wider overhaul of e-learning being progressed by Improvement and HR and Aurion. This will be a mandatory part of induction for all employees
2. Retain the Customer Service Professional Qualification, but expand take up by making its completion at Award or Certificate level a mandatory element of job descriptions for certain customer focused posts, that will be identified via the CSB

3. Continue to deliver a bespoke and continually updated Customer Management module as part of the Argyll and Bute Manager programme; keeping content topical as this Strategy is implemented.
4. Implement the Customer Service Excellence Standard to at least two Services in each Department for the next three years, with a view to building in house expertise in this national standard and gaining corporate accreditation by 2018
5. Developing a range of topic specific guides and aids for employees, beginning with a review of the Effective Call Handling Guide and a new guide to responding to letters and emails.
6. Recognise excellence in customer service delivery by ensuring it is maintained as a distinct category in the corporate employee annual awards
7. Ensuring customer management is part of the induction programme for all newly elected members following elections.

8 CUSTOMER SERVICE DEVELOPMENT AND GOVERNANCE

SMT recently reviewed its Strategic Boards and agreed that the Customer Service Board should remain as the corporate forum for the management and improvement of Customer Service standards and delivery. The Terms of Reference of the CSB have also been reviewed and are at Appendix 2. The CSB will continue to report to SMT and the Performance and Resources Committee as appropriate. The Head of Customer and Support Services will also hold regular briefing meetings with the Policy Lead for Customer Services.

The Corporate Improvement Planning process was also recently reviewed and separated from the Service Planning process. It was agreed that there should be a dedicated annual Customer Service Development Plan with input from every Service. Delivery of that plan will be managed by the CSB, but it will be integral to and aligned with the Corporate Improvement Plan and Annual Service Plans. Progress on delivery will be reported to SMT and via the Corporate Customer Service Scorecard and quarterly tracker.

The Customer Service Toolkit has been established as the focused corporate resource for all elements of customer service excellence on the Hub intranet. There will be a comprehensive review of the Toolkit based on a user survey and it will also be the place where progress on delivering this Strategy will be reported to employees.

The technology underpinning how customers contact us and how we respond to service requests is changing with great rapidity. It is important that the council remains at the fore front of customer services' new technologies and the Customer Service Support and Development Team will be responsible, with the new Digital Services Team, for evaluating new technologies and making recommendations to the CSB.

The CSB will monitor delivery of the Action Plan that underpins the key elements of this Strategy and to avoid duplication these will be assimilated into the Corporate Customer Service Improvement Plan. For ease of reference the Strategy Action Plan is at **Appendix 3**.

Argyll and Bute Council
Customer Services
February 2015

APPENDIX 1 – REVISED CUSTOMER SERVICE CHARTER (TAKING ACCOUNT OF SURVEY FEEDBACK)

Customer Service Charter



YOU COME FIRST

We are committed to providing excellent customer service by putting our customers at the centre of everything we do. Our Charter sets out our commitment to you.



Working together we will:

- Be polite, helpful and professional in our responses. We ask that you treat us with the same respect.
- Resolve your queries the first time you contact us, or keep you informed of progress when more time is required
- Respond to complaints within 5 working days for simple issues and 20 days for complex matters
- Focus on achieving on-going improvement to our services.



By telephone, we will:

- Between 9am and 5pm we will answer your call within five rings or provide a voicemail service and call you back.
- Tell you our name and what team we work in
- Tell you how to access our out of hours emergency services.



In person, we will:

- Make our offices accessible and easy to find
- Have up to date posters and leaflets on display
- Wear name badges and talk with you in private if you prefer
- Arrange appointments if you need to see someone else.



In writing, we will:

- Respond within 5 working days for simple enquiries or for complex enquiries we will let you know if it will take us longer
- Use plain language and give you the contact details of the person dealing with your enquiry
- Make it easy to access online services and make information easy to find on our website and on-line channels.

Contact us at www.argyll-bute.gov.uk, call 01546 605522 or visit your nearest Customer Service Point.

APPENDIX 2 – CUSTOMER SERVICE BOARD TERMS OF REFERENCE

Purpose:

The CSB's purpose is to act as the direction and oversight body for the development and delivery of effective customer service across the council, ensuring that the importance of high standards of customer service is promoted to all employees and Services achieve continually high and improving standards of service delivery and customer satisfaction.

Responsibilities:

- 1.1 To ensure the best possible customer service is provided to our customers, setting the strategic direction and standards for customer service delivery across the organisation.
- 1.2 To approve all corporate customer service developments, ensuring Departments and Services adopt corporately agreed initiatives and align their own developments with the corporate direction of travel.
- 1.3 To monitor delivery of the corporate Customer Service Development Plan (as part of corporate Improvement Plans) and help Services overcome any obstacles to its delivery. To approve additional improvement activities inclusion in the plan, for example those arising from customer service performance or technical innovation.
- 1.4 To manage the council's customer service performance using a corporate customer service scorecard; based on Customer Charter outcomes and achievement of Customer Service Development Plan milestones.
- 1.5 To define and monitor delivery of the corporate Web Development Plan (which includes the Intranet Development Plan) and act as the steering group for web performance and development and delivery of the 'Digital First' approach.
- 1.6 To identify additional opportunities and commission initiatives that will contribute to the improvement of customer service, keeping customers informed and promoting joined up working across the council.
- 1.7 To monitor and promote the take up and completion of customer service tiered training by relevant employees and to instigate the development of relevant customer service guidance where required.
- 1.8 To promote the importance of Customer Service across the organisation, embedding customer service excellence as a central to the way we do business.
- 1.9 To promote customer consultation and input as the basis of service design and improvement.

Reports: to the SMT

APPENDIX 3 - STRATEGY ACTION PLAN

Ref	Strategy Area	Action	Action Owner	Due Date
1	Values and Vision	Publicise the New Customer Service Strategy, Vision and Channel Strategy to employees and customers.	CS Dev.Manager	June 2015
2	Values and Vision	Develop Argyll and Bute Council specific 'personas' for use by Services in customer focused development activities.	CS Dev.Manager	October 2015
3	Values and Vision	Adopt Customer Journey Mapping techniques as part of Business Process Re-engineering programme.	Improvement and HR	Ongoing
4	Channel Access	Procure and implement a new Customer Contact and Management System for the CSC	CS Dev.Manager	*January 2016
5	Channel Access	Implement a replacement Members Portal in conjunction with the new CSC Systems	CS Dev.Manager	*January 2016
6	Channel Access	Recruit a Digital Development Officer to undertake the Digital First BPR programme and related tasks.	Customer and Support Services HoS	May 2015
7	Channel Access	Rebrand the Web Team to become the Digital Services Team following recruitment of Digital Development Officer.	Web Manager	May 2015
8	Channel Access	Ensure all elements of the website, including third party web services are fully mobile device adaptive and all existing third party interfaces are made adaptive by the end of 2015	Web Manager	December 2015
9	Channel Access	Adopt the national MyAccount service (managed by the Improvement Service), for single sign on to council web services that require registration and authentication.	Web Manager	December 2015
10	Channel Access	Develop a plan for the systematic re-engineering of processes across Services to make them Digital First compliant.	Web Manager	Sept.2015
11	Channel Access	Review opportunities for the use of transactional mobile smart phone technology following the implementation of the new CSC Systems	Web Manager	*February 2016
12	Channel Access	Develop plans for "Assisted Digital" support to digitally excluded customers following Universal Credit Trial.	Customer and Support Services HoS	October 2015
13	Channel Access	Explore the potential for delivering FTF services through colocation with	CSC Manager	January 2016

		other council services or with partner organisations.		
14	Channel Access	Integrate interactive video and self-service PCs in Customer Service Points into the 'assisted digital' element of Digital First.	Customer and Support Services HoS	*January 2016
15	Channel Access	Undertake a trial of extended opening to 6pm in CSC and CSPs one day a week with Service support to determine demand and viability of the service	CSC Manager and Heads of Services	March 2016
16	Channel Access	Explore the potential for ceasing the taking of cash payments in CSPs and directing customers to alternative cash handling outlets such as post offices and Paypoints in order to free up face to face capacity for specialist enquiries and assisted digital support	CS Dev, and Support Manager	Sept. 2015
17.	Channel Access	Establish new CSP as part of Helensburgh Office Refurbishment Project	CSC Manager	June 2015
18	Channel Access	Review the corporate mail handling arrangements following completion of the Lochgilpead centralisation project.	Customer and Support Services HoS	March 2016
19	Channel Access	Review and improve effectiveness of email handling resources and arrangements in the CSC and Services.	Service Heads and CSC Manager	April 2015
20	Channel Access	Develop and issue an 'Effective Correspondence Guide' covering email and white mail and a revised Effective Call handling Guide after Lync 2013 is implemented.	Communication Team Manager	June 2015
21	Standards	Review and relaunch the Customer Service Charter with revised standards.	CS Dev. And Support Team Manager & CSB	June 2015
22	Standards	Review CS Charter Targets on Pyramid	CS Dev. And Support Team Manager & CSB	April 2015 and annually thereafter
23	Standards	Implement automated customer satisfaction monitoring system in CSC across main channels.	CS Dev. And Support Team Manager	*January 2016
24	Standards	Roll out Customer Service Excellence standard across all Departments to agreed plan.	CS Dev. And Support Team Manager	3 year rolling prog.
25	Standards	Improve customer information regarding Charter standard outcomes, consultations and customer led business improvements	Web and CS Dev. and Support Team Manager.	July 2015

26	Complaints Management	Implement a new corporate complaints management system using the new CSC customer management System	CS Dev. And Support Team Manager and the Governance and Risk Manager.	*January 2016
27	Complaints Management	Implement monitoring and reporting of Failure Demand (Avoidable contact) via the CSC using the new CSC customer management System	CS Dev. And Support Team Manager	*February 2016
28	Complaints Management	Implement process for collating improvement opportunities arising from complaints for review by Heads of Service, DMTs and CSB.	Heads of Service	March 2015
29	Employee Development	Develop a new base level e-learning induction course in customer care as part of the new e-learning resource.	CS Dev. And Support Team Manager and IHR Learning and Development.	July 2015
30	Employee Development	Increase take up of CSPQ by reviewing those posts where its attainment should be mandatory.	Customer Service Action Managers.	July 2015
31	Employee Development	Ensure all newly elected Members receive an overview of the councils approach to customer service management as part of their induction.	Governance and Law Head of Service.	Ongoing.
32	CS Development	Collate an annual Corporate Customer Service Development Plan for monitoring via the CSB	CS Dev. And Support Team Manager	March Annually
33	CS Development	Review and Update the Customer Service Toolkit, adding an element for the CS Strategy and Action Plan	CS Dev. And Support Team Manager	November 2015

* These actions have a dependency to the Joint Council procurement of a new customer contact management system and therefore timescales may be subject to change.



Customer Management System Project
Outline Business Case

Version : 2.2

Date : 02/02/2015

Author : Bob Miller

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Document Version Control

Version	Issued To	Date
0.1 Draft	Bob Miller	07/10/2014
0.2 Draft	M.Renton, J.Orr	20/10/2014
1.0	Customer Service Board	27/10/2014
2.0	ICT Steering Group	26/11/2014
2.1	ICT SG (Finalised Capital and Revenue Costs)	20/01/2015
2.2	SMT and P&R Committee	02/02/2015

Approvals

Authority	Named Head	Date Approval Given
Customer Service Board	Douglas Hendry	21/10/2014
ICT Steering Group	Chair – Judy Orr	26/11/2014
Capital Asset Management Board	Chair – Malcolm MacFadyen	27/11/2014
SMT	Chair – Sally Loudon	02/02/2014

For Information

Who	Capacity	Date
Mireille Robertson	Client Liaison Officer	V2.0 26/11/2014
CSC Mgt. Team	System Administrators and Lead Users	V2.0 26/11/2014
Charles Reppke	Members Portal Lead User	V2.0 26/11/2014

1. Executive Summary

1.1 For the past seven years, customer contacts made via the Customer Service Centre and Customer Service Points have been managed using two main ICT systems:

- An automated call distribution system (ACD) provided by MacFarlane that routes calls to CSC agents that provides sophisticated call handling services, such as call queueing, in queue messaging and pre-recorded options for customers to select
- A Customer Relationship Management (CRM) system provided by Lagan Kana that logs customer interactions against a unique customer history. It creates and manages cases for resolution by the back office and provides scripted assistance to CSC Agents to allow them to answer as many enquiries as possible at first point of contact. The CRM has a separate module to allow Members to log cases and view their progress.

Over time the council has augmented these core systems with a variety of others to meet the changing ways that customers want to do business with the council. These include voice automated services, interactive website and mobile web services and now social media requirements. Both the CRM and ACD are hardware server based enterprise systems at a time when the ICT strategy is to consider virtualised or more agile cloud based solutions, that are easier to upgrade and support. This complex architecture affects system resilience and increases the risk of service disruption to customers and the ability to speedily diagnose and fix issues. There are also issues with PSN security compliance of the current CRM and the desupport of some of its elements such as the Members Portal.

1.2 This project seeks to replace these core systems and the related sub systems with a more modern, integrated, coherent and omni-channel customer management solution that will support the council's 'Digital First' ambitions. It aims to provide better functionality for customers to self serve, improve customer contact handling efficiency, streamline the number of technical systems deployed and explore the potential of cloud based solutions. It will ensure PSN compliance across the following customer management elements that are in scope:

- Multi channel contact distribution system (ACD+), including workforce management optimisation and customer satisfaction monitoring capabilities
- Voice automated services, including interactive enquiry logging capabilities over and above current switchboard and payment related functionality
- Multi-channel (including social media), CRM with "knowledge" capabilities, more flexible case handling and mobile case management, advanced analytics, improved management reporting and support for elected members
- Integrated web self service across all web platforms and devices linked to national MyAccount authentication services. Having readily configurable eforms and links to the same "knowledge" database for customers as is used by agents. Also with web chat, multi media, App building and single sign on capability
- Enhanced and easier to deploy integration capability between customer management and back office systems to reduce double handling and further improve first time resolution

- Consideration of moving to cloud based rather than hardware of virtual hardware based infrastructure solution for these services if this is demonstrably advantageous
- Decommissioning of legacy customer management solutions and migration of data.

1.3 The project is seeking to progress any tender for replacement solutions as a joint procurement with Highland Council as this will be more efficient than each council doing this individually and should result in improved tender responses. The council's Policy and resources Committee endorsed this approach on 30th October 2014. The project will cost £271,300 capital and £353,454 in revenue over 4 years, but it will generate £717,246 in system, employee and channel shift efficiency savings. Hence in total it is expected to deliver **£92,492** in cashable savings over four years, however the main drivers are to replace an increasingly aged system with a modern, robust customer management system that can support effective customer contact management for through to 2020.

2. Background

- 2.1 The Customer Service Centre and Customer Service Points were established in June 2007 using what was at the time leading edge CRM and ACD systems, both of which were based on rack mounted servers that required regular software updates to be loaded by the ICT and system admin. teams. In 2013 Lagan announced another major upgrade to its CRM system that included changes to its core software stack which would leave both the Members Portal and Web Self Service elements effectively unsupported going forward. The upgrade would also require three months of implementation effort and cost over £42,000 in Lagan professional services.
- 2.2 The MacFarlane ACD also required a change to the underlying voice architecture to ensure it worked effectively with the council's move to IP telephony and unified Lync communications. This was completed, however it had become apparent that the integrations between Lync, MacFarlane and the council's Netcall voice automated services had become very complex, onerous to support and had many points of potential failure that were difficult to diagnose.
- 2.3 Neither the CRM or ACD in their current configurations support customer interactions made via social media and neither offer cloud based options going forward. Both had reached the end of their initial contracts and were on annual contract renewals, hence possibly not leveraging the best maintenance and support deals. With all of this in mind the Customer Service Centre Support and Development Team began researching the market for customer management solutions and it became apparent that the CRM solution in particular had not maintained its previous lead in terms of functionality, support or customer focus. It was also apparent that there were a number of Scottish councils that were also looking to replace elements of their customer management systems and so there were opportunities for collaborative tenders.
- 2.4 The council also faces renewed efficiency challenges in the medium term and whilst the current mosaic of interdependent customer management systems have helped the council achieve good levels of channel shift in some areas, it is clear that the existing systems cannot support the more intensive 'Digital First' aspirations that will achieve significant savings from channel shift going forward. Building new integrations across such a diversity of systems and the time taken to make changes as the business evolves means more and more resource is

spent in support and less and less is free to develop and improve. Furthermore the current systems do not support the council's current ICT Strategy, which amongst other elements, foresees a move to more flexible and cheaper cloud based hosted applications that fully support mobile web customer contact and mobile employee work practices.

- 2.5 Finally, it must be noted that since existing systems were implemented, the volume and scope of initial contacts going through the CSC/CSPs has grown tremendously, with the total number of contacts from all channels set to be 305,000 in 2014 with web, digital TV, text, mobile web, mobile app and voice automated services added to the original CSC channels. Improvements to broadband and to 3G/4G coverage planned nationally can only increase customers' contact expectations and the council must put in place new systems capable of supporting this.

3. Introduction

3.0 It is essential that the Council has an agile, integrated and omni-channel Customer Management system, that offers maximum scope for customer self service, whilst also supporting the council's workforce to deliver excellent customer service when mediated contacts are required.

This project will procure (jointly with other councils), a coherent end to end customer management system that will allow the council to build and offer a greater range of customer self service processes across a wider range of channels. It will deliver an easier to support, streamlined system solution with a much more configurable user experience and with more powerful built in "knowledge" to assist with contact resolution. The solution will align better with our ICT infrastructure and strategy, ensuring we are compliant with the latest security standards. It will allow up front and back office systems to share data more effectively using master data management in order to enhance customer outcomes and thus make contact management more efficient.

3.1 To do this it is proposed that the project scope should include the procurement and implementation of a new customer management system capable of doing the following:

- Replacing the existing MacFarlane Automatic Call Distribution (ACD) system with an omni-channel contact distribution system that is fully integrated to Lync unified communications and which can be managed from any PC (including from home to support the council's agile working policy). It must also have inbuilt workforce management forecasting and planning (workforce optimisation replacing the current Injixo System), and customer satisfaction survey and monitoring capabilities. The system will have greater resilience
- Replacing the existing Netcall voice automated services and integrating them seamlessly with the other voice systems as a self service telephony solution. That solution will have intelligent voice interaction capability that will allow the council to offer 24/7 issue reporting by customers integrated to the new CRM, in addition to the existing switchboard and payments services.
- Replacing the existing Lagan CRM with an omni-channel customer relationship management system that can also take customer enquiry feeds from social media. This will provide an easier to configure user interface, a "knowledge" base that can learn from user interactions and which can be accessed by customers to self-serve. It must readily integrate to voice (including voice automated) and web services using national MyAccount authentication, including mobile web apps and provide enhanced analytical data across all channels as well as enhanced management information reporting. Case management will be improved with mobile case management and 'closing the loop' updates and case closure reporting to customers. Master customer record management and automated change of circumstances and record de-duplication will also be a requirement. Email handling capabilities will also be upgraded to provide a more seamless linking to cases, better spam handling and improved handling of attachments.
- Providing improved web self-service functionality for desktop and mobile devices, integrated to the CRM and to the council's online payment services where required. This will provide a simpler to build and maintain eform capability that can be extended to more processes and which has inbuilt mapping. It will have streamlined registration and authentication linked to

the Scottish Government's MyAccount service and will include links to the same "knowledge" database used by agents, an in house App building capability and supported web chat linked as a feed to the CRM and contact distribution system. It must also support effective inter agency working such as that between social care and the NHS through master customer and master business databases linked to back office office systems.

- It will replace the current separate NDL enterprise integration tool with a universal integration service that can enhance customer management by, for example, taking a consolidated view of a customer's data from many data sources and systems. Rather than simply offering system to system integration this will be a more configurable enterprise information management solution.
- 3.2 There is a significant opportunity for a joint tender and joint project management approach with Highland Council and Aberdeen City Council (other councils are also interested), with a provisional timetable of having the procurement complete by next Junel 2015. Thereafter it will take an estimated 7-8 months of implementation, migration and system decommissioning work after contract award to have the new systems up and running, providing the ring fenced resources indicated at section 8 are allocated. This cluster procurement approach is supported by the Local Government ICT Strategy that encourages collaborative procurement and shared services as a means of delivering efficiency and value for money.

4. Strategic Case

- 4.1 The Argyll & Bute Council's Customer Service Strategy is currently being reviewed; however it builds on that already defined as part of the 2010 Process for Change Customer Management Strategy. This advocated greater channel choice for customers, more convenient services including increased self-service opportunities, the growth of the Customer Service Centre and efficient digital services with a shift from high cost to low cost channels. Much has been achieved to realise this vision over the past four and a half years, however technology has advanced rapidly and we are seeing diminishing returns from channel shift due to the mosaic of now ageing systems in place to support it. This project will be a crucial enabler for that process to regain momentum and deliver further efficiencies and allow the council to do more with less.
- 4.2 The Head of Customer and Support Services recently undertook an assessment of the Council's digital commitment and capability, called 'Do We Do Digital?'. This identified that rather than offering digital as a choice, the council should adopt a 'Digital First' approach, providing digital services so good that all who can use them prefer to use them and those who cannot are supported to do so. In order to achieve this the council needs agile, up to date and user friendly customer contact and customer management systems that are seamlessly integrated and easy to keep up to date. This approach has ben endorsed by SMT and the Policy and resources Committee and this project will greatly facilitate its aims.
- 4.3 This Project will allow the council's customer service orientated technologies to align more closely with its 2013-2016 ICT Strategy and specifically by delivering a system that's:
- Fully PSN compliant
 - Based on a virtualised or cloud platform

- Is fully mobile web compliant (customer and employee mobile to assist with agile working and the many green benefits it brings)
- Will deliver enhanced information management and master customer database with opportunities for personalised services and inter agency working

Section 5.1.1 of the Strategy highlights the need for providing customer/citizen focused systems that are secure, reliable, resilient, high quality and high performing. The project will help to deliver all of these aspects of the Strategy.

4.4 This project directly assists the following Corporate Objectives

CO2: Working together to realise the potential of our communities. Through enhanced gateways and opportunities for customers to provide feedback on and input to service delivery and design.

CO3: Working together to realise the potential of our area. By helping local businesses to engage effectively with the council for resolution of issues and help with council services.

CO4: Working together to realise the potential of our organisation. By improving the management of and rationalising council assets and putting in place new processes that focus on customer needs.

It also directly supports the following Corporate Outcomes:

- We provide good customer service
- We have a skilled and competitive workforce
- Our services are continually improving
- We contribute to a sustainable environment.
- Our employees have the skills and attitudes to deliver efficient and effective services.

5. Objectives & Project Outcomes

The objective is to procure and implement a modern, unified, digital Customer Management System to replace the mosaic of legacy systems and support efficient and effective customer contact management for at least the next four years.

The project outcomes are:

1. To hold a successful procurement exercise (on a joint tender basis) that achieves the best value for money solution that meets the specified requirements.
2. To rationalise and streamline the current mosaic of different customer contact, management solutions so that the resource required to support them diminishes, they align better with strategic ICT infrastructure, have greater resilience and compliance with ICT standards such as PSN.
3. To provide an enhanced customer contact experience for customers, through a more user friendly, omni-channel experience with personalised, mobile device capable self-service and customer input opportunities and greater information about what is happening with service requests that they raise and access to a wider range of digital services through enhanced

authentication.

4. Increase accessibility to information and knowledge within the council that will enable individual employees to carry out their duties effectively and for customers so that they do not need to contact the council directly to find the information they need (avoidable contact). This will also enable improved inter-agency working.
5. To streamline current processes and reduce the amount of repetitive and routine administrative tasks performed by CSC and back office employees, through improved data management, customer identity management, data exchanging and system integration.
6. To ensure effective continuity of service during the transition from legacy to modernised systems so that customers are not inconvenienced, vital services are safeguarded and statutory requirements are met at all times.
7. To ensure all employees who operate the new systems or who are affected by them are kept fully informed and where appropriate are trained to use the systems effectively enough to maximise the return on investment. Also to enhance opportunities for more efficient remote working in line with the council's agile working policies, by having a mobile capable CRM system.

6. Key Milestones & Timescales

KEY MILESTONE	TIMELINE	STATUS
Research Market and Options	April - Sept 2014	Complete
Explore and seek approval for Joint Tender approach from P&R Committee	Aug – Oct 2014	Complete
Write and obtain approval of Outline Business Case from CSB and SMT	Sept- Oct 2014	CSB Approval Complete, SMT Approval Complete.
Complete Full Business Case with funding scoring.	Oct- Nov 2014	Complete
Business Case Approved by ICT Steering Board	Nov 2014	Complete
Business Case Approved by Capital Asset Management Board	Nov 2014	Complete subject to revenue funding approval
Project Board Established (joint with Highland and Aberdeen) and Project Team Established	February 2015	In Progress
Tender requirements baselined and approved	February 2015	In Progress
Procurement of system (2 Lots),PQQ then full tender.	March – May 2015	
Award of Contract and Standstill Period	June 2015	
System Design and Detailed Implementation Planning including planning of the migration from legacy systems	May-June 2015	
System Install and Build/test Environments and Build Team Training.	July 2015	
System Configuration and Build including Initial System Integrations and Initial Web Self Service	August-October 2015	
Service Testing and User Testing, Fail, Fix Retest	October- November 2015	
Data Cleansing and Data Migration Exercise	October- November 2015	
User Training and Communication Product Development	November - December 2015	
Contact Distribution System Go Live (ACD telephony+)	Mid January 2016	
CRM System and Web Self Service Go Live	Late January 2016	
Legacy system(s) decommissioning	February 2016	

7. Options Appraisal

7.1 Do Nothing

The implications of the 'Do Nothing' Option would be :

1. The Lagan CRM would become non compliant with PSN security requirements from January 2015, imperilling the council's Government Secure Network accreditation. The current version of the CRM utilises a desupported version of Java software.
2. The Council's Netcall voice automated services system will no longer be on a supported Microsoft platform as its server is currently MS SQL 2003, which becomes obsolescent in April 2015.
3. The council's web self service offering would stagnate as the current Lagan Connect To Tell Web service does not support single sign and its user interface is not mobile adaptive and is very unappealing to web users.
4. The council could not support the use of social media as a means of transacting with the council as current contact management systems do not support these channels. Hence manual workarounds would need to implemented or add on systems procured otherwise this channel shift opportunity would be lost. Moreover the current CRM does not have a mobile adaptive interface, hence users with mobile devices will continue to avoid using this service.
5. The council would have to invest in alternative systems or modules for services not currently in place, but which would be included in the scope of this project, such as web chat and automated customer satisfaction surveys. This would add cost and complexity to an already stretched infrastructure.
6. The council would lose the opportunity to rationalise its current mosaic of Customer Management systems, thereby reducing vulnerabilities, support costs and system admin overheads. It would also prevent the Council moving to a more agile and easily updated cloud based solution and to align customer management systems with the ICT Strategy.
7. The council would not benefit from process and information management improvements arising from more user friendly interfaces supplied with enhanced business knowledge and joined up by wider, deeper and easier to maintain system integrations. This would also ultimately mean inter agency working was impaired.
8. Inability to show that the council was taking seriously its Corporate Objectives and outcomes relating to customer service and increased reputational and service delivery risks from increasingly unreliable and obsolete customer management systems.

7.2 Upgrade Existing Systems

The benefits of this option are:

1. Reduced risks to service disruption arising from the migration from legacy systems to newly procured systems
2. Less transitional anxiety for employees as they would continue to use well known systems that they have been using for a number of years
3. Reduced cost to procure as the cost to upgrade is £145,858 (over four years) less than that

for procuring a new solution – see Section 8.

4. Reduced implementation effort as the time to implement the upgraded CRM alone is three months compared to seven months to implement the full solution.

The disadvantages of this solution are:

1. Even if the main CRM is upgraded to the latest version, the web self service and Members Portal elements would need to be rebuilt as these are no longer being developed by Lagan. This would take an additional two months development work over and above the upgrade effort alone, plus additional cost for the Web Self Service module and payment integration.
2. Even the upgraded versions of current systems do not have functionality that is either required or seen as attractive following market research, including items such as, fully configurable user interface, support from any PC capability, enhanced 'knowledge' capability, channel analytics, enhanced management reporting, integrated web chat, integrated customer satisfaction survey, MyAccount Single Sign On.
3. The elements at 2 above would all be extra cost and extra implementation effort, negating most of the advantages noted above.
4. The council would lose the opportunity to rationalise its current mosaic of Customer Management systems, thereby reducing vulnerabilities, support costs and system admin overheads. It would also prevent the Council moving to a more agile and easily updated cloud based solution as neither incumbent vendor has cloud based solutions.
5. This approach would lead to increasing divergence of customer management systems from the ICT Strategy and its preferred infrastructure, with implications for costs, reliability, resilience and inter agency working.
6. The council would lose the potential benefits arising from a full tender to the market including new innovations, improved support and economies of scale from a joint tender bid.

7.3 Procure and Implement a New Unified Customer Management System

This is the preferred option and the table below lists the key advantages and disadvantages of this option.

Advantages	Disadvantages
It will provide a future-proofed platform for delivering the council's customer service objectives and outcomes.	The project is £145,858 more expensive than the upgrade + extras option over the term. See Section 8.
Will allow the council to streamline and rationalise our customer service system architecture, reducing internal support overheads external support costs.	Will potentially require a greater implementation effort than the upgrade options with higher migration risks if not managed correctly.
A rationalised architecture will give a more robust system with fewer points of failure and less potential for service disruption to customers, that is closely aligned to the ICT Strategy.	Will require a period where the CRM is not fully PSN compliant and alternative mitigation strategies would be required for this.
Will provide a better customer contact experience for customers, be this via improved and expanded	Will require a greater change management effort towards system users to accept the new

self service or through more efficient mediated contact handling.	systems and the advantages they will bring e.g. a configurable user interface.
Efficient 'more with less' customer management through a significant reduction in the amount of needless administration via improved integrations, fewer handoffs to the back office more first time contact resolution.	
Provides an enhanced capacity for Digital First channel shift through single sign on linked to the national MyAccount system, better eforms, integrated voice automation enquiry handling, customer facing knowledge databases and reporting of progress and closing the loop.	
It will provide better management information and analytics to improve decision making, workforce optimisation, benefits tracking and feedback to customers.	
It will enable opportunities for inter agency working via improved master customer/property databases, better integration tools and a possibility for shared service delivery over and above collaborative procurement.	
The project will provide a projected £92,492 in net channel shift, system support and other efficiency savings.	

8. Financial Case

8.1 Costs

Upgrade Option:

Lagan have quoted an upgrade cost of £42,500 capital and £22.2k revenue to upgrade to the latest version of 13R1, however it should be noted that if the upgrade option were taken there would need to be additional functionality procured to meet future requirements, including:

- Web Self Service to replace Connect To Tell: Capital £40,000 Revenue £5,600
- Web Chat: Capital £3000 Revenue £550
- Knowledge Database: Capital £20,000 Revenue £5,700
- Multi Channel Analytics: £4000 Capital, £750 Revenue.

The table overleaf summarises the costs of the upgrade solution plus required standalone modules and it includes a 3% yearly uplift for inflation.

TABLE 1: Upgrade Option	YEAR 1 2015/16 CAPITAL COST	YEAR 1 REVENUE COST 15/16	YEAR 2 16/17 REVENUE COST	YEAR 3 17/18 REVENUE COST	YEAR 4 18/19 REVENUE COST	TOTAL 4 YEAR COST
Upgrade Capital	£42,500	£22,500	£23,175	£23,870	£24,586	£136,632
Web Self Service	£40,000	£5,600	£5,768	£5,941	£6,119	£63,428
Knowledge Database	£20,000	£5,700	£5,700	£5,700	£5,700	£42,800
Multi-Channel Analytics	£4,000	£750	£773	£796	£6,318	£12,636
Web Chat	£3,000	£550	£567	£583	£4,700	£9,400
Note: Excludes possible infrastructure costs e.g. servers.	£109,500	£35,100	£35,982	£36,890	£47,424	£264,896

Hence the total cost over four years is **£264,896**, and this is in addition to the support costs for the existing services over four years of **£214,000** (see section 8.2), giving a total four year upgrade cost of **£478,896**.

Replacement Option:

A number of ballpark quotes were obtained from suppliers to inform the costs in this business case, including:

Oracle Service Cloud/Right Now: £50,000-100,000 however this only included the CRM, Social and Web Self Service elements with analytics and not the contact channel management or voice automated elements.

Firmstep Customer Experience Platform: £79,400 however this too only had the Web Self Service and CRM elements and not channel management (ACD replacement), voice automation or analytics.

Netcall Liberty/59R Platform: This had many elements required and was quoted at £150,000, however they did say that this price would be higher if it was subject to full tender. It still did not include the Master Customer Database for effective integration and identity management or workforce management and customer survey modules.

Highland Council were contacted to ascertain their estimated capital requirement and they have set aside £150,000 for the CRM element alone plus its related implementation costs.

With the information above, for the purposes of this business case a capital figure of £140,000 for the CRM and associated elements, plus £80,000 for a replacement contact management system has been assumed. Also assumed is an industry standard 22% of capital annual maintenance fee - £48,400 in year one. In addition two full time LG10 Project Officers will be required to do the design and build work on the system for eight months at a cost of £51,300. To fully deliver the channel shift benefits noted at 8.3 below the Digital First Action Plan requires the recruitment of a Digital Development Officer to manage a Service by Service re-engineering of customer facing processes and to promote the uptake of the new high quality digital services. This post will be at LGE10 (36,628) plus £4,000 pa in related costs (travel, equipment etc).

The total projected costs for the Replacement System Option is detailed in the table below and also includes a 3% annual uplift for inflation:

Replacement System Option	YEAR 1 15/16 CAPITAL COST	YEAR 1 REVENUE COST 15/16	YEAR 2 16/17 REVENUE COST	YEAR 3 17/18 REVENUE COST	YEAR 4 18/19 REVENUE COST	TOTAL 4 YEAR COST
Replacement System Capital	£220,000	£0	£0	£0	£0	£220,000
Replacement System Revenue		£48,400	£49,852	£51,348	£52,888	£202,488
Project Officer Costs		£51,300	£0	£0	£0	£51,300
Digital Dev. Officer Costs		£36,628	£37,360.56	£38,107.77	£38,869.93	£150,966
Note: Excludes possible infrastructure costs e.g. servers.	£220,000	£136,328	£87,213	£89,455	£91,758	£624,754

Hence the total cost over four years for a full replacement system is **£624,754**, some **£145,858** more than the upgrade option..

8.2 Cost Savings for Decommissioning Existing Systems

There are a number of existing systems that would be wholly replaced by the new solution, hence saving the maintenance costs for these systems going forward. These include:

TABLE 3: SOFTWARE DECOMMISSIONING	REVENUE COST SAVING per annum
Lagan CRM	£22,600
Lagan Connect To Tell Web	£5,600
MacFarlane ACD and Modules	£15,550
Netcall Voice Automation	£7,100
Netcall QBuster	£8,352
Injixo Workforce Management	£3,600
NDL Integration Software	£12,500
TOTAL SAVINGS Per Year	£75,302

Hence savings of **£75,302** can be made from decommissioning redundant systems but not until year 2 because these systems will still be required in 2015/16 while the new system is being built.

8.3 Projected Channel Shift Savings

Argyll and Bute Council has been tracking channel shift and its resultant savings since 2011/12. The high level figures for the past three years are:

2011/12 = 65,560 transactions, saving £125,600

2012/13 = 189,350 transactions, saving £199,400

2013/14 = 209,018 transactions, saving £211,500

Hence after the initial growth in channel shift following the Process for Change investments, channel shift has begun to plateau, albeit there has been a threefold increase over three years.

This Business Case assumes that with:

- refreshed technology
- more opportunities to self serve (e.g. via social media)
- a more user friendly and mobile adaptive self service portal
- a wider range of services, including self service knowledge and voice automated service requests
- better promotion of the improved digital offering

It is not unreasonable to forecast a conservative doubling of channel shift transactions and savings over the three year period following the implementation of the council's Digital Action Plan by the new Digital Development Officer. Hence an additional 70,000 transactions in Year 2, 135,000 in year 3 and 200,000 in year 4. This would produce £70,000 of benefit savings in Year 2, £135,000 in Year 3 and £200,000 in Year 4, based on an equally conservative £1 per transaction channel shift saving. No savings would be claimed in year 1 as the systems would not be live until December and there would be a period of bedding in new services and processes. In total there would therefore be channel shift savings of **£405,000** over four years, that would be tracked using the existing channel shift benefits realisation methodology approved by SMT.

8.4 Cost Benefit Analysis and Net Cashable Savings

The table below summarises the Net Present Cashable Value of the Project, assuming a 3% inflation uplift. It includes an assumed employee efficiency saving in the Customer Service Centre of 1 LGE 6 customer contact handling in year three and another in year four, arising from improved system integration, fewer handoffs to the back office, improved knowledge resources and speedier processing e.g. less rekeying. This is in addition to the channel shift savings which will accrue to the wider business which are not realisable in the same way.

Benefit Savings Vs Costs	YEAR 1 2015/16	YEAR 2 2016/17	YEAR 3 2017/18	YEAR 4 2018/19	TOTAL 4 YEAR COST/ BENEFITS
Capital Costs	-£220,000	£0	£0	£0	-£220,000
Project Officer Costs	-£51,300	£0	£0	£0	-£51,300
Capital sub-total	£271,300	£0	£0	£0	£271,300
Digital Dev. Officer Costs	-£36,628	-£37,361	-£38,108	-£38,870	-£150,966
Other Revenue Costs	-£48,400	-£49,852	-£51,348	-£52,888	-£202,488
System Maint Savings	£0	£77,561	£79,888	£82,284	£239,733
Employee Savings	£0	£0	£23,697	£48,816	£72,513
Revenue sub-total	-£85,028	-£9,652	£14,129	£39,342	-£41,208
Channel Shift Savings	£0	£70,000	£135,000	£200,000	£405,000
Net Present Value Benefit	-£356,328	£60,348	£125,432	£190,527	£92,492

The project is therefore expected produce a positive net present value of at least **£92,492** over four years, plus other non realisable efficiencies and non cashable benefits described below.

8.5 Non Cashable Benefits

Non cashable benefits include:

1. Improved customer satisfaction
2. More reliable and resilient systems with better business continuity
3. Higher employee morale from improved systems
4. Better service delivery
5. Improved customer engagement and consultation
6. Reputational gain for the council
7. Demonstrated commitment to council objectives and outcomes
8. Maintains the continuous improvement ethos and reduces audit risks
9. Provides improved capability for inter agency and shared service working.

9 Project Approach

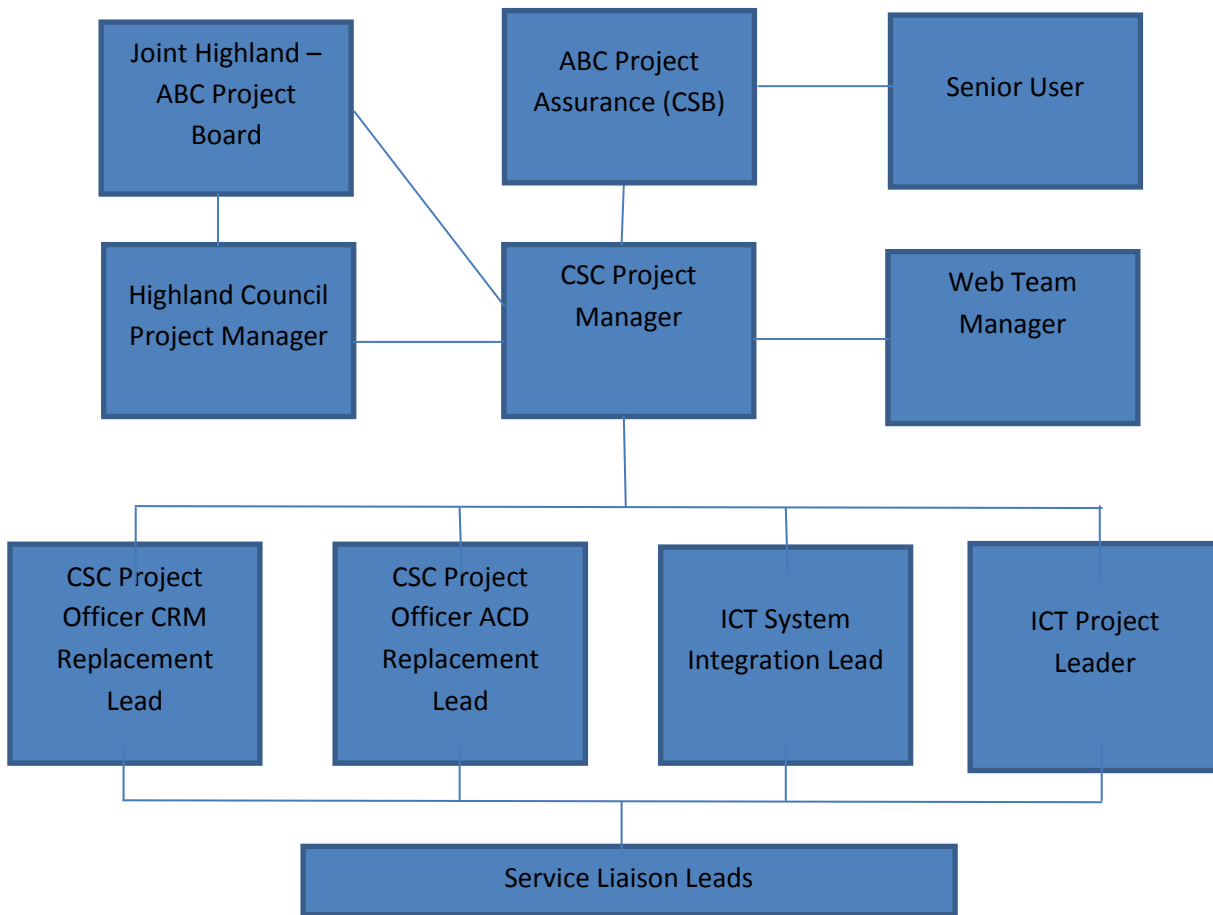
9.1 Project Structure

The Project will utilise the principles and governance of Prince2 Project Management. A joint procurement with Highland has been mandated by the Policy and Resources Committee and the proposed joint project structure is shown below. Judy Orr will be the Council's representative on the Joint Project Board, with Bob Miller as Project Manager and Mhairi Renton as Senior User.

The Project Sponsor on the Argyll and Bute side will be Director Douglas Hendry and the Customer Service Board will act as the Project Assurance, including lead users from each of the Departments as represented by the Customer Service Action Managers.

The size and complexity of the implementation will require two full time system design and build project officers working closely with a full time system integration lead from the ICT Application Development Team for a period of eight months. An ICT Project Lead will also be required to co-ordinate the other ICT and telecoms implementation activity.

Services will need to appoint a liaison lead to organise input to the CRM design and for user testing and sign off.



9.2 Implementation Approach

The project will be divided into four phases: Procurement, Design, Build, Test and Launch. There will be a dedicated Project Team working collaboratively with Highland Council on the procurement phase and thereafter solely as an Argyll and Bute Council enterprise for the implementation, unless a shared services arrangement is agreed following implementation.

The cutover from legacy to new systems will be done all at once, hence the need for a dedicated design and build team to create the systems in parallel with live running support and upkeep of the existing systems. There may be some scope to do the cutover of telephony ahead of the CRM to minimise risk, however this will depend on the systems procured.

The implementation approach needs to be a very collaborative one between CSC, ICT and the Services as the CSC supports all council services to some degree. The Web Team will also be integral to the design and build of the online component.

9.3 High Level Risks

Risk	Probability	Impact	Overall Risk Rating	Mitigation	Owner
Suitable resources are not available to take the project forward.	Medium	High	High	Dedicated Project resource is commitment as stated in the Business Case and back-fill resource is applied where required. Funding to be identified and approved prior to PID creation.	R. Miller
Appropriate input and support is received from Services to complete design and test activities	Medium	High	High	Lead Service Liaison Officers to be appointed and CSAMs to act as Department Lead Users. Comms Plan to be developed based on RACI Model.	R.Miller and CSAMs
Project does not deliver to timescales	High	Medium	High	Detailed planning phase in conjunction with supplier to identify timescale risks and appoint appropriate mitigation strategies. Professional services are the most likely cost escalation; hence a dedicated project build resource will help to mitigate this.	R.Miller
Cost Escalation	Medium	High	High	Detailed planning phase in conjunction with supplier to identify cost risks and appoint appropriate mitigation strategies. Contract conditions should be applied in relation to cost increases, e.g. fixed price.	R.Miller
Project does not deliver expected requirements.	High	High	High	Detailed scope & requirements are fully documented within the tender specification and have appropriate sign-off from all parties. Specific conditions in relation to the delivery of the specification are contained within the contract. Change Management procedures are put in place.	R.Miller
Stakeholder Buy-In	Medium	Medium	Medium	Effective communications Planning and buy-in from appropriate boards, with support from Service Liaison Leads.	R.Miller, CSAMs

9.4 Assumptions

1. The procured system will have to integrate to Lync 2013 as the corporate unified communication platform
2. The procured system will have to be PSN and PCA DSS System Compliant and provide self service authentication via MyAccount.
3. That Cloud based ACD and CRM options will be considered
4. That a full OJEU Procurement will be required.
5. That a dedicated design and built resource will be appointed for eight months with backfill to the CSC Development and Support Team
6. That the ICT Applications Support Team will be able to provide a dedicated integrations engineer for eight months and an ICT side Project Manager
7. That a Digital Development Officer will be appointed to ensure delivery of the channel shift benefits.
8. That channel shift benefits will be realised using the same methodology that was developed for the Customer Management Project
9. That there will be continued support from suppliers of legacy systems during the migration period.

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ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER SERVICES****19 MARCH 2015**

SCOTTISH GOVERNMENT FUNDING FOR WELFARE REFORM AND DISCRETIONARY HOUSING PAYMENTS – REPORT ON SPEND TO DATE AND FUTURE PROPOSALS

1.0 EXECUTIVE SUMMARY

- 1.1 The Council was allocated an additional £550,390 from the Scottish Government in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs). This was additional to the core DHP funding of £370,656 provided by DWP. We used only £26,684 of this additional funding for core DHPs in 2013/2014 and were able to support all medium and high priority groups across all priority groups, and we also accepted simplified claims from registered social landlords for those affected by under-occupancy restrictions.
- 1.2 Council agreed on 13 February 2014 to pay all DHP applications for medium and high hardship cases for all priority groups for 2013/14 and 2014/15 and to carry forward the balance of monies as earmarked funds for a range of welfare reform interventions to include a tenants incentive scheme, produce a range of support materials, digital access expansion with wifi in selected schools and additional courses delivered by Community Learning and Development, work to encourage credit unions to provide transactional banking services in Argyll and Bute, provision of additional crisis intervention and support through housing services and through care workers to work with looked after children and former looked after children.
- 1.3 This report provides an update on the progress made and seeks approval to carry the balance remaining at 31 March 2015 forward into 2015/16 to continue this work. Updated proposals are presented for the use of the balance of this funding.
- 1.4 The council received further funding for DHPs in 2014/15 of £375,838 from the Scottish Government. It is estimated that the balance remaining unspent at 31 March 2015 will be c £140k. Such funding will be significantly reduced for 2015/16. The Committee is asked to approve the carry forward of the unspent balance as earmarked funds to be used to fund DHP payments in 2015/16. This is expected to be sufficient to maintain current priority levels into 2015/16.
- 1.5 Recommendations
1. Policy & Resources Committee is asked to note the information provided in respect of progress made, and the estimate of projected expenditure to 31 March 2015 of £138.7k from the balance of Scottish Government funding for DHPs of £550,390 received in March 2014.
 2. The Committee approves the continued carry forward of the balance of this as earmarked funds estimated at £411.7k and approves the proposals for their use as summarised at 4.20.

3. The Committee approves the carry forward of the balance of the £375,838 Scottish Government 2014/15 DHP monies as earmarked funds to be used to fund DHP payments in 2015/16. It is estimated that the balance will be c £140k and will be sufficient to maintain current priority levels into 2015/16.
4. To require a further report to be brought back to a future meeting on the progress with the proposals approved at 2 and 3 above.

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER SERVICES****19 MARCH 2015**

SCOTTISH GOVERNMENT FUNDING FOR WELFARE REFORM AND DISCRETIONARY HOUSING PAYMENTS – REPORT ON SPEND TO DATE AND FUTURE PROPOSALS

2.0 INTRODUCTION

- 2.1 The Council was allocated an additional £550,390 from the Scottish Government in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs). This was additional to the core DHP funding of £370,656 provided by DWP.
- 2.2 Council agreed on 13 February 2014 to pay all DHP applications for medium and high hardship cases for all priority groups for 2013/14 and 2014/15, and to carry forward the balance of monies as earmarked funds for a range of welfare reform interventions to include a tenants incentive scheme, produce a range of support materials, digital access expansion with wifi in selected schools and additional courses delivered by Community Learning and Development, work to encourage credit unions to provide transactional banking services in Argyll and Bute, provision of additional crisis intervention and support through housing services and through care workers to work with looked after children and former looked after children.
- 2.3 This report provides an update on the progress made and seeks approval to carry the balance remaining at 31 March 2015 forward into 2015/16 to continue this work. Updated proposals are presented for the use of the balance of this funding.
- 2.4 The council received further funding for DHPs in 2014/15 of £785,418. Policy & Resources Committee agreed on 21 August 2014 to support all under-occupancy cases irrespective of hardship so as to put them in the same position as if there were no under-occupancy restriction. The Strategic Management Team (SMT) carries out a monthly review of which priority groups can be supported for all non-occupancy cases. SMT has continued to support all medium and high hardship cases using the definition of medium financial hardship agreed in March 2014 of excess income over essential expenditure per week of £40 (single), £80 (couple) and £120 (family) throughout 2014/15.
- 2.5 The Council was successful in bidding to be one of the 11 national Universal Services Delivered Locally (USDL) Trial sites. It is one of the two Scottish sites, the other being an urban trial in Dundee. It is delivered jointly with the Department of Works and Pensions (DWP) and in partnership with our registered social landlords NHS, Bute advice centre and citizens advice. The trial offers money management training and advice through housing support providers and digital upskilling through access to computers and the internet locally for training sessions and tutorials. The trial started in September 2014 and runs to August 2015. The outcomes will inform the Council's future relationship with the DWP as part of the Local Support Services

Framework (LSSF) and are a key preparation for the rollout of universal Credit in Argyll and Bute.

- 2.6 The proposals originally approved by Council in February 2014 were modified to fit into the USDL requirements as this brought in additional funding from DWP and allowed for a formal evaluation of outcomes. This delayed the start of this work until September 2014 and hence expenditure to date has been less than originally anticipated.

3.0 RECOMMENDATIONS

- 3.1 Policy & Resources Committee is asked to note the information provided in respect of progress made, and the estimate of projected expenditure to 31 March 2015 of £138.7k from the balance of Scottish Government funding for DHPs of £550,390 received in March 2014.
- 3.2 The Committee approves the continued carry forward of the balance of this as earmarked funds estimated at £411.7k and approves the proposals for their use as summarised at 4.20.
- 3.3 The Committee approves the carry forward of the balance of the £375,838 Scottish Government 2014/15 DHP monies as earmarked funds to be used to fund DHP payments in 2015/16. It is estimated that the balance will be c £140k and will be sufficient to maintain current priority levels into 2015/16.
- 3.4 To require a further report to be brought back to a future meeting on the progress with the proposals approved at 3.2 and 3.3 above.

4.0 DETAIL

Background

- 4.1 Council agreed on 13 February 2014 to pay all DHP applications for medium and high hardship cases for all priority groups for 2013/14 and 2014/15, and to carry forward the balance of monies as earmarked funds for a range of welfare reform interventions to include a tenants incentive scheme, produce a range of support materials, digital access expansion with wifi in selected schools and additional courses delivered by Community Learning and Development, work to encourage credit unions to provide transactional banking services in Argyll and Bute, provision of additional crisis intervention and support through housing services and through care workers to work with looked after children and former looked after children.
- 4.2 The paragraphs below give a summary of the expenditure to date and proposed against each of the original proposals.

Proposal 1 – Offer DHPs beyond the DWP funding level and for more than 52 weeks

- 4.3 In March 2013 Council approved a new Discretionary Housing Payments policy. This was based on the concept of classifying all applicants into priority groups and also determining whether they are on high, medium or low hardship based on their financial circumstances and threat of eviction and any other relevant circumstances. Policy & Resources Committee agreed on 21 August 2014 to support all under-occupancy cases irrespective of hardship so as to put them in the

same position as if there were no under-occupancy restriction. Each month the Strategic Management Team considers which hardship levels can be supported for each priority group. Currently approval has been given to pay out on all applicants who are in high or medium hardship across all priority groups using the definition of medium financial hardship agreed in March 2014 of excess income over essential expenditure per week of £40 (single), £80 (couple) and £120 (family) throughout 2014/15.

DHPs actual and forecast expenditure

- 4.4 The Council was allocated £550,390 from the Scottish Government in March 2014 to be used in order to provide additional Discretionary Housing Payments (DHPs). This was additional to the core DHP funding of £370,656 provided by DWP. This means that we had funding to be able to pay out up to £921,046 in DHPs. Total paid out at 31 March 2014 was £397,340 so we used only £26,684 of the additional Scottish Government funding for core DHPs in 2013/2014. We were able to support all medium and high priority groups across all priority groups. We also accepted simplified claims from registered social landlords for those affected by under-occupancy restrictions based on hardship evidenced by rent arrears and possible threat of eviction and did not require these tenants to provide income and expenditure details. The balance available for welfare reform mitigations was therefore £523,706.
- 4.5 The funding allocation for DHP from DWP for 2014/15 was £409,580 – an increase of just over 10%. The Scottish Government subsequently allocated £375,838, providing a total of £785,418. As at 28 February 2015, we had spent and committed £631,462 which already exceeds the DWP allocation of £409,580. Based on current levels of spend, we would expect to spend c £645k by the end of this year, leaving an unspent balance of c £140k. This means that we do not need any of the balance from 2013/14.
- 4.6 The allocation from DWP for 2015/16 has been announced at £371,352 (a 9.3% reduction). The initial allocation from Scottish Government for 2015/16 is £65,991. This is set to cover 80% of expected expenditure. There is a further £9m to distribute nationally of which we may receive up to c £110k. So the total funding available could be c £546k. We therefore seek approval for the carry forward of the 2014/15 under spend estimated at £140k to 2015/16. Without this carry forward we would need to drastically reduce DHPs for private sector tenants. If approved, this would allow us to continue to support similar priority levels in 2015/16 and avoid a significant reduction in support levels for non-bedroom tax cases

Proposal 2 – Expansion of Tenants Incentive Scheme

- 4.7 A limited HOMEArgyll Tenants Incentive Scheme was agreed utilising some of the one-off transitional funding provided by DWP in 2013/14. This council received £11,222 in transitional funding and allocated £7,500 to incentivise tenants who are impacted by the removal of the spare room subsidy (bedroom tax) to downsize. The trial scheme offers an incentive of £500 for those considering a transfer. The funds can be used to remove financial barriers faced by tenants in moving. They can be used, for example, to pay for essential repairs to their existing property or to buy carpets for the new property. However it is left entirely to the tenant to decide how to use these monies. This scheme was launched at the end of October 2013. The scheme was initially very popular with registered social landlords and their tenants and it was estimated that uptake would be c 50 households in a year.

However the effective removal of the under-occupancy restrictions in August 2014 has reduced uptake. Expenditure of £20,500 has been achieved (41 households). This is not expected to exceed £22,000 by the end of March 2015. A very small uptake of £3k has been allowed for in 2015/16.

Proposal 3 – Producing comprehensive support material for those affected by welfare reform to include details of support available covering employability support, money management advice, digital access locations and training

- 4.8 The initial requirement was to map out all the points where those affected by welfare reform require support – effectively documenting the customer journey. This should also identify all those agencies (including all relevant council services) with whom the customer interacts and how these interactions can be used to identify the entire customer's needs for support in a holistic manner. Consideration should be given not just to the benefit claimant but also to the other members of their household. Then a range of suitable support material should be designed to help meet these needs. It is envisaged that customers will need help with improving their literacy, IT and other core employability skills, finding employment, managing money and dealing with debt. Materials should include signposting to all the relevant sources of help within Argyll and Bute.
- 4.9 This work would include updating the Money Handbook which was produced in 2009 and bringing this up to date with particular emphasis on the changes brought about by Welfare Reform. Materials would be produced in a number of formats including printed, on-line and flash drives and could be made available through any support organisation promoted by the Argyll and Bute Advice Network (ABAN).
- 4.10 It was initially envisaged that this could be carried out by a graduate intern and costs including printing budgeted at £30,000. On incorporation of this into a key element of preparation for our USDL trial, it was concluded that more specialist skills were required. Arneil Johnston (a specialist housing services consultancy) were employed to carry out detailed research of customer needs through telephone survey and focus groups, to research support materials already available and to tailor products to reflect provision within our area. Total expenditure is still estimated at £30k of which £20k has already been spent/committed.

Proposal 4 – Expansion of Digital Access across Argyll and Bute

- 4.11 Universal Credit is based on the premise that at least 80% of all claims will be made online and claimants will manage their Universal Credit account online. This is a big change and requires a greater level of access to the internet that we currently have in Argyll and Bute, as well as enhanced digital skills on the part of the claimant. Community Learning and Development have purchased 18 additional laptops, recruited 40 new bank tutors, and are now delivering additional IT literacy courses in rural schools (which minimises travel for those being assisted) using Guest access. They are on track to spend all of the £40,000 allocated for 2014/15 by 31 March 2015. A further £45k is required to provide similar support for the remainder of the USDL trial period. It is estimated that £80k would be required to provide this service for all of 2015/16. This includes provision for a training co-ordinator at £30k to handle the additional caseload.

Proposal 5 – Work to encourage Credit Unions to provide basic transactional banking services in Argyll and Bute

- 4.12 It had been noted that the DWP was working with credit unions at a national level and was willing to provide funding for expansion based on the numbers of new transactions handled. It was intended to work with DWP to try and attract a larger credit union into Argyll and Bute who would be willing to offer transactional services along with additional money management support services to those who are unable to access such services from the banks or for whom such services are unsuitable. Assistance envisaged was by way of in kind support through the customer service point network with up to a further £30,000 to support one-off set up costs in 2014/15. No progress has been made with this. Meetings were held with Dermot O'Neill, Chief Executive of the Scottish League of Credit Unions, and it was realised that this does not fit well with the ethos of credit unions which are only successful when truly local and with a cross-section of customers, not just focussing on those who are less well off. We have no current plans to spend any of these monies.
- 4.13 Instead this money was re-allocated to support Bute Advice Centre to assist them to continue to operate. Funding of £20,000 was agreed to see them through to 31 March 2015 and provided under a Service Level Agreement. The Bute Advice Centre Manager now attends the Welfare Reform Working Group and makes a very useful contribution at that forum. They provide regular reports on clients supported. They have also requested further funding of £30,000 to help underpin their finances to continue for a further year to 31 March 2015.
- 4.14 In addition the remaining £10,000 has been promised to ACHA as match funding to support their bid to the Peoples and Communities Fund. If successful this bid would allow Acha to continue their welfare rights service to their tenants throughout 2015/16. This amount matches Acha's own contribution. The service is valued by their tenants and if not provided, Acha's tenants would be sign posted to the council's own welfare rights service which would struggle to cope. Acha propose to use Bute Advice Centre to help deliver this service and hence this bid provides further support to that organisation also.

Proposal 6a – Provision of Crisis prevention and Intervention support within Argyll and Bute.

- 4.15 The existing housing support contracts were extended to provide personal budgeting support as part of our delivery of the USDL trial. Referrals are made to this service from new benefit claimants through all the Job Centres in our area, and this is now being extended to existing caseload. DWP job centre managers carry out a high level triage and then make a referral to a housing support co-ordinator in Community and Culture who then undertakes a detailed triage to assess needs, and then makes an onward referral if there appears to be a need for service to a housing support provider (for personal budget support needs) and to Community Learning and Development for digital and/or literacy skills training. This trial commenced on 1 September 2014 and runs for 12 months till 31 August 2015. DWP pay directly for a full-time project manager and for an additional housing support co-ordinator and have provided £45,000 for housing support provider costs. The council has therefore not needed to make any expenditure from its original budget of £180,000 for this service provision to date.
- 4.16 Referrals are now being made not just from Job Centres, but also from NHS addictions team, NHS homeless team, Scottish Welfare Fund team and by ACHA. Volumes of referrals are expected to increase significantly for the remaining period of this trial, and we anticipate needing a further housing support co-ordinator post to manage these referrals. The cost of this for 6 months would be £20k.

Proposal 6b – Additional through care workers to assist looked after children.

- 4.17 The proposal was to have an additional 4 temporary through care workers in 2014/15 to work with the Council's looked after children and former looked after children many of these are also struggling with literacy and IT skills, and money and debt management. Unfortunately these posts were only job evaluated in December 2014 and the Children and Families service is still recruiting to fill them. They are expected to be filled on 1 year contracts in March 2015 with costs as originally anticipated at £120,000.

New proposal – welfare rights officer

- 4.18 The current funding for an additional welfare rights officer ends at 30 June 2015. The service has indicated that demand is not declining and they have a continuing need for this service, particularly to support those transitioning to Personal Independence Payments which is rolling out very slowly in this area. There would be considerable advantage in extending the current post to 31 March 2016 and the cost for this is estimated at £25k.

New proposal – to extend Scottish Welfare Fund support

- 4.19 In the first 11 months to 28 February 2015 we spent £397,769 on new applications out of an available budget of £410,109. Only £12,340 remains available for support in March. Expenditure in February was significantly more than expected despite having reduced the priorities being supported to high and medium claims only from 1 January 2015. Priorities supported for March are therefore restricted to high priority claims only. Despite this reduction in priorities being supported, an overspend is expected because of the level of claims already approved - 46 claims were only part paid at end of February. Approval is requested to utilise the remaining unallocated amount of £33.7k to accommodate these high priority claims so that none go unsupported.

Summary of proposals, spend to date and committed amounts

- 4.20 A summary of the above proposals is set out in the table below:

Proposal description	2013/14 Actuals £000s	2014/15 Actuals/ Committed £000s	2015/16 Proposed £000s	Total £000s
Estimate of DHPs beyond DWP funding level	26.7	0		26.7
Tenants incentive scheme	0	22	3	25
Support materials	0	30	0	30
Digital access expansion – wifi in selected schools and additional courses delivered by CLD	0	40	80	120
One-off assistance to a credit union to set up in Argyll and Bute	0	0	0	0
Bute Advice Centre support	0	20	30	50

Acha bid to Peoples and Communities Fund		0	10	10
Personal budgeting support through housing support contracts	0	0	110	110
Additional through care workers	0	0	120	120
Additional welfare rights officer for 9 months	0	0	25	25
Extension of Scottish Welfare Fund support March 2015			33.7	33.7
Total	26.7	112	411.7	550.4

Carry forward of the funding

- 4.21 Approval is therefore requested to continue to carry forward the balance of these funds as earmarked reserves. The balance at 31 March 2014 is estimated at c £411,700. These would be used for the purposes outlined above.

5.0 CONCLUSIONS

- 5.1 This report seeks approval to continue to carry forward the unspent balance as earmarked reserves which will be utilised to support the remaining period of the USDL trial which concludes on 31 August 2015, and to continue this work until the end of the 2015/16 financial year. More money is allocated to digital access expansion as the demand for this has been higher than anticipated. The allocation for personal budgeting support has been reduced as some of this is being paid for by DWP as part of the USDL trial, and uptake has been slower than expected. It has not proved possible to identify practical ways to encourage credit union expansion and expenditure in this area is no longer anticipated. Approval is now sought to allocate some of the underspend to continued support of the excellent work being carried out by the Bute Advice Centre, and to provide additional welfare rights support where demand levels are high and to provide extended support to users of the Scottish Welfare Fund.

6.0 IMPLICATIONS

- 6.1 Policy: In line with existing policy for DHPs. In line with corporate plan corporate objective 1 – working together to realise the potential of our people.
- 6.2 Financial: This paper provides proposals on utilising the balance of the monies received from Scottish Government in March 2014 of £550,390 which were carried forward as earmarked reserves. It also seeks approval to carry forward the unspent balance of the DHP monies from Scottish Government received in 2014/15 (estimated at £140k) to be spent on DHPs in 2015/16 to offset an expected reduction in support in that year.
- 6.3 Legal: None
- 6.4 HR: None
- 6.5 Equalities: Groups with protected characteristics are expected to benefit particularly from these proposals as they are more highly represented in benefit claimants adversely affected by welfare reforms
- 6.6 Risk: These proposals reduce the risk of more major interventions being required to support these vulnerable families at a later stage and will enable them to be better prepared for the introduction of Universal Credit in our area.
- 6.7 Customer Service: These targeted interventions provide valuable support to vulnerable citizens.

Douglas Hendry
Executive Director Customer Services
5 March 2015

Policy Lead: Councillor Dick Walsh

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Fergus Walker, Revenues and Benefits Manager Tel 01586-555237

Background papers

Welfare Reform: Council 21 March 2013

Proposals to utilise Scottish Government Funding for Welfare Reform and

Discretionary Housing Payments: Council 13 February 2014

Discretionary Housing Payments Policy: Policy & Resources Committee 21 August 2014

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER SERVICES****19 MARCH 2015**

COUNCIL TAX ON EMPTY PROPERTIES

1.0 EXECUTIVE SUMMARY

- 1.1 On 27 June 2013 Council approved a policy for charging double Council Tax on long-term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. This allows the Council to increase the council tax charge on unoccupied properties which are not being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 12 months by 100% across the whole of the council area with effect from 1 April 2014, and to increase the council tax charge on unoccupied properties which are being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 24 months by 100% across the whole of the council area with effect from 1 April 2014.
- 1.2 On 23 January 2014 the Council agreed not to increase the council tax charge on unoccupied properties in the following circumstances as a transitional measure:
- For a 6 month period from 1 April 2014 to 30 September 2014 where a council tax payer has an unoccupied property where a grant of confirmation has been obtained but the title has not yet passed to a named beneficiary and the property is being actively marketed for sale or let;
 - For a 6 month period from 1 April 2014 to 30 September 2014 where a disabled council tax payer has an unoccupied property which they have previously vacated in order to move to a more suitable property;
 - For a single 6 month period commencing on or after 1 April 2014 and finishing before 31 March 2016 whilst major repair works are under way to the property.

In these circumstances the property would benefit from a 10% long term empty discount for the relevant 6 month period.

- 1.3 An appeal was heard by the Argyll and Bute Valuation Appeal Committee (VAC) in December 2014. The appellant was aggrieved that the Council applied a double charge 18 months after they had purchased a property. This included both the minimum 12 months empty period plus the additional transitional 6 months period for buildings undergoing major repairs. They felt the policy was unfair as they intended to carry out major renovations and had to apply for planning permission which was at least in part dependent on the council's timescales. The VAC found in favour of the appellant and recommended that the council should provide exceptions to its policy to cover unoccupied properties which are in course of active renovation in terms of Planning Permission/Building Warrant.
- 1.4 The committee is asked to amend the existing policy in line with this decision.

COUNCIL TAX ON EMPTY PROPERTIES

2.0 INTRODUCTION

- 2.1 On 27 June 2013 the Council approved a policy for charging double Council Tax on long-term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 which came into effect from 1 April 2014. On 23 January 2014 Council agreed not to increase the council tax charge on unoccupied properties in certain circumstances as a transitional measure which included postponing the double charge for a single 6 month period commencing on or after 1 April 2014 and finishing before 31 March 2016 whilst major repair works are under way to the property.
- 2.2 An appeal was heard by the Valuation Appeal Committee (VAC) in December 2014. The appellant was aggrieved that the Council applied a double charge 18 months after they had purchased a property. This included both the minimum 12 months empty period plus the additional transitional 6 months period for buildings undergoing major repairs. They felt the policy was unfair as they intended to carry out major renovations and had to apply for planning permission which was at least in part dependent on the council's timescales. The VAC found in favour of the appellant and recommended that the council should provide exceptions to its policy to cover unoccupied properties which are in course of active renovation in terms of Planning Permission/Building Warrant.
- 2.3 This paper asks the committee to consider an amendment to the policy on charging double council tax on long-term empty properties which would give effect to the VAC's recommendations and replace the 6 month transitional period approved in January 2014.

3.0 RECOMMENDATIONS

- 3.1 Policy & Resources Committee notes the decision by the VAC on 10 December 2014 attached at Appendix 1.
- 3.2 The committee approves an amendment to the policy for charging double council tax on long term empty properties so that where major repairs are underway which require planning permission and/or building warrant, the double charge is only applied after a property has been empty for 2 years. The revised policy which would give effect to this is attached at Appendix 2 for approval.

4.0 DETAIL

- 4.1 On 27 June 2013 Council approved a policy for charging double Council Tax on long-term empty dwellings under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013. This allows the Council to increase the council tax charge on unoccupied properties which are not being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 12 months by 100% across the whole of the council area

with effect from 1 April 2014, and to increase the council tax charge on unoccupied properties which are being actively marketed for sale or for let under appropriate conditions and which have been unoccupied for over 24 months by 100% across the whole of the council area with effect from 1 April 2014.

4.2 On 23 January 2014 Council agreed not to increase the council tax charge on unoccupied properties in the following circumstances as a transitional measure:

- For a 6 month period from 1 April 2014 to 30 September 2014 where a council tax payer has an unoccupied property where a grant of confirmation has been obtained but the title has not yet passed to a named beneficiary and the property is being actively marketed for sale or let;
- For a 6 month period from 1 April 2014 to 30 September 2014 where a disabled council tax payer has an unoccupied property which they have previously vacated in order to move to a more suitable property;
- For a single 6 month period commencing on or after 1 April 2014 and finishing before 31 March 2016 whilst major repair works are under way to the property.

In these circumstances the property would benefit from a 10% long term empty discount for the relevant 6 month period.

4.3 An appeal was heard by the Valuation Appeal Committee (VAC) on 10 December 2014. The appellant was aggrieved that the Council applied a double charge 18 months after they had purchased a property. This included both the minimum 12 months empty period plus the additional transitional 6 months period for buildings undergoing major repairs. They felt the policy was unfair as they intended to carry out major renovations and had to apply for planning permission which was at least in part dependent on the council's timescales. The VAC found in favour of the appellant and recommended that the council should provide exceptions to its policy to cover unoccupied properties which are in course of active renovation in terms of Planning Permission/Building Warrant.

4.4 The VAC is an independent panel made up of lay persons and supported by an assistant secretary who is a qualified solicitor. They provide a statutory appeal service to citizens who are aggrieved by decisions in relation to the Council Tax that they are charged.

4.5 The full VAC decision is attached at Appendix 1. The panel felt that the Council decision was intended to deal with the issue of long term empty/abandoned properties, but, in the particular circumstances applicable here, it was a blunt instrument with unintended consequences of a manifestly unjust nature. They concluded that it was perfectly within the ability and power of the Council to exclude from its decision of 27 June 2013 certain types of properties such as the Appeal Property which, in its view, fell within the definition of "unoccupied" but were not properties such as had been abandoned and had fallen into disrepair. Its failure to do so rendered its decision as partially flawed.

4.6 It appeared to the Panel to be wholly inappropriate, and indeed contrary to natural justice, for arbitrary time-limits to be imposed by a Council which, by itself, has direct control over the Appellants' ability to meet same. To complete this redevelopment, the Appellants required to (a) obtain Planning Permission from Argyll & Bute Council, the timing for which was wholly or at least partially within the Council's control; (b) Building Warrant from Argyll & Bute Council, the timing for which was wholly or at least partially within the Council's control; (c) a Bill of

Quantities and Tender, all of which were within the Appellants' control; and (d) a Completion Certificate (granted when the whole project was completed) or at least a Certificate of Occupancy (granted when the project is sufficiently completed to allow safe occupation of the majority of the building), both of which are issued by Argyll & Bute Council, the timing for which was wholly or at least partially within the Council's control. In short, to the extent that the Appeal Property is not being lived in or occupied by the Appellants, this is a direct result of the redevelopment project being incomplete and the Council prohibiting its occupation until a certain stage of the redevelopment has been completed. The Panel was clearly of the view that a period of 12 months from purchase to obtain both the above permissions, proceed to Bill of Quantities/Tender and complete the works themselves was quite unrealistic and simply unachievable. In the Panel's view however, a period of 24 months has merit and is achievable.

- 4.7 The Panel has accordingly ruled (a) that in general, Argyll & Bute Council should revisit its decision of 27th June 2013 and provide exceptions to its blanket policy to cover unoccupied properties which are in course of active renovation in terms of Planning Permission/Building Warrant; and (b) that in respect of this particular case, the extra 100% Council Tax Charge applied from 28th October, 2014 for the Studio Cottage and intended to be applied from 28th April, 2015 for the School House (as explained above) should be and is hereby revoked to be reapplied to both parts of the Appeal Property should the whole property continue not to be lived in as a main family home (or at least a second home as defined in and dealt with by separate legislation) by 28th October, 2015.
- 4.8 Council officers do not consider that the decision letter fully reflects the contentions made by the Council's representative at the hearing. It is noted that the VAC failed to take due account of the 6 months transitional relief agreed on 23 January 2014 despite this being pointed out to them. They also believe that the VAC has gone beyond its powers to determine whether council tax is correctly charged in terms of the legislation and made a finding which overturns agreed Council policy. However, no appeal has been lodged with the Court of Session within the 42 day time limit as it is not deemed to be economic to raise a challenge which affects a limited 6 month period for a single council taxpayer.
- 4.9 The more general finding is that the council should revisit its decision of 27 June 2013 to provide exceptions to its policy to cover unoccupied properties which are in course of active renovation in terms of Planning Permission/Building Warrant. This would be an alteration of the existing 6 month transitional exemption from the double charge for buildings under repair. Such a change would provide a 24 month period before the double charge would be applied.
- 4.10 The Committee is reminded that if a long term empty property is purchased by a new owner, they would be eligible for a 50% council tax discount for 6 months if the property is undergoing or requires major repair work to render it habitable beginning with the day on which it was purchased. Thereafter it would be immediately be subject to the double charge if the property had been empty at that point for 24 months or more. The change proposed by the VAC would therefore only benefit new owners who buy a property which has been in use within the last 18 months prior to the purchase. The property which was the subject of appeal had been occupied immediately prior to the appellant purchasing it. The appellant could easily have decided to occupy it immediately, or to rent it out whilst they applied for planning permission for a major renovation. In most cases, dwellings

continue to be used whilst planning permission is applied for, and whilst works are underway.

- 4.11 The change in the policy recommended by the VAC would therefore only benefit owners of empty properties which have been occupied relatively recently, and where they decide that major renovation is required which requires planning permission and/or building warrant, and such renovation commences. A revised policy to give effect to the VAC's recommendation is attached at Appendix 2. It is not proposed to backdate this change. This would also remove the transitional exemption not to charge double council tax for a single 6 month period commencing on or after 1 April 2014 and finishing before 31 March 2016 whilst major repair works are under way to the property. Most properties eligible for this transitional exemption will have already received it by 31 March 2015. It is expected that most others would benefit equally from this new provision.
- 4.12 It is not possible to accurately estimate the number of council tax payers who would be affected by this change in policy as the council tax system does not have any indicator as to whether planning permission has been applied for. In July 2014 we had awarded the 6 months transitional buildings under repair exemption to 47 properties. The number of properties affected is unlikely to be greater than this, which would therefore mean that the potential loss of income is unlikely to exceed £30,000 p.a..

5.0 CONCLUSIONS

- 5.1 This paper asks the committee to note the VAC decision on 10 December 2014 about the imposition of a double council tax charge on a long term empty property, and to amend the current policy on charging double council tax on long-term empty properties to give effect to the VAC's recommendations and replace the 6 month transitional period for buildings under repair approved in January 2014. This is likely to reduce the income from the double charge by up to £30,000 p.a..

6.0 IMPLICATIONS

- 6.1 Policy: This proposes a change to the policy for charging double council tax on long term empty properties so that where major repairs are underway which require planning permission and/or building warrant, the double charge is only applied after a property has been empty for 2 years.
- 6.2 Financial: A small loss of council tax income which is unlikely to exceed £30k p.a..
- 6.3 Legal: Proposals are in accordance with legislation for council tax which came into effect from 1 April 2013.
- 6.4 HR: None
- 6.5 Equalities: Owners of these unoccupied properties are not expected to fall disproportionately into any particular equalities group.

6.6 Risk: Reduces risk of further similar appeals being lost at VAC hearings.

6.7 Customer Service: None.

Appendices:

- 1 VAC decision of 10 December 2014
- 2 Draft revised policy for council tax on long term empty properties

Douglas Hendry
Executive Director Customer Services
11 February 2015

Policy Lead: Councillor Dick Walsh

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Fergus Walker, Revenues and Benefits Manager Tel 01586-555237

Background papers

Council tax on empty properties: Council 27 June 2013, reconvened on 8 August 2013
Council tax on empty properties: Council 23 January 2014

VAC decision of 10 December 2014

The Local Valuation Panel for Argyll & Bute, Dunbartonshire and Glasgow

Secretary responsible for Argyll & Bute:

Alan M. Urquhart LL.B

The Studio, 9 Waterside Street, Largs KA30 9LN

Telephone: 0775 970 1422

email: alanm.urquhart@gmail.com

Our Ref:

Your Ref:

18th December, 2014

[REDACTED]

Dear [REDACTED],

Subjects: [REDACTED] (“the Appeal Property”)

Finance Department Council Tax Reference [REDACTED] (respectively)

Valuation Appeal Panel Meeting 10th December, 2014 at Inverary

I refer to your appeal in respect of the above property which you both presented at the above Meeting on your own behalves. The Council Finance Department was represented by [REDACTED]. The Panel has ruled as follows:

A THE FACTS

1. The Appeal Property comprises the former [REDACTED] house at [REDACTED], which were purchased by the Appellants from the [REDACTED] on 28th October, 2013.
2. This was not an appeal against the property banding. It was an appeal against the imposition of double Council Tax for the [REDACTED] with effect from 28th October, 2014 and [REDACTED] with effect from 28th April, 2015. The first of these properties will have been empty and unoccupied for a period of 1 year on 28th October, 2014, while the second property, its history of occupation being different from the [REDACTED], will become subject to the double Council Tax charge on 28th April, 2015.
3. The Scottish Parliament granted powers to all local authorities to vary the amount of Council Tax payable for properties remaining unoccupied for more than 1 year (“unoccupied” being defined as being not occupied at all or, whether furnished or not, not being lived in for at least 25 days in a calendar year). These powers, contained within the Council Tax (Variation for Unoccupied Dwellings)(Scotland) Regulations 2013 permitted a Council to impose up to double the payable Council Tax on an unoccupied dwelling. Argyll & Bute Council determined to impose such a double charge on 27th June, 2013, with effect from 1st April, 2014.

B. CONTENTIONS(for the Appellants)

1. The Appeal property is not empty and unoccupied, it is undergoing extensive restoration. Since the purchase date, and with the assistance of architects and other professional advisors, you have sought and obtained from Argyll & Bute Council Planning Permission for a major reconstruction of the Appeal Property which involves conjoining both parts of the Appeal Property and constructing major extensions. You have also obtained the required Building Warrant from the same Council. Thereafter you have, through your Architects or Surveyors, produced a Bill of Quantities and obtained a successful tender, resulting in work now being commenced with an expected completion date of May 2015. The Council's policy which is intended to prevent properties being wholly or substantially abandoned and unused, is not one which should properly apply here.
2. You stated that *it is your intention to reside in the Appeal Property as your main family home and place of permanent residence from whenever the works described above are completed. It was anticipated that the redevelopment project would be completed by May 2015 when you would commence living in the Appeal Property.*
3. You contended that *the Council's policy is designed to prevent a large number of properties being left unoccupied for long periods of time and to encourage the preservation of the many traditional houses throughout Argyll & Bute. However,*

the Council's policy, to the contrary, will encourage certain purchasers of properties such as the Appeal Property to demolish and rebuild from new, to the detriment of the architectural mix in Argyll & Bute. Such a property, under total reconstruction from new, would be exempt from Council Tax. This compares markedly with the double imposition and is no "reward" for bringing 2 important and treasured buildings back into use. The policy could also serve as an effective disincentive to others who might wish to purchase and renovate/restore but know they cannot achieve this within a 12 month period.

4. You had marketed the appeal property for sale or let by advertising within a window of the local shop in [REDACTED], in light of the Council's policy which exempted from the double charge properties being advertised for sale or let.

C. CONTENTIONS (for the Director of Finance)

1. [REDACTED] for the Council contended that the Council has acted correctly in accordance with the legislation and the powers available to it thereunder. The primary legislation in this case is the Local Government Finance (Unoccupied Properties etc)(Scotland) Act 2012 where Section 2 thereof allows a Council to vary the payable Council Tax for unoccupied properties. Specific regulations under that legislation were passed being the Council Tax (Variation for Unoccupied Dwellings)(Scotland) Regulations 2013 where Section 4(1) states that, subject to certain restrictions, (which do not apply here), a local authority may modify the charge made (the Secretary's paraphrase) so that instead of a being subject to a discount, an increased amount of council tax is paid. The legislation caps the modification at 200% ie allows the imposition of a double council tax charge.

2. In Argyll & Bute local authority area, [REDACTED] stated that there are over 1,000 properties which have been effectively abandoned by their owners. These properties are not being lived in or occupied and are, in some cases, falling into disrepair. Of more importance to the Council, however are 2 factors in relation to such properties (a) that the owners of such properties do not contribute to the local economy; and (b) that the continued non-use and non-sale/let of such properties prevents the local population from accessing affordable housing in their locality.

3. Argyll & Bute Council, at its meeting on 27th June, 2013, decided to exercise its power under the above legislation and increased the charge on unoccupied properties which are not being marketed for sale or let under appropriate conditions and which have been unoccupied for over 12 months by 100% with effect from 1st April, 2014. The effect of this legislation and decision in regard to the [REDACTED] is to apply such an increase from 28th October, 2014 while the effective date for [REDACTED] itself is 28th April, 2015.

4. The Council contended that the appeal property was not being actively marketed for sale or rent as per the Scottish Government's Guidance as (a) it was only being marketed by a small advert in a local village shop; (b) no Home Report had been produced for the Appeal Property; (c) no Estate Agent had been instructed; and (d) no marketing via any one of the usual property websites was being undertaken.

D. THE LAW/PRACTICE

The principal legislation is as detailed above and does not require repeating.

E. THE PANEL DECISION

1. The Panel was concerned that it had not had made available to it the Report to the Council by its Officers or any note of the discussion both of which led to the Council's decision of 27th June, 2013. From the paperwork which was available, however, it appeared to the Panel that the Council decision was intended to deal with the issue of long term empty/abandoned properties, but, in the particular circumstances applicable here, was a blunt instrument with unintended consequences of a manifestly unjust nature. It was perfectly within the ability and power of the Council to exclude from its decision of 27th June, 2013 certain types of properties, such as the Appeal Property which, in its view, fell within the definition of "unoccupied" but were not properties such as are referred to in Section C2 above. Its failure to do so rendered its decision as partially flawed.

2. The Oxford English Dictionary defines "Unoccupied" as not being occupied or used. While the Panel readily agreed that the Appeal Property was not being physically lived in, it was being "used" in the sense that the Appellants were making "use" of the whole property by carrying out a detailed and costly renovation project as detailed above.

3. The Panel agreed that the Appeal Property was not being marketed for sale or let.

4. It appeared to the Panel to be wholly inappropriate, and indeed contrary to natural justice, for arbitrary time-limits to be imposed by a Council which, by itself, has direct control over the Appellants' ability to meet same. To complete this redevelopment, the Appellants required to (a) obtain Planning Permission from Argyll & Bute Council, the timing for which was wholly or at least partially within the Council's control; (b) Building Warrant from Argyll & Bute Council, the timing for which was wholly or at least partially within the Council's control; (c) a Bill of Quantities and Tender, all of which were within the Appellants' control; and (d) a Completion Certificate (granted when the whole project was completed) or at least a Certificate of Occupancy (granted when the project is sufficiently completed to allow safe occupation of the majority of the building), both of which are issued by Argyll & Bute Council, the timing for which was wholly or at least partially within the Council's control. In short, to the extent that the Appeal Property is not being lived in or occupied by the Appellants, this is a direct result of the redevelopment project being incomplete and the Council prohibiting its occupation until a certain stage of the redevelopment has been completed. The Panel was clearly of the view that a period of 12 months from purchase to obtain both the above permissions, proceed to Bill of Quantities/Tender and

complete the works themselves was quite unrealistic and simply unachievable. In the Panel's view however, a period of 24 months has merit and is achievable.

5. The Panel has accordingly ruled (a) that in general, Argyll & Bute Council should revisit its decision of 27th June 2013 and provide exceptions to its blanket policy to cover unoccupied properties which are in course of active renovation in terms of Planning Permission/Building Warrant; and (b) that in respect of this particular case, the extra 100% Council Tax Charge applied from 28th October, 2014 for the [REDACTED] and intended to be applied from 28th April, 2015 for the [REDACTED] (as explained above) should be and is hereby revoked to be reapplied to both parts of the Appeal Property should the whole property continue not to be lived in as a main family home (or at least a second home as defined in and dealt with by separate legislation) by 28th October, 2015.

I have copied this letter to Argyll & Bute Council. To the extent that they are aggrieved by this decision, they may exercise their rights to lodge an appeal with the Court of Session with a time-limit of no more than 42 days from today's date.

Yours sincerely,

Alan M. Urquhart
Secretary

Draft revised policy for council tax on long term empty properties

The council exercises its discretion under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulation 2013 to increase the council tax charge on the following categories of unoccupied property by 100% across the whole of the council area with effect from 1 April 2015, as follows:

1. any property which has been unoccupied for over 24 months.
2. any property which has been unoccupied for over 12 months and:
 - (a) is not being actively marketed for sale or let under appropriate conditions and;
 - (b) is not the subject of major repair works or structural alteration which require planning permission and/or building warrant, and such works or structural alteration commence before the property has been unoccupied for 24 months.

provided that no property above falls under regulations 5 and 6:” Limitations on local authorities’ power to modify the application of these regulations”.

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER SERVICES****19 MARCH 2015**

COUNTER FRAUD TEAM – BUSINESS CASE

1.0 EXECUTIVE SUMMARY

- 1.1 On 1 October 2015 the Council's Counter Fraud Investigation Team of 3 FTE will transfer to the Single Fraud Investigation Service (SFIS) which is part of the Department of Works and Pensions (DWP). This is because the bulk of its work is in the investigation of housing benefit fraud. This will leave the council with no capacity to investigate fraud after the transfer date. The Council must consider how it will identify, manage and otherwise mitigate risks of fraud without this resource particularly for Council Tax Reduction Scheme fraud for which the responsibility will remain with the council. There will also be residual responsibilities for providing information and liaising with SFIS in relation to housing benefit fraud and historic council tax benefit fraud.
- 1.2 This report presents the case for the Council to create a new Counter Fraud Investigation Team (CFIT) in order to prevent and detect fraud in relation to the Council Tax Reduction Scheme (CTRS) and to fulfil the residual responsibilities in relation to SFIS. The proposed CFIT would be located with Revenues and Benefits in Customer Services but would work closely with Internal Audit and provide investigative resource to them should they require this for corporate fraud.
- 1.3 It is proposed to have a small team of two members of staff, one of whom will carry out the Single Point of Contact (SPOC) role liaising with SFIS and the other will be carrying out the residual responsibilities that will lie with the council for CTRS fraud. They will provide cover for each other and both require to be PINS trained. The costs should be covered from a mixture of funding from DWP, and counter fraud recoveries.
- 1.4 The paper recommends that Policy & Resources Committee:
- notes the residual responsibilities for preventing and detecting fraud following the transfer to SFIS;
 - approves the formation of a new Counter Fraud Investigation Team (CFIT) from 1 October 2015 within existing budgetary resources.

COUNTER FRAUD TEAM – BUSINESS CASE

2.0 INTRODUCTION

- 2.1 The introduction of a Single Fraud Investigation Service (SFIS) brings together fraud resource from local authorities and the Department of Works and Pensions (DWP) into one unit called the Fraud and Error Service (FES) under the DWP. The Council currently employs a team of 3FTE staff who have the responsibility to detect and prevent fraud in relation to Housing Benefit, historic Council Tax Benefit and Council Tax Reduction Scheme. The majority of this work relates to Housing Benefit fraud. On 1 October 2015 these staff members will transfer into FES and will be employed by the DWP.
- 2.2 It is therefore essential that the Council looks at the impact that the loss of professionally qualified Counter Fraud Investigation staff could have. This report considers the residual obligation that Argyll and Bute Council will have after transfer. It provides a business case for the creation of a counter fraud investigation team (CFIT) to address these residual responsibilities.

3.0 RECOMMENDATIONS

- 3.1 To note the residual responsibilities for preventing and detecting fraud following the transfer to SFIS;
- 3.2 To approve the formation of a new Counter Fraud Investigation Team (CFIT) from 1 October 2015 within existing budgetary resources.

4.0 DETAIL

4.1 This report looks at the following aspects:

- The Council's governance requirements for fraud prevention and detection;
- The Council resources which need to be protected against the risk of fraud;
- Residual obligations following transfer to SFIS;
- The cost-effectiveness of a new CFIT;
- The assurance which a CFIT would provide to the Council's Monitoring Officer and to the Chief Financial Officer;

- Fraud case studies from Argyll and Bute Council which demonstrate the importance of having the unique skills and expertise which a CFIT would provide;
- Alternative options.

Council's governance arrangements for fraud prevention and detection

- 4.2 Section 4.18 of the Council's Financial and Security Regulations states that "The Executive Director – Customer Services is responsible for the development and maintenance of an anti-fraud and anti-corruption policy." The Anti-Fraud Strategy is set out at Appendix 2 to the Financial and Security Regulations. It says that "Managing the risk of fraud is the responsibility of the Council's Management". Internal Audit also has an interest in that the work provides assurance that "The Council's assets are safeguarded from significant losses, including those caused by fraud...". The Head of Strategic Finance reports in the annual accounts that he has "taken reasonable steps for the prevention and detection of fraud and other irregularities." The Statement of Governance and Internal Control signed by the Chief Executive, the Council Leader and the Head of Strategic Finance also makes reference annually to the anti-fraud strategy and these arrangements.
- 4.3 Audit Scotland, as part of their annual audit on the Council, specifically considers whether the arrangements for the prevention and detection of fraud and other irregularities are satisfactory. In their 2013/14 report they note under "Outlook" that "there are to be major changes in council's responsibilities for the investigation of fraud. The investigation of the Local Council Tax Reduction Scheme and corporate frauds will remain with councils. Responsibility for the investigation of Housing Benefit fraud is currently planned to transfer to a new Fraud and Error Service (FES) nationally." We should expect Audit Scotland to review our arrangements for fraud following this transfer.
- 4.4 The latest [CIPFA Code of Practice](#) also stresses the need to follow this path in the fight against Fraud across all Council Departments. It states that, the organisation should make arrangements for appropriate resources to support the counter fraud strategy.

Specific steps should include:

- An annual assessment of whether the level of resource invested to counter fraud and corruption is proportionate for the level of staff
- The organisation utilises counter fraud staff with appropriate skills and professional accreditation
- The organisation grants counter fraud staff unhindered access to its employee records, information and other resources as required
- The organisation has protocols in place to facilitate data sharing and intelligence.

Council resources which need to be protected

- 4.5 The table below shows the estimated value "at risk" for the Council for a range of service areas within Revenues and Benefits where fraud risk is acknowledged to exist. This has been calculated using a percentage risk provided by The National Fraud Authority (NFA), which is used as the National Standard, in relation to the current spend in each service area. These are "at risk" levels and are not

accurate estimates of the level of undetected fraud. Our actual levels of detected fraud through the National Fraud Initiative are far lower.

SERVICE AREA	TOTAL SPEND (£000)	% at RISK	“AT RISK” VALUE (£000)
Council Tax discounts and exemptions	6,707	5	335
Council Tax Reduction Scheme (CTRS)	5,589	5	279
Discretionary Housing Payments (DHP) <i>(note 1)</i>	785	5	39
TOTAL	13,081		653

Note 1 The Scottish Government tops up the allocation of funds from the DWP and this distribution is based on actual spend so that any prevention or detection of fraud in this area does not benefit the council directly.

- 4.6 In future, following transfer to SFIS, there will remain £13 million of CTRS and Council Tax discounts and exemptions that require to be safeguarded where fraud rates are relatively high at c 5% which directly impact the council’s finances. Appendix 1 details examples of these areas where the Council could be more pro-active. Council tax discounts and exemptions are regularly reviewed to ensure they are not awarded to those who do not meet the qualifying criteria. Where they are removed, currently they are removed only as far back as 1 April of the current council tax year, and not back to when the change in circumstance arose as this would affect previous year liabilities and these should only be changed late where there is good reason. Where it is clear that fraud has been committed, then this would be deemed a good reason for making changes to earlier years of council tax. If a small counter fraud team is created, this would provide some resource to undertake detailed fraud investigations of council tax exemptions and discounts awarded alongside investigations of CTRS frauds which also affect the total council tax billed.
- 4.7 CTRS used to be a national scheme called Council Tax Benefit but became localised in 2013 as CTRS and now directly impacts the Council’s income. The discount is means tested and retains strong links to the national Housing Benefit regulations in the way in which entitlement is assessed. The majority of applications for CTRS are joint applications for HB and CTRS. CTRS is therefore susceptible to fraud in the same way as HB is, and this will remain with the council following transfer to SFIS.
- 4.8 Discretionary Housing Payments are provided as a top up to Housing Benefit and any potential fraud in relation to Housing Benefit potentially also affects awards of DHP. Prior to SFIS transfer any such fraud would be investigated by the current team but these responsibilities will not transfer to SFIS and will remain with the council.

Residual obligations following transfer to SFIS

4.9 Following transfer to SFIS the Council will continue to have certain obligations under the Social Security Fraud Act 2001 and the Local Government (Scotland) Act 1973. The transfer of all fraud staff to SFIS makes meeting those obligations a difficult task. These obligations include the provision of the following information to SFIS:

- Copies of the claim forms and supporting documentary evidence during the period of the claim
- Electronic data held for that claim
- The claim review form
- Letters and any other communication from the HB (Housing Benefit)/CTB (Council Tax Benefit) claimant relating to the award
- Details of any interview or telephone call with HB/CTB claimant related to the award
- Witness statements and Schedule 8 documents under the Criminal Procedures (Scotland) Act 1995 to authenticate evidence supplied for prosecution
- Any other material which is relevant to the investigation.

4.10 Further details in relation to the residual duties that will be left with the Council are shown in Appendix 3. The proposed CFIT would cover all these residual obligations and is why DWP will provide funding for the SPOC role.

Cost-effectiveness of a new CFIT

4.11 The current Counter Fraud Unit consists of 3 members of staff with one manager at LGE10 and two counter fraud officers at LGE8. In order to carry out the residual responsibilities there would need to be two counter fraud officers as a minimum unit. This is because you need two people to undertake an Interview Under Caution. Also this provides the necessary resource to fulfil the SPOC role and one FTE to carry out investigations. The costs are projected at £74,000 per annum as set out in the table below. These would be managed within the current Benefits Team structure.

ROLE	Grade	Basic Salary	NI	Super ann	Essential Users' Lump Sum	TOTAL
		£	£	£	£	£
Employee Costs						
Counter Fraud Officer	LGE8	23,557	1,574	4,534	822	30,487
Counter Fraud Officer	LGE8	23,557	1,574	4,534	0	29,665
TOTAL EMPLOYEE COSTS						60,152
Other Costs						
Travel Costs						10,000
NAFN Membership						3,500
TOTAL OTHER COSTS						13,500
TOTAL COST OF CFIT PER ANNUM						73,662

- 4.12 The Council will receive some funding from the DWP for new burdens to cover the role of the Single Point of Contact (SPOC) for Housing Benefit and Universal Credit Fraud investigations. This is estimated to be around £19,000 per annum on the basis of other additional DWP funding that the Council currently receives.
- 4.13 The table below shows how the team could be self-funding based on DWP funding and recoveries of CTRS overpayments and council tax discount and exemption recoveries.

ITEM	£	£
Costs of a Corporate Fraud Unit of 3 staff		73,662
Income		
Anticipated CTRS recoveries 2014/2015	25,000	
Anticipated additional recoveries of Single Person Discount based on the cancellation of 1.5% of discounts per annum (120 discounts * £260 (Band C charge £1,047 * 25%)).	31,200	
Additional funding anticipated for the Single Point of Contact (SPOC) (4.10 above)	19,000	
TOTAL ANNUAL INCOME		75,200
SURPLUS/(DEFICIT)		1,538

The assurance which a CFIT would provide to the Council's Monitoring Officer and to the Chief Financial Officer

- 4.14 The expert knowledge held by the current benefit fraud team ensures that all evidence is correctly gathered, rights of suspects adhered to, all legislation complied with, and the reputation of the council upheld. Investigators currently deal with benefit fraud investigations from the gathering of evidence through to the interviewing of suspects and witnesses, and submission of cases direct to the Procurator Fiscal.
- 4.15 Following transfer of the benefit fraud team to SFIS, the council will have a gap in its expertise in this area which would be filled by a new counter fraud investigation team. Whilst Internal audit has expertise in reviewing the appropriate systems, controls and checks for Council business, unlike the benefit fraud team, they have not completed the DWP's Professionalism in Security (PinS) training specifically geared to detecting social security fraud. The proposed new team would be able to provide occasional resource to Internal Audit in order to assist them in investigating any corporate frauds which arise.

HB/CTRS Fraud case studies from Argyll and Bute Council

- 4.16 The case studies in Appendix 2 show the risks that people are prepared to take to perpetrate fraud. They show that whilst detecting the fraud allows the Council to recover overpaid monies, it also stops the fraud continuing and more money being lost. Publicising the work of the fraud team ensures that the public are aware that if they perpetrate fraud there is a risk that they will get caught and prosecuted. The case studies prove that the risk of CTRS fraud is very real, and not theoretical, and that there is a need to put something in place following the transfer of the HB fraud team to SFIS.

4.17 The table below summarises the overpayment information for the case studies at Appendix 2.

Case No.	Fraud Value/Overpayments				
	HB (£)	CTB (£)	CTRS (£)	State Benefit (£)	TOTAL (£)
1	3,336	318	512		4,166
2	1,468	5	328		1,801
3	Case on-going value to be determined				
4	Case on-going value to be determined				
5	13,686	4,227	497	54,723	73,132
6	5,343	1,772		6,283	13,398
7	5,695	510	1,230	4,801	12,235
8	18,632	3,363		20,073	42,068
TOTAL	48,159	10,195	2,567	85,879	146,800

Alternative options

4.18 There are a number of alternative options that have been considered as follows:

- Do nothing/do minimum;
- Option 1 – retention of one person to do SPOC role and provide some very limited investigation resource;
- Option 2 – retention of two people, one for SPOC role and one as investigator as proposed at 4.11-13 above;
- Option 3 – team of 3 with cost of £111,000.

These are examined in more detail below:

Strengths	Weaknesses	Opportunities	Threats
Do nothing/Minimum			
None identified	No PinS trained investigators left in council. Internal audit would have to free up time to respond to any corporate frauds uncovered affecting progress on normal audit programme, and would require extensive training, or external resource brought in each time. No resource for SPOC role, so SFIS requirements responded to late, poor quality etc.	None identified	Risk that corporate frauds are not prosecuted as evidence is not collected in appropriate manner and there is no deterrent as this becomes known. Negative impact on benefits processing performance as resource diverted to fulfil SPOC role.

Option 1 – one person for SPOC role			
Maintains good ability to respond to SFIS	Lack of cover if person off sick, on holiday. No PinS trained investigators left in council. Internal audit would have to free up time to respond to any CTRS frauds uncovered affecting progress on normal audit programme, and they would require extensive training, or external resource brought in each time.	None identified	Risk that CTRS frauds are not prosecuted as evidence is not collected in appropriate manner and there is no deterrent as this becomes known.
Option 2 – one person for SPOC role and one trained fraud investigator – as described at 4.11-13 above			
Maintains good ability to respond to SFIS with cover for this. Provides some fraud investigation resource for CTRS and council tax discounts /exemptions. Some ability to assist Internal Audit with corporate fraud investigations should these arise.	If either off sick or on holiday, unable to undertake interviews under caution which require 2 people. Would require internal audit to free up some time to support and address other non-investigative aspects.	Able to detect some CTRS and council tax frauds, publicise this and create some deterrent effect.	Some risk of internal audit programme being negatively impacted on occasions when they are required to supplement investigation resource if this is not covered by planned contingency days. Some risk of not recovering sufficient income to be self financing
Option 3 – team of 3 - one person for SPOC role and two trained fraud investigators – cost of £111,000			
Maintains good ability to respond to SFIS with cover for this. Provides good level of fraud investigation resource.	None	Would provide capacity to work on preventing and detecting wide range of corporate frauds, publicise this and create excellent deterrent effect.	High risk of not recovering sufficient income to be self financing

Option 2 above is preferred as this provides the SPOC resource required by DWP and provides the minimum level of investigative resource with cover for holidays and sickness, recognising that two people are required for certain activities. Option 3 is considered too high cost when the council is facing a future

of declining financial resources. There is too much uncertainty about the ability to make recoveries that would fund a team of this size. Whilst there are similar risks in terms of funding the smaller team of 2 FTE, this is the minimum size of team that can deliver the residual responsibilities and this minimises the risk of any funding shortfall. Do Nothing and Option 1 do not provide any assurance which would meet the council's residual responsibilities in relation to CTRS fraud and are therefore not acceptable.

4.19 It is expected that the proposed team will be self-financing as set out at 4.13. However, there is a degree of risk that actual recoveries might not be as much as anticipated. Appointments to the new team will therefore be made on a temporary basis. Regular reports will be made to the Strategic Management Team (SMT) to review actual recoveries being made, and appropriate management action will be taken if targets are not met, in order to minimise the risk to the council's finances.

5.0 CONCLUSION

5.1 The Council is exposed to the risk of fraud in CTRS and has a responsibility to manage this following the transfer of the HB fraud team to SFIS. It also has residual responsibilities in terms of liaising with SFIS in relation to HB fraud and will receive some funding for this work. The minimum size of team needed to fulfil these residual responsibilities is 2 FTE, both of whom need to be PINS trained and able to cover for each other. One will focus on SPOC responsibilities and one will focus on CTRS investigations. There will be some resource between them to work on selected council tax discount and exemption cases highlighted in normal review work. Together this will generate an income stream which, along with DWP funding, should cover the costs of the team of two.

5.2 Policy & Resources Committee is asked to approve the formation of a CFIT of two staff as this is the best option. The team will be self-financing and will help to protect the Council from the effects of fraud and also protect the Council from reputational damage when fraud is uncovered within Argyll and Bute.

6.0 IMPLICATIONS

6.1 Policy: Some modest revision of Anti Fraud Strategy and related annexes will be required following SFIS transfer in Oct 2015.

6.2 Financial: Proposed CFIT will be self financing. SMT to review targets and actual recoveries on a regular basis to ensure this is achieved.

6.3 Legal: None

6.4 HR: Would require 2 new posts to be created which should be at a comparable grade to the existing counter fraud officers. Current HB counter fraud officers would be able to apply for these posts as an alternative to transferring to SFIS. Appointments to these posts to be made on a temporary basis.

6.5 Equalities: None

6.6 Risk: If approved, a new CFIT would mitigate risk that Council will be exposed to CTRS Fraud in the future. Without such a team, there is no capacity in Benefits to absorb new SPOC responsibilities or carry out residual CTRS fraud responsibilities.

6.7 Customer Service: None

Appendices:

1 Areas susceptible to fraud within Revenues and Benefits

2 Argyll and Bute Council fraud case studies

3 Residual Obligations for council after SFIS transfer

**Douglas Hendry
Executive Director of Customer Services
5 February 2015**

Policy Lead: Councillor Dick Walsh

For further information contact:

Judy Orr, Head of Customer and Support Services (01586-555280) or Fergus Walker, Revenues and Benefits Manager (01586 555237)

CORPORATE COUNTER FRAUD TEAM BUSINESS CASE

APPENDIX 1: COUNCIL AREAS SUSCEPTIBLE TO FRAUD

1. COUNCIL TAX SINGLE PERSON DISCOUNT (SPD) FRAUD

In 2014 we have 15,169 SPD claims which total £4,060,190 per annum in discounted Council Tax bills. The last review carried out on our SPD caseload highlighted 780 awards (around 5%) which were incorrect and their discount was cancelled. Our existing SPD review process cancels the discount back to the 1 April in the year that the inconsistency is picked up. This limits the overall amount of underpayment. A Counter Fraud Investigation team could obtain more information about cohabitation and give a more accurate calculation of the date this change should be applied from thereby generating more income for the Council. A Counter Fraud Investigator could potentially challenge new applications more rigorously than we do at present.

The Audit Commission estimates that 4 to 6% of all Single Person Discount claims are fraudulent. This correlates with Argyll and Bute's figures which suggest that 5% of SPD's are erroneous or fraudulent. The Council has just signed a two year contract with Datatank to undertake reviews of the Single Person Discount caseload over the next two years. Where the customer does not agree to the removal of the SPD, Datatank will advise the Council that there is a discrepancy, and it then becomes the Council's decision to conduct an investigation into the case and ultimately to remove the discount. The Counter Fraud Investigation team will get involved at this stage and conduct interviews using the section 35(1) of the Data Protection Act 1998. It is anticipated that this could generate an additional £27,000 of revenue for the Council.

2. COUNCIL TAX FRAUD – OTHER DISCOUNTS AND EXEMPTIONS

This occurs when an individual intentionally gives incorrect or misleading information in order to pay less or no council tax. Taking the rate of fraud in SPD claims as a guide, and in the absence of any other work being carried out, the NFA has assumed a conservative 4% fraud rate across all council tax discounts and exemptions.

A Civil penalty can be imposed for Council Tax at a rate of £500 for the offence of either failing to respond to a request for information to identify the liable person or failure to report that a discount should no longer be applied. These penalties also apply to landlords of houses of multiple occupation, managers of hostels and lawyers and advisers who may be acting on behalf of the taxpayer. The Council imposed civil penalties in respect of Council Tax for the first time last year due to poor response rates to requests for information in respect of the double Council Tax charge on long term empty properties. There are opportunities to be much more pro-active using these powers to ensure tyha accuracy of the council tax register.

3. COUNCIL TAX REDUCTION SCHEME (CTRS) FRAUD

CTRS was introduced in April 2013 as the replacement for Council Tax Benefit (CTB). In 2014/2015 we awarded £5.6m CTRS in Argyll and Bute. The scheme in Scotland is identical to the previous CTB scheme, and therefore the process for investigating fraud is also identical. Over the last three years the Counter Fraud Investigation team has identified £84,000 of CTB/CTR fraud with an anticipated £20,000 of CTRS fraud identified in the current financial year.

APPENDIX 2 – ARGYLL AND BUTE COUNCIL FRAUD CASE STUDIES

CASE STUDY 1 – FRAUD BY COUNCIL EMPLOYEE RELATING TO HOUSING BENEFIT (HB), COUNCIL TAX BENEFIT (CTB) AND COUNCIL TAX REDUCTION SCHEME (CTRS)

A Council employee admitted making false statements to obtain £4,166 in HB (£3,336), CTB (£318) and CTRS (£512) by failing to declare student status and student income. The claimant accepted an administrative penalty of £2,000 as an alternative to prosecution.

CASE STUDY 2 – FRAUD BY COUNCIL EMPLOYEE RELATING TO HB, CTB AND CTRS

A claimant in receipt of HB and CTB and then CTRS failed to declare that they had commenced employment with the Council and therefore was in receipt of Earned Income which meant they had no entitlement to the benefits. The claimant then gave a false start date during an interview under caution in an attempt to minimise their losses. The case has been passed to the procurator fiscal for consideration of criminal proceedings. The total overpayment is £1,801 including HB £1,468, CTRS £328 and CTB £5.

CASE STUDY 3 – FRAUD BY COUNCIL EMPLOYEE RELATING TO HB, CTB AND CTRS

A Council employee is suspected to have falsely claimed HB and CTRS by not declaring her employment with the Council and income. It is also alleged that she gave a false start date for her employment after the investigation commenced and has not declared that she lives with her partner. The investigation is ongoing and as yet it is not possible to determine the value of the overpayment identified in this case.

CASE STUDY 4 – HB AND CTB FRAUD

This case involves conspiracy to defraud the DWP and the Council. The claimant has been residing in Malta since 2006 whilst claiming Housing Benefit from the Council and Pension Credit from the DWP. The combined overpayment is estimated as £74,000. The claimant was devious in that he was assisted by another suspect who was residing in the housing association rented property and who collected the claimant's benefit money before delivering it in cash by meeting him in Malta once per quarter. Under normal circumstances these actions would have circumvented any routine investigation. However an anonymous referral was received and the Council's Fraud team worked with the DWP investigation team and the Police undertaking surveillance on the suspect which corroborated the allegation.

At the request of the Council the Police obtained a search warrant and further evidence was obtained including £10,000 in cash from the property. This is currently a production which is subject to the Proceeds of Crime Act (POCA).

Although the investigation has proved difficult in terms of working with Interpol and recovering evidence from the Maltese authorities, however the team are hopeful that the case will be presented to the procurator fiscal in the near future. What is clear is that the fraud is no longer being perpetrated saving the taxpayer £900 per month. In

addition West Highland Housing Association has been able to let the flat to a family who has a genuine need for housing in the area.

CASE STUDY 5 – HB, CTB, CTRS AND STATE BENEFIT FRAUD

This case involves a claimant defrauding the Council and the DWP of benefits to the value of £73,132. The claimant, who was claiming HB (£13,686) CTB (£4,227), CTRS (£497) and pension credit (£54,723), was operating a scrap metal business. The accused had capital in his bank accounts in excess of £40,000 as well as his assets from his business (commercial vehicles), he had private cars which were valued at the higher end of the market. The accused has been reported to the Procurator Fiscal and further enquiries are continuing. At interview stage the accused gave up his pitch at the travelling person's site and all his benefits were stopped. The enquiry, both complicated and vast has uncovered evidence from a large number of different areas which in turn has uncovered other long term benefit fraud allegations. Various breaches of other regulations have been reported to other organisations such as SEPA, ACHA and the Traffic Commissioners.

CASE STUDY 6 – HB, CTB AND STATE BENEFITS

This case relates to a living together allegation which had a combined overpayment of £13,394. The claimant had falsely claimed HB (£5,343), CTB (1,772) and DWP benefits (£6,283). The claimant refused to be interviewed and investigations had to establish evidence of identity. The claimant pled guilty at Oban Sheriff Court and sentencing outcomes are still awaited.

CASE STUDY 7– HB, CTB AND STATE BENEFITS

This case relates to a living together allegation which had a combined overpayment of £12,235. The claimant had falsely claimed HB (£5,695) CTB (£510), CTRS (£1,230) and DWP benefits (£4,801). The claimant and alleged partner are nurses. Decision on this case is pending but is likely to end with a report to Procurator Fiscal.

CASE STUDY 8 – HB, CTB AND STATE BENEFITS

The claimant had failed to report an occupational army pension. The combined overpayment of £42,068 was for defrauding the Council and DWP of benefits. This involved £18,632 of HB, £3,363 of CTB and £20,073 of DWP benefits. The case was reported to the Procurator Fiscal. The outcome is awaited.

CASE STUDY 9 – HB AND COUNCIL TAX FRAUD

The fraud sections are currently working with the Home Office in relation to alleged slave labour practices being undertaken in Argyll and Bute. Some of these cases are linked to HB overpayment but also to Council Tax evasion. Identity fraud is also a factor being considered and the use of forged documents to claim benefits.

APPENDIX 3 - RESIDUAL OBLIGATIONS FOR ARGYLL AND BUTE COUNCIL AFTER THE TRANSFER OF COUNTER FRAUD INVESTIGATORS TO DWP

After the implementation of the SFIS the Council will continue to have obligations to fulfil under the Social Security Fraud Act 2001 and the Local Government (Scotland) Act 1973. The transfer of the fraud service to DWP would make meeting those obligations a difficult task, as Council staff will be expected to provide information in relation to residual Council Tax Benefit (CTB) and Housing Benefits (HB) including the following:

- The claim forms and supporting documentary evidence during the period of the claim
- Electronic data held for that claim
- The claim review form
- Letters and any other communication from the HB (Housing Benefit)/CTB (Council Tax Benefit) claimant relating to the award
- Details of any interview or telephone call with HB/CTB claimant related to the award
- Witness statements and Schedule 8 documents under the Criminal Procedures (Scotland) Act 1995 to authenticate evidence supplied for prosecution
- Any other material which is relevant to the investigation.

The Council will have to give evidence as requested by FES as well as a witness statement from the officer who provided the information and a schedule 8 document for each piece of evidence whenever a case is referred to the Procurator Fiscal. To provide information in this format is labour intensive and attention to detail is paramount. The schedule 8 document (section 279 of the Criminal Procedure (Scotland) Act 1995) means that all documentary productions will require one or two certificates of admissibility in criminal proceedings of copy documents and of evidence contained in business documents. Currently the Investigator will complete these documents for all witnesses to sign, and will prepare the witness statement as far as possible. Both tasks are lengthy and sometimes complicated.

From 1 October 2015, the Council must provide the following under the Social Security Administration Act 1992 or the Local Government (Scotland) Act 1973:

- A Single Point of Contact (SPOC) to provide a liaison service in respect of DWP benefit investigations involving HB and the Information Sharing Protocol; This would involve the SPOC providing supporting evidence as requested by FES. A witness statement by the person who provided the evidence, and a Schedule 8 document will also have to be provided.
- Counter fraud services to prevent detect and investigate Council Tax Reduction (CTR) fraud; there is currently £5.589 million of Council tax reduction awards administered in Argyll and Bute.
- Often CTR is claimed jointly with HB by claimants. However, CTR is now a discount of Council Tax and FES will refer all CTR cases back to Argyll and Bute Council even where they have investigated the HB claim and made adjudication. They will not provide the evidence to support any adjudication required by the Council to investigate the CTR offence and therefore an

investigation to obtain this evidence will have to be carried out by the Council.

Other residual obligations will include:

- A counter fraud service to prevent, detect and investigate Council Tax discount fraud, particularly in relation to Single Person Discount (SPD) fraud. Based on the exercise carried out in 2010, approximately 780 cases were identified as either fraudulent or erroneous, 5.2% of the caseload. The Council do not currently investigate fraud in relation to Council Tax discounts however under a corporate fraud approach these cases would be referred to the Corporate Fraud team to obtain evidence and to prepare for a case for prosecution if required.
- The Counter fraud investigation team would also provide annual fraud awareness training to all Revenues and Benefit staff.
- Should the DWP require local authorities to sift cases before referring to them to SFIS, based on 2013/2014 figures this would be in the region of 294 cases per year.

The DWP will give the council funding for new burdens in relation to the formation of SFIS. It is not clear how much funding this will be at this stage. For the purposes of this paper, it has been estimated in the region of £19,000 per annum based on other funding streams from DWP. There is a risk that it might be less.

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****COMMUNITY SERVICES****19th MARCH 2015**

**DIRECT PAYMENTS POLICY AND PROCEDURAL GUIDANCE FOR
STAFF AND MANAGERS 2014**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide Policy Resources Committee with an update on progress made in relation to managing Option 1 (Direct Payments) of the Social Care (Self-directed Support) (Scotland) Act 2013.
- 1.2 Policy and Resources Committee is asked to approve the amendments made to the existing Direct Payment policy and procedures in line with The Self-directed Support (Direct Payments) (Scotland) Regulations 2014, specifically with regard to the employment of Self-Employed Personal Assistants.
- 1.3 The amendments made include information on Self Directed Support and how to apply the four options inclusive of requirements as depicted in the Self-directed Support (Direct Payment) (Scotland) Regulations 2014.
- 1.4 The layout of the proposed document has been broken down into two parts; (A) Policy and (B) Procedure, this is to allow staff to reference the legal requirements and how to apply them according to Argyll and Bute Councils requirements.
- 1.5 The report has also been considered at the Community Services Committee on 12th March 2015.
- 1.6 It is recommended that the Policy and Resources Committee are asked to approve changes to Direct Payment Policy and Procedures which reflects new regulations.

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

COMMUNITY SERVICES

19 MARCH 2015

DIRECT PAYMENTS POLICY AND PROCEDURAL GUIDANCE FOR STAFF AND MANAGERS 2014

2.0 INTRODUCTION

- 2.1 The purpose of this report is to provide Policy and Resources Committee with an update on progress made in relation to managing Option 1 (Direct Payments) of the Social Care (Self-directed Support) (Scotland) Act 2013.
- 2.2 Due to the changes with the introduction of The Self-directed Support (Direct Payments) (Scotland) Regulations 2014, existing guidance has been updated to reflect these, such as;
- Ability to consent with further guidance for staff (Ability to Consent checklist appendix 3 of guidance)
 - Ability to make decisions with further guidance, guidance in legislation with regards to family members being employed as Personal Assistants and the exception to the family rule.
 - Further guidance has been added where the supported person lacks capacity.
- 2.3 To keep in line with guidance from the Scottish Government's Personal Assistant Handbook, the policy developed requires evidence that the status of the Personal Assistant is self-employed and they are registered with HMRC to provide Care and Support in the client's home.

3.0 RECOMMENDATIONS

- 3.1 Policy and Resources Committee are asked to approve changes to Direct Payment Policy and Procedures which reflects new regulations.

4.0 DETAIL

Option 1 (Direct Payments) Update

- 4.1 The Social Care (Self-directed Support) (Scotland) Act 2013 repeals Section 12B of the 1968 Act (the duty to offer and provide direct payments). In its place the 2013 Act provides a new, enhanced duty to offer the direct payment option and to “give effect to” the person’s choice of a direct payment.
- 4.2 Alongside the 2013 Act the Self-directed Support (Direct Payments) (Scotland) Regulations 2014 came into force in April 2014. This is applicable to all direct payments arranged after 1st April 2014.
- 4.3 For existing Direct Payments arranged before the 1st April (as long as they were legally competent), they are not affected by the new regulations as Article 5 of The Social Care (Self-directed Support) (Scotland) Act 2013 (Commencement, Transitional and Saving Provisions) Order 2014 makes a saving provision in relation to a direct payment which has already been offered under Section 12B of the 1968 Act before 1st April 2014 and accepted.
- 4.4 Sections 12B and 12C of the 1968 Act (which make provision in relation to direct payments in respect of community care services) continue to apply in respect of that payment despite their repeal in section 25 of the 2013 Act as long as they are legally competent.
- 4.5 Argyll and Bute Council’s current Direct Payments Policy & Procedures (Appendix 1 of report) have been revised by Finance, Legal Services and Social Work staff and now require endorsement. The new policy and procedures reflect the new regulations and terminology of the 2013 Act. As part of this process there have been areas for improvement identified which will assist supported people choosing Option 1 (Direct Payment) and staff with understanding and being able to manage a direct payment such as:
 - § Information Pack for supported people
 - § Template Letter of refusal of DP’s, in accordance with Part 4 and 5 of the new Regulations
 - § Checklist of Capacity; Capacity to Consent
- 4.6 The Scottish Government Self-directed Support Policy Team have advised they are working on further guidance in relation to Section 9 of the Regulations in respect to exception to the family members rule. Further information in this regard will follow. This may require a further amendment to our policy and procedures.
- 4.7 Self-Directed Support Direct Payments Option 1 Policy and Procedure will be reviewed on an annual basis by SDS Officer.

5.0 CONCLUSION

- 5.1 The Policy and Procedures have been updated in partnership with Finance and Legal Services. They will require endorsement prior to circulation to all Social Work staff.
- 5.5 There have been significant changes made to Argyll & Bute Council's Self Directed Support Option 1 Direct Payments Policy and Procedural Guidance for Staff and Managers with regards to Self Employed Personal Assistants. A simple flow chart is being prepared for staff guidance in conjunction with the policy.

6.0 IMPLICATIONS

- | | |
|----------------------|---|
| 6.1 Policy | Updated Self-directed Support Option 1 Direct Payments Policy and Procedures reflecting changes in legislation and regulations. |
| 6.2 Financial | None |
| 6.3 Legal | Complies with all legislation and regulations as detailed within report. |
| 6.4 HR | None. |
| 6.5 Equalities | None. |
| 6.6 Risk | As identified within report. |
| 6.7 Customer Service | None. |

Cleland Sneddon
Executive Director of Community Services

Policy Lead Councillor Douglas Philand
14 October 2014

For further information contact: Pamela MacLeod
Project Manager – Self-Directed Support
Tel: 01631 572948

APPENDICES

Appendix 1 Self-directed Support Option 1 Direct Payments Policy and Procedures



**SELF DIRECTED SUPPORT
DIRECT PAYMENTS
OPTION 1**

**POLICY AND PROCEDURAL
GUIDANCE FOR STAFF AND
MANAGERS**

**Part A Argyll and Bute Council
Option 1/Direct Payment Policy**

Part B Argyll and Bute Council Operational Guidance

Version 1.4

August 2014

Date for Review: April 2015

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PART A

OPTION 1

DIRECT PAYMENT POLICY

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1. INTRODUCTION

DIRECT PAYMENT POLICY AND PROCEDURAL GUIDANCE

- 1.1 The purpose of this policy is to reflect the provisions of The Self-directed Support (Direct Payment) (Scotland) Regulations 2014 which came into force on the 1st April 2014 following the enactment of the Social Care (Self-directed Support) (Scotland) Act 2013. This Act repealed sections 12B and 12C of the Social Work (Scotland) Act 1968. The previous regulations in relation to direct payments have been revoked.
- 1.2 The policy will inform the procedures (Part B) applicable to all Social Work service users (“supported person”) and should be adopted by all staff. This document should also be read in conjunction with the Direct Payment procedures (Part B) and all supporting documentation which is available on the Social Work SharePoint site.

INTRODUCTION TO THE SOCIAL CARE (SELF DIRECTED SUPPORT) (SCOTLAND) ACT 2013

- 1.3 The Social Care (Self-directed Support) (Scotland) Act 2013, [https://sharepoint.argyll-bute.gov.uk/sites/swproceduresandtemplates/Personalisation%20Self%20Directed%20Support/Policies,%20Procedures%20and%20Guidance/Statutory%20Guidance%20and%20Procedures/The%20Social%20Care%20\(Self-directed%20Support\)%20\(Scotland\)%20Act%202013.pdf](https://sharepoint.argyll-bute.gov.uk/sites/swproceduresandtemplates/Personalisation%20Self%20Directed%20Support/Policies,%20Procedures%20and%20Guidance/Statutory%20Guidance%20and%20Procedures/The%20Social%20Care%20(Self-directed%20Support)%20(Scotland)%20Act%202013.pdf)

which came into force on 1 April 2014, makes legislative provisions relating to the arrangement of care and support (“community care services” and “children’s services”) in order to provide a range of options to supported persons as to how they are to be provided with their support. For example:

- Option 1 – Direct Payment;
 - Option 2 – The supported person directs their own support;
 - Option 3 – Services arranged for the supported person by the Local Authority;
 - Option 4 – Mixture of the three above.
- 1.4 This policy refers to Option 1 – Direct Payment. This is a payment which is made to a supported person which can be used to buy support. The supported person can do this on their own or get help from family, friends and support organisations.
- 1.5 The Self-directed Support (Direct Payments) (Scotland) Regulations 2014 came into force on 1 April 2014. These regulations form the legal basis for this policy and are effective for all new Direct Payments from 1 April 2014. <https://sharepoint.argyll-bute.gov.uk/sites/swproceduresandtemplates/Personalisation%20Self%20Directed%20Support/Policies,%20Procedures%20and%20Guidance/Statutory%20Guidance%20and%20Procedures/Direct%20Payment%20Regulations%202014.pdf>

- 1.6 Any Direct Payments arranged before the 1 April 2014 under the Community Care (Direct Payments) (Scotland) Amendment Regulations 2007 continue to apply (as long as they previously met legal requirements) in respect of that payment despite their repeal .
- 1.7 All existing Direct Payments will continue to be subject to review under Section 12A(1)(b) of the Social Work (Scotland) Act 1968.

Self-directed Support (Direct Payments) (Scotland) Regulations 2014

- 1.8 There are five parts to the Self-directed Support (Direct Payments) (Scotland) Regulations 2014.

Part 1 relates to the introduction of the regulations from 1st April 2014

Part 2 details the calculation, payment and termination of Direct Payments

Part 3 details the position re the provision of support by family members

Part 4 details persons ineligible to receive Direct Payments

Part 5 detailed the circumstances in which local authorities are not required to give the opportunity to a person choose a Direct Payment.

- 1.9 Throughout this document, the policy will be linked to the relevant part of the regulations as noted above.

2. Eligibility Criteria

- 2.1 In terms of Regulation 10 the persons who are ineligible to receive Direct Payments are persons who Argyll and Bute Council are arranging or providing residential accommodation or residential accommodation with nursing care for a period in excess of four consecutive weeks in any period of twelve months.
- 2.2 In terms of Regulation 11, Argyll and Bute Council are not required to give a person the opportunity in certain circumstances to choose a Direct Payment.

These circumstances are where Argyll and Bute Council has

- (a) previously terminated a Direct Payment made to the person or
- (b) where the making of a Direct Payment is likely to put the safety of the person to whom support is to be provided at risk.

- 2.3 The statutory guidance issued by the Scottish Government <https://sharepoint.argyll-bute.gov.uk/sites/swproceduresandtemplates/Personalisation%20Self%20Directed%20Support/Policies,%20Procedures%20and%20Guidance/Statutory%20Guidance%20and%20Procedures/SDS%20-%20Statutory%20Guidance%20-%20April%202014%20-%20V1.0.pdf> states that there may be specific circumstances where in the authority's considered judgement it is simply impossible for the direct payment option to meet the needs of the supported person and at the same time be assured that the person's safety is not being further jeopardised by the direct payment:

Examples where Argyll and Bute Council will use this discretion are as detailed in the guidance namely:

- Where the child's safety will be put at risk by having a Direct Payment because it is clear that the money will not be used to purchase the support the child needs
- Where the assessment is conducted at an acute point of crisis to the extent that the person's safety would be further jeopardised by the provision of a Direct Payment.
- Where the adult is defined as an adult at risk under the Adult Support and Protection (Scotland) Act 2007 with a Protection Order in place and there are specific circumstances that give rise to concerns about the person's safety

Further examples of when the Council will use this discretion are:

- When it is premature to make an assessment about a person's longer term need for support, typically before every attempt has first been made to maximise their capability e.g. through re-ablement.
- When it is necessary to arrange support ahead of more considered planning to meet future needs e.g. to facilitate discharge from hospital.
- When a person's outcomes can best be achieved through a relationship with a practitioner, across to universal services or
- access to information and advice about alternative sources of support out with formal or funded social services.
- Where appropriate legal powers are not in place.

2.4 Argyll and Bute Council will consider the balance in relation to our duty of care considerations between when it is or is not appropriate to refuse Option 1 due to duty of care concerns, for example:

- It would not be appropriate for Argyll and Bute Council to refuse a Direct Payment simply because the person's disability means that it is a challenge (even a significant challenge) for them to manage the Direct Payment option.
- It would not be appropriate for Argyll and Bute to refuse to provide a Direct Payment simply because the person has dementia, learning disability or any other disability which may require them to need extra support to make the Direct Payment options work; for further guidance please see Part B, Section 9 page 20.

2.5 In the circumstances where it is considered that the supported person is ineligible to receive Direct Payments, Argyll and Bute Council will notify the person/attorney/guardian/parent in writing in line with section 5 (3) (a) & 6 of the 2013 Act of the following:

- The reason why the authority considers that the supported person is ineligible.

- That the decision will be reviewed where a material change in their circumstances has occurred.
- That the supported person can request a review at a later date in order to review the initial decision.
- The authority is required to give the supported person the opportunity to choose one of the other Options under the Social Care (Self-directed Support) (Scotland) Act 2013 with the exception in part of Option 4 in respect of direct payment.

3. USE OF DIRECT PAYMENTS

3.1 Argyll and Bute Council will ensure supported persons are willing and capable of managing the Direct Payment (with or without support). The supported person must agree to use the money to meet their agreed outcomes as identified within their assessment and support plan.

3.4 Direct Payments may be used to:

- Directly employ Personal Assistants;
- Engage an agency to provide support;
- Purchase short term respite (short breaks). If periods in respite care (short breaks) are less than 4 weeks apart they will be added together to make a cumulative total. If the periods are more than 4 weeks apart they will not be added together. Purchase aids and adaptations;
- Purchase Children's Services under Section 22(1) 1995 Act;
- Purchase services from any Local Authority.
- Purchase Housing Support Services (for **disabled people including children**)
- Purchase equipment/items to meet agreed outcomes

3.5 Direct Payments **may not** be used to:

- Purchase permanent residential care, or, periods of respite beyond 2 weeks in any 6 week period (this includes adults and children)
- Purchase any alcohol or cigarettes,
- Be used for gambling or
- Be used for any illegal activity.

4. SAFE AND EFFECTIVE RECRUITMENT

4.1 Argyll and Bute Council expect the direct payment user to apply safe and effective recruitment and employment processes Argyll and Bute Council require direct payment users as Personal Assistant employers to have the following arrangements in place:

- A Protection of Vulnerable Groups (PVG) membership statement to be carried out on all Personal Assistants **prior** to their employment start date

- Employers Liability and indemnity Insurance
- References obtained
- Staff induction and appropriate training (if required)
- Probationary periods of employment.
- Holiday entitlement etc.
- Pension Scheme if applicable

Employing Close Relatives/Family Members as Personal Assistants

4.2 Argyll and Bute Council's policy in relation to employment of close family relatives as personal assistant is directed by Regulation 8

4.3 In terms of the regulations a family member may only provide support to which a direct payment relates in the following circumstances namely

- (a) the family member ,direct payment user **and local authority** agree to the family member providing the support
- (b) the family member is capable of providing the support, And
- (c) any of the factors detailed below

§ There is a limited choice of providers: "limited choice" refers to instances where the supported person's choice is narrowed by specific circumstances such as the supported person's location. The choice is limited in that while there may be a very small number of providers who meet the minimum requirements to provide care (they are competent to do so and the direct payment user's needs will be met) and the range of choices is not sufficiently wide to meet the supported person's needs and their own preferred form of support. For example, due to a direct payment user living in a rural location the choice of provider that can meet the direct payment user 's specific range of needs is narrowed to one provider with a presence in the supported person's area and The direct payment user is not content to choose that provider.

§ The direct payment user has specific communication needs which make it difficult for another provider to meet their assessed needs

- The family member will be available to provide support at times when other providers would not reasonably be available

§ The intimate nature of the support makes it preferable to the direct payment user that the support is provided by the family member

§ The direct payment user has religious or cultural beliefs that make the arrangement preferable to the direct payment user.

§ The direct payment user requires palliative care

§ The direct payment user has an emergency or short-term necessity for the support - this refers to instances where the employment of a family member would constitute a bridging solution until another care and support solution is found. An example would be where Argyll and Bute Council conducts an assessment of the supported person's needs and the supported person also has a relative who provides unpaid care to them from time to time. The supported person would prefer to find a third sector provider who will meet their needs. While the relative has been happy to help out up to this point,

all parties agree that it would be more appropriate for the relative to do so on a formal basis until the direct payment user can find a suitable third sector provider who can fit into the direct payment user's life.

- There are any other factors which make it appropriate, in the opinion of Argyll and Bute Council, that the family member provides the support.

Argyll and Bute Council can agree to a supported person employing a close relative or family member where appropriate. This flexibility is important as it provides the opportunity for such arrangements where it is the best or only solution to meeting the personal outcomes and needs for the supported person. This is in line with the general principles of the 2013 Act and the aims and intentions behind self-directed support which are to provide creative and effective solutions for supported people.

- 4.4 Argyll and Bute Council can agree or disagree to the employment of a family member. This decision will be made on the basis of whether the arrangement will or will not meet the agreed outcomes of the supported person and not on the basis of assumptions or a general policy stance against employing family members.
- 4.5 In terms of the Direct Payment Regulations family member means the spouse or civil partner of the direct payment user, a person who lives with the direct payment user as if their spouse or civil partner, the direct payment user's parent, child, brother or sister, aunt or uncle, nephew or niece, cousin, grandparent, grandchild, the spouse or civil partner of any of the above and a person who lives with any person listed above as if their spouse or civil partner. All other relationships fall out with the scope of the Direct Payment Regulations.
- 4.6 In terms of Regulation 9 a family member is not permitted to provide support if Argyll and Bute Council determines that either the family member or supported person is under undue pressure to agree to the arrangement **or** the family member is a guardian, continuing attorney or welfare attorney for the supported person. These two inappropriate circumstances apply – regardless of whether any or all of the appropriate circumstances apply.
- 4.7 The key factor is that in all cases Argyll and Bute Council can only fund the formal support arrangement up to the level that they would ordinarily support as per the assessed needs and agreed outcomes for the supported person.
- 4.8 Argyll and Bute Council will approach each request to employ a family member on a case by case basis. If Argyll and Bute Council does not agree with the employment of a family member it will explain its reasoning to both the direct payment user and the prospective personal assistant employee. It will inform both parties of additional support and information services and, where appropriate, their right to advocacy with respect to the decision. It will give the supported person an opportunity to query their decision with reference to the circumstances set out in the Direct Payment Regulations.

- 4.9 Full details of provision of support by family members can be found in Part 3 of the Self Directed Support (Direct Payments) (Scotland) Regulations 2014

Self Employed Personal Assistants

- 4.10 Argyll and Bute Council will not support the recruitment of self-employed Personal Assistants unless the self-employed Personal Assistant can provide written confirmation from an HMRC Status Inspector that the work they are agreeing to undertake e.g. care and support has been approved as self-employed.

Employing Migrant Workers

- 4.11 Argyll and Bute Council retains no responsibility to ensure the Personal Assistants have the appropriate legal documentation to work in the UK.

PVG Scheme Membership

4.12 The Protection of Vulnerable Groups (Scotland) Act 2007

Argyll and Bute Council will develop effective arrangements to ensure that all prospective personal employers are aware of and able to discharge their responsibilities in relation to safe and effective recruitment under the PVG scheme.

- 4.13 For detailed guidelines on the relationship between the two frameworks Argyll and Bute Council have consulted the Scottish Government's best practice guidance on the interaction between PVG and self-directed support (published 2011). <http://www.scotland.gov.uk/Publications/2011/08/04111811/0>. This statutory guidance draws out some of the key points from the 2011 best practice guidance. Argyll and Bute Council has a range of legal duties and powers in relation to Child and Adult Protection. Argyll and Bute Council will take steps to support their staff to discharge those duties and powers alongside their duty to provide choice, control and flexibility to both adult social care users and children and families.
- 4.14 Argyll and Bute Council will make the supported person aware of their responsibility under the PVG scheme to decide whether or not a prospective employee performing a particular role is doing regulated work and should be a member of the PVG scheme. Argyll and Bute Council will identify and implement an effective process that informs local protocols and complies with the Protection of Vulnerable Groups (Scotland) Act 2007 and other relevant statutes.
- 4.15 Argyll and Bute Council will ensure that the direct payment user, along with anyone who may provide additional support to the direct payment user is made aware that the PVG Scheme allows personal employers to satisfy themselves that an individual to whom they are offering regulated work is not barred from doing that type of regulated work.

Argyll and Bute Council will ensure that the direct payment user is made aware that scheme membership on its own does not mean that the individual is suitable to provide support.

Argyll and Bute Council is not entitled and cannot seek access to PVG scheme membership records for personal assistants but will ensure that the personal employer understands the importance of scheme membership, the rules on seeking and sharing information and the risks of employing an unsuitable person.

- 4.16 Argyll and Bute Council will not and cannot refuse a Direct Payment on the grounds that they do not have access to scheme membership statements.
- 4.17 Argyll and Bute Council will ensure that it develops the appropriate detail about PVG and safe and effective recruitment within their supported person/user agreements. As a matter of good practice the agreements will require the supported person to confirm their knowledge of PVG and their acceptance of the responsibility for managing any risk arising from their failure to access the available information.
- 4.18 Where the direct payment user employs a PA or several PAs through a Direct Payment Argyll and Bute Council will ensure that the direct payment user support plan is reviewed to assess how well their outcomes are being met. If Argyll and Bute Council has doubts about the ability of the direct payment user(or third party such as a guardian) to act as an employer or to manage risk then the Council may consider whether the Direct Payment is the appropriate mechanism to deliver agreed outcomes and can at any time request a review of the person's support needs.
- 4.19 A personal employer cannot make a referral directly to Disclosure Scotland. However, it is important that if a direct payment user has concerns about someone who is working for them, or who has worked for them, then they should raise the issue with Argyll and Bute Council. The Council will make the direct payment user aware of this at the outset, and as part of direct payment user/user agreement. The police can also be notified directly.
- 4.20 Argyll and Bute Council will also make the direct payment user aware of the Disclosure Scotland helpline on 0870 609 6006 and Disclosure Scotland website www.disclosurescotland.co.uk
- 4.21 For further guidance on the interaction between Direct Payments/ employment of personal assistants and PVG Argyll and Bute Council will consult the Scottish Government's document Guidance on the interaction between Self-Directed Support and Protecting Vulnerable Groups Scheme <http://www.scotland.gov.uk/Publications/2011/08/04111811/0>

Purchasing Agency Services

- 4.22 Where a direct payment user wishes to purchase an agency service, Argyll and Bute Council will recommend that they contact the Care Inspectorate to obtain information on the quality of services provided.
- 4.23 Argyll and Bute Council will take steps to promote the availability of the options for Self Directed Support and will take active steps to promote a variety of providers of support.

5. FINANCIAL ARRANGEMENTS

Calculating Direct Payments

Payment Rates

- 5.1 Argyll and Bute Council has approved rates for individuals in receipt of a Direct Payment.
- 5.2 The current approved Personal Assistant Rate is £10.20 per hour. This rate enables the individual to pay the employee up to £8.00 per hour thus leaving sufficient funds within the hourly rate to cover payroll, holiday pay, tax and national insurance.
- 5.3 The rate provided is sufficient to cover the current national living wage of £7.65. This rate is reviewed on annual basis. This rate does not cover Statutory Sick Pay. Argyll and Bute Council will consider any claims for additional funding to cover Statutory Sick Pay on a case by case basis.
- 5.4 Argyll and Bute Council will not advise what rate of pay a Personal Assistant Employer should pay however the Council will ensure the PA employer understands that they are responsible for complying with the National Minimum Wage and all employer obligations such as Tax and National Insurance.
- 5.5 Argyll and Bute Council will confirm the approved Agency rate on a case by case basis taking into consideration the Best Rate Available for the type of support required and location..

Exceptional Circumstances Rates

- 5.6 Argyll and Bute Council will consider on a case by case basis situations where exceptional circumstances which require the approved rate to be varied, these are:
1. In very rural areas of Argyll and Bute where neither option 2 or 3 is available to the supported person and
 2. The supported person has been unable to attract either an agency or employ a personal assistant at the current Council approved rate.

- 5.7 Argyll and Bute Council will only consider such situations where the above criteria has been met and evidence of processes followed i.e. where post advertised, responses (if any) received have been provided.
- 5.8 All requests for exceptional circumstances rates must be authorised by Service/Locality Manager.

6. MONITORING, EVALUATION AND DEVELOPMENT OF DIRECT PAYMENTS

Financial Monitoring

- 6.1 Argyll and Bute Council will take account of the relevant CIPFA guidance on financial monitoring of Direct Payments.
- 6.2 Argyll and Bute Council will be transparent with the supported person in relation to the monitoring arrangements for Direct Payments. For example the Council will discuss the information the supported person will be expected to provide and the way in which monitoring will be carried out.
- 6.3 Argyll and Bute Council will monitor the take up of Direct Payments and evaluate on an ongoing basis.

Supported Person's Information

- 6.4 Argyll and Bute Council will provide all supported people considering Option 1 (Direct Payments) with an information pack. Prior to application Argyll and Bute Council will meet with the supported person/representative to explore the nature and effect of Option .
- 6.5 Argyll and Bute Council will ensure that the supported person is provided with a formal supported person/user agreement when they set up the Direct Payment. The use of such agreements can provide a safe and proportionate framework. They will demonstrate that a comprehensive explanation of safeguarding responsibilities has been given to the supported person in an appropriate format, and they confirm the supported person's understanding and acceptance of this.

PART B

OPTION 1

DIRECT PAYMENT PROCEDURAL GUIDANCE

PART B DIRECT PAYMENT PROCEDURAL GUIDANCE

PART B Direct Payment Procedural Guidance

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7. Process Stages

- 7.1 Not all the options available under Self- directed Support will suit everyone as increased choice and control results in increased responsibility. However Direct Payments if constructed and developed on a sound basis carry the greatest level of flexibility as well as responsibility. Therefore, if a supported person is thinking about choosing option 1 (Direct Payment) these procedures gives the information needed to ensure the supported person understands what a Direct Payment is, how it might be used and help them to decide whether this is the right option for them.
- 7.2 The process of referral, determining eligible needs, support plan agreement and review are as per departmental processes and procedures for assessment, care management and eligibility criteria. <https://sharepoint.argyll-bute.gov.uk/sites/swproceduresandtemplates/Assessment%20and%20Care%20Planning/Policies%20and%20Procedures/Assessment%20and%20Care%20Planning%20-%20V1.doc>
- 7.3 The care planning process is a series of linked activities:
- Setting priorities
 - Emphasising what people can do and their capacity for self-care
 - Defining service requirements (using generic terms)
 - Reviewing existing services or support arrangements
 - Assessing financial means
 - Discussing options / establish preferences for achieving outcomes
 - Exploring the resources of the supported person and carer – outlining what family and other carers are willing and able to do, and the needs that carers have in carrying out this role, including the support they need for their own health and well-being
 - Agreeing service objectives in relation to outcomes
 - Requesting that the department considers the request for service against other demand and resources
 - Co-ordinating the plan – have a description of the level and frequency of the help that is to be provided, stating which person or agency is providing that service
 - Setting a review date
- 7.4 Support plans must include as a minimum:
- a note of the assessed needs, associated risks, and how these will be managed;
 - the preferred outcomes of service provision;
 - details of the services to be provided; and
 - a review date.
- 7.5 However, when producing a support plan for a person who has opted to receive Direct Payments, the following additional information should be included:

- which of the assessed needs has the supported person opted to receive a Direct Payment for.
- Is there any AWI issues that need to be addressed if so complete Ability to Consent checklist (Appendix 3) and see para 11 for further actions.
- Explanation of the Direct Payment Agreement and that advice can be sought from a lawyer, friend, advocate, support service.
- Confirm that the person's needs for those services be met by means of a Direct Payment.
- How the person will secure the appropriate services.
- Explanation of their requirements set within the 'start up' for their Direct Payment.
- What variations to the way the Direct Payments are used should be notified to the care manager before change.
- What arrangements will be made to cover emergencies.
- Who is providing support.
- The value of the Direct Payment, how often and in what form it will be paid.
- The value of the supported person contribution and how this is to be paid into the Direct Payment account.
- What, if any, conditions are attached to the Direct Payment (e.g. if employing a relative who lives in the same house, when will this be reviewed, what attempts at recruiting should continue.)
- Review date.
- What the supported person should do if they are not managing or do not want to continue to receive Direct Payments.

7.6 The Care Manager should confirm that the services a supported person intends to arrange would meet the assessed needs, without being constrained by existing patterns of service provision. Supported persons should be encouraged to identify alternative ways of meeting their assessed needs in a way more suited to their own lifestyles and preferences. Assessors will need to be able to translate the assessment into a Direct Payment package without diminishing the flexibility, which allows supported persons to control their own support arrangements.

7.7 Supported persons will need to consider how Direct Payments may work for them, to explore the options and set up suitable arrangements.

7.8 If a supported person decides not to accept Direct Payments, services will be arranged through the Council's in-house arrangements, (this may involve external providers that have been commissioned to provide services to the council through a block contract or framework agreement). A supported person cannot be forced to agree to a Direct Payment.

8. INELIGIBILITY

8.1 In the circumstances where it is considered that the supported person is ineligible to receive Direct Payments it is a requirement in terms of section 5 (3) (a) of the 2013 Act that the supported person/attorney/guardian/parent should be notified of:

- The reason why the authority considers them to be ineligible.
- That the decision will be reviewed where a material change in their circumstances has occurred.
- That the person can request a review at a later date in order to return to the options.
- The authority must give the person the opportunity to choose one of the other options under self-directed support with the exception in part of Option 4.

Should this situation arise the allocated worker should complete appendix 1 requesting approval from Service Manager/Area Manager. On receipt of appendix 1 the allocated worker should complete and send appendix 2 to the supported person/attorney/guardian/parent.

9. ABILITY TO CONSENT

9.1 Within Direct Payments, the ability to consent must be considered. Not everyone will be willing to take on Direct Payments, or able to consent to a Direct Payment.

Prior to any application being made the authority should satisfy themselves that the person has the ability understand and consent to Direct Payments. Please complete Ability to Consent checklist (appendix 3).

9.2 Ability to consent should not be confused with ability to manage.

9.3 Practitioners need to explore the implications of capacity with regards to Direct Payments and a part of this consideration will involve an understanding of the person's natural supports and the level of understanding that the person has about the choices and their implications. Clearly a Direct Payment involves additional responsibilities.

9.4 Under Section 6 and 17 of the 2013 Act the authority must take reasonable steps to facilitate assistance which will help the supported person to play a full part in their assessment, to understand the various choices available to them and to decide how and what ways they would like to arrange their support. This is to support reasonable, practicable steps to maximise the choice and control available to the supported person. The relevant provisions within the 2013 Act are not intended to impose assistance on the supported person. Neither are they intended to create the opportunity to develop alternative proxy decision-making powers.

9.5 Assistance with Understanding and /or Making Decisions

The supported person may find it difficult to make a decision on their own. However, with some additional support they may be able to make the necessary decisions regarding the provision of their support. Where Argyll and Bute Council believes the supported person would benefit from further assistance, consideration will be given to the full range of decisions that a supported person will have to make such as:

- the range of reactive or management decisions that come with the on-going day to day provision of the support; and
- any further decisions about needs, outcomes and plans associated with the review of a supported person's needs.

9.6 Argyll and Bute Council will take reasonable steps to enable the supported person to make the relevant decisions. The authority should exercise judgement in deciding whether the supported person requires such assistance.

9.7 Assistance with communicating decisions

Assistance to make decisions and assistance to communicate decisions are two distinct forms of assistance, and they are treated as such by the 2013 Act.

9.8 Where the person requires assistance to communicate decisions the supported person may require some additional support from, for example, an interpreter or a speech and language therapist, or from a family member or friend. Argyll and Bute Council will take all reasonable steps to identify people who can help the supported person to communicate their decisions. The supported person's agreement will be obtained before assistance is arranged.

9.9 Guidance where the supported person lacks capacity

Only guardians or attorneys appointed under the relevant legislation have the power to give consent and make decisions on another supported person's behalf. A case manager should request a copy of the POA/guardianship order to confirm they have the relevant powers to allow them to consent to a direct payment.

9.10 Where the supported person has a guardian or attorney and where that proxy has the necessary powers Argyll and Bute Council will support the guardian or attorney to make the relevant decisions in relation to the person's assessment, the support plan, the provision of choice in relation to the person's support and the support itself. Argyll and Bute Council will ensure that the proxy is:

- fully involved in the assessment;
- supported to collaborate with the professional; and
- supported to make informed choices about the supported person's support.

9.11 On certain occasions it may be reasonable to predict that the supported person's condition will deteriorate over time such that they will lack capacity to

make decisions. Argyll and Bute Council will take steps to make the supported person and their family aware of the option to grant a power of attorney in these circumstances.

- 9.12 Argyll and Bute Council may have doubts or questions about a supported person's capacity. If so the relevant professional should seek assistance from a Mental Health Officer. Where the authority concludes that an application for guardianship would be appropriate they should discuss this with the supported person's family or others who may have an interest in the supported person's care and support. The authority can also apply to the court for a guardianship order if no application has been or is likely to be made and a guardianship order is necessary.
- 9.13 Argyll and Bute Council should not make decisions about an individual's capacity to consent to Direct Payment on the basis of the individual's capacity to give consent in other areas of his or her life. If the individual does not have capacity to consent to a Direct Payment then the individual's attorney or guardian, if they have relevant powers, can accept and manage a Direct Payment on their behalf. If no one has relevant powers a Direct Payment cannot be given until someone with relevant powers is appointed by the court.
- 9.14 Argyll and Bute Council will only make payments to an attorney or guardian once it is satisfied that he or she appreciates and accepts the responsibilities they have to the individual receiving the service and also to the local authority.
- 9.15 If a person cannot choose the Direct Payment, or cannot manage their support under the Direct Payment even with additional support, then Argyll and Bute Council retains its duty to provide services under option 3 – local authority selects and arranges services/support required.

Parental Consent

- 9.16 A parent or person with parental rights and responsibilities for a child or young person aged under 16 may give consent to receive Direct Payments to meet the assessed needs of the child or young person. .
- 9.17 At the age of **16**, the young person becomes the responsible person with regards to the Direct Payments arrangements. At the age of 16, Argyll and Bute Council must seek consent from the young person ensuring that he or she has the support required to help him or her make the decision. If they lack capacity to consent to Direct Payments, no-one else can consent on their behalf without obtaining relevant powers through the Adults with Incapacity Act 2000. Parents will only be able to consent on behalf of their child aged **16** or over if they have a guardianship order with the relevant powers.

10. **MANAGING DIRECT PAYMENTS**

- 10.1 Direct payment users may receive as much assistance as they require to manage their funds and their support; however they remain accountable for the way money is spent. They may ask carers, family, friends, and their circle of support or other third parties to help them manage. There is no restriction on who may help the recipient.
- 10.1 If they choose, they can delegate financial management to a third party. Both the supported person and the third party need to agree to this arrangement and complete a mandate (appendix 4) delegating financial responsibility.
- 10.2 If this is the preferred arrangement, the direct payment user should retain control over how the money is spent and the service secured. They may express a preference about how a service should be provided and leave the details to the third party; however they should always retain the power to overrule any decision made by the third party. Argyll and Bute Council must be satisfied that the relationship between the direct payment user and the third party has been agreed prior to Direct Payments starting.

11. **THIRD PARTY DIRECT PAYMENTS**

- 11.1 The local authority may pay all or part of a Direct Payment to a person other than the Direct Payment user (a “third party”) The Self-directed Support (Direct Payments) (Scotland) Regulations 2014 section 5; if—
- (a) the Direct Payment user asks the local authority to make the payment to the third party; and
 - (b) the local authority is satisfied that the Direct Payment user retains total control over how the Direct Payment is spent.
- In terms of regulation 5 , a supported person can ask for their Direct Payment to be paid to a third party and administered on their behalf. Under a third party payment Argyll and Bute requires to take reasonable steps to ensure that the supported person remains in control of the payment and the supported person remains responsible for the Direct Payment.
- 11.2 It is important that the role of both the direct payment user and the third party are made clear to the direct payment user and that there is evidence that all parties understand their responsibilities e.g. signed mandate or user agreement. This can help in the event of problems occurring at a later stage

12. **CONTINGENCY PLANS**

- 12.1 For each application contingency and anticipatory care plans should be agreed in advance of the Direct Payment being made.
- 12.2 Argyll and Bute Council will ensure that it has the necessary systems and processes in place to ensure continuity of funding during times of crisis. For

example, where the person uses their payment to employ their own staff the authority should take steps to fund Personal Assistant (PA) employer packages during short stays in hospital, where appropriate. This will enable the supported person to continue to pay employees for the initial four weeks of any hospital stay. The Council will encourage PA employers to include arrangements for hospital admission within the employment contract and terms and conditions. In all circumstances the statutory requirements governed by employment legislation must be applied.

- 12.3 Argyll and Bute Council's Care Manger will discuss what arrangements the direct payment user wishes to make for emergencies. If the Council becomes aware that the person is unable to secure support to meet their needs, then the Council's responsibility to arrange emergency support for that person is the same as if the supported person chooses Option 2 or 3 under the 2013 Act. The Council may decide to step in, albeit temporarily, and arrange the necessary services, but it should first consider providing assistance to enable the person to continue to manage their own support. Examples might include making arrangements with independent agencies for emergency cover or recruiting personal assistants who are prepared to work additional shifts at short notice when necessary. Where difficulties arise that were not anticipated it is helpful if the person knows they can contact a named individual in Argyll and Bute Council or a local support service whom they can ask for help. Such contingencies should form part of the user agreement.
- 12.4 Emergencies can occur for example when a PA being unavailable due to sickness, adverse weather conditions etc. However, in the event of the direct payment user becoming unwell and it is not possible in particular circumstances to make such contingency arrangements, then the Council is responsible for arranging services for the service user. This may include home care, or other appropriate service, arranging emergency cover if requested to do so.
- 12.5 Prior to each application being processed, as part of the support plan the Care Manager should discuss with each potential recipient the arrangements he/she will make for emergencies.
- 12.6 Each direct payment user should have a contingency plan however if the usual service breaks down and the contingency plan fails, Social Work and Health will respond as it would with any other service user.
- 12.7 Contingency plans may include:
- Arrangements with an independent agency provider for emergency cover and/or
 - Recruitment of Personal Assistants who are prepared to work additional shifts at short notice if necessary.
- 12.8 **Should difficulties arise, areas of consideration are:**
- Have the person's needs/outcomes changed?
 - Is the amount of money sufficient to secure the relevant services?

- Is the person still able to manage Direct Payments?
- Does the person wish to continue receiving Direct Payments?
- Has all the money been spent on the service for which it was intended?
- Have services for which the person has paid been received?
- Has the money been spent wisely?

13 PURCHASING CRITERIA

13.1 Direct Payments must be used to meet the outcomes identified on the individual's Support Plan.

13.2 Options include:

- Employing a Personal Assistant;
- Purchasing services directly from a private provider or agency;
- Purchasing respite
- Purchasing equipment VAT exempt, ownership, insurance, replacement, client contribution etc.

Employing Personal Assistants

13.3 Employing Personal Assistants can increase choice and flexibility of the support package however the role of employer carries greater responsibilities. It is important that direct payment users have good advice and assistance to enable them to meet their obligations as an employer. Argyll and Bute Council will provide an information pack for all prospective Employers to assist with employing a personal assistant; Scottish Government's Personal Assistant Handbook 2014.

13.4 Payroll services are provided by a variety of sources and the support agency can advise the service user on accessing these or for information on carrying out their own. A small charge is made for payroll services which will be covered in the Direct Payment package costs.

14. FINANCIAL ARRANGEMENTS

14.1 The hourly rate/s for Direct Payments recognises the recipient's responsibilities as an employer to pay National Insurance, tax, payroll, and holiday cover. A contingency fund is also included which allows the service user to provide cover for their Personal Assistant/s annual leave, and other arranged benefits.

14.2 It should be noted that a pension amount will not be included in the gross hourly rate until it has been proven that the employee is paying into a pension scheme. The service user should obtain confirmation of this from their Personal Assistant – mandatory by 2014.

14.3 The direct payment user must enrol into the scheme for all workers who:

- are aged between 22 and the State Pension age (dependant on date of birth)
- earn at least £10,000 a year
- work in the UK.

Payment Arrangements

- 14.4 The direct payment user will require a separate bank account for the sole purpose of Direct Payments, this must be an account that will not be used for personal business and must be a current account with monthly statements and a cheque book.
- 14.5 Payments from Argyll and Bute Council will be made to the account by BACS 4-weekly, in advance as per the payment schedule. A start up payment will be paid with a start date to allow the necessary administration such as insurance etc. to be paid for.

Start Up Payments

- 14.6 Any Direct Payment user who chooses to employ their own Personal Assistant/s will incur administration costs and such costs will be provided as a start-up payment. The list below details the expenses the payment can accommodate.
- Employer Liability Insurance
 - Payroll services
 - Recruitment costs i.e. advertising, and interviewing facilities
 - Training
- 14.7 The start-up payment will be paid to the direct payment user's Direct Payment bank account once the agreement is signed, this will allow the service user to apply and pay for relevant insurance policies for potential Personal Assistants. In exceptional circumstances the Service Manager can authorise the commencement of the Direct Payment with confirmation in writing.
- 14.8 After the initial expenses, the contingency fund will cover the cost of insurance renewals etc, however if further administration monies are required, this will be considered.

Service User Charges

14.9 Means Testing for Direct Payments

- (1) A local authority may assess a Direct Payment user's ability to contribute to the costing of securing the support to which a Direct Payment relates ("a means test")
- (2) If the authority carries out a means test, the authority must carry it out either-
 - (a) Before the Direct Payment is made; or
 - (b) As soon as possible and not later than one year after the Direct Payment has been made.

- (3) Having considered the means test, the authority may require the Direct Payment user to contribute to the Direct Payment
- (4) If the means test happens after the Direct Payment has been made and the authority decides that the Direct Payment user should contribute to the Direct Payment, the authority may require the Direct Payment user to repay either-
 - (a) Part of the Direct Payment to reflect that contribution; or
 - (b) Some lesser amount

Seeking Repayment

- 14.9 Argyll & Bute Council in terms of section 16 of the Act have the right to seek repayment in the following circumstances namely. If the Council is **not** satisfied that some or all money paid out has been used to secure the provision of the support it relates to, or if the recipient has not met the conditions imposed, The Council may require the person to repay a sum equal to the direct payment or such part of the direct payment as the authority considers appropriate
- 14.10 Argyll & Bute Council will consider how to recover unspent budget if the recipient dies. For example, if someone wishes to pay an agency in advance for its services, the Council will bear in mind that it may be difficult to recover money paid for services which were not in fact delivered. Argyll & Bute Council will consider that before their death the supported person might have incurred liabilities which should legitimately be paid for using the budget. For example, if they had received services for which payment had not been made at the time of death. There may also be occasions where additional funding is required to settle liabilities in full.

Surplus Funds

- 14.11 The Social Work Finance Team will review bank balances prior to the end of the financial year, or at any reasonable time, and may seek to reclaim excess funds. See Finance.

Changes/Amendments to the Direct Payments

- 14.12 Payments may be amended if the following situations arise:
- The payment rate and/or charging policy is adjusted;
 - The agreed outcomes change
 - The assessed needs increase and additional funds are agreed;
 - The assessed needs decrease resulting in a reduction of funds required.
- 14.13 Any change in provision, requires an authorised Community Based Charging policy and renewed support plan.

15. SAFE AND EFFECTIVE RECRUITMENT

15.1 Safe and effective recruitment and employment processes are expected to be applied. Argyll & Bute Council expect Personal Assistant employers have the following arrangements in place:

- Protection of Vulnerable Groups (PVG) membership statement to be carried out on all Personal Assistants **prior** to their employment start date
- Employers Liability Insurance
- Taking up references
- Staff induction and training (if required)
- Probationary periods of employment.
- Holiday entitlement etc.
- Pension Scheme

Employing Close Relatives/family members as personal assistants

15.2 Argyll and Bute Council's policy in relation to employment of close family relatives as personal assistant is directed by the Regulations.

15.3 Under the Regulations Argyll and Bute Council will agree to a supported person employing a close relative or family member where appropriate. This flexibility is important as it provides the opportunity for such arrangements where it is the best or only solution to meeting the personal outcomes and needs for the supported person. This is in line with the general principles of the 2013 Act and the aims and intentions behind self-directed support which are to provide creative and effective solutions for supported people.

15.4 The Direct Payment Regulations provide a clear framework for such decisions, providing appropriate and inappropriate circumstances for the employment of family members. This framework involves the Council as a party to any decisions. This means that Argyll and Bute Council retains the power to either agree or disagree to the employment of a family member, though this should be on the basis of whether the arrangement will or will not meet the assessed needs of the supported person and not on the basis of assumptions or a general policy stance in opposition to employing family members.

- The supported person has specific communication needs which make difficult for another provider to meet their assessed needs

§ The family member will be available to provide support at times when other providers would not reasonably be available

- The intimate nature of the support makes it preferable to the supported person that the support is provided by the family member
- The supported person has religious or cultural beliefs that make the arrangement preferable to the supported person

§ The supported person requires palliative care

- ***The supported person has an emergency or short-term necessity for the support*** - this refers to instances where the employment of a family member would constitute a bridging solution until another care and support solution is found. An example would be where Argyll and Bute Council conducts an assessment of a person's needs and the person also has a relative who provides unpaid care to them from time to time. The supported person would prefer to find a third sector provider who will meet their needs. While the relative has been happy to help out up to this point, all parties agree that it would be more appropriate for the relative to do so on a formal basis until the supported person can find a suitable third sector provider who can fit into the person's life.
- **There are any other factors which make it appropriate, in the opinion of the authority, that the family member provides the support.**

15.5 The creation of an employment relationship results in a formal employer/employee relationship. An important condition underpinning the employment of family members is the requirement for all three parties (the Council, the supported person and the carer) to agree to the employment of a family member in order for the arrangements to be put in place.

15.6 In terms of Regulation 9 a family member is **not** permitted to provide support if Argyll and Bute Council determines that either:

- the family member or supported person is under undue pressure to agree to the arrangement **or**
- the family member is a guardian, continuing attorney or welfare attorney for the supported person.

These two inappropriate circumstances apply – regardless of whether any or all of the appropriate circumstances

Self Employed Personal Assistants

15.6 Argyll and Bute Council will not support the recruitment of self-employed Personal Assistants unless the self-employed Personal Assistant can provide written confirmation from an HMRC Status Inspector that the work they are agreeing to undertake e.g. care and support has been approved as self-employed.

15.7 In the former instance, it is the individual who receives a Direct Payment who takes on the employer's responsibilities for the PA's Tax, National Insurance etc. This is because most individuals will want to decide who the person is that they see, how they work, and when they work. This cannot be guaranteed if a PA is self-employed, as they can send a substitute for themselves to do their work.

- 15.8 There may be instances where a user wishes to have a PA who is already self-employed. A PA cannot be asked to be self-employed to avoid the individual who has a DP taking on employer's responsibility such as paying tax and national insurance. It is essential that self-employed PA's provide proof from the HMRC that they are regarded as self-employed for tax purposes. The minimum required evidence for this is written confirmation from HMRC Status Inspector. Details of the criteria the HMRC apply to determine if a worker should be classed as self-employed are given at the HMRC website. www.hmrc.gov.uk
- 15.9 If a supported person decides to contract a self-employed worker, the self-employed worker is responsible for:
- Funding their own training, including ensuring that they are trained to carry out the service they are offering
 - Providing a written statement that they have appropriate insurance indemnity cover, and
 - Undertaking and meeting the costs of a PVG check.
 - Providing equipment to do the contracted work e.g. gloves, hoists etc.
- 15.10 Buying services from a self-employed PA means that the user has some additional responsibilities. For example, they should ensure that the PA's self-employed status relates to performing caring functions, and seek evidence of appropriate training undertaken by the self-employed PA. They must also arrange emergency cover for any periods of absence the self-employed worker may have from the contracted work. The self-employed PA is not able to arrange this cover unless they are registered with the Care Inspectorate (Care Commission) as an agency, otherwise they are effectively sub-contracting. Only registered agencies are able to provide cover as part of their service agreement. If the local authority thinks that someone is acting as agency and is not registered, the Care Manager must report this concern directly to their Line Manger who would have a duty to report this to the Care Inspectorate. If there is any doubt about whether the terms and conditions under which a worker is carrying out their duties are those of a self-employment, then the individual Direct Payment user must seek advice from the HMRC or a professional Employment Lawyer.
- 15.11 Argyll and Bute Council advises **against** contracting with a self-employed PA, except in exceptional circumstances following discussions with your Care Manager. Where Care Managers need further assistance they should seek advice from the SDS Officer.

Employing Migrant Workers

- 15.12 The supported person has a responsibility as the employer to ensure the Personal Assistants have the appropriate legal documentation to work in the UK. The support Service should assist service users requiring assistance to do this.

PVG Scheme Membership

- 15.13 Where individuals employ a Personal Assistant directly, the Personal Assistant should obtain/have Protection Vulnerable Groups check. The support service will be able to facilitate this and the cost should be paid initially from the recipient's Direct Payment, and recouped from Personal Assistant's wage at an agreeable amount.
- 15.14 Argyll and Bute Council's Self Directed Support Officer or the Care Manager should also make the supported person aware of the Disclosure Scotland helpline on 0870 609 6006 and Disclosure Scotland website www.disclosurescotland.co.uk.

16. HEALTH SERVICES

- 16.1 Direct Payments monies cannot be used to purchase health services, however relevant NHS bodies have the power to delegate making payments to the local authority and funds can be provided for this purpose.
- 16.2 In addition, where a package of support includes jointly commissioned services with health, arrangements with NHS partners to provide a jointly funded package can be considered; Clinical Assessment Tool for People with Complex Needs (CAT-CN) requires to be agreed by all parties and submitted to the NHS Care Funding Allocation Group for approval.

17. RESPITE

- 17.1 Direct Payments cannot be used to purchase long-term residential accommodation.
- 17.2 These are various options available to the supported person if they have been assessed as requiring respite.
- 17.3 Not all supported persons will want to use Direct Payments for residential respite. Some may choose to go on holiday and use their funds to take Personal Assistants with them or arrange for an agency to provide support whilst they are away as per their assessed need. Once PA remuneration has been met along with subsistence, NI etc further funds may be put towards accommodation, receipts must be provided. (if additional funds are required these must be provided by the DP recipient)
- 17.4 If a supported person opts to use their Direct Payments to purchase residential respite, they must ensure that respite periods are more than 4 weeks apart, the periods would be added together to make a cumulative total. The cumulative total should not exceed 4 weeks in any 12 month period. If this situation arises, the Direct Payments cannot be used to purchase further respite.

18. AGREEMENT

- 18.1 The supported person and Argyll & Bute Council will enter into a contractual agreement known as a Direct Payment Agreement in relation to Direct Payments. Once the Direct Payments application has been submitted and authorised, Argyll and Bute Council's Finance Department will issue a letter of confirmation to the applicant with a copy of the agreement. This will allow the supported person time to seek legal advice if they wish.
- 18.2 The letter of confirmation will confirm the details of the Direct Payments arrangements and financial provisions in place. A meeting will be arranged by the Care Manager to discuss the agreement and providing the supported person is satisfied with the arrangements, the contractual agreement will be signed by,, the supported person and/or person with the relevant powers. The supported person will be provided with a copy of the signed document, it will also include information and any other conditions set by Argyll & Bute Council.
- 18.3 If the applicant is refused Direct Payments then a letter will be issued giving reasons for refusal as required in terms of the regulations see 2.5 . (Sample letter appendix 2).

19. MONITORING AND REVIEW

Monitoring, Evaluation and Development of Direct Payments

- 19.1 Argyll and Bute Council's Self Directed Support Officer and/or the Care Manager will monitor the take up of Direct Payments and evaluate on an ongoing basis.
- 19.2 The person who receives a Direct Payment is required to sign a legally binding Direct Payment Agreement. The agreement places responsibility and obligations upon the supported person and Argyll and Bute Council to ensure that appropriate funding is provided regularly to meet the needs of the supported person and that the supported person spends the funding he/she receives appropriately.
- 19.3 The supported person is accountable to the Council for how the Direct Payment money is spent and will be expected to provide evidence that he/she has spent it as agreed. For "one off" payments this will normally be a copy of the receipt.
- 19.4 A personal assistant is one of the providers who may provide support under Option 1 in the 2013 Act. This section provides guidance on some of the issues that may arise where a supported person chooses a Direct Payment and decides that they wish to employ a personal assistant. Further guidance; Employing Personal Assistants, Sect 15 of Part B.
- 19.5 Argyll and Bute Councils Self Directed Support Officer and the Care Manager should be satisfied that the recipient's needs are met through Direct Payments

arrangement. The supported person should be made aware from the outset what the monitoring arrangements are.

Initial Review

- 19.6 The first review will be arranged and undertaken after 8 weeks, by the Care Manager with the attendance of Argyll and Bute Councils Self Directed Support Officer focusing on the Direct Payments arrangements. Prior to this review, the supported person should be asked by the Care Manager to have their financial monitoring paperwork completed to date in order that the Argyll and Bute Council's Finance Team can check that no issues are developing. If no issues are identified, the review schedule detailed in the matrix will be applied thereafter.

Monitoring Matrix

Level of payment	Administrative Ability	Likely risk level	Support package
Less than £50p/wk (£2,600 p/a)	Evidence of competence	Low	Annual financial review (reliance placed on the service review)
Less than £50 p/wk (£2,600 p/a)	Evidence of difficulty	low	4-wkly financial and service monitor for the first 3 months (reliance placed on the service review)
£50 – £300 P/WK (£2,601 - £15,600 p/a)	Evidence of competence	Low/moderate	12-wkly financial monitor and service monitor for the first 6mths. Thereafter, annual financial and service review
£50 - £300 p/wk (£2,601 - £15.600 p/a)	Evidence of difficulty	Moderate/high	12-wkly financial monitor and service monitor for the first 12 months. Thereafter, annual financial and service review
More than £300 p/wk (£15,600 p/a)	Evidence of competence	Moderate	12- Wkly financial monitor and service monitor for the first 12 months. Thereafter, 6 monthly financial and service review
More than £300 p/wk (£15,600 p/a)	Evidence of difficulty	High	4-wkly financial monitor and service monitor for the first 12 months. Thereafter, 12 wkly financial and service review for the first 18 mths

Review

- 19.7 Reviews will be undertaken to ensure that the supported person's needs are being met and that the Direct Payments arrangements continues to be appropriate. It is essential the Care Manager communicates directly with the supported person where possible to ensure that they are happy with the arrangements, it is also important supported persons feel they can freely express reservations or discuss any difficulties they may be experiencing without concern that their Direct Payments will be taken away. If a dispute occurs this may not affect ongoing Direct Payments until an agreement is met.
- 19.8 Service monitoring and reviews will be arranged as per the agreement. If it is deemed necessary, an alternative review schedule can be arranged. It should be noted that the supported person or Care Manger can request a review at any time if they feel circumstances have changed. With the exception of the initial 8 - week review should be needs/outcomes led, with a secondary focus on Direct Payments arrangements. If the previously identified needs have increased or reduced then a request for financial adjustments may be necessary, accompanied by care plan and Community Based Charging Policy.
- 19.9 The service monitoring can be carried out by the Care Manager along with Argyll and Bute Councils Self Directed Support Officer; however responsibility for the service reviews will be that of the Care Manager.
- 19.10 Ongoing review of needs/outcomes assessment will continue to be the responsibility of the Care Manager and the usual Community Based Charging Policy forms should be used.

Financial Monitoring

- 19.11 The financial monitoring should detail the frequency of both financial and service monitoring and reviews. The Care Manager, in conjunction with the Self Directed Support Officer should initially carry out the assessment of financial risk during the assessment/application process. The Social Work Finance Team will thereafter assess the risk according to paperwork and evidence submitted. The level of monitoring will be adjusted accordingly, if required.
- 19.12 Supported persons will be required to account for all Direct Payments monies received and spent by submitting financial returns together with receipts, copy of payslips, invoices and bank statements for the period.
- 19.13 Rotas or timesheets should be completed by Personal Assistants and submitted to the supported person, their employer. The supported person should then submit this with financial monitoring paperwork.
- 19.14 It is important that the Care Manager raises any concerns relating to the Direct Payments arrangements with the finance team or the Personal Assistants Advisor as soon as they arise.

Charges Incurred

- 19.15 Any bank charges incurred are the responsibility of the Direct Payments recipient,/supported person unless incurred as a result of an error by Argyll & Bute Council. In special circumstances, the finance team may agree that the charges should be debited from the Direct Payments account. If this situation arises, the supported person should be advised to contact either the Self Directed Support Officer or the finance team as soon as possible to advise them.
- 19.16 It is important that supported persons are not penalised for honest mistakes. Where issues arise, they should be considered on an individual basis in consultation with the Care Manager, the Personal Assistants Advisor and the Social Work Finance Team.

Retention of Financial Paperwork

- 19.17 All financial records relating to tax and National Insurance must be retained for at least 6 years from the end of the first financial year payments that are received and each subsequent year, whilst receiving Direct Payments. For example, if Direct Payments commenced in October 2008, the paperwork must be retained for 7 years from the end of that financial year (31st March 2009). Therefore, paperwork relating to the period October 2008 to March 2009 could be destroyed in March 2016.

Audit

- 19.18 Direct Payments will be subject to audit and Argyll & Bute Council's Audit Team may request information from Social Work and Health and/or the supported person at any time. The Audit Team will not contact the supported person directly but will request information via the Social Work.

Health Monitoring

- 19.19 Where a supported person has Direct Payments to meet certain health needs as part of their support package, a monitoring arrangement with the appropriate health authority will be required. The Care Manager is responsible for arranging all appropriate persons are included in the monitoring process.

20. DISCONTINUING DIRECT PAYMENTS

22.1 If Argyll & Bute Council's Care Manager/Area Manager and Self Directed Support Officer becomes concerned about the appropriateness of the Direct Payments arrangements then they may consider discontinuing payments. In these circumstances the supported person would revert to direct service provision from the local authority.

Circumstances Where Direct Payment May Be Terminated

- (1) A local authority may terminate a Direct Payment if-
 - (a) A Direct Payment user becomes ineligible to receive Direct Payments;
 - (b) The Direct Payment has been used (wholly or partly) for some purposes other than to secure the provision of the support to which it relates;
 - (c) The local authority considers on reasonable grounds that the Direct Payment user has breached the criminal law or a civil law obligation in relation to the support to which the Direct Payment relates; or
 - (d) The Direct Payment has been used (wholly or partly) to secure the provision of support by a family member other than in circumstances where the family member is permitted to provide support by regulation 8 (as read with regulation 9) of the Act
 - (2) Before termination a Direct Payment, the local authority must notify the Direct Payment user of –
 - (a) The reason why it has decided to terminate the Direct Payment; and
 - (b) The date with effect from which the Direct Payment will be terminated
 - (3) In determining the date with effect from which the Direct Payment will be terminated, the local authority must take into account-
 - (a) Any contractual obligations entered into by the Direct Payment user; and
 - (b) The time that will be required to put in place alternative arrangements to provide the support to which the Direct Payment relates.
 - (4) The local authority must give the notification required by paragraph (2) in writing and, if necessary, in such other form as is appropriate to the needs of the person to whom it is given.
- 20.2 It should not be assumed that discontinuing Direct Payments is the solution to problems arising. If there are issues, the supported person should be supported to resolve these before consideration is given to withdrawing Direct Payments. Where possible, the decision to discontinue should follow discussion with the supported person and any supporter they have.
- 20.3 If Direct Payments are being withdrawn, the Care Manager should arrange relevant services prior to this action being taken.
- 20.4 The supported person may choose to terminate the Direct Payments arrangements. The minimum notice period they must give is four weeks. This notice must be given in writing to the Care Manger, who will involve any or all persons involved to ensure the Supported Person is not left vulnerable. Again, the supported person will require to consider their contractual responsibilities when giving notice to withdraw.

20.5 Unspent money will be claimed by Argyll & Bute Council if Direct Payments are withdrawn or a supported person dies, taking into account financial liabilities such as services received and not yet paid for.

20.6 Termination of Direct Payment Due to Financial Monitoring Paperwork

In terms of regulation 6 (1) a local authority may terminate a direct payment in certain prescribed circumstances. If due to financial monitoring issues Argyll and Bute Councils Self Directed Support Officer or Finance Department considers the direct payment has been used (wholly or partly) for some purpose other than to secure the provision of the support to which it relates or the local authority considers on reasonable grounds that the direct payment user has breached the criminal law or a civil law obligation in relation to the support to which the direct payment relates it may terminate the direct payment.

20.7 Argyll and Bute Council's Finance Team will correspond directly with the supported person regarding missing paperwork and/or evidence in the first instance. They will write on two separate occasions and if they do not receive the documentation required, the Finance Team will refer the issue to the Care Manager or Self Directed Support Officer..

20.8 The following steps will be taken before Direct Payments are discontinued on the basis of not fulfilling contractual obligations:

- Care Manager/ Self Directed Support Officer will be notified by the finance team that more than one period of monitoring paperwork is outstanding
- The Self Directed Support Officer will issue a letter to the supported person requesting contact within 21 days regarding monitoring paperwork, and copy correspondence will be sent to the Care Manger
- If no response is received, a further letter will be issued advising if contact is not made or paperwork submitted within 7 days the Direct Payment may be terminated.
- The Area Manager will write to the recipient advising of the reason for the termination and the date when Direct Payments will cease giving 4 weeks' notice. During this period the recipient must resolve any issues and demonstrate that they are able to manage Direct Payments effectively. The decision to withdraw may be reviewed as a result and alternative services arranged
- If Direct Payments are withdrawn the Finance Team will issue a letter detailing the monies outstanding as per the last monitoring paperwork reconciled. Notice of 14 days prior to an invoice being raised.

Copy of all correspondence will be sent to the Care Manager.

Suspending Payments

- 20.9 Argyll & Bute Council may wish to suspend Direct Payments under certain circumstances.
- 20.10 The amount of payment may be increased, decreased or suspended to reflect changing outcomes or to recoup overpayment. Following a review, a revised Support Plan and Direct Payment Calculation must also be completed to indicate changes with authorised budget holder approval. This will allow a variation to the direct payment Agreement to be forwarded to the supported person for signature.

Hospitalisation

- 20.10 If a supported person is admitted to hospital, Direct Payments will continue to be paid for 4 weeks. If the person does not return home during this period then a review should be held to determine if payments should continue. Payments may be reduced or suspended at this point however, each supported person's circumstances will be considered on an individual basis.
- 20.11 It is important that payments continue where Personal Assistants are employed to allow contracts to remain in place and continuation of care on the supported persons return home.
- 20.12 Where services are purchased from an agency, supported person would be advised to notify the agency and suspend arrangements, if possible, taking into account any contractual agreement.
- 20.13 It may be possible for Personal Assistants – agency – to continue to provide care in the hospital setting, depending on the nature of care and treatment being administered. If it is not possible, Personal Assistants may be able to take on different duties temporarily providing support to the supported person whilst in hospital for example, visits, shopping, laundry etc.

Redundancy

- 20.14 If a supported person employs Personal Assistants and Direct Payments cease for whatever reason, the Personal Assistant may be entitled to a redundancy payment. Argyll & Bute Council will provide the supported person with sufficient funds to cover the statutory payment if the **situation arises**.
- 20.15 Statutory redundancy and notice are detailed in the table below.

Age of Employee	Pay Due for Each Completed Year
18 or over, but under 22	0.5 weeks
22 or over, but under 41	1 week
41 or over, but under 65	1.5 weeks

20.16 In addition to the above, the statutory notice period should be applied as follows:

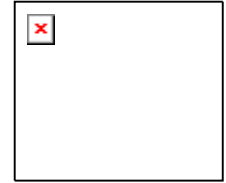
- At least 1 weeks' notice if employed between 1 month and 2 years
- 1 weeks' notice for each year if employed between 2 and 12 years
- 12 weeks' notice if employed for 12 years or more

20.17 Any annual leave due and not taken should be taken into account.

20.18 Supported persons must notify their Care Manger, the Self Directed Support Officer and the Finance Team of the date notice is given to employees.

DRAFT

Appendix 1



Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid

MEMO

COMMUNITY SERVICES

Adult Care
Executive Director: Cleland Sneddon

Date:		Extension:
To:	Service Manager/Area Manager	Your Ref:
From:		Our Ref:

INELIGIBILITY FOR SELF SIRECTED SUPPORT OPTION 1 – DIRECT PATMENT

Name of Supported Person:
CareFirst ID:

Please find enclosed letter of notification of ineligibility to the above named-individual for receipt of Self Directed Support Option 1 (and part Option 4 – ***delete if appropriate***).

If you are in agreement with my decision, can you please sign the undernoted authorisation confirmation.

Care Manager

Name of Supported Person:
CareFirst ID:

I agree the above-named individual is ineligible for receipt of Self-directed Support - Option 1 Direct Payment.

Service Manager/Area Manager

Date:

Appendix 3

CAPACITY TO CONSENT

Consider and check all boxes to confirm the individual has consent to be able to manage the responsibility of a Direct Payment.

It should be assumed that every applicant is able to consent with the appropriate support. For some, supported decision-making will be crucial to the assessment/application process. This may be in the form of a Circle of Support or in the more formal setting of an Independent Living Trust. These types of support do not reduce in any way the choice and control the individual has, it is essential that the views and wishes of the individual dictate the decision-making regardless of who actually makes the arrangements.

The applicant has an understanding of Direct Payments; please ✓ the appropriate box's.

Is there a:

Continuing Power Of Attorney Welfare Guardian Financial Guardian

Please provide details:

Name of POA, Guardian:

Date of POA, Guardian:

- Does the applicant have the ability to make their choices and preferences?
Yes No
- Does the applicant have the ability to overrule decisions made by others?
Yes No
- Is the applicant able to manage most aspects of Direct Payments with help or training if required?
Yes No
- Is the applicant capable of keeping good financial records or instructing another to do this for them?
Yes No
- Is the applicant able to set up good quality services for themselves or are capable of instructing another to do this for them?
Yes No
- Is there a third party involved?
Yes No

Argyll & Bute Council must be satisfied that the relationship between the supported person and the third party has been discussed and agreed before the package begins. The authority must also be satisfied that the individual is aware that they can receive the payments direct if they wish. Has this been discussed and agreed?

Yes No

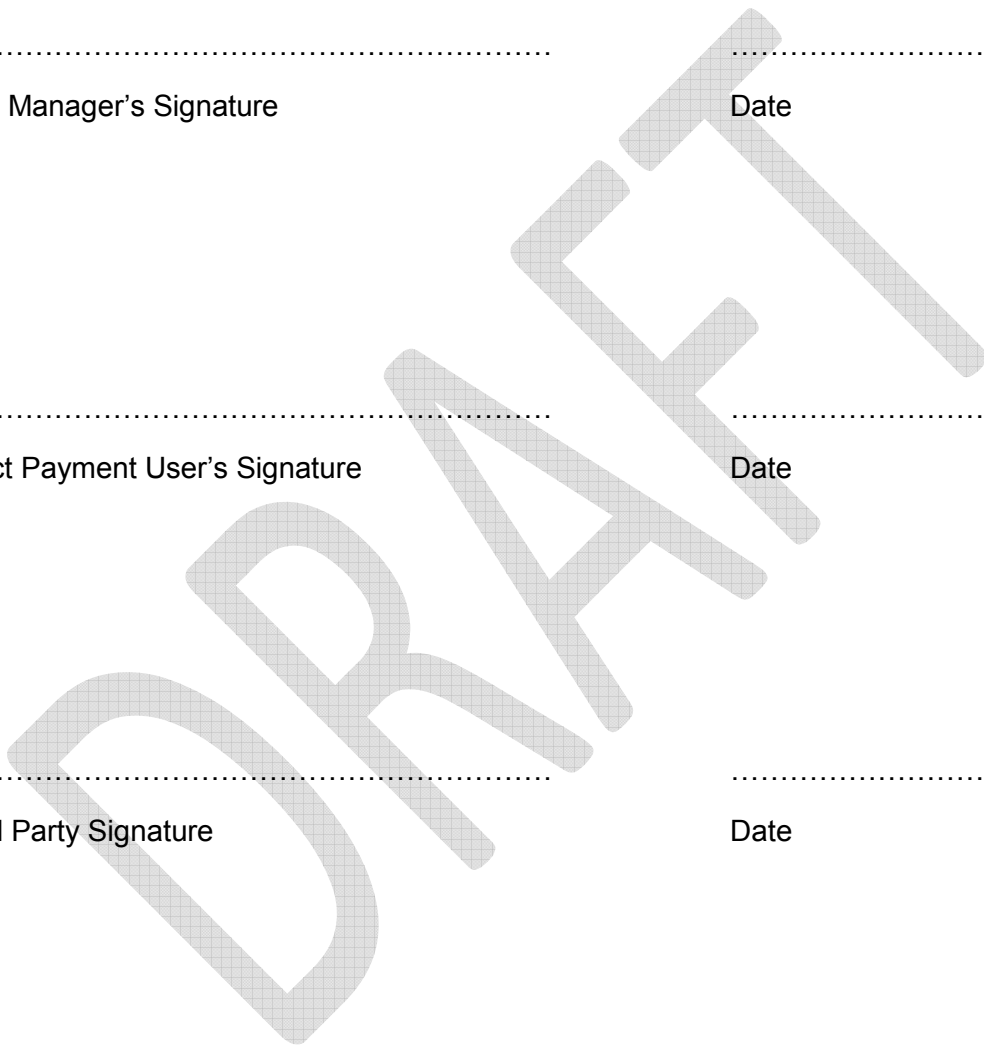
Section 8.37 Statutory Guidance SDS (Scotland) Act 2013

The Direct Payment Regulations 2014 specify that a local authority is not required to offer the option of a direct payment where it is likely that the making of the direct payment will put the safety of the supported person at risk.

.....
Care Manager's Signature Date

.....
Direct Payment User's Signature Date

.....
Third Party Signature Date



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ARGYLL AND BUTE COUNCIL**Policy & Resources Committee****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****19th March 2015**

Membership of the proposed Scottish Local Authority Business Loan Fund

1.0 EXECUTIVE SUMMARY

- 1.1 The Council has agreed to support in principle the creation of a Scotland wide local authority loan fund via the papers submitted to SMT Business (4th August 2014) and Policy Resources Committee (21st August 2014) and as noted by the Full Council (25th September 2014).
- 1.2 The main purpose of this paper is to outline the options for Argyll and Bute regarding membership of the proposed Scottish Local Authority Business Loan Fund (SLABLF).
- 1.3 The SLABLF proposal is being led by the West of Scotland Loan Fund (WSLF), of which Argyll and Bute Council is already a member, in partnership with the East of Scotland Investment Fund (ESIF). The proposal has been shared with all local authorities across Scotland.
- 1.4 The proposal is to merge both WSLF and ESIF into SLABLF. Argyll and Bute Council's allocation within the existing WSLF could transfer into the new loan fund.
- 1.5 SLABLF is seeking to benefit from an award of £7.2 million from the European Regional Development Fund (ERDF). Matched with funding from a bank loan of £5.4 million and contributions from the member authorities totalling £5.4 million, a fund of £18 million will be created to be invested over a three year period to 31st March 2018. Annually, the Fund will have the capacity to invest circa £6 million, support circa 150 businesses and help create over 600 new jobs.
- 1.6 Each local authority is being asked to indicate their support for the proposal, or otherwise. Approval was given in principle by the deadline of Friday 13th February 2015 subject to formal approval by the Policy and Resources Committee, with the minute of the Policy and Resources Committee being endorsed by the full Council.
- 1.7 There are two options open to Argyll and Bute Council:
- a) confirm support for the proposed SLABLF and the transfer of the existing WSLF allocation into the new fund; or
 - b) confirm that the Council is not seeking membership of the SLABLF at this point in time.
- 1.8 **It should be noted that the Articles of Association for the WSLF prevent any funds being returned to the member authority.** Therefore, any surplus funds after all liabilities have been settled will go to a 'like-minded' organisation such as the SLABLF, given that the WSLF will be wound up. In respect of the above

point, no contribution was originally provided by Argyll and Bute Council to the WSLF.

- 1.9 The option will exist for authorities to join at any point in the future. However, it is unlikely that any authorities not involved at the time of the ERDF submission would be able to benefit from the initial three-year ERDF allocation.
- 1.10 To proceed with membership the following is required:
- a non-binding note of the Council’s intent to pursue approval to join SLABLF; and
 - an indication of the value of loans the Council would be looking to issue over the first three years.
- 1.11 Evidence from the existing ESIF and WSIF shows this type of supportive investment vehicle has a positive impact in terms of creating new employment opportunities as well as preserving existing jobs. This new fund means local authorities are better placed to meet the needs of many of Scotland’s “start-up” and “growing” businesses. **The proposed SLABLF has considerable resources to invest in SMEs and is substantially addressing the “access to capital” barrier that exists for so many businesses in starting up, expanding and maintaining sustainability.**
- 1.12 It is therefore recommended that the Policy and Resources Committee:
- a) endorses the proposal to join SLABLF;
 - b) approves the proposed transfer of existing WSLF monies (currently £183,702), to SLABLF; and
 - c) endorses the estimated demand for loans over the initial three year period at £300k

Membership of the proposed Scottish Local Authority Business Loan Fund

2.0 INTRODUCTION

- 2.1 An opportunity exists to create a pan Scotland local authority loan fund modelled on the successful West of Scotland Loan Fund (WSLF) and East of Scotland Investment Fund (ESIF). A pan Scotland Loan Fund is highly likely to be eligible to secure ERDF funding from the next European Structural Funds Programme 2014-2020. A collective bid from Scottish Local Government is actively being encouraged by Scottish Government.
- 2.2 Scottish Government has committed £40 million to Financial Instruments for the first three years of the 2014-2020 European Structural Funds. The fund will to be used to create a SME Fund specifically for recapitalisation of Scottish Investment Bank and recapitalisation of local authority loan funds. A further £40 million ERDF is potentially available for the four years thereafter.
- 2.3 The Scottish Local Authority Business Loan Fund (SLABLF) proposal is being led by the West of Scotland Loan Fund (WSLF), of which Argyll and Bute Council is already a member, in partnership with the East of Scotland Investment Fund (ESIF). The proposal has been shared with all local authorities across Scotland.
- 2.4 The proposal is to merge both WSLF and ESIF into the new national SLABLF. This innovative public-private partnership finance instrument fund will help accelerate the growth of businesses in Scotland, complementing other private and public sector forms of funding, creating significant leverage effects and engineering valuable growth in SMEs. As well as standardising the product offering, it will greatly increase the scale and operational efficiency of delivering a loan fund to Scotland's SMEs. **Overall, the SLABLF aims to ensure that good, commercially viable proposals do not fail from a lack of access to finance. Additionally, it will encourage and support the creation, development and growth of businesses, which will in turn be able to contribute to, and strengthen, their local economy in terms of jobs, growth and wealth.**
- 2.5 Each local authority is being asked to indicate their support for the proposal, or otherwise. The deadline for securing formal Council approval to participate in SLABLF was Friday 13th February 2015. Approval was given in principle, subject to formal approval by the Policy and Resources Committee, with the minute of the Policy and Resources Committee being endorsed by the full Council.

- 2.6 The proposed financial product to be offered by SLABLF is:
- loans up to £100,000, most likely operating in the range £10k to £100k;
 - secured by Standard Security, Bond & Floating Charge and / or Personal Guarantee;
 - some loans may require no security i.e. under £20k (discretionary); and
 - Interest rate fixed at 6% per annum.

3.0 RECOMMENDATIONS

- 3.1 The Policy and Resources Committee endorses the proposal to join SLABLF.
- 3.2 The Policy and Resources Committee confirms approval for Argyll and Bute's allocation of funds within WSLF (currently £183,702) to be transferred to SLABLF.
- 3.3 The Policy and Resources Committee endorses the estimated demand for loans over the initial three year period at £300k.

4.0 DETAILS

- 4.1 Full details of the proposal are available in the SLABLF business plan. The key points are summarised below.

How would the new fund operate?

- 4.2 The option of using either WSLF or ESIF to manage the fund is possible but given both Funds are still subject to ongoing European or other audits this could create complexity. The proposal is therefore to incorporate a new company limited by guarantee to manage the SLABLF.
- 4.3 It is proposed that ESIF and WSLF will continue to exist as legal entities in order to deliver their investment targets under the 2007-2013 EU Structural Funds Programme. Once those targets have been achieved both funds will continue to exist as legal entities in order to collect the outstanding loan repayments due from the existing portfolios and a decision on closure will then be taken by the board of the new fund. However, recent advice from the Scottish Government indicates that they would be comfortable with the transfer of all business, including loan activity, to the new company on the proviso that the new company's board of Directors formally accepts the conditions of grant associated with WSLF/ESIF current ERDF funding. This would allow the earlier winding up of WSLF/ESIF. This option is now being investigated further.
- 4.4 It is proposed to offer "Membership" of SLABLF to all 32 Scottish Local Authorities. As a company limited by guarantee, its members would be the Local Authorities.
- 4.5 It is proposed a new set of Articles of Association and Members Agreement be prepared and adopted by the new Member Authorities. Both documents will be based on the existing Articles of Association and Members Agreement for WSLF and ESIF and will be customised accordingly.
- 4.6 With up to 32 Local Authorities as Members of SLABLF, it is not realistic or desirable to have each Member represented on the Board. It is proposed to seek

nominations from three operational areas namely, East, West and Highlands and Islands, to stand as Directors of the new company. Each of the Local Authorities will be given an opportunity to agree amongst themselves to nominate between two to three people to represent their “region” forming a board of six to nine directors. Representation on the Board from other Stakeholders and the private sector should be considered in due course.

- 4.7 It is proposed that SLABLF from an operational perspective be organised regionally and that each region would effectively operate as a “Fund within a Fund” and be resourced accordingly.

The Local Authorities would fall within the following regions identified in the **Table 1** below.

Table 1: Local Authority Membership by Region		
East	West	Highlands & Islands
Angus	East Ayrshire	Argyll and Bute
Dundee	North Ayrshire	Highland
Perth & Kinross	South Ayrshire	Eilean Siar
Edinburgh	North Lanarkshire	Orkney
Midlothian	South Lanarkshire	Shetland
West Lothian	Inverclyde	Moray
East Lothian	Renfrewshire	
Stirling	East Renfrewshire	
Falkirk	Glasgow	
Clackmannanshire	East Dunbartonshire	
Fife	West Dunbartonshire	
Aberdeen City	Dumfries & Galloway	
Aberdeenshire		
Scottish Borders		
Total local authority membership by region		
14	12	6
Population		
2,500,230	2,312,190	487,480
Business base		
86,670	62,380	22,435

Source: SLABLF Prospectus

- 4.8 It is proposed that the founding principles which work for WSLF and ESIF are adopted for the Member Authorities of SLABLF namely:
- each Member Authority’s contribution is exclusively ring fenced to be invested in their area only;
 - each Member Authority retains the right to determine the outcome of applications up to £50,000 at the local level following their own delegated authority procedures; and
 - applications above £50,000 will be referred to a regional investment panel comprising a quorum of at least three people with appropriate skills and experience to appraise such loan applications.
- 4.9 It is proposed that the scale of the new Fund will be sufficient to justify the recruitment of a dedicated fund Solicitor to perform this role for all loan applications, thereby removing any additional burden from Local Authority legal teams and

helping ensure consistency of approach across the Fund. However, local authorities will retain the right to use their own legal services should they wish to do so.

What is the requirement of local authorities?

- 4.10 There is a requirement, in terms of eligibility under the 2014-2020 European Structural and Investment Funds Programme, for the fund to achieve sufficient participation to be considered a pan-Scotland intervention. This is likely to require a minimum of 28 out of 32 authorities to participate.
- 4.11 It is estimated the amount of lending across all 32 Local Authorities would be in the region of £5m to £6m per annum. As the European funding is initially for a three year period this could create a fund valued at £15m to £18m. The Fund will need to achieve a scale of at least £15m over the initial three year period to be financially viable.
- 4.12 With a £15m loan fund, a 3% management fee would be sufficient to cover the overheads. The costs will be split by applying each member's percentage share of the total fund value to the overhead costs. As the proposed financial model includes performance related remuneration for the ERDF contribution, there is a chance that the quoted annual overhead figure could increase slightly if targets are not reached.
- 4.13 The amount of match funding available from the Member Authorities will determine if any private sector match funding is required e.g. bank loan. A bank loan is not a requirement of the ERDF programme but it is known that up to a 30% contribution to the value of the Fund is viable. This could mean a bank loan of between £4.5m to £5.4m, probably over a five year term. The key factor will be the cost of borrowing such an amount.
- 4.14 Member Authorities would be required to collectively contribute between £4.5m to £10.8m depending on the size of the Fund and whether a bank loan is required.
- 4.15 Estimated demand for SLABLF loans across Argyll and Bute is £300k over the initial three year period. This may be optimistic given there have been no applications to the West of Scotland Loan Fund in the previous three years – although availability was restricted to Helensburgh area only until recently. The increased demand is based on widespread promotion of the new fund, across all of Argyll and Bute.
- 4.16 Based on this estimated demand for loans of £300k in total over the initial three year period 2015 to 2018, Argyll and Bute Council would need to contribute circa £100,000 to the Fund.
- 4.17 Argyll and Bute Council's contribution could be made by transferring its allocation within the existing WSLF, currently £183,702, into the new Loan Fund.

WSLF current status

4.18 As at 30th October 2014 WSLF allocation for Argyll and Bute stands at:

Cash at bank	£278,031
Investments / Loans	£0
Unspent ERDF	(£94,329)
Net position	£183,702

4.19 In August 2014 the Policy and Resources Committee approved the extension of WSLF to cover all of Argyll and Bute, if demand in Helensburgh and Lomond remained below target. This decision was noted by the full Council in September.

4.20 This widened eligibility has been promoted from October via press releases, ezines, leaflets and face-to-face through Business Gateway Advisers. This has generated six recent enquiries, of which two have potential to progress to application stage, with a combined total loan value of £120,000. However, no applications have been made to date and current indications are that the enquirer looking for the £100,000 loan will not apply before March 2015.

4.21 If no WSLF loan applications are made and approved before the end of March 2015, the £183,702 currently allocated to Argyll and Bute within WSLF could be transferred to SLABLF.

4.22 Based on an estimated SLABLF loan demand of £300,000 across the first three years from businesses in Argyll and Bute, the Council would need to make no additional financial contribution to SLABLF if all the current WSLF funds are transferred, as the £183,702 more than meets the £100,000 contribution required.

4.23 If WSLF applications are approved before the end of March 2015, the funds will be withdrawn from the Argyll and Bute allocation. If loans worth £120,000 were made before March 2015, the transfer from WSLF would reduce to £63,702. The Council would therefore need to contribute £36,000 to SLABLF, or reduce the size of the loan fund available to Argyll and Bute businesses for the first three years to circa £190k. However, as no new WSLF applications have been received to date and given the average 12 week lead time from application to approval, it is unlikely that the WSLF allocation will be significantly reduced before transfer.

4.24 An investment target of £300,000 over the first three years of SLABLF would appear optimistic based on the historical low demand for WSLF support in the Helensburgh and Lomond area. It is too early to accurately confirm demand from the rest of Argyll and Bute - the recent widening of the eligibility from October 2014 has certainly generated an increase in enquiries but these have not yet yielded applications.

What are the benefits?

4.25 Evidence from the existing ESIF and WSIF shows this type of supportive investment vehicle has a positive impact in terms of creating new employment opportunities as well as preserving existing jobs.

- 4.26 Additionally, income generated by interest repayments on loans would be recycled to a member authority's ring fenced balance for reinvestment in local businesses.

Option appraisal

- 4.27 **Option 1:** Transfer WSLF funds allocated to Argyll and Bute into SLABLF. By becoming members of the scheme, **growing businesses in Argyll and Bute will have access to a local authority loan scheme at no additional direct cost to the Council.** If demand for loans exceeds £100k per year there will be insufficient funding available, but demand for WSLF over the last 5 years has been significantly lower than this.
- 4.29 **Option 2, Do nothing.** WSLF will cease at the end of March 2015 and businesses based in Argyll and Bute will have no access to local authority loan funding. **The Articles of Association for the WSLF prevent any funds being returned to the member authority.** Therefore, any surplus funds after all liabilities have been settled will go to a 'like-minded' organisation such as the SLABLF, given that the WSLF will be wound up. In respect of the above point, **no contribution was originally provided by Argyll and Bute Council to the WSLF.**

5.0 CONCLUSION

- 5.1 Joining SLABLF will provide businesses across Argyll and Bute with access to finance, building on the established WSLF model.
- 5.2 Assuming that no significant WSLF loans are approved before the end of March 2015, the WSLF monies transferred to SLABLF should cover the contribution required from the Council to cover anticipated demand.
- 5.3 It is therefore recommended that the Policy and Resources Committee agrees to become a member of SLABLF and agrees to transfer the WSLF funds currently allocated to Argyll and Bute to SLABLF, to cover estimated demand.

6.0 IMPLICATIONS

- 6.1 Policy Making a local authority loan fund available to businesses across Argyll and Bute will support the Council's overarching Economic Development Action Plan 2013-2018 objective of assisting more businesses to start-up and grow. Furthermore this will align with the SOA Delivery Plans, in particular Objectives one and three.
- 6.2 Financial If a Scottish Local Authority loan fund is developed, it is proposed that existing WSLF monies would transfer (currently £183,702). This would form the Argyll and Bute contribution to SLABLF, leveraging EU funding and creating a loan fund sufficient to meet the estimated £300k demand without further funds required from the Council.

If the WSLF monies are not transferred they cannot

be accessed by the Council after WSLF closes and would effectively be lost.

- 6.3 Legal Articles of Association and a Members Agreement for the new Fund have been drafted. These need to be reviewed by the Council's legal team. Operationally a dedicated fund Solicitor has been proposed, so there should be no further burden on Local Authority legal teams.
- 6.4 HR The existing 3.2 FTE advisers within the Business Gateway team have the skills to provide the required business support. Currently one FTE within the team is trained in WSLF processes and systems. Training would be provided by the Fund should more of our Advisers require this. No additional personnel within the Business Gateway Team are required to support the Pan Scotland Loan Fund delivery.
- 6.5 Equalities This will have no adverse impact on key equality groups. Wider provision of loan funding will comply with all Equal Opportunities policies and obligations.
- 6.6 Risk Due to the operational overlap between the current method of Business Gateway delivery and the proposed Loan Fund delivery, there is limited risk for the Council as it is well placed to provide the services required.
- 6.7 Customer Services Greater provision of affordable loan finance to businesses and the removal of inequalities between the administrative areas of Argyll and Bute will have a positive impact and contribute to an improved customer experience.

**Pippa Milne, Executive Director of Development and Infrastructure
Policy Lead, Cllr Dick Walsh**

For further information contact:

Ishabel Bremner, Economic Development Manager, tel: 01546 604375

Kate Fraser, Senior Development Officer, Business Gateway, tel: 01546 604550

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ARGYLL AND BUTE COUNCIL
STRATEGIC FINANCE

POLICY & RESOURCE COMMITTEE
19 MARCH 2015

**PROCESS FOR ASSESSING FOUR FUNDING REQUESTS RECEIVED AS PART OF
THE 2015/16 REVENUE BUDGET REPORT**

1. SUMMARY

- 1.1 This report addresses the process for handling funding requests outwith area committee grant schemes. Four funding requests have been received, referred to in the 2015/16 budget report, from Kilmartin House Museum, Auchindrain Museum, Dunoon Boxing Club and Kintyre Way. The budget motion agreed by Council, February 2015, in respect of these matters is in the following terms :-

“To note that funding requests have been received from Kilmartin House Museum, Auchindrain Museum, Dunoon Boxing Club and Kintyre Way and that it is proposed to carry out a detailed assessment of each of these requests in relation to impact, financial deliverability, sustainability of proposals, financial capability of the promoters, governance issues and the risks/ deliverability of the proposals. Reports will be brought forward once all of the information necessary to complete such an analysis is available. This will allow members to consider these proposals in the context of the Single Outcome Agreement, the financial commitment required and risk of deliverability.”

- 1.2 The Council Audit Committee at its meeting in September 2014 noted that the Council would be reviewing its procedures for dealing with external funding requests to ensure that there was proper scrutiny of any such request and that any decisions taken thereon would have all necessary information on which to make a decision. That process should ensure that such requests are not considered in isolation to other service delivery issues and cost pressures and should recognise the need to adopt the principles of best value. A process for considering external funding requests which fall outwith the area committee grant schemes is proposed below.
- 1.3 The budgetary outlook reported to Policy and Resources on 18th December 2014 forecast a funding gap from 2016/17 to 2020/21 of £28.1m to £37.5m (based on the narrower range of scenarios). This report confirms that there is no budget for these applications. There will be a need to prioritise service capital and/or revenue spending plans as any approvals would otherwise add to the existing funding gap. Use of reserves for any one-off funding request would reduce the effective level of support for strategic priorities including the flexibility to manage reductions in budgets in a planned way. Members may therefore wish to prioritise any new proposals, requiring alternative savings to be identified to avoid any net increase in the funding gap.

2. RECOMMENDATIONS

It is recommended that the Policy and Resources Committee agree:

- 2.1 The proposed process for assessing ad hoc funding requests as set out below.
- 2.2 That should any of these funding requests be agreed following assessment that the Committee identify how the cost can be contained within available resources to avoid adding to the existing funding gap.

3. DETAIL

- 3.1 This report sets out proposals to formalise the process for dealing with four funding requests included within the 2015-16 budget report. It would be applicable to any such requests, apart from area committee grant schemes for which existing processes are in place. The Council Audit Committee at its meeting in September 2014 noted that the Council would be reviewing its procedures for dealing with external funding requests to ensure that there was proper scrutiny of any such request and that any decisions taken thereon would have all necessary information on which to make a decision. That process should ensure that such requests are not considered in isolation to other service delivery issues and cost pressures and should recognise the need to adopt the principles of best value. In formalising the process it must be borne in mind there is no recurring budget for this type of support so any requests approved requires decisions on how costs can be contained within existing resources.
- 3.2 The budgetary outlook reported to Policy and Resources on 18th December 2014 forecast a funding gap from 2016/17 to 2020/21 of £28.1m to £37.5m (based on the narrower range of scenarios). There is a risk that formalising this process may be seen as an open invitation for organisations to make funding requests, when in fact the process should bring a clearer, more disciplined approach to assessing ad hoc requests against the wider financial challenges facing the Council. The Council has clearly identified the funding pressures it faces in future years and it should be noted that no budget provision exists to support these or any future funding requests from external bodies. Currently there is no separate budget for these applications and each one approved becomes a budget pressure. Consequently, should any of these funding requests be agreed following assessment the Committee should identify how the cost can be contained within existing resources to avoid adding to the existing funding gap.
- 3.3 A standard application / assessment form should be developed that the four organisations would need to complete. The application should have with it sufficient information (e.g. business case, projections etc etc) to allow the Council to come to a view on whether the particular proposal was one which the Council should support. It may not always be possible to get all the required information with a proposal at first ask, but we should be trying to get as much as possible first time around and then pursue further detail as necessary.

- 3.4 All applications must go through the same assessment process subject to a 4 stage review as part of the formal process.
- Policy
 - Governance
 - Financial
 - Delivery & Risk
- 3.5 The policy review would be to analyse and assess the impact of the project on the Council / SOA objectives and priorities. This could cover social, cultural and economic aspects so is likely to be a qualitative assessment. This would also include where the project benefits will arise.
- 3.6 The governance review would consider any issues around the constitution and powers of the applicant, and any procurement or legal issues.
- 3.7 The financial review would consider the cost and funding of the proposals. This would cover project / one off cost and also ongoing operational cost and potentially both. Clarity would be sought on reliability of costs and security of funding / income and would include an assessment of its reasonableness of assumptions. This would require to be supported by project budgets or forecast profits and loss accounts and forecast cash flow statements.
- 3.8 A second element of the financial review would focus on the financial capacity / capability of the organisation rather than the specific proposals. This would consider review of:
- Annual accounts
 - Auditors reports
 - Management accounts for current year
 - Budget projections
 - Bank account position
- 3.9 The deliverability and risk assessment would examine any issues around the deliverability of the proposal and the risks associated with it. This would include assessing the experience of the individual promoting and managing the project and the role of any partners / contractors or external advisors. It would also consider the information / assumptions in any business plans or business cases and the reasonableness including the extent of any backup research undertaken by the proposers. Finally consideration would be given to any risks identified by the proposers and their risk mitigation / management strategy.
- 3.10 The policy review would be carried out by the lead service, the governance review by Customer Services, the finance review by Strategic Finance and all three would participate in the delivery of risk review.
- 3.11 A report would be drafted to capture the outcome of the assessment. A checklist and aide memoire on the information required to support this is attached at Appendix 2. The overall assessment and report would be narrative and qualitative rather than a set of weighted scores. The report would set out qualitative information but would not make a clear recommendation.

- 3.12 The assessment report would then be considered by the relevant head of service, scrutinised by SMT and submitted to Policy & Resource Committee for consideration. The final report would also consider any conditions attached to the release of the funding.
- 3.13 It should be noted that the Council may be asked to provide grant funding that will be matched against other external funding packages. Some of those external grants are dealt with on a staged basis. It may therefore be necessary for the Council to assess requests in a way that reflects that staged approach. In these circumstances in principle approval of a request may be given subject to conditions, including assessment in line with the process proposed within this report.
- 3.14 Successful applications will be subject to a final Post award evaluation exercise which will require protocols to be developed by the lead service subject to the nature / type of award. These protocols should refer to desired policy outcomes and /or objectives and offer commentary as to impact and or achievement.
- 3.15 Appendix 1 sets out a proposed process.

4. CONCLUSION

- 4.1 This report sets out a number of issues for the Council to consider in formalising the process for considering external funding requests that fall outwith the area committee grant schemes. No budgetary provision exists. Should funding requests be agreed following assessment then the Committee should consider how the cost can be contained within existing resources to avoid adding to the existing funding gap.

5. IMPLICATIONS

- 5.1 Policy - Formalise approach to external funding requests.
- 5.2 Legal – None.
- 5.3 Human Resources – None.
- 5.4 Financial – No budget provision exists to support applications. Should a proposal be agreed following assessment, the Committee should identify how the cost can be contained within available resources to avoid adding to the existing funding gap.
- 5.5 Equal Opportunities – None.
- 5.6 Risk – A formalised process would help manage risks on a more structured basis.
- 5.7 Customer Service - A formalised process would improve the handling of these requests with applicants.

Steve Barrett
Interim Head of Strategic Finance

4 March 2015

Process for External Funding Request

1. Organisation contacts Council with a request.
2. The request is passed to the co-ordinator of the process, nominated by SMT.
3. Co-ordinator ensures lead service undertakes initial sift to determine consistency of application with the SOA and council priorities. Initial report prepared by lead service to determine officer /member views and ascertain support to carry out a detailed assessment on requests above £25,000. Requests below £25,000 may be subject to a lighter touch review.
4. Co-ordinator issues the organisation with an application form and checklist.
5. Organisation completes application form, checklist and submits these with relevant documents (annual accounts, bank statement, business plan, budgets, minutes of meetings, consultation, tender reports). This is submitted to the co-ordinator.
6. Co-ordinator reviews submitted documentation and checks to ensure all required documents appear to be included and application form fully completed. Any missing information requested from organisation.
7. Co-ordinator identifies lead service to support assessment of application in addition to Governance and Strategic Finance and circulates application and document to them.
8. Lead service, Governance and Law and Strategic Finance complete the assessment based on Appendix 2. The assessment will be qualitative in nature rather than a set scoring system. The assessment will clearly set out any “showstoppers” and conditions that are required.
9. Meeting between co-ordinator, lead service, Governance and Law and Strategic Finance to agree overall assessment and report for SMT / Councillors. This would include any conditions. Report prepared by lead service.
10. Report reviewed by Head of Service, the Executive Director and cleared through SMT.
11. SMT submit report into the political process reporting through Policy Leads and Policy and Resource Committee for a decision. This could include (1) reject the application (2) recommend award of a grant and the proposed basis of funding that decision (3) refer the matter to Community Services, EDI or Area Committees for review (4) hold the request for consideration as part of the February annual budget decision.
12. Once a decision is made Applicant advised accordingly by lead service. Where successful this would include any conditions for release of grant.
13. If no conditions set then lead service request release of funding.
14. Organisation submits information to evidence conditions met for release of funds. Co-ordinator passes this to lead service to review the information provided and submit to those delegated to release monies.

15. Successful applications will be subject to a Post award evaluation exercise by the lead service. This will require protocols to be developed by the lead service subject to the nature / type of award. These protocols should refer to desired policy outcomes and /or objectives and offer commentary as to impact and or/ achievement.

STANDARD CHECKLIST OF ITEMS TO BE ASSESSED / REVIEWED

<p><u>Policy Review</u></p> <p>What will impact be? How much / many? What locations? How does it relate to SOA and Council priorities? Does it conflict with current and other projects? Does it support other projects/initiatives? Can we do a SWOT analysis? What is economic impact? How many jobs created?</p>	<p><u>Governance Review</u></p> <p>What is legal status of applicant? Is this confirmed? Can it do this – does it have powers? Have the board / org agreed? Is it duly registered if required e.g. OSCR? Any related company / organisation?</p>
<p><u>Financial Review</u></p> <p>Proposal: Costings provided? Have costings been verified? Is funding in place? Any ongoing costs – is there an operating business plan? Profit and loss forecasts, cash flow forecasts and income and expenditure assumptions clear / supported?</p> <p>Proposer: Copy of annual accounts Copy of 3 month bank statement Copy of current year financial reports / management accounts Copy of auditors report Copy of budget proposals</p>	<p><u>Deliverability/ Risk Review</u></p> <p>Do we have business plan / business case? Are the assumptions clearly stated and reasonable /supported? Who are partners / advisers? Are they sufficiently experienced? Who are directors / key people in the group? Do they have relevant experience? Have risks been clearly articulated? Have they set out their approach to managing risks? Are risk assumptions and proposed risk management reasonable?</p>

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES
COMMITTEE****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****19 MARCH 2015**

Assessment of External Financial Request – Kilmartin Museum

1.0 EXECUTIVE SUMMARY

1. A request has been received from Kilmartin Museum for £400,000 to support the capital costs of the proposed extension of the Museum. This funding, if approved, will help to match fund a planned stage one application to Heritage Lottery Fund (HLF). The stage 1 HLF application is scheduled for submission by Kilmartin Museum on 9th April 2015 and the Trust are in the process of finalising the bid. This is the second stage one bid submitted to HLF. The initial bid last year was unsuccessful with only one 'Scottish project being successful in that round. However the Trust was encouraged to make a revised submission on the strength of their original bid subject to the project and associated costs being scoped back, the request to HLF reduced and a demonstration of local funding support. A potential contribution from the Council would assist in strengthening their application.
- 1.2 Kilmartin Museum (KM) is established as a successful museum where internationally and locally important artefacts are curated, interpreted and displayed. Owned and managed by the Kilmartin House Trust, the museum opened in 1997 and has since earned recognition for endeavours in archaeology and landscape interpretation, investigations, heritage and cultural activity. However, the trust considers that the facility needs to expand and evolve into a more efficient museum or decline. The aim is for a complete redevelopment and expansion of the museum to not only ensure its survival, but to grow as a key cultural visitor and archaeology centre for Argyll and Bute.
2. The aim of the proposed project is for the redevelopment and expansion of the museum which will:
 - Facilitate growth of the established cultural hub and visitor attraction.
 - § Provide a new gallery to host a variety of internationally important artefacts.
 - Create an educational centre of archaeological excellence.
- 1.3 Specific benefits arising from the project include;

- Sustaining 7 full time jobs, 5 part time jobs, 20 seasonal jobs and 40 volunteering opportunities.
- Creating 2 full time jobs in the Trust and an estimated 3 in the trading company.
- Protecting local supply contracts with local contractors.
- Providing training opportunities by creating a 'centre of excellence' for archaeology
- An increase in visitor numbers to the area and the site
- Providing educational opportunities to young people by working with all the schools in Argyll and Bute and potentially beyond. The aim would be to develop this as an outreach campus facility for universities that would then also bring students into the area and the associated local economic benefit from that.

1.4 An initial assessment has been undertaken to consider the policy impact, governance issues, financial issues and deliverability / risk issues. It is important to remember in considering this project that it is still at a very early stage in its development and the critical stage will be securing the stage 1 HLF approval which will then lead on to a 12 – 24 month development phase before a stage 2 HLF bid will require to be submitted and approval secured. If the application is successful following the submission on 9th April 2015 a stage 2 bid would go forward for consideration sometime between late 2016 and mid 2017 with a potential start on site early in 2018. Therefore whilst an initial assessment has been made of the project it is based on the available information at this early stage in its development. A business plan has been prepared and provided by the Trust but again reflects the early stage of the project and further work will require to be done as the project progresses, assuming stage 1 HLF approval is secured. The copy of the business plan is available for members of the Policy and Resources Committee in the member's room

Recommendations

- That Members note the initial assessment of the project and associated business plan by officers.
- That Members agree to support in principle the request for a maximum of £400,000 subject to
 - i) a successful stage 1 application to HLF
 - ii) a further detailed assessment of the Full Business Case as set out in the report entitled "Request for Grant Funding" also before this committee, in advance of the stage 2 submission to HLF and that this business case fully meets the Council's own criteria
 - iii) the release of any monies being reliant upon a fully approved, deliverable and fully funded project being in place.

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

DEVELOPMENT AND
INFRASTRUCTURE SERVICES

19 March 2015

Assessment of External Financial Request – Kilmartin Museum

2.0 INTRODUCTION

- 2.1 A request has been received from Kilmartin Museum for £400,000 to support the capital costs of the proposed extension of the Museum. This funding, if approved, will help to match fund a planned stage one application to Heritage Lottery Fund (HLF). The stage 1 HLF application is scheduled for submission by Kilmartin Museum on 9th April 2015 and the Trust are in the process of finalising the bid.
- 2.2 Kilmartin Museum (KM) is established as a successful museum where internationally and locally important artefacts are curated, interpreted and displayed. Owned and managed by the Kilmartin House Trust, the museum opened in 1997 and has since earned recognition for endeavours in archaeology and landscape interpretation, investigations, heritage and cultural activity.
- 2.3 A Service Level Agreement (SLA) is currently in place between the Council and the Trust in regard to the provision of a curator and storage service for the Council's archaeological, natural history, social history and fine art collection across Argyll and Bute with the main collection being displayed in Campbeltown Museum. This has ensured that local artefacts, many of which are of national and international importance, are properly cared for and retained within Argyll and Bute for current and future generations.
- 2.4 The request has undergone an initial assessed and the findings are set out below.

3.0 RECOMMENDATIONS

- 3.1 That Members note the assessment of the project and associated business plan by officers.
- 3.2 That Members agree to support in principle the request for a maximum of £400,000 subject to
- iv) a successful stage 1 application to HLF

- v) a further detailed assessment of the Full Business Case as set out in the report entitled “Request for Grant Funding” also before this committee, in advance of the stage 2 submission to HLF and that this business case fully meets the Council’s own criteria
- vi) the release of any monies being reliant upon a fully approved, deliverable and fully funded project being in place.

4.0 DETAILS

- 4.1 In recent years the Kilmartin House Trust has come to the view that the Museum has outgrown the buildings that it currently occupies and that there is a need for the museum to expand and develop the offering. The Trust has advised that the current situation is unsustainable due to the inability to store and manage important collections and artefacts in inappropriate and cramped facilities. In addition costs are rising beyond the level of the income mostly due to poor and old building infrastructure and without additional income in the next few years there is a real risk that the museum will close.
- 4.2 The redevelopment will provide considerably more space to allow the Museum to better curate its expanding collection and ensure that people are able to access and enjoy it surrounded by the landscape and monuments where the artefacts were discovered.
- 4.3 The aim of the current project is for a complete redevelopment and expansion of the museum to not only ensure its survival, but to ensure its growth as a key cultural visitor and archaeology centre for Argyll and Bute. The objectives are as follows;
- Growth of established cultural hub and visitor attraction of regional and national significance
 - New gallery to host a variety of internationally important artefacts and temporary exhibitions working with local artists and organisations such as the National Galleries of Scotland.
 - Educational centre of archaeological excellence. This would provide educational opportunities to young people by working with all the schools in Argyll and Bute and potentially beyond The current links with Argyll college and UHI, defined through a minute of understanding, to develop education opportunities such as field schools for students, will be strengthened and developed. In addition links beyond Argyll with other universities could see students coming into the area to study.
- 4.4 The Museum’s intention is to enhance the depth and breadth of the interpretative and learning experience for existing audiences, and new audiences will be developed so that they too may experience, understand and be inspired by this special place. Links between the artefacts and the landscape in which they were created, used and excavated will be forged to create a seamless and holistic interpretation which transcends the traditional bounds of the Museum. The objective of the project is to secure the financial and environmental sustainability of the organisation by delivering excellent visitor facilities in an environmentally friendly

building that is fit for purpose and delivers maximum economic benefit into the Argyll economy from this nationally important landscape within which it sits.

4.5 Specific benefits arising from the project which will contribute to economic growth both locally and further afield are;

- Sustaining 7 full time jobs, 5 part time jobs, 20 seasonal jobs and 40 volunteering opportunities.
- Creating 2 full time jobs in the Trust and an estimated 3 in the trading company.
- Ensuring that locally important artefacts, often of national and international importance, are housed in a facility that ensures their protection, attracts visitors to the area to view them and ensures that they are not lost to Argyll and Bute for current and future generations
- Protecting local supply contracts with local contractors.
- Providing training opportunities by creating a 'centre of excellence' for archaeology in partnership with Universities, Argyll College and other partners. This would build upon Kilmartin's important position as Scotland's most important mainland archaeological landscape in the opinion of Dr David Clarke (retired), former keeper of archaeology at the national museums of Scotland. and could create learning opportunities for up to 20 students per annum from across the whole of Argyll, not just mid Argyll.
- An increase in visitor numbers to the area and the site (museum, café, shop, archaeological sites) from 28,000 per annum (10,000 of which are to the museum) to 40,000 per annum (22,000 to the museum itself) with a resultant increase in local spend.
- Providing educational opportunities to young people by working with all the schools in Argyll and Bute and potentially beyond.

4.6 Kilmartin Museum has requested support from the Council for the project and has asked for £400,000 of funding support towards the capital cost of the project. This potential contribution from the Council would strengthen their application to HLF.

4.7 The Council has previously awarded £19,000 towards the development of the stage 1 HLF bid which was submitted in December 2013. In addition the Council has also approved the funding of £50,000 specifically towards the development costs of taking the project from the stage one to stage two HLF bid. The Trust are in the process of submitting a stage one bid to HLF, deadline 9th April and have requested a funding contribution of £400,000 from the Council towards the capital cost of the project. This is the second stage one bid submitted to HLF. The initial bid last year was unsuccessful with only one 'Scottish project being successful in that round. However the Trust was encouraged to make a revised submission on the strength of their original bid subject to the project and associated costs being scoped back and the request to HLF reduced. HLF recognise as key strengths the international importance of the area's archaeological heritage, the educational and cultural role of the museum and the unique quality tourism offer.

4.8 The Trust has been working on a revised bid which is based on scaling back the more ambitious aspects of the proposal and limiting the level of financial contribution required from HLF to 50%. Over the last 6 months the Trust has been working on delivering an achievable project, working alongside key partners

including Scottish Natural Heritage(SNH), Historic Scotland(HS), Highlands and Islands Enterprise(HIE), Forestry Commission(FC) and the Council to investigate potential support including funding. Many of these funders already work closely with the Trust and the Museum and provide core funding to them for the delivery of education, interpretation and outreach projects linked to this nationally important archaeological landscape. As previously stated the Trust also provides a curator service on behalf of the Council, across the area, as well as providing storage facilities for many of the Council's artefacts. The Trust now feels that they have a stronger bid and it is their intention to resubmit to HLF in April 2015.

- 4.9 An assessment has been undertaken to consider the policy impact, governance issues, financial issues and deliverability / risk issues and are detailed below. It is important to remember when considering this project that it is still at a very early stage in its development and the critical stage will be securing the stage 1 HLF approval which will then lead on to a 12 – 24 month development phase before a stage 2 HLF bid will require to be submitted and approval secured. If the application is successful following the submission on 9th April a stage 2 bid would go forward for consideration anytime between late 2016 and mid 2017 with a potential start on site early 2018. A business case has been prepared and provided by the Trust but again reflects the early stage of the project and further work will require to be done as the project progressing, assuming stage 1 HLF approval is secured. Therefore whilst an initial assessment has been made of the project it is based on the available information at this early stage in its development. Further more detailed assessments will need to be made as the project continues to develop if the Council is minded to provide financial support.

Policy impact

- 4.10 The project meets the following objectives of the Single Outcome Agreement:

- A diverse and thriving economy
- Infrastructure that supports sustainable growth
- Education, skills and training maximises opportunities for all
Children and young people have the best possible start through the provision of education and outreach facilities create learning opportunities for children and young people across the whole of Argyll, not just mid Argyll.
- People live in safer and stronger communities. The project will contribute to this by creating a first class cultural hub and visitor attraction of regional and national significance that will attract people from across and beyond the area, will grow the local economy and community and contribute to the setting of this unique landscape

- 4.11 The project also develops specific important elements of the Economic Development Action Plan 2013 – 2018;

Creating a Compelling Argyll and Bute by;

- sustaining and increasing employment by developing successful businesses
- developing economic opportunities linked to tourism, increasing visitor numbers, visitor spend and length of stay

- protecting and promoting the area's cultural, social and natural heritage by ensuring the retention of local artefacts of a national and international importance remain in the area in a building that it fit for purpose
- using the environment to create employment and prosperity and creating a centre of excellence for archaeology based on the nationally important archaeological landscape that surrounds the museum
- protecting the unique characteristics of the area celebrating our diverse culture and ensuring that these internationally important artefacts remain in the area for the benefit for future generations and are accessible to those wishing to view them and learn about them

Governance

4.12 The governance of the Kilmartin Museum is provided by the Trustees.

The Trustees are:

- Mr Gordon Gray Stephens (Chair)
- Professor William
- Allan Hamilton (Vice Chair)
- Dr Ewan Campbell
- Mr Charles Neal Ascherson
- Mr David Edward Murray
- Dr Sally Foster
- Mr Alexander Smith Taylor
- Mrs Ruth Knox (Treasurer)
- Mr Timothy Lister

4.13 The trustees have fully discussed the proposal and have given their formal approval to it and their Trust Deed gives them the powers to undertake a project of this nature.

4.14 In addition the project is overseen by a Development Advisory Panel which has been given specific responsibility to manage the project on behalf of the Trustees. The Panel advises the Museum Trustees and meets monthly. The members of the Development Advisory Panel are as follows:

- Professor David Green (Chair)
- Mrs Jan Brown
- Mr Paul Smyth
- Mrs Jane Robinson
- Mr James McLellan

4.15 The Trust understands the importance of the project and has taken the necessary steps to ensure it is managed appropriately. A sub group of the Trust will be set up to manage the project delivery with an experienced project manager being appointed at the next stage. There are therefore adequate systems and skills in place to oversee the project as it moves forward through the detailed HLF application process.

Financial impact

4.16 The total cost of the project can be broken down as follows;

Development phase (post HLF 1 stage approval) - £485,000.

The Council have already committed £50,000 towards this cost
The remainder will be funded by HIE (£26,000) and HLF (£409,000)

Delivery phase (post HLF 2 stage approval) - £5,515,000.**The Funding breakdown for the delivery phase is as follows;**

HLF	£2,591,000 (9 April HLF funding round)
ABC	£ 400,000 (under consideration)
HIE	£ 400,000 (under consideration)
SNH	£ 150,000 (under consideration)
Historic Scotland (HS)	£ 50,000 (under consideration)
Forestry Commission (FC)	£ 80,000 (under consideration)
Leader	£ 70,000 (to be applied for once new programme open, development monies previously granted)
Museum Gallery Scotland	£ 50,000 (discussions on going and application will be made to future funding round to align with spend profile and drawn down deadline)
Creative Scotland	£100,000 (ongoing discussions and application will be made to future funding round to align with spend profile and draw down period)
Trusts/Foundation	£464,000 (£50,000 confirmed and applications will be made during the development period)
Private donations	£560,000 (£50,000 confirmed and fund raising campaign will commence during development phase in line with fund raising strategy)
Additional Fund raising (possible RCGF bid or other funding sources)	£600,000

4.17 In considering the above the following should be borne in mind;

4.17.1 The trust, in working with HIE, appointed a consultant to develop a funding strategy. This examines all the funding options available and in particular includes potential trusts and foundations from which funding could be sought and also includes a fund raising campaign to address the issue of how best to secure private donations. The funding strategy includes the need to continually review the funding position and any resulting shortfall that may

arise as a result of unsuccessful applications. This will ensure that all opportunities for funding are considered and the opportunities for these to be realistically met from trusts, private donations and other potential external funding sources continually investigated.

- 4.172 The trust already has a SLA in place with a number of the proposed funding bodies for the provision of the delivery of services such as education and outreach. These include SNH, FC and HS, These funders are currently considering the requests before them. Other funders such as HIE, Leader and the Council have provided funding for the early development phase of the project.
- 4.173 The trust has appointed a reputable design team headed by Reiach and Hall Architects. The costings have been produced by the design team's quantity surveyor against drawings and specifications which are detailed and robust. Due allowance has been included for tender inflation and the costs can therefore be considered as robust at this stage although it is important to note that the project is still at an early stage and the costs will continue to be examined and reviewed to ensure that these remain realistic and deliverable as the project progresses through the development phase.
- 4.17.4 It is anticipated that the two stage HLF application process will be concluded by September 2017 with formal permission to commence the delivery phase in January 2018. The delivery phase is anticipated to take approximately 18 months. The funds identified above, including the Council's contribution, will therefore not be required until after January 2018. In the circumstances it is therefore not unusual for a number of funding streams to yet be confirmed. Detailed applications will have to be made and delivered by the Trust during the HLF timeframe and will need to align with the various drawn down timeframes of each funder.
- 4.17.5 A detailed business plan has been produced by Jura Consultants for the Trust to submit to HLF as part of their application process. This is a comprehensive document which looks closely at the existing facility, its associated running costs and ability of the building to meet the needs both now and in the future. The evidence provided demonstrates that the building is not fit for purpose and that both from a financial and practical business point of view the current situation is not sustainable. The business plan supports the Trust's application to HLF for the need for the investment into the project to allow the business to grow. It does have to be remembered that the project is still at an early stage and therefore the business case is based on the current information available.
- 4.17.6 The Council will continue to work with the Trust to assist in identifying potential alternative funding options that could help in the delivery of the shortfall. One future option could be to lead a partnership bid to a future round of the Scottish Government's Regeneration Capital Grant Fund post 2015. However it is unclear at this stage if there will be any such future rounds. To date the Council has been successful in delivering almost £1M from this fund for projects at Rothesay Pavilion and Dunoon Pier.

4.17.7 The Council could also consider assisting the Trust with their decanting plans which are costed at £84,000 and involve the use of portakabins. If a cheaper alternative could be identified it would help the overall financial picture.

Deliverability

4.18 Points to be considered;

A detailed business plan is in place which clearly sets out the business case. The Trust have appointed an experienced and reputable design team, Project costings are as robust as they can be at this stage. A strategic funding plan has been identified. A sub group of the Trust will be set up to manage the project delivery with an experienced project manager being appointed at the next stage.

Risks

4.19 The Trust and their design team have produced a comprehensive risk register which addresses key areas of risk. This considers potential cost, funding and programming problems and seeks to mitigate these in ways that are normal for capital projects of this nature. As a consequence appropriate levels of contingency and tender inflation allowances have been included and HLF will expect to see this as part of their assessment process. These will need to be continually reviewed as the project progresses.

4.20 It is important to note that the project still has a significant development route to follow and the associated timeline for the development of the stage two HLF bid, assuming a successful stage one bid is 12-24 months. The biggest risk at this stage for the project is that their stage 1 HLF application is not approved at this second consideration of the project. In addition are a number of risks that need to be considered at this stage in regard to the financial request itself but also in regard to the wider risks.

- There still remains however a large funding gap for the Trust to find and this may put the project at greater risk from the point of view of both securing HLF funding and also in delivery. It is important to point out however that the Trust does have a good track record of fund raising and the project is still at a very early stage and it is normal at this stage for a lot of the funding to still be confirmed.
- This is a significant scale of project and the capacity of the organisation to deliver is critical. Funding has been included in the project to allow for a project manager to be employed, and a design team and other key skilled individuals to support the delivery of the project. The Trust has already gone through a lengthy process to get to this stage and have employed professionals to look at the design, costs and risks associated with the project.

4.21 The wider risk which would have an economic impact on the area if the project does not go ahead is that the Museum may close as the Trust feel that the current situation is unsustainable due to the inability to store and manage important collections and artefacts in inappropriate and cramped facilities (as they currently

exist). In addition running costs are rising beyond the level of income primarily due to the age of the building and associated old and poor infrastructure. The constraint of the building in regard to space affects the ability to generate more income. The closure of the museum would result in the loss of 7 full time jobs, 5 part time jobs and 40 volunteering opportunities. This would have a serious knock-on effect into the local economy. In addition nationally important artefacts would be lost to the area as these would be transferred to the National Museum of Scotland in Edinburgh. An internationally important visitor attraction would be lost to the area and all the resulting benefits from such a facility. The Council's archaeological service would be seriously affected as the Museum currently operates a service level agreement to curate our archaeology collection in Campbeltown Museum. This SLA would fall and we would then have to assume direct management of the collections.

Options

- 4.22 The options for the Council at this stage are
- 4.22.1 To decline the request for funding support and instruct officers to write to the Museum and Trust informing them of the decision.
 - 4.22.2 To support the request for funding in principle subject to
 - vii) a successful stage 1 application to HLF
 - viii) a further detailed assessment of the Full Business Case as set out in the report entitled "Request for Grant Funding" also before this committee, in advance of the stage 2 submission to HLF. and that this business case fully meets the Councils own criteria
 - ix) the release of any monies being reliant upon a fully approved, deliverable and fully funded project being in place.
- 4.23 If members are minded to support the project it is proposed that this expenditure is treated as capital and provision made from within the capital programme for 2018/19.

5.0 CONCLUSION

- 5.1 An initial review of the project has been undertaken and has been detailed above. There are challenges for the Trust in developing a project of this size and magnitude and the biggest challenge for them at this time is undoubtedly assembling and securing a funding package that can deliver their vision. The approval of the HLF funding will be critical to determining if the project can move forward to the more detailed development stage. Funding support from the Council will assist in making the funding package more robust. There is no doubt that the offering is unique and the fact that the museum sits in Scotland premier mainland archaeological landscape, offers significant opportunities to a museum where internationally and locally important artefacts are curated, interpreted and displayed. The project will deliver a complete redevelopment and expansion of Kilmartin Museum to not only ensures its survival, but to grow as a key cultural visitor and archaeology centre for Argyll and Bute.

6.0 IMPLICATIONS

- 6.1 Policy
- Within the Single Outcome Agreement is an outcome for a diverse and thriving economy with ambitions to reposition the Argyll and Bute tourism product and profile
- Within the Corporate Plan, a strategic objective is promoting our cultural, social and natural heritage and protecting our unique area.
- Within the Economic Development Action Plan a key outcome is to move the tourism industry up the value chain, extend the season and improve its profile and propositions
- 6.2 Financial
- The capital request for funding would not need to be available for draw down until after the stage 2 bid, likely submission for stage 2 is 2017 and once approved the project would be over a two year delivery period. £50, 000 has already been allocated to the project following a stage 1 HLF pass that has yet to be achieved. This expenditure could be treated as capital and provision made from within the capital programme for 2018/19.
- 6.3 Legal
- None
- 6.4 HR
- None
- 6.5 Equalities
- None
- 6.6 Risk
- An assessment of risk is set out in paragraphs 4.19 to 4.21 above
- 6.7 Customer Services
- None

Executive Director of Development and Infrastructure
February 2015

For further information contact: Audrey Martin 01546 604180

APPENDICES

The copy of the Business Plan is available for member's of the Policy and Resources Committee in the members room

Policy and Resources Committee Workplan 2015-16

March 2015 - This is an outline plan to facilitate forward planning of reports to the P&R Committee.					
19 March 2015					
	<p>Financial Reports Monitoring Pack -</p> <ul style="list-style-type: none"> • Revenue Budget Monitoring Report as at 31 January 2015 • Monitoring of 1% Efficiency Savings for 2014-15 and 2015-16 • Update to 2015-16 Budget as at 31 January 2015 • Monitoring of Financial Risks • Reserves and Balances • Capital Plan Monitoring Report as at 31 January 2015 • Treasury Monitoring Report as at 31 January 2015 	Strategic Finance	Every meeting	17 February 2015	
	Direct Payments Policy and Procedural Guidance for Staff and Managers 2014	Community Services		17 February 2015	
	Membership Of The Proposed Scottish Local Authority Business Loan Fund	Development and Infrastructure Services		17 February 2015	
	Performance Report FQ3 2014/15	Customer Services	Quarterly	17 February 2015	
	Information Management Strategy	Customer Services		17 February 2015	
	2015 - 2019 Customer Service Strategy	Customer Services		17 February 2015	
	Argyll And Bute Council Equalities	Customer		17 February 2015	

Policy and Resources Committee Workplan 2015-16

	Mainstreaming Report And Progress On Equality Outcomes 2015	Services			
	Revised Redundancy Policy and Procedures	Customer Services		17 February 2015	
	Scottish Government Funding For Welfare Reform And Discretionary Housing Payments - Report On Spend To Date And Future Proposals	Customer Services		17 February 2015	
	Council Tax On Empty Properties	Customer Services		17 February 2015	
	Counter Fraud Team - Business Case	Customer Services		17 February 2015	
	Assessment Process for Additional Funding Requested as Part of Revenue Budgeting 2015/16	Development and Infrastructure Services		17 February 2015	
	Policy And Resources Committee Workplan	Customer Services	Every meeting	17 February 2015	
	Lorn Arc Tax Incremental Financing (Tif) Asset Project 1 - Lorn Road/Kirk Road Improvements - Dunbeg Start Up Report	Development and Infrastructure Services		17 February 2015	
	New Schools Redevelopment Project – Campbeltown, Oban, Kirn, Dunoon	Community Services		17 February 2015	
	Major Capital Regeneration Projects - Update Report As At 20 February 2015	Development and Infrastructure Services	Quarterly	17 February 2015	
	Helensburgh Office Project Update	Customer Services		17 February 2015	
	Coastal Erosion at Furnace	Development and Infrastructure		17 February 2015	

Policy and Resources Committee Workplan 2015-16

		Services/ Community Services			
14 May 2015					
	Financial Reports Monitoring Pack - <ul style="list-style-type: none"> • Revenue Budget Monitoring Report • Monitoring of 1% Efficiency Savings • Update to Budget • Monitoring of Financial Risks • Reserves and Balances • Capital Plan Monitoring Report • Treasury Monitoring Report 	Strategic Finance	Every meeting	14 April 2015	
	Performance Report FQ4 2014/15	Customer Services	Quarterly	14 April 2015	
	Café Pavement Licences	Development and Infrastructure	Annual	14 April 2015	Recommended approval to Council on 26 June - To come back for review after first year of implementation in May 2015.
	Policy And Resources Committee Workplan	Customer Services	Every meeting	14 April 2015	
20 August 2015					
	Financial Reports Monitoring Pack - <ul style="list-style-type: none"> • Revenue Budget Monitoring Report • Monitoring of 1% Efficiency Savings • Update to Budget • Monitoring of Financial Risks • Reserves and Balances • Capital Plan Monitoring Report 	Strategic Finance	Every meeting	21 July 2015	

Policy and Resources Committee Workplan 2015-16

	<ul style="list-style-type: none"> Treasury Monitoring Report 				
	Performance Report FQ1 2015/16	Customer Services	Quarterly	21 July 2015	
	Major Capital Regeneration Project Progress Report	Development and Infrastructure Services	Quarterly	21 July 2015	
	Policy And Resources Committee Workplan	Customer Services	Every meeting	21 July 2015	
29 October 2015					
	Financial Reports Monitoring Pack - <ul style="list-style-type: none"> Revenue Budget Monitoring Report Monitoring of 1% Efficiency Savings Update to Budget Monitoring of Financial Risks Reserves and Balances Capital Plan Monitoring Report Treasury Monitoring Report 	Strategic Finance	Every meeting	29 September 2015	
	Performance Report FQ2 2015/16	Customer Services	Quarterly	29 September 2015	
	Policy And Resources Committee Workplan	Customer Services	Every meeting	29 September 2015	
17 December 2015					
	Financial Reports Monitoring Pack - <ul style="list-style-type: none"> Revenue Budget Monitoring Report Monitoring of 1% Efficiency Savings 	Strategic Finance	Every meeting	17 November 2015	

Policy and Resources Committee Workplan 2015-16

	<ul style="list-style-type: none"> • Update to Budget • Monitoring of Financial Risks • Reserves and Balances • Capital Plan Monitoring Report • Treasury Monitoring Report 				
	Major Capital Regeneration Project Progress Report	Development and Infrastructure Services	Quarterly	17 November 2015	
	Policy And Resources Committee Workplan	Customer Services	Every meeting	17 November 2015	
4 February 2016					
	Financial Reports Monitoring Pack - <ul style="list-style-type: none"> • Revenue Budget Monitoring Report • Monitoring of 1% Efficiency Savings • Update to Budget • Monitoring of Financial Risks • Reserves and Balances • Capital Plan Monitoring Report • Treasury Monitoring Report 	Strategic Finance	Every meeting	5 January 2015	
	Planning and Budgeting 2016/17	Strategic Finance	Annual	5 January 2015	
	Policy And Resources Committee Workplan	Customer Services	Every meeting	5 January 2015	
17 March 2016					
	Financial Reports Monitoring Pack - <ul style="list-style-type: none"> • Revenue Budget Monitoring Report • Monitoring of 1% Efficiency 	Strategic Finance	Every meeting	16 February 2015	

Policy and Resources Committee Workplan 2015-16

	<p>Savings</p> <ul style="list-style-type: none"> • Update to Budget • Monitoring of Financial Risks • Reserves and Balances • Capital Plan Monitoring Report • Treasury Monitoring Report 				
	Performance Report FQ3 2015/16	Customer Services	Quarterly	16 February 2016	
	Policy And Resources Committee Workplan	Customer Services	Every meeting	17 February 2015	
Future Items – date to be determined					
	Major Capital Regeneration Project Progress Report	Development and Infrastructure Services	Quarterly		Agreed to request quarterly updates at P&R on 21 August
	ABC Schools Limited - Change of Control	Special Projects	Occasional		
	<p>IHR Policies:</p> <ul style="list-style-type: none"> • Recruitment and Selection Policy • Maximising Attendance Policy • Improving Employee Performance Policy 	Improvement and HR	Occasional		
	NPDO Schools Project Annual Update	Special Projects	Annual		Report after March 2015 to allow a full year outturn to be reported
	SOA Annual Report	Community Services	Annual – Aug/Sept		

Policy and Resources Committee Workplan 2015-16

	Seminar/Workshop on Strategic Risk Register	Strategic Finance	Before future P&R meeting		Agreed 05/02/15 to hold a seminar/workshop for Members on the strategic risk register before a future P&R meeting
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ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****DEVELOPMENT & INFRASTRUCTURE
SERVICES****19th March, 2015**

**LORN ARC TAX INCREMENTAL FINANCING (TIF) ASSET PROJECT 1 - LORN
ROAD / KIRK ROAD IMPROVEMENTS, DUNBEG
START UP REPORT**

1.0 EXECUTIVE SUMMARY

- 1.1 The Full Business Case for the Lorn Arc Tax Incremental Financing (TIF) programme outlines the proposals for delivering a £18.89 million package of infrastructure improvements including access to the Scottish Association for Marine Science (SAMS) / European Marine Science Park, measures to improve Port and Marine facilities within the Lorn Arc area and other business related infrastructure which will support the delivery of the Local Development Plan and assist population and economic growth through the generation of new employment opportunities.
- 1.2 TIF arrangements will allow Argyll and Bute Council to retain and use additional Non Domestic Rates (NDR) generated once borrowing has been repaid, within an agreed boundary over a 25 year period.
- 1.3 It is now proposed to take forward Project 1 - Lorn Road / Kirk Road Improvements at Dunbeg. This investment will enable the further development of The Scottish Association of Marine Science (SAMS) and the Highland and Island Enterprise (HIE) European Marine Science Park (EMSP) along with additional benefits including the short term release of up to 100 residential units and the wider Dunbeg Corridor development aspirations.
- 1.4 The Programme Initiation Document (PID), which received approval from Council on 22 January, sets out the governance for the programme. It states that project start-ups and development costs are to be reported to the Policy and Resources committee for their approval.
- 1.5 **Recommendation**
- 1.6 That Members:
- Approve the drawdown of borrowing for a total of £238,100 for the development of a Full Business Case for Lorn Arc Project 1 – Lorn Road / Kirk Road Improvements at Dunbeg. These resources will be held in a defined budget and managed as detailed in the Lorn Arc Programme PID.
 - Note that the Full Business Case for Project 1 will be reported to a future OLI Area Committee and subsequent Policy and Resources Committee before moving to the implementation stage.

ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

DEVELOPMENT & INFRASTRUCTURE
SERVICES

19th March, 2015

**LORN ARC TAX INCREMENTAL FINANCING (TIF) ASSET PROJECT 1 - LORN
ROAD / KIRK ROAD IMPROVEMENTS, DUNBEG
START UP REPORT**

2.0 INTRODUCTION

- 2.1 This report outlines the background to the Lorn Arc Tax Incremental Financing (TIF) programme and requests the approval of a startup budget to enable Project 1 – Lorn Road / Kirk Road Improvements at Dunbeg to be taken to full business case.
- 2.2 The Oban, Lorn and the Isles Area Committee considered this matter on the 25th February 2015 and recommended that the Policy and Resources Committee approve the drawdown of borrowing for this project.

3.0 RECOMMENDATIONS

- 3.1 That Members:
- Recommend that the Policy and Resources Committee approve the drawdown of borrowing for a total of £238,100 for the development of a Full Business Case for Lorn Arc Project 1 – Lorn Road / Kirk Road Improvements at Dunbeg. These resources will be held in a defined budget and managed as detailed in the Lorn Arc Programme PID.
 - Note that the Full Business Case for Project 1 will be reported to a future OLI Area Committee and subsequent Policy and Resources Committee before moving to the implementation stage.

4.0 DETAIL

LORN ARC PROGRAMME

- 4.1 By way of background, a TIF programme must demonstrate that the funded enabling infrastructure that unlocks regeneration and sustainable economic growth will generate additional public sector revenues to repay the financing requirements of the enabling infrastructure. A full business case for the Lorn Arc TIF programme has previously been developed and approved by both the Council and Scottish Government.
- 4.2 The Lorn Arc programme is considered to be essential for Lorn and indeed wider Argyll and Bute. The focus of Lorn Arc is on delivering essential infrastructure to unlock private sector investment on a number of identified investment opportunities. The Council is mindful that Lorn Arc represents enabled borrowing

for up to £18.89 million and not a grant. This requires that it be paid back by the Council over a 25 year period with principally additional non domestic rates being used to pay this money back. Lorn Arc will only succeed if investment is forthcoming from the private sector and consequently it will rely on partnership working to deliver the desired outcomes. The Council also recognises that Lorn Arc will require investment from outwith Lorn.

- 4.3 The Lorn Arc programme will commence when the first work starts on the ground. It is a requirement of the Scottish Government approval that this happens before 30th September 2015. It is envisaged that Project 9 at Oban Airport will be the first project to start and that other Projects such as Project 1 - Lorn Road / Kirk Road Improvements at Dunbeg will follow closely behind.
- 4.4 In order to progress the Lorn Arc programme, the team has developed a robust and fit for purpose Programme Initiation Document (PID). The PID describes how the Lorn Arc programme will be delivered and managed. It was approved by Council on 22nd January 2015.
- 4.5 The governance arrangements set out in the PID require that project start-ups and the costs associated with preparing a full business case are approved by the Policy and Resources Committee. A full business case is necessary to ensure that the project is viable and prudent. Preparatory works are required to inform the full business case and often include site surveys, design work, preparation of planning applications, economic impact assessments and procurement costs.
- 4.6 Start-up costs for each project are likely to constitute up to 20% of the overall capital costs of the proposed project. These costs form part of the £18.89m TIF funded borrowing.
- 4.7 A summary of Lorn Arc TIF Project 1 - Lorn Road / Kirk Road Improvements at Dunbeg, as outlined in the original Lorn Arc Full Business Case agreed by the Scottish Government, is detailed in the following table :-

Table 1 : Summary of TIF Asset project	
Project No. 1	Lorn Rd / Kirk Rd Improvements, Dunbeg
Purpose	Road widening and junction improvements to enable further development of the Scottish Association of Marine Science (SAMS)/ European Marine Science Park area and wider Dunbeg Corridor.
Finance	Indicative Cost - £2.75M TIF Investment - £2.75M
Justification summary	This investment will enable the further development of SAMS and particularly Highland and Island Enterprise (HIE) European Marine Science Park (EMSP). This investment will directly enable this vital development as it is a requirement of any future planning consent and will directly result in additional NDR to include within the financing of the TIF borrowing. Two new business park units (20,000sqft each) are planned and it is envisaged that there may be scope for

	<p>a further unit (20,000sqft) if market demand is high. Additional benefits of this investment include the release of up to 100 residential units and further expansion of SAMS' operations. The outline design and costing process has been progressed and have informed the allowance made in the TIF budget. A prudent approach has been taken to the costing due to allowances for ground conditions and utility changes and an allowance of circa 40% optimism bias has been made on construction costs and design fees. This will be reduced as the project progresses and further certainty is possible. The main risk to the short term deliverability of this project is the CPO process which is required to allow the implementation of the road. This process is being progressed at present with planning permission currently being sought, followed by instigation of the CPO process. Construction is envisaged to start in 2016.</p>
Delivery Timescales	2014 to 2018

4.8 In order to produce a Full Business Case for this project a drawdown of £238,100 is required. The detailed breakdown of these costs is detailed in Appendix 1 (exempt item).

4.9 The Full Business Case is expected to be presented to the Oban, Lorn and the Isles Area Committee on 9th September 2015 and then the Policy and Resources Committee on 29th October 2015. This will include full details of the delivery programme for completion of this project.

5.0 CONCLUSION

5.1 The Lorn Arc TIF Project 1 - Lorn Road / Kirk Road Improvements at Dunbeg is considered to be a vital element in the overall Lorn Arc Programme, delivering an essential new access road that directly facilitates the further development of both the European Marine Science Park and future expansion of SAMS, along with enabling ancillary housing development and contributing to the development of the wider Dunbeg Corridor. Start-up costs are required to develop a full business case which will ensure that the project is viable and prudent. The Policy and Resources Committee will be asked to approve the full business case, following consideration by the Oban, Lorn and the Isles Area Committee, before the project proceeds to implementation.

6.0 IMPLICATIONS

6.1 **Policy** - The delivery of the Lorn Arc Programme supports the delivery of the Council's Corporate Plan, Single Outcome Agreement, EDAP and the draft Local Development Plan. The economic outcomes from this programme will also contribute to the Government's Economic Strategy.

6.2 **Financial** - The Lorn Arc TIF business case has secured the ability of the Council to borrow up to £18.89 million to take forward the Lorn Arc Programme. Approval of a budget to cover the startup costs for this TIF Asset project is

essential to enable a full business case to be produced to establish the viability of this project.

6.3 **Legal** - None.

6.4 **HR** - None.

6.5 **Equalities** - An equalities impact assessment has been undertaken as part of the Full Business Case process. The Lorn Arc programme will comply with the Council's equality and sustainability policies. This TIF project's full business case will include an equalities impact assessment and a sustainability assessment.

6.6 **Risk** - A risk assessment has been undertaken as part of the Lorn Arc full business case and a risk register forms an integral part of the Project Initiation Document (PID). The full business case for this project will include a project specific risk register.

6.7 **Customer Service** – None

Executive Director of Development and Infrastructure, Pippa Milne

Ellen Morton - Policy Lead Special Projects

For further information contact:

Adrian Jackson-Stark Oban Lorn Arc Regeneration Project Manager 01631 567970 adrian.jackson-stark@argyll-bute.gov.uk	Linda Houston Oban Regeneration Project Manager Argyll & Bute Council 01631 569181 linda.houston@argyll-bute.gov.uk
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