

Argyll and Bute Council
Comhairle Earra Ghaidheal agus Bhoid

Customer Services
Executive Director: Douglas Hendry



Kilmory, Lochgilphead, PA31 8RT
Tel: 01546 602127 Fax: 01546 604435
DX 599700 LOCHGILPHEAD
e.mail –douglas.hendry@argyll-bute.gov.uk

18 June 2015

NOTICE OF MEETING

A meeting of **ARGYLL AND BUTE COUNCIL** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 25 JUNE 2015** at **10:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTERESTS (IF ANY)

3. MINUTES

Argyll and Bute Council – 23 April 2015 (Pages 1 - 18)

4. MINUTES OF COMMITTEES

- * (a) Policy and Resources Committee held on 14 May 2015 (Pages 19 - 26)
- (b) Community Services Committee held on 4 June 2015 (Pages 27 - 34)
- * (c) Special Policy and Resources Committee held on 22 June 2015 (to follow)

The above minutes are submitted to the Council for approval of any recommendations on the items which the Committee does not have delegated powers. These items are marked with an *.

5. LEADER'S REPORT

Report by Leader of the Council (Pages 35 - 50)

6. POLICY LEAD COUNCILLORS REPORTS

- (a) Policy Lead update on Sustainable Economic Growth and Education and Life Long Learning (Pages 51 - 68)

7. ARMED FORCES AND VETERANS CHAMPION UPDATE

Report by Executive Director – Customer Services (Pages 69 - 76)

8. END OF 2014/15 FINANCIAL YEAR REPORTS

- (a) Earmarked Reserves
Report by Interim Head of Strategic Finance (Pages 77 - 102)
- (b) Revenue Budget Monitoring
Report by Interim Head of Strategic Finance (Pages 103 - 116)
- (c) Capital Plan Monitoring
Report by Interim Head of Strategic Finance (Pages 117 - 150)
- (d) Annual Treasury Report
Report by Interim Head of Strategic Finance (Pages 151 - 162)
- (e) Annual Efficiency Statement
Report by Interim Head of Strategic Finance (Pages 163 - 168)
- (f) Strategic Housing Fund Annual Report
Report by Interim Head of Strategic Finance (Pages 169 - 176)
- (g) Unaudited Financial Statements
Report by Interim Head of Strategic Finance (Pages 177 - 296)

9. COUNCIL DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME 2015

Report by Executive Director – Customer Services (Pages 297 - 316)

10. VACANCIES ON COMMITTEES

Report by Executive Director – Customer Services (to follow)

11. MAXIMUM RECOMMENDED FARESCALE FOR COUNCIL SUPPORTED BUS SERVICES

Report by Executive Director – Customer Services (Pages 317 - 322)

12. CAMPBELTOWN COMMON GOOD FUND

Report by Executive Director – Customer Services (Pages 323 - 326)

13. COMMISSION ON LOCAL TAX REFORM

Report by Executive Director – Customer Services (Pages 327 - 340)

14. CHIEF SOCIAL WORK OFFICER

Report by Executive Director – Community Services (Pages 341 - 344)

- 15. REZONING REQUEST BY ACHAHOISH PARENT COUNCIL**
Report by Executive Director – Community Services and recommendation by Mid Argyll, Kintyre and the Islands Area Committee held on 3 June 2015
(Pages 345 - 362)
- 16. PROPOSED ADOPTION OF THE ARGYLL AND BUTE CORE PATHS PLAN**
Report by Executive Director – Development and Infrastructure Services
(Pages 363 - 380)
- 17. FLOOD RISK MANAGEMENT - NATIONAL PRIORITISATION OF ACTIONS**
Report by Executive Director – Development and Infrastructure Services
(Pages 381 - 386)
- 18. UPDATE FROM SHORT LIFE WORKING GROUP - ARGYLL ISLANDS TASK FORCE**
Report by Executive Director – Development and Infrastructure Services
(Pages 387 - 394)
- 19. AGREEMENT WITH MACC TO FORM A CONSORTIUM TO BID FOR MACHRIHANISH TO BE A UK SPACEPORT**
Report by Executive Director – Development and Infrastructure Services
(Pages 395 - 400)
- 20. GOUROCK-DUNOON FERRY SERVICE FUTURE CONTRACT**
Report by Executive Director – Development and Infrastructure Services
(Pages 401 - 404)
- 21. DUNOON WOODEN PIER**
Recommendation from Bute and Cowal Area Committee held on 7 April 2015
(Pages 405 - 434)
- 22. NOTICE OF MOTION UNDER STANDING ORDER 13**

The Flag of Scotland (The Saltire)

Whereas the Mid Argyll community previously benefitted from the regular flying of the Saltire on the Front Green of Lochgilphead, its removal prior to 2014 Referendum continues to cause considerable consternation, as evidenced by a local petition, community council business, representations to local Members and newspaper articles. This concern however, is not restricted to Mid Argyll, but is reflected across Argyll and Bute.

The Council's Flag Flying policy sets out which flags are to be flown, from which flag staffs or poles on which flag days; including the Saltire on six days per year, and the Council flag on the day of a Council meeting.

Whereas it has been suggested that the continuous use of the Saltire diminishes the significance of flag flying on appointed days, this is clearly at odds with other Councils, at least 19 of which fly the Saltire, businesses and governmental agencies which hold no such fear.

Motion:

That the Council Flag Flying Policy be amended so that the Flag of Scotland be flown on Council flag staffs (poles) on all days other than those specified in the Flag Flying Policy for

the flying of the Union flag and the Council flag.

Moved Councillor Sandy Taylor, seconded Councillor Dougie Philand

- E1 23. NPDO SCHOOLS PROJECT - REFINANCING**
Report by Executive Director – Customer Services (Pages 435 - 440)
- E2 24. INVESTMENT OPPORTUNITY - HUB CO SUB DEBT**
Report by Interim Head of Strategic Finance (Pages 441 - 452)
- E3 25. HEBRIDEAN AIR SERVICES LTD CONTRACT AWARD**
Report by Executive Director – Development and Infrastructure Services (Pages 453 - 458)
- E4 26. A814 HELENSBURGH - LOMOND CYCLEWAYS PROPOSED COMPULSORY PURCHASE ORDER**
Report by Executive Director – Customer Services (Pages 459 - 472)

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,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.
- 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.
- E4 Paragraph 13** Information which, if disclosed to the public, would reveal that the authority proposes-
- (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - (b) to make an order or direction under any enactment.

COUNCIL

ALL MEMBERS

Contact: Hazel MacInnes Tel: 01546 604269

**MINUTES of MEETING of ARGYLL AND BUTE COUNCIL held in the COUNCIL CHAMBER,
KILMORY, LOCHGILPHEAD
on THURSDAY, 23 APRIL 2015**

Present:

Councillor Len Scoullar (Provost)

Councillor John Armour	Councillor Robert G MacIntyre
Councillor Gordon Blair	Councillor Iain Stewart MacLean
Councillor Rory Colville	Councillor Donald MacMillan
Councillor Maurice Corry	Councillor Alex McNaughton
Councillor Robin Currie	Councillor James McQueen
Councillor Vivien Dance	Councillor Bruce Marshall
Councillor Mary-Jean Devon	Councillor Aileen Morton
Councillor George Freeman	Councillor Gary Mulvaney
Councillor Anne Horn	Councillor Douglas Philand
Councillor David Kinniburgh	Councillor Elaine Robertson
Councillor John McAlpine	Councillor James Robb
Councillor Iain Angus MacDonald	Councillor Isobel Strong
Councillor Alistair MacDougall	Councillor Sandy Taylor
Councillor Neil MacIntyre	Councillor Richard Trail
Councillor Robert E Macintyre	Councillor Dick Walsh

Attending:

Sally Loudon, Chief Executive
 Douglas Hendry, Executive Director – Customer Services
 Cleland Sneddon, Executive Director – Community Services
 Pippa Milne, Executive Director – Development and Infrastructure Services
 Charles Reppke, Head of Governance and Law
 Jane Fowler, Head of Improvement and HR
 Peter Cupples, Finance Manager
 Matt Mulderrig, Development Policy Manager
 David Logan, Quality Improvement Officer
 Michael Casey, Schools Development Project Manager

The Head of Governance and Law advised of an urgent Motion, submitted under Standing Order 14, by Councillor Robin Currie and seconded by Councillor Trail in relation to an affordable warmth manifesto for the Highlands and Islands. The Provost ruled and the Council agreed that this be taken as an urgent item due to the need to confirm the Council's endorsement, if so minded, by a certain date. The Provost advised that this would be considered after item 15 of the agenda.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Michael Breslin, Donald Kelly, Roderick McCuish, Duncan MacIntyre and Ellen Morton.

2. DECLARATIONS OF INTERESTS

Councillor James McQueen declared a non-financial interest in item 7 of the agenda due to his involvement with Dunoon Boxing Club.

Councillor Sandy Taylor declared a non-financial interest in item 7 of the agenda due to his involvement with Kilmartin House. He claimed the benefit of the dispensation as contained at section 5.16 of the Standard Commission's Guidance and Dispensation Note dated December 2010 to enable him to speak and vote.

Councillors Bruce Marshall, Sandy Taylor and Richard Trail declared a non-financial interest in item 10 of the agenda due to the fact they are Members of the ACHA Board. They each claimed the benefit of the dispensation as contained at section 5.16 of the Standard Commission's Guidance and Dispensation Note dated December 2010 to enable them to speak and vote.

3. MINUTES

(a) **ARGYLL AND BUTE COUNCIL HELD ON 12 FEBRUARY 2015 AT 11AM**

The Minutes of the Meeting of Argyll and Bute Council held on 12 February 2015 were approved as a correct record.

(b) **SPECIAL ARGYLL AND BUTE COUNCIL HELD ON 12 FEBRUARY 2015 AT 2PM**

The Minutes of the Special Meeting of Argyll and Bute Council held on 12 February 2015 were approved as a correct record.

(c) **SPECIAL ARGYLL AND BUTE COUNCIL HELD ON 19 MARCH 2015**

The Minutes of the Special Meeting of Argyll and Bute Council held on 19 March 2015 were approved as a correct record subject to the following amendment –

Under item 2 (Declarations of Interest) the second paragraph be amended to read –

“Councillor Neil MacIntyre declared a non-financial interest in item 4 of the agenda at this point due to him having a family Member who had submitted a bid”.

4. MINUTES OF COMMITTEES

(a) **COMMUNITY SERVICES COMMITTEE HELD ON 12 MARCH 2015**

The Minutes of the meeting of the Community Services Committee held on 12 March 2015 were noted.

(b) **POLICY AND RESOURCES COMMITTEE HELD ON 19 MARCH 2015**

The Minutes of the meeting of the Policy and Resources Committee meeting held on 19 March 2015 were noted.

Arising from item 7 (Revised Redundancy Policy and Procedures), the Council noted the revisions to the Policy.

Arising from item 15 (b) (Assessment of External Financial Request), the Council noted that this would be considered as part of the decision taken at item 7 of the agenda (Capital Planning Pack).

Arising from item 17 (Castle Lodge Gate House) the Council noted that this would be considered as part of the decision taken at item 7 of the agenda (Capital Planning Pack).

- (c) **SPECIAL POLICY AND RESOURCES COMMITTEE HELD ON 2 APRIL 2015**
The Minutes of the Meeting of the Policy and Resources Committee held on 2 April 2015 were noted.

- (d) **ENVIRONMENT, DEVELOPMENT AND INFRASTRUCTURE COMMITTEE HELD ON 13 APRIL 2015**
The Minutes of the Meeting of the Environment, Development and Infrastructure Committee held on 13 April 2015 were noted.

5. LEADER'S REPORT

A report outlining the key activities undertaken within the role of Council Leader since 23 January 2015 was considered.

Decision

The Council –

1. Noted the content of the report.
2. Noted that additional documentation was available in a Leaders Report Pack through the Leadership Support Officer.

(Reference: Report by Leader of the Council dated April 2015, submitted)

6. POLICY LEAD COUNCILLORS REPORTS

- (a) **REPORT BY POLICY LEAD COUNCILLOR FOR PPSL**
The Council considered a report from the Policy Lead Councillor for Planning, Protective Services and Licensing. The report outlined activities undertaken by the Policy Lead Councillor in his role in the period between 16 April 2014 and 16 April 2015.

Decision

The Council noted the content of the report.

(Reference: Report by Policy Lead Councillor for Planning, Protective Services and Licensing dated April 2015, submitted)

- (b) **REPORT BY POLICY LEAD COUNCILLOR FOR GAELIC**
The Council considered a report from the Policy Lead Councillor for Gaelic. The report outlined the work undertaken by the Policy Lead Councillor in his role between 1 October 2014 and 31 March 2015.

Decision

The Council noted the content of the report.

(Reference: Report by Policy Lead Councillor for Gaelic dated April 2015, submitted)

(c) **REPORT BY POLICY LEAD COUNCILLOR FOR ISLAND AFFAIRS**

The Council considered a report from the Policy Lead Councillor for Islands. The report outlined the work undertaken by the Policy Lead Councillor in relation to islands in the period between September 2014 and March 2015.

Decision

The Council noted the content of the report.

(Reference: Report by Policy Lead Councillor for Islands dated 9 April 2015, submitted)

Councillor James McQueen having previously declared an interest in the following item of business left the room and took no part in the consideration of this item.

7. CAPITAL PLANNING PACK 2015-16 TO 2019-20

The Council considered a package of papers in relation to capital and asset management planning.

Decision

The Council –

1. Approved the recommendations contained within the Capital Plan Summary Report.
2. Approved the Corporate Asset Management Strategy.
3. Approved the Corporate Asset Management Plan.
4. Approved the Service Asset Management Plans.

(Reference: Capital Planning Pack 2015/16 to 2019/20, submitted)

Councillor McQueen rejoined the meeting.

8. COUNCIL CONSTITUTION REVIEW

The Council considered a report containing proposed changes to the Council Constitution as part of the annual review of the document.

The Head of Governance and Law advised the Council of some amendments to the recommendations as contained within the report.

Motion

The Council –

1. To note for the purposes of standing order 1.3.2,13.1 and 14.1 that the requirements for written notification shall also be satisfied by an email of the motion or notice being submitted by individual members via their Council email account.
2. To amend the Scheme of Delegation to delete the second sentence of paragraph 1.3.2[2] and to invite the Council to appoint a Chair and Vice Chair of the Strategic Committees for Community Services and Environment Development and Infrastructure.
3. To delete the delegation contained at paragraph 2.5.3[b] as from the date of adoption of the new statutory guidance on area capacity evaluations and to note that such applications shall be included within those matters delegated to the Executive Director Development and Infrastructure Services and to be subject to the same provisions as for other local applications.
4. To note the proposed update to the Terms of Reference of the Community Services Committee at section 2.3 to clarify the full remit of the service.
5. To note that there will be a need to update the Constitution further when the IJB becomes operational to create a series of delegations for the Chief Officer in respect of functions currently delegated to the Executive Director of Community Services.
6. To delete the words “safe guarders and” from delegation 4 within the detail for the Executive Director of Customer Services as the appointment of safe guarders is now dealt with by a national agency.
7. To appoint Councillor Robin Currie as Chair of the Community Services Committee and Councillor Mary Jean Devon as Vice-Chair.
8. To appoint Councillor Ellen Morton as Chair of the Environment, Development and Infrastructure Committee and Councillor Robert G MacIntyre as Vice-Chair.

Moved Councillor Dick Walsh, seconded Councillor Gary Mulvaney.

Amendment

1. To note for the purposes of standing order 1.3.2,13.1 and 14.1 that the requirements for written notification shall also be satisfied by an email of the motion or notice being submitted by individual members via their Council email account.
2. To amend the Scheme of Delegation to delete the second sentence of paragraph 1.3.2[2] and to invite the Council to appoint a Chair and Vice Chair of the Strategic Committees for Community Services and Environment Development and Infrastructure.

3. To delete the delegation contained at paragraph 2.5.3[b] as from the date of adoption of the new statutory guidance on area capacity evaluations and to note that such applications shall be included within those matters delegated to the Executive Director Development and Infrastructure Services and to be subject to the same provisions as for other local applications.
4. To note the proposed update to the Terms of Reference of the Community Services Committee at section 2.3 to clarify the full remit of the service.
5. To note that there will be a need to update the Constitution further when the IJB becomes operational to create a series of delegations for the Chief Officer in respect of functions currently delegated to the Executive Director of Community Services.
6. To delete the words “safe guarders and” from delegation 4 within the detail for the Executive Director of Customer Services as the appointment of safe guarders is now dealt with by a national agency.
7. To appoint Councillor Robin Currie as Chair of the Community Services Committee and Councillor Richard Trail as Vice-Chair.
8. To appoint Councillor Ellen Morton as Chair of the Environment, Development and Infrastructure Committee and Councillor Isobel Strong as Vice-Chair.

Moved Councillor James Robb, seconded Councillor Iain MacLean.

Decision

On a show of hands vote the Motion was carried by 20 votes to 9 and the Council resolved accordingly.

(Reference: Report by Executive Director – Customer Services dated 23 April 2015, submitted)

9. POLITICAL MANAGEMENT ARRANGEMENTS: POLITICAL COMPOSITION, POLICY LEADS AND APPOINTMENTS TO COMMITTEES AND OTHER BODIES

A report updating the Council on current political management arrangements in respect of the political composition of the Council and with regards to revisions to Policy Leads and their portfolios was considered. The report also dealt with appointments to Committees and other bodies.

Decision

1. Noted the revised arrangements, as set down in appendices 1 & 2 to –
 - a) Reduce the number of policy leads and ensure a better strategic fit with departments/senior officers
 - b) Achieve an overall budget saving in members’ remuneration

- c) Continue the current arrangements wherein a councillor holds more than one eligible senior role, only one Senior Councillor Payment is made at the higher rate.
2. Agreed that as the revised remits will give rise to changes in the membership of external bodies associated with the revised portfolios that members agree to this being delegated to the Director of Customer Services in consultation with the Leader and Depute Leader of the Council and the Leader of the Opposition and to advise Elected Members of these consequent changes.
3. Agreed, as a consequence of the revised Policy Lead portfolios and appointments, and the need to satisfy balance, to delegate to the Director of Customer Services in consultation with the Leader and Depute Leader of the Council and the Leader of the opposition to notify the required changes to the Strategic Committee appointments based on committee memberships of 16 members based on a 12:4 split and to advise elected members of these consequent changes.
4. Agreed to appoint 10 members to the new single Harbour Authority to be Chaired by Councillor Ellen Morton, Chair of the EDI Committee, Vice Chair Robert G MacIntyre and to appoint 8 other members on the basis of 5 administration members and 3 opposition members. As far as is practically possible the appointed members should have regard to the relevant area representation. The Leader of the Administration and Leader of the main opposition Group to notify the Executive Director of Customer Services of the names of the appointed members.
5. Noted the appointment of shadow spokespersons from the SNP group as set out in appendix 2.

[Appendices 1 and 2 are appended to the end of this minute]

(Reference: Report by Executive Director – Customer Services dated 9 April 2015, submitted and Notice of Motion by Councillor Dick Walsh, seconded by Councillor Gary Mulvaney, tabled)

10. ARGYLL COMMUNITY HOUSING ASSOCIATION CONSULTATION REQUEST

The Council considered a report inviting Members to comment on a proposal from Argyll Community Housing Association to reduce the Councillor representation on their Board from 5 to 3.

Decision

The Council noted the report and agreed to take no action.

(Reference: Report by Executive Director – Customer Services dated 8 April 2015, submitted)

11. SCHEME OF REMUNERATION FOR COUNCILLORS

The Council considered a report in respect of remuneration arrangements for Councillors for 2015-16.

Motion

1. To note the increased payments as detailed in the report by the Executive Director and noted that the arrears due would be paid in the May pay run.
2. To agree the increase in remuneration of Policy Leads by 1% for 2015/16 and that those payments are backdated to be consistent with national decisions on payments determined by statutory instrument.

Moved Councillor Dick Walsh, seconded Councillor Gary Mulvaney.

Amendment

To take no action.

Moved Councillor George Freeman, seconded Councillor Neil MacIntyre.

Decision

On a show of hands vote the Motion was carried by 17 votes to 5 and the Council resolved accordingly.

(Reference: Report by Executive Director – Customer Services dated 23 March 2015, submitted)

12. REVIEW OF CHARITABLE TRUSTS HELD BY ARGYLL & BUTE COUNCIL

The Council considered a report which sought final approval to the reorganisation of charitable trust funds as outlined in the report by the Executive Director and to make payment to the recipient charities of the Charity Reorganisation Scheme which have been approved by OSCR.

Decision

The Council gave final authorisation of the actions outlined in the report and provided authority to make payment to the recipient charities as detailed and have the trusts wound up and removed from the OSCR register namely:-

- (1) Miss Catherine McCaig Trust SC025066. Approve the payment of the remaining funds to the Hope Kitchen Trust SCO041770 and then to wind up the Trust and remove it from the OSCR register.
- (2) Misses MacGillivray Trust SC019593. Approve the payment of the remaining funds to the Hope Kitchen Trust SCO041770 and then to wind up the Trust and

remove it from the OSCR register.

- (3) Miss Evangeline MacDonald Trust SC025066. Approve the payment of the remaining funds to the Hope Kitchen Trust SCO041770 and then to wind up the Trust and remove it from the OSCR register.

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

13. REVIEW OF SCHEME FOR ESTABLISHMENT OF COMMUNITY COUNCILS - SHORT LIFE WORKING GROUP

The Council considered a report which set out the current position with regards to extension of the electoral franchise and in light of this requested them to consider if there was a requirement to continue the SLWG to further consider this matter.

Motion

That Council:

- (a) Note the current position on the extension of the electoral franchise to 16-17 year olds and the feedback from other Councils.
- (b) Agree that in light of the information provided within this report there is no further requirement to continue the work of the SLWG.
- (c) Agree the recommendation not to extend the electoral franchise for Community Council Elections at this time but to give effect to it from and after the next review of the Scheme in 2017; to have effect at the next full election.
- (d) Note the request from Arrochar and Tarbet Community Council to change the name of the Community Council and to agree to consult on this at the next scheduled review providing there are no changes to their current boundary from the impending Boundary Commission Review.

Moved Councillor Dick Walsh, seconded Councillor Gary Mulvaney.

Amendment

That Council:

- (a) Note the current position on the extension of the electoral franchise to 16-17 year olds and the feedback from other Councils.
- (b) Agree that in light of the information provided within this report there is no further requirement to continue the work of the SLWG.
- (c) Agree the recommendation not to extend the electoral franchise for Community Council Elections at this time but to give effect to it from and after the next review of the Scheme in 2017; to have effect at the next full election.
- (d) Agree the change of the Community Council name as requested and to regard this as de minimis and therefore not require a review of the Scheme.

Moved Councillor George Freeman, seconded Councillor Robert G MacIntyre.

Decision

On a show of hands vote the Motion was carried by 16 votes to 12 and the Council resolved accordingly.

(Reference: Report by Executive Director – Customer Services dated 23 March 2015, submitted)

14. ARGYLL AND BUTE LOCAL DEVELOPMENT PLAN - ACTION PROGRAMME

The Local Development Plan Action Programme was before the Council for adoption. The Action Programme is an integral part of the Local Development Plan which must be adopted by the Council, kept under review and republished bi-annually.

Decision

The Council –

1. Noted and adopted the Local Development Plan Action Programme and agreed its submission to the Scottish Government.
2. Noted the intention to produce a “Key Sites” Action Programme in consultation with Members and coordination with the Council’s Economic Development Service later in the year.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 20 February 2015, submitted and Local Development Plan Action Programme, available online)

15. PROPOSED ARGYLL AND BUTE COUNCIL HISTORIC ENVIRONMENT STRATEGY

The proposed Argyll and Bute Council Historic Environment Strategy was before the Council for approval.

Decision

The Council –

1. Noted the content of the proposed Argyll and Bute Council Historic Environment Strategy.
2. Agreed the content of the proposed Strategy and Action Plan and agreed that the Strategy be taken to public consultation.

(Reference: Report by Executive Director – Development and Infrastructure Services dated April 2015, submitted)

16. NOTICE OF MOTION UNDER STANDING ORDER 14

The following Notice of Motion was before the Council for consideration –

To invite the Council to endorse the affordable warmth manifesto for the Highlands and Islands in the following terms

AFFORDABLE WARMTH MANIFESTO FOR THE HIGHLANDS AND ISLANDS

To support other like minded organisations to bring the long-standing, energy pricing unfairnesses being applied to Highland & Island households to a rapid and conclusive end.

The context for this campaign is that the Highlands and Islands of Scotland experience the harshest climatic conditions in the UK and record levels of fuel poverty (71% of all households in the Western Isles according to a recent survey). Mains gas – which is by far the cheapest heating fuel – is simply unavailable for most Highlanders and Islanders, offering them no chance therefore of accessing the additional, money-saving ‘dual fuel’ discounts which are widely available across the rest of the UK. Moreover, there is far greater, area-wide dependence on the use of electricity for heating as well as lighting but the standard unit price charged is 2p a kw/hr more than in most other parts of the UK and 6p and more for the various ‘economy’ tariffs on offer. On top of all this there is also a far greater reliance in off-gas areas on using domestic heating oil and solid fuel which pushes up household heating costs further still. As a result, domestic energy bills in off-gas areas are, on average, around £1000 more per annum than the £1369 pa dual fuel national average (2014). To cap it all, customers on prepayment meters (often the least well off) not only have to pay additional standing charges but also discover that their notional right to change to a cheaper electricity supplier has become impracticable .

Such energy pricing unfairnesses are unacceptable wherever they occur in the UK

1. Standing charges and the price of a standard unit of electricity should be exactly the same wherever you live in the UK. The total costs of transmitting and distributing electricity across all parts of the UK, including the Highlands & Islands of Scotland and other ‘high cost’ areas, should be shared equally by all UK consumers and the standard unit charge equalised accordingly. Those on pre-payment meters should have the same charges and choices as all other customers.

2. There should be no delay in equalising the standard electricity price in the Highlands and Islands. Priority action should be taken by the Government of the day – either before or immediately after the General Election - to ensure that the existing mechanisms of the Hydro Benefit Replacement Scheme and Common Tariff Obligation (which have consistently failed to create the expected level playing field) receive sufficient financial investment to bring electricity prices in the Highlands & Islands down to precisely the same average levels as are applied in the rest of the UK.

3. Moreover, off peak/economy rate electricity should also be made available to domestic consumers at exactly the same minimum unit cost wherever they live in the UK. To this end Ofgem should ensure that no electricity supplier can operate an effective monopoly in the Highlands & Islands and that customers can, in reality, switch easily and readily from one economy tariff to another and/or from one electricity supplier to another in order to make clearly explained savings on their energy bills and, in particular, the domestic heating element of those bills.

4. The currently unregulated domestic heating oil and LPG (bottled gas) supply market in the Highlands & Islands should be thoroughly investigated with a view to Government intervention (regulation and/or subsidy) that results in retail prices being brought down to UK averages. This is to ensure that the scarcity of suppliers in the Highlands & Islands cannot continue to mean that customers pay by far the highest prices in the UK - eg 20%+ more per litre of domestic oil than from the much more competitive Northern Ireland supply market.

Moved Councillor Robin Currie, seconded Councillor Richard Trail.

Decision

The Council endorsed the terms of the Notice of Motion.

(Reference: Notice of Motion by Councillor Robin Currie, seconded Councillor Richard Trail, tabled)

The Council resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for the following 4 items of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 12; 8; 8; and 9 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

17. LOCAL GOVERNMENT BOUNDARY COMMISSION PROPOSALS FOR ARGYLL AND BUTE

The Council considered a report in respect of proposals by the Local Government Boundary Commission.

Decision

The Council agreed –

1. To set up a Short Life Working Group to consider the proposals in detail.
2. The Membership of the Short Life Working Group to be the Leader of the Council, Leader of the Opposition, 8 Members from the Administration and 4 Members from the Opposition with names to be notified to the Executive Director – Customer Services.
3. That the Short Life Working Group be Chaired by the Leader of the Council.

(Reference: Report by Executive Director – Customer Services dated 25 March 2015, submitted)

18. ROTHESAY PAVILION FULL BUSINESS CASE

The Council considered a report presenting the full Business Case for the redevelopment of Rothesay Pavilion.

Decision

The Council agreed the recommendations contained within the submitted report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated April 2015 and Full Business Case, submitted. Appendices A-G made available for perusal in the Members Room)

19. NEW SCHOOLS REDEVELOPMENT PROJECT - DUNOON PRIMARY SCHOOL - AFFORDABILITY POSITION AND ISSUE OF NEW PROJECT REQUEST TO HUBNORTH SCOTLAND LTD

A report was considered which provided an updated affordability calculation in respect of the proposed refurbishment/remodelling of Dunoon Primary School. The report

also provided information with regard to the process to lodge a New Project Request with the Scottish Futures Trust and hubNorth Scotland Ltd.

Decision

The Council agreed the recommendations as contained within the submitted report.

(Reference: Report by Executive Director – Community Services dated 23 March 2015, submitted)

20. NPDO SCHOOLS AFFORDABILITY REPORT

The Council considered a report summarising progress in relation to the Council's NPDO project to the end of March 2015 and, in particular, provided an update on the current financial position of the Project.

Decision

The Council –

1. Noted the report.
2. Agreed that the Special Projects Team continue discussions to achieve gains from the NPDO Project and will report back on progress.

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

POLITICAL MANAGEMENT ARRANGEMENTS

Policy Lead Remit	SRA	Policy Lead	Depute	Executive Director	Heads of Service
Island Affairs	no	Len Scoullar (Provost)		Pippa Milne	Fergus Murray
Health & Social Care Integration	yes	Mary Jean Devon	a) Children & Families - Jimmy McQueen b) Adult Care - Elaine Robertson and Dougie Philand	Cleland Sneddon	Louise Long Jim Robb
Strategic Finance (IT Services, Improvement, HR, Customer Support, Facility Services, Governance and Law)	no	Dick Walsh (Leader)	Gary Mulvaney	Sally Loudon Douglas Hendry	Steve Barrett Judy Orr Jane Fowler Charles Reppke Malcolm MacFadyen
Roads, Infrastructure, Amenity Services and Special Projects	yes	Ellen Morton	Robert G MacIntyre	Pippa Milne	Jim Smith Fergus Murray
Sustainable Economic Growth (Economic Development, European Affairs, Renewables and Strategic Tourism)	yes	Aileen Morton	Maurice Corry	Pippa Milne	Fergus Murray
Transportation (strategic local, Ferries, Piers, Harbours and Airports)	yes	Alistair MacDougall		Pippa Milne Douglas Hendry	Fergus Murray Jim Smith Malcolm MacFadyen
Strategic Housing, Gaelic, Community & Culture	yes	Robin Currie	Roddy McCuish	Cleland Sneddon	Donald MacVicar
Education, & Lifelong Learning	yes	Rory Colville		Cleland Sneddon	Ann Marie Knowles

					Donald MacVicar
PPSL, Planning Services, Historic and Sustainable Environment	yes	David Kinniburgh	Alex McNaughton	Pippa Milne	Angus Gilmour Charles Reppke Fergus Murray

To note that the existing appointments as Chair/Vice Chair of each of the Area Committees remain unchanged

Appendix 2

Argyll and Bute Council Group - SNP Spokespersons			2015
Business, Energy & Tourism (Infrastructure, Investment & the Environment)			
	Economic development, town centres, BIDs Sustainable Energy Strategic transport and public transport; air, rail and ferry services CHORD, TIFF /Lorn ARC Waste Disposal and Roads Maintenance Services	ED&I Pippa Milne Jim Smith Fergus Murray	Sandy Taylor
Education and Life-long Learning			
	Education, educational attainment, school standards, quality and improvement, school infrastructure and staffing, behaviour inc. bullying Skills training and employment; youth employment, skills and employment training Further education (Argyll College and UHI) Catering and School Transport Services	Communities Cleland Sneddon Anne-Marie Knowles Malcolm MacFadyen	Isobel Strong
Health and Social Care (Adult Care & Children and Families)			
	Adult care and support & carers Protection of vulnerable groups Addiction Services Autism, Learning Disability Children's rights, children's services, early years Adoption and fostering, child protection, looked-after children Children's hearings, youth work, youth justice, criminal justice social work	H&SC Partnership Communities Cleland Sneddon	Anne Horn

Rural Affairs, Food & Environment			
	Environment, inc. physical and marine environment Agriculture, forestry, fisheries and aquaculture Rural Argyll and Bute, farming, crofting and food and drink Sustainable development, biodiversity & natural heritage Waste Management and Amenity Services	ED&I Pippa Milne Fergus Murray Angus Gilmour	John Armour
Culture, Sport and Tourism			
	Culture and the arts (inc. Twinning) Libraries and museums Sports development, sports and communities halls and other facilities Events and festivals Built heritage and architecture Gaelic language	Communities Cleland Sneddon Donald McVicar Jane Fowler Angus Gilmour	W. Gordon Blair
Community Safety and Regulation			
	Planning and Development Strategic Housing Regulatory Services Building Standards Civic Government and Liquor licensing Police and Fire and Rescue Services	ED&I Pippa Milne Angus Gilmour Donald McVicar	Richard Trail
Building Strong Communities			
	Community Planning Community empowerment and engagement Sustainable Islands The third sector and the social economy, A&B CAB and Bute Advice Welfare, measures against poverty and homelessness	PPSL Communities Pippa Milne Angus Gilmour	Iain Angus MacDonald
	<i>Civil Resilience</i>		
	<i>Land Reform</i>		
Finance & Asset Management			
	Strategic Finance Customer Services Audit Asset Management, inc. Estates Strategic IT, inc. Communication and Network Services	Audit P&R Douglas Hendry H o SF Judy Orr	Iain S. MacLean

	Property Maintenance Service	Malcolm MacFadyen Charles Reppke	
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**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL
CHAMBER, KILMORY, LOCHGILPHEAD
on THURSDAY, 14 MAY 2015**

Present:

Councillor Dick Walsh (Chair)

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

Also Present:

Councillor Rory Colville	Councillor Mary Jean Devon
Councillor Donald MacMillan	Councillor Elaine Robertson

Attending:

Sally Loudon, Chief Executive
 Douglas Hendry, Executive Director – Customer Services
 Pippa Milne, Executive Director – Development and Infrastructure Services
 Jane Fowler, Head of Improvement and HR
 Kirsty Flanagan, Finance Manager
 Audrey Martin, Projects and Renewables Manager
 Adrian Jackson-Stark, Oban Lorn Arc Regeneration Project Manager
 Patricia O'Neill, Central Governance Manager

The Committee were advised that Councillor Donald Kelly had been admitted to hospital. The Committee asked that their best wishes be passed on to Councillor Kelly for a speedy recovery.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Donald Kelly, Duncan MacIntyre, Ellen Morton and Gary Mulvaney.

2. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

3. MINUTES**(a) POLICY AND RESOURCES COMMITTEE HELD ON 19 MARCH 2015**

The Minutes of the Meeting of the Policy and Resources Committee held on 19 March 2015 were approved as a correct record.

(b) SPECIAL POLICY AND RESOURCES COMMITTEE HELD ON 2 APRIL 2015

The Minutes of the Special Meeting of the Policy and Resources Committee held on 2 April 2015 were approved as a correct record.

Councillor James Robb raised a point of order with regard to the Minutes of the

Project Board being made available to Members. The Executive Director of Customer Services advised that to facilitate workshops and the preparation of a recommendation, notes of a Project Board would be taken but these notes were not a formal record of the meeting and therefore would not be circulated to Members.

4. FINANCIAL REPORTING 2015-16

A report setting out proposed arrangements for financial reporting during 2015/16 was considered.

Decision

The Committee approved the arrangements for routine financial reporting during 2015/16 as detailed in the submitted report and appendix.

(Reference: Report by Interim Head of Strategic Finance dated 5 May 2015, submitted)

5. FINANCIAL QUARTER 4 PERFORMANCE REPORT 2014/15

The Committee considered the Customer Services departmental performance report with scorecards for Strategic Finance and Customer Services for FQ4 2014/15 (January-March 2015).

Decision

The Committee noted the performance report and scorecards as presented.

(Reference: Report by Executive Director – Customer Services dated 6 May 2015 and Performance report and Scorecards for FQ4, submitted)

*** 6. CORPORATE PLAN 2015-17**

The Committee considered a report which presented the draft Corporate Plan 2015-2017 for approval. The Chief Executive advised that the Plan was based on the Single Outcome Agreement which had been subject to extensive consultation.

Motion

That the Committee approve the draft Corporate Plan 2015-2017 for consideration by Council.

Moved Councillor Dick Walsh, seconded Councillor Aileen Morton.

Amendment

That the Committee notes the draft Corporate Plan, notes that it will be considered by the Council and requests that a process be put in place to allow Members to provide comment before the Council meeting.

Moved Councillor James Robb, seconded Councillor Sandy Taylor.

Decision

On a show of hands vote, the Motion was carried by 7 votes to 5 and the Committee resolved accordingly.

(Reference: Report by Executive Director – Customer Services dated May 2015 and Draft Corporate Plan, submitted)

* **7. FLOOD RISK MANAGEMENT POLICY**

The Committee considered a recommendation from the Environment, Development and Infrastructure Committee held on 13 April 2015 which sought approval of a Flood Risk Management Policy as a Council Policy.

Decision

The Committee approved the Flood Risk Management Policy for consideration by the Council.

(Reference: Recommendation from the Environment, Development and Infrastructure Committee held on 13 April 2015 and report by Executive Director – Development and Infrastructure Services dated March 2015, submitted)

* **8. COAST PROTECTION POLICY**

The Committee considered a recommendation from the Environment, Development and Infrastructure Committee held on 13 April 2015 which sought approval of a Coast Protection Policy as a Council Policy.

Decision

The Committee approved the Coast Protection Policy for consideration by the Council.

(Reference: Recommendation from the Environment, Development and Infrastructure Committee held on 13 April 2015 and report by Executive Director – Development and Infrastructure Services dated March 2015, submitted)

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

Following the agreement by the Committee at their meeting on 5 February 2015, a period of consultation was held in relation to the draft framework on Community Benefits from Onshore Renewable Energy. The Committee considered a report advising of changes proposed as a result of the consultation and requesting that the revised guidance be approved.

Decision

The Committee –

1. Noted the content of the report and the consultation and review process which had been undertaken.
2. Approved the updated guidance which was contained at Appendix 2 to the submitted report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated May 2015, submitted)

10. CONSULTATION: GOOD PRACTICE PRINCIPLES FOR SHARED OWNERSHIP OF ONSHORE RENEWABLE ENERGY DEVELOPMENTS

The Committee considered a report detailing a proposed response to a consultation on the Scottish Government draft document ‘Good Practice Principles for Shared Ownership of Onshore Renewable Energy Developments’.

Decision

The Committee –

1. Noted the content of the report.
2. Approved the consultation response as attached at Appendix 1 to the submitted report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 13 April 2015, submitted)

11. POLICY AND RESOURCES COMMITTEE WORK PLAN

The Policy and Resources Committee Workplan was before the Committee for consideration.

Decision

The Committee noted the up to date work plan as at May 2015.

(Reference: Policy and Resources Committee Work Plan dated May 2015, submitted)

12. OBAN CHORD - OBAN NORTH PIER MARITIME QUARTER - UPDATE AND REQUEST FOR FUNDING

The Committee considered a recommendation from the Oban, Lorn and the Isles Area Committee held on 15 April 2015 with regard to the drawdown of funding to support the delivery of the Oban North Pier Maritime Quarter.

Decision

The Committee endorsed the draw down of £45,000 funding to implement the development stage of the interim step ashore solution for 2016.

(Reference: Recommendation from Oban, Lorn and the Isles Area Committee held on 15 April 2015 and report by Executive Director – Development and Infrastructure Services dated April 2015, submitted)

The Committee resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for the following items of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 8&9; 8&9; 8&9; 4; 4; 12; and 8&9 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

13. LORN ARC TAX INCREMENTAL FINANCING (TIF) ASSET PROJECT 5 - OBAN NORTH PIER EXTENSION - START UP REPORT

The Committee considered a recommendation from the Oban, Lorn and the Isles Area Committee held on 15 April 2015 with regard to the drawdown of funding for the development of a full business case for Lorn Arc Project 5 – Oban North Pier Extension.

Decision

The Committee

1. Approved the drawdown of borrowing for a total of up to £560K for the development of a full business case for Lorn Arc Project 5.
2. Noted that the full business case would be reported to a future Committee before moving to implementation stage.

(Reference: Recommendation from Oban, Lorn and the Isles Area Committee held on 15 April 2015 and report by Executive Director – Development and Infrastructure Services dated April 2015, submitted)

14. LORN ARC TIF ASSET PROJECT NO.9 - OBAN AND THE ISLES BUSINESS PARK: ACCESS ROAD ENABLEMENT FULL BUSINESS CASE

The Committee considered a recommendation from the Oban, Lorn and the Isles Area Committee held on 1 May 2015 in respect of the full business case for Lorn Arc TIF Asset Project 9 – Oban and the Isles Business Park: Access Road Enablement.

Decision

The Committee agreed the recommendation from the Oban, Lorn and the Isles Area Committee and as contained at paragraph 3.1 of the submitted report.

(Reference: Recommendation from the Oban, Lorn and the Isles Area Committee held on 1 May 2015 and report by Executive Director – Development and Infrastructure Services dated 23 April 2015, submitted)

15. OBAN CHORD - OBAN WATERFRONT PUBLIC REALM PHASE 2: NORTH PIER TO STATION SQUARE INCLUDING GEORGE STREET AND QUEEN'S PARK PLACE - UPDATED COST REPORT

The Committee considered a recommendation from the Oban, Lorn and the Isles Area Committee held on 15 April 2015 in respect of an updated cost report for Oban CHORD Oban Waterfront Phase 2: North Pier to Station Square including George Street and Queen's Park Place.

Decision

The Committee agreed the recommendation from the Oban, Lorn and the Isles Area Committee and as contained at paragraph 3.1 of the submitted report.

(Reference: Recommendation from the Oban, Lorn and the Isles Area Committee held on 15 April 2015 and report by Executive Director – Development and Infrastructure Services dated April 2015, submitted)

16. ASSESSMENT OF EXTERNAL FINANCIAL REQUEST -THE PICTURE HOUSE, CAMPBELTOWN

The Committee considered a report from the Mid Argyll, Kintyre and the Islands Area Committee in respect of a request for financial assistance from The Picture House, Campbeltown.

Decision

Approved the recommendation by the Mid Argyll, Kintyre and the Islands Area Committee as detailed at paragraph 3.1 of the submitted report.

(Reference: Report by Mid Argyll, Kintyre and the Islands Area Committee held on 8 April 2015 and report by Executive Director – Development and Infrastructure Services dated 12 March 2015, submitted)

17. ASSESSMENT OF EXTERNAL FINANCIAL REQUEST - KILMAHEW/ST PETER'S

The Committee considered a report in respect of a request for financial assistance from the Kilmahew/St Peter's Project.

Decision

The Committee agreed the recommendations as detailed at paragraphs 3.1 to 3.3 of the submitted report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated April 2015, submitted)

18. LOCAL GOVERNMENT BOUNDARY COMMISSION PROPOSAL FOR ARGYLL AND BUTE

The Chair advised that the Short Life Working Group on the Local Government Boundary Commission Review 2015 had met on 11 May 2015 where they had

considered a number of different models. At that meeting it was agreed to adjourn the meeting to 22 May 2015 to allow officers to look at further models and report back to the Group.

In light of this, the Chair proposed and the Committee agreed, to adjourn consideration of this item until 26 May 2015.

19. HELENSBURGH OFFICE PROJECT UPDATE

A report providing an update with regard to the Helensburgh Office Project was considered.

Decision

The Committee noted the recommendations as detailed at paragraph 3.1 (a) to (e) contained within the submitted report.

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

The Chair adjourned the meeting at this point.

The Policy and Resources Committee reconvened on Tuesday 26 May 2015 at 10.30am in Committee Room 1, Kilmory, Lochgilphead.

Present: Councillor Dick Walsh (Chair)
Councillor Roderick McCuish
Councillor Douglas Philand
Councillor James Robb
Councillor Len Scoullar
Councillor Isobel Strong
Councillor Sandy Taylor
Councillor Richard Trail

Also Present: Councillor Elaine Robertson

Attending: Charles Reppke, Head of Governance and Law
Patricia O'Neill, Central Governance Manager
Graham Whitefield, GIS Manager

20. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Robin Currie, Vivien Dance, Donald Kelly, Alistair MacDougall, Duncan MacIntyre, Aileen Morton and Ellen Morton.

21. DECLARATIONS OF INTEREST

There were no declarations of interest intimated.

The Committee resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for the following item of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraph 12 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

22. CONTINUE CONSIDERATION OF LOCAL GOVERNMENT BOUNDARY COMMISSION PROPOSALS FOR ARGYLL AND BUTE

The Committee considered a report which outlined recommendations by the Short Life Working Group which had been set up to consider the Local Government Boundary Commission's proposals in detail.

Decision

The Committee agreed to delegate to the Head of Governance and Law in consultation with the Chair of the Policy and Resources Committee to prepare a response to the Local Government Boundary Commission on the basis that the Council were opposed in principle to the ward structure as presented by the Commission, however, the Council would attach to the response a technical submission as discussed at the Policy and Resources Committee which seeks to address matters relating to polling district boundaries and which proposes a more administrative convenient set of arrangements to minimise the impact of the proposals. The response to the Local Government Boundary Commission would be circulated to members of the Policy and Resources Committee and Short Life Working Group.

(Reference: Supplementary Pack 1 containing report by Executive Director – Customer Services and appendices dated 24 May 2015, tabled)

**MINUTES of MEETING of COMMUNITY SERVICES COMMITTEE held in the COUNCIL
CHAMBERS, KILMORY, LOCHGILPHEAD
on THURSDAY, 4 JUNE 2015**

Present: Councillor Robin Currie (Chair)

Councillor Rory Colville	Councillor James McQueen
Councillor Mary-Jean Devon	Councillor Aileen Morton
Councillor George Freeman	Councillor Douglas Philand
Councillor Anne Horn	Councillor Elaine Robertson
Councillor Neil MacIntyre	Councillor Isobel Strong

Attending: Cleland Sneddon, Executive Director – Community Services
Ann Marie Knowles, Head of Education
Jim Robb, Head of Adult Care
Louise Long, Head of Children and Families
Anne Paterson, Education Manager – Learning and Achievement
David Bain, Education Manager – Inclusion and Integration
Roslyn Redpath, Principal Educational Psychologist
Jeannie Holles, Community Learning Manager
Morag Brown, Business Improvement Manager
Fiona Campbell, Education Officer – Learning and Achievement (Secondary)
Tricia O'Neill, Central Governance Manager

1. APOLOGIES FOR ABSENCE

Apologies for absence were intimated from Councillors Donald Kelly, Alistair MacDougall and Robert E Macintyre and from William Crossan, Church Representative, Alison Palmer, Teacher Representative and William Marshall, Teacher Representative.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The Minute of the Community Services Committee held on 12 March 2015 was approved as a correct record.

4. PERFORMANCE REPORT FQ4 2014-2015

Consideration was given to a report on the Community Services financial quarter four performance scorecard and the Executive Director responded to a number of questions arising from this report.

Decision

The Committee noted the performance for the quarter.

(Reference: Report by Executive Director – Community Services dated 13 May 2015, submitted)

Councillors Devon, MacDonald and Philand joined the meeting during consideration of the foregoing item.

5. INSIGHT PROGRESS UPDATE

A report providing an update regarding information released by Insight the new Scottish Government toolkit was considered. Insight replaces STACs (Standard Tables and Charts) previously used to analyse and compare Scottish Qualification Award (SQA) results.

Decision

The Committee agreed:-

- a) to note the outcomes for Argyll and Bute Learners illustrated through the four dashboard measures provided by Insight;
- b) to note the progress of Education in introducing Insight in Schools as contained at Section 6.1 of the report;
- c) to the recommendations at Section 7.1 to expand self-evaluation approaches to include use of Insight across the Education Service leading to improved outcomes for young people; and
- d) to continue to support the work of the Education Service in supporting schools to secure continuous improvement in outcomes for Argyll and Bute learners.

(Reference: Report by Executive Director – Community Services dated 4 June 2015, submitted)

6. DEVELOPING SCOTLAND'S YOUNG WORKFORCE

A report giving an overview of the Scottish Government Youth Employment Strategy 'Developing the Young Workforce' which was launched in December 2014 was considered along with the detail of Argyll and Bute's response to the recommendations outlined in the Commission for Developing Scotland's Young Workforce, the paper upon which the strategy is based.

Decision

The Committee agreed:-

- a) to note the Scottish Government Youth Employment Strategy and support Argyll and Bute's proposed approach to Developing the Young Workforce locally;
- b) to endorse and support the continued utilisation of the Youth Employment Opportunities Fund to support vulnerable young people to access and sustain positive destinations;
- c) to continue to support work placements within Argyll and Bute Council and ABC Modern Apprenticeship programme;

- d) to support the setting up of an Argyll and Bute Invest in Young People Group; and
- e) to note that the work of the Council's Employability Team will be embedded into future reports on Developing Scotland's Young Workforce.

(Reference: Report by Executive Director – Community Services dated 4 June 2015, submitted)

7. ADDITIONAL SUPPORT NEEDS REVIEW UPDATE

A report providing an update of the review of Additional Support Needs (ASN) provision by Education Services as outlined in the Community Services Committee report of 12 March 2015 was considered.

Decision

The Committee agreed:-

- a) the areas for immediate development ASN as outlined in section 5.6 of the Executive Director's report;
- b) to note the areas for further development as outlined in section 5.7 of the Executive Director's report;
- c) to note the wider consideration of Additional Support Needs provision as part of the Service Choices programme; and
- d) that information should be circulated to the Members of the Committee on the number of pupils in each area requiring Additional Support Needs and the number of specialist staff employed to support these children.

(Reference: Report by Executive Director – Community Services dated 5 June 2015, submitted)

8. PROVISIONS OF THE EDUCATION (SCOTLAND) BILL

A report providing the Committee with information on the provisions of the Education (Scotland) Bill was considered.

Decision

The Committee noted the provisions being placed on education authorities from the Education (Scotland) Bill.

(Reference: Report by Executive Director – Community Services dated 7 May 2015, submitted)

9. EDUCATION STANDARDS AND QUALITY REPORT 2013/14

A report providing a copy of the Education Services Standards & Quality Report for session 2013/2014 was considered. The report was presented in a revised format based around the principle high level questions as outlined within Quality Management in Education (QMIE), the self evaluation framework used by the

Education function of the local authority. The report presented the major achievements made within Education in Argyll and Bute across the session 2013/14 and included the SQA examination results for pupils who sat examinations in May/June 2014.

Decision

The Committee agreed:-

- a) to endorse the revised report in preparing and publishing Standards & Quality Reports;
- b) to note the continuing progress made in relation to Education within Argyll and Bute;
- c) to note the commitment of staff and the success and achievements of the children and young people; and
- d) to the publication of this Standards & Quality Report for 2013/14.

(Reference: Report by Executive Director – Community Services dated 5 May 2015 and Standards and Quality in Argyll and Bute Schools 2013/14, submitted)

10. TEACHING STAFF RECRUITMENT, RETENTION AND LEADERSHIP IN ARGYLL AND BUTE "GROWING OUR OWN"

A report providing an update on current practice and future developments related to Teacher Recruitment and Retention including "Growing Our Own" in place in Argyll and Bute was considered.

Decision

The Committee agreed:-

- a) to note the current practice and the future developments for teacher recruitment and leadership programme;
- b) to support the involvement with partner organisations such as University of the Highlands and Islands and SCEL to improve the professional competence and skills of teachers; and
- c) to note that financial support will be required for access to the Headship Qualification and that funding of the new qualification is under discussion but it is anticipated that the qualification will require partnership funding by Scottish Government , the local authority and individuals undertaking the qualification.

(Reference: Report by Executive Director – Community Services dated 4 June 2015, submitted)

11. SCHOOL HOLIDAYS 2016/2017

A report presenting information on the proposals for setting of school holiday arrangements for Argyll and Bute for session 2016/2017 which require to be set by the Council was considered.

Decision

The Committee agreed:-

- a) to the proposals for school holiday arrangements in session 2016/2017;
- b) that the incorporation of in-service and additional holidays agreed by the Executive Director be intimated to Area Committees; and
- c) that the final patterns of school holidays and in-service days be circulated widely thereafter, as appropriate.

(Reference: Report by Executive Director – Community Services dated 30 April 2015, submitted)

12. VALIDATED SELF EVALUATION FOR EDUCATIONAL PSYCHOLOGY SERVICES

A report advising of the proposal by Education Scotland to undertake a process of Validated Self Evaluation (VSE) with all Scottish Educational Psychology Services over the next two years was considered. The report detailed the suggested themes for consideration during this process within Argyll and Bute.

Decision

The Committee agreed:-

- a) to note the planned programme of VSE for Educational Psychology Services, in particular the proposed timescale for Argyll and Bute;
- b) the approach identified by Educational Psychology Services in response to the national programme; and
- c) that a further report on the progress of the VSE for Educational Psychology services be presented to a future Community Services Committee.

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

The Chair ruled, and the Committee agreed to adjourn the meeting at 1.10 pm for lunch.

The Committee reconvened at 1.40 pm. Councillor Freeman did not return to the meeting.

13. STRATEGIC COMMUNITY LEARNING AND DEVELOPMENT (CLD) PARTNERSHIP PLAN

Consideration was given to a report advising of the responsibilities laid on the Community Planning Partnership by the 'Strategic Guidance for Community Planning Partnerships: Community Learning and Development (CLD)' 2012 and the duties in the associated legislation laid on the Education Authority. The report also advised of the progress of work carried out in response to these requirements by the Argyll and Bute Strategic Community Learning and Development (CLD) Partnership, with particular reference to the innovative web-based plan format that has been adopted.

Decision

The Committee agreed:-

- a) to note the contents of the report; and
- b) to endorse the approach taken to the development of the Plan.

(Reference: Report by Executive Director – Community Services dated 21 April 2015, submitted)

14. INTEGRATION OF HEALTH AND SOCIAL CARE

A report providing an update on progress of the integration of Health and Social Care in Argyll and Bute was considered.

Decision

The Committee agreed:-

- a) to note the legislation and timescale of integration;
- b) to note the scope of delegation, profile of services and resources;
- c) to note the approval process for the Integration Scheme;
- d) to note progress to date on the Strategic Plan; and
- e) to continue to monitor progress and influence, where necessary, the content of the Strategic Plan.

(Reference: Joint report by Chief Officer, Health and Social Care Integration and Executive Director – Community Services, submitted)

15. CARERS (SCOTLAND) BILL

Consideration was given to a report advising of the Carers (Scotland) Bill introduced by the Scottish Government to parliament on 9 March 2015. The Bill sets out the legislative provisions which, once implemented, will further support both adult and young carers in Scotland.

Decision

The Committee agreed:-

- a) to note the publication of the Carers (Scotland) Bill and the likely impact on Argyll and Bute Council; and
- b) to note that the Council through COSLA Leaders raised concerns during the consultation on the proposals for a Carers Bill and that COSLA Leaders will continue to raise these issues with the Scottish Government as the Bill passes through the Parliament.

(Reference: Report by Executive Director – Community Services dated 29 April 2015, submitted)

16. JOINT INSPECTION OF OLDER PEOPLE'S SERVICES

A report providing an update on progress to date relating to the inspection of Older People's Services by Healthcare Improvement Scotland and the Care Inspectorate in Argyll and Bute was considered.

Decision

The Committee agreed to note that:-

- a) the inspection of Older People's Services is now underway across Argyll and Bute;
- b) the inspection commenced on 4 February 2015 and runs for 24 weeks;
- c) the findings of the inspection will be drawn together by the inspection agencies and presented to Council and NHS Highland at the end of August 2015;
- d) the Inspection Agencies will make recommendations relating to improvement actions required at the end of August 2015 and the Council and NHS Highland will produce an improvement plan to address any issues identified as a result of this external scrutiny; and
- e) a new Joint Improvement Plan for 2015/16 has now been completed through a re-invigorated approach to Self Evaluation activity and that this Plan was reviewed at the Joint Managers meeting and will be endorsed at the Health and Social Care Partnership meeting in June 2015.

(Reference: Report by Executive Director – Community Services dated 15 April 2015 and Joint Improvement Plan – Adult Care 2015-16, submitted)

17. COMMUNITY SERVICES WORK PLAN 2015/2016

Consideration was given to the outline work plan to facilitate forward planning of reports to the Community Services Committee.

Decision

The Committee noted the outline work plan and agreed that the report on ICT Strategy for Education be moved to the December 2015 meeting.

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

The Committee noted that Jim Robb, Head of Adult Care, would be retiring from the Council before the next meeting of the Community Services Committee. The Chair, on behalf of the Committee, thanked him for his enormous contribution to Social Work over the years which was greatly appreciated. Councillor Devon also gave thanks for his commitment to Argyll and Bute over the years.

ARGYLL & BUTE COUNCIL**COUNCIL****25 June 2015**

LEADER'S REPORT

1 SUMMARY

- 1.1** This report outlines key activities undertaken within the role of Council Leader between 20th April and 1st June, including meetings, as follow; Dalriada Arts and Culture on 22 April, Gourock - Dunoon Ferry Services Steering Group 5 May, HIEP Board Meeting on 18 May, Meeting with Paul Flanagan (External Relations Director, First Milk) on 19 May, Gourock - Dunoon Ferry Service Meeting on 20 May, meetings at the Scottish Parliament Building with Derek MacKay and Derek Stewart on 28 May, COSLA Leaders Meeting on 29th May, Convention of the Highlands and Islands on 1st June, Marco Biagi on 3rd June, Scottish Canals representatives on 3rd June and the Service Choices Members Workshop on 5th June.

I have also provided Policy Lead up-dates in relation to Council Tax, Scottish Welfare Fund, Discretionary Housing Payments, Benefits processing, IT Contracts, Pathfinder North, and the Customer Service Centre.

2 RECOMMENDATIONS

- 2.1** It is recommended that the Council notes the report and also notes that additional documents are available in a Leader's Report Pack through the Leadership Support and Member Services Manager. COSLA papers and briefings are available for viewing by members, shortly after each meeting, in the Leaders Office and items which were taken "in public session" can be made available electronically if required.

3 Dalriada Arts and Culture 22 April

- 3.1** Fergus Murray Head of Economic Development and Strategic Transportation and I met with Mags Trenouth Russell and colleagues; Messrs Saich and MacFarlane, from Dalriada Arts and Culture in the Leaders Office in April.

Dalriada Arts and Culture provided an up-date on their work and their ambitions for the future.

The meeting began with a round table introduction; the background to the group; early beginnings, involvements and current developments. It

was made clear that the purpose of the meeting was not to seek money from the council but to explore areas of common interest.

The main focus of their up-date was as follows:-

- Donation of the Argyll segment of the Richard Di Marco collection, which they are now seeking to share with the public for the economic/cultural benefit of the area. Possible sites for this had been looked at.
- Ongoing work to open a centre for an Arts and Culture hub (in the wider sense, including performance) not only to house the Di Marco collection but also to encourage Scottish, national and international focus within Mid Argyll with an agenda to benefit; health and well-being, creativity and tourism as well as to inspire young people.

It was confirmed that Dalriada Arts and Culture were looking for assistance from the council in the form of help with identifying funding streams and by forging beneficial relationships with groups and individuals which the council may already have established links with.

Fergus Murray provided information on existing and well established networks of arts and cultural heritage groups active in and around Mid Argyll. He explained that, given their development ambitions, the first consideration for Dalriada Arts and Culture could be in relation to forging relationships with them as soon as possible. He confirmed that funding from the council was already fully committed with existing groups but that other external funding information was available.

It was agreed that Dalriada Arts and Culture would continue to develop an Arts network along the lines discussed and by pursuing some of the links that Fergus Murray had suggested. An application would be made by the group to the Provost, Councillor Len Scoullar, for a Civic Reception for the Richard di Marco collection, giving careful consideration to appropriate invitees to raise the profile of the project and demonstrate a will to network with other groups in the area. Dalriada Arts and Culture accepted an offer to meet up further with Fergus Murray and Audrey Martin to look at additional opportunities for joint working.

4 Gourock - Dunoon Ferry Services Steering Group 5 May

- 4.1** Pippa Milne, Executive Director Development and Infrastructure and I attended the above meeting which was held at Atlantic Quay, Glasgow.

The main agenda items covered options for the procurement of the next ferry service contract with the vehicle portion being non-subsidised and looking at; the future service requirement, future service specification, vessels, harbour charges and the cost allocation

methodology.

We also discussed the contractual performance of Argyll Ferries Limited on the route and the MV Coruisk deployment report.

Transport Scotland agreed to explore a number of new issues raised at the meeting.

5 COSLA Leaders Meeting, 24th April

5.1 Chief Executive, Sally Loudon and I attended the above meeting at Verity House Edinburgh. All agenda items were taken in “Private Session” and I am therefore unable to report on them although I have listed them below:-

1. Carers (Scotland) Bill
2. The One in Five Campaign: Involving Disabled People in Politics
3. Broadband and Digital
4. Scottish Business Pledge
5. Leaders Work Plan
6. Rurality Distribution
7. Commission on Local Tax Reform

6 HIEP Board Meeting 18 May

6.1 Ishabel Bremner, Economic Development Manager, Mary-Louise Howatt, Senior Development Officer and I attended the above meeting by VC from Kilmory.

The agenda papers included:-

- i. An update on the delivery of the European Structural investment Funds and the Strategic Interventions in the Highlands & Islands
- ii. Issues arising from the meeting of the Highlands & Islands Territorial Committee.
- iii. Issues arising from the Joint Programme Monitoring Committee
- iv. Review of the Partnership – Draft consultant report and approval of direction of travel.

The discussion on the delivery of the European Structural Funds, Issues arising from the meeting of the H&I Territorial Committee and the Issues arising from the Joint Programme Management Committee were part of one larger discussion. As a result of this debate it was agreed that letters would be written to Keith Brown, in response to his

letter to Councillor Drew Hendry of 27 April and to John Swinney MSP, seeking a meeting at a senior political level, to discuss the numerous issues that have emerged at this early stage of programme delivery.

It was also agreed that Cllr Steven Heddle would ascertain who the most suitable MSP would be to approach at the Convention of the Highlands and Islands in order to pursue a conversation for the group using the above correspondence as a basis for discussion on the issues at hand, with a view to a future meeting to discuss the more technical issues.

The discussion on the Review of the Partnership centred around a Draft consultant report seeking approval for:-

- Rebalancing of resources – reducing the Brussels presence while connecting more effectively with wider Team Scotland resources, together with consideration of a new resource in Scotland, as the preferred “direction of travel” for HIEP and;
- the HIEP officer group to explore and define, in precise terms, the staffing, location, resourcing and operational details of this option, reporting back to the August Board meeting.

The above was approved on the basis that:

- the Partnership retains an independent voice in Brussels;
- the review goes beyond performance to reflect the potential of doing things in a different manner: and
- the other avenues of doing business in Brussels are fully taken into account.

It was agreed that further work would be carried out by the officer group on looking at the option for a rebalanced resource with a closer connection with Team Scotland in Brussels and the possibility of a staff resource to be based in Scotland. A further report will be brought to the August Board meeting.

7 Meeting with Paul Flanagan, External Relations Director, First Milk on 19th May

- 7.1** Chief Executive, Sally Loudon, Pippa Milne, Executive Director, Development and Infrastructure and I met with Paul Flanagan from First Milk in the Leaders Office in May as part of our on-going efforts to work with all partners, including the Scottish Government to improve the economic outlook for our much valued dairy farmers.

Paul Flanagan set context for the meeting in terms of the history and detail of the current issues facing First Milk and explained that he believed that there is confidence that price will rise to sustainable

levels but that the current focus had to be on keeping dairy farmers in business through these difficult times.

In recognition of all the issues being faced by our farmers it was agreed that; working closely with partners, lobbying for support and targeted communication activities were all key to ensuring the best possible assistance our much valued local milk industry.

8 Gourock - Dunoon Ferry Service Meeting between Inverclyde and Argyll and Bute Councils, on 20 May

- 8.1** Pippa Milne, Executive Director for Development and Infrastructure Services and I met with Aubrey Fawcett, Gwen Murphy and Brendan Hurrell from Inverclyde Council.

The meeting of the two councils discussed the Gourock – Dunoon Ferry Service and in particular, some of the legal and procurement issues associated with our ongoing dialogue for a passenger and vehicle service on the route. The meeting was productive and as a result of the discussion, a paper is included in this Council meeting pack, addressing the issues discussed. It also seeks endorsement of reinstatement of a passenger/vehicle as the preferred position of the Council.

9 Meeting with Derek MacKay, Minister for Transport and Islands, 28 May

- 9.1** Sally Loudon, Chief Executive and I met with Derek MacKay, Minister for Transport and Islands at the Parliament Building in Edinburgh. The main items discussed on the day were:-

- Islands – ahead of the Convention of the Highlands and Islands on Monday 1st June, I continued to press for empowerment for Argyll and Bute’s island communities.
- Crown Estate – devolution of powers
- RET Extension and the impact on our islands – Bute, Mull.
- Clyde & Hebrides Ferry Services Tender – Implications for Argyll & Bute. We agreed that a meeting should be arranged between Argyll and Bute Council, Inverclyde Council and the Scottish Government, looking particularly at the Dunoon-Gourock ferry issue
- Future Investment on A82 & A83 – discussions will continue when the A83 Taskforce next meets.

Our discussions were very positive and continued at the COHI event on the following Monday.

10 Meeting with David Stewart 28 May 2015

10.1 Chief Executive - Sally Loudon, Executive Director for Development and Infrastructure - Pippa Milne, Leadership Support and Member Services Manager - Aileen McNicol and I met with David Stewart MSP at the Scottish Parliament building, as part of a series of meetings which I am planning to hold with senior Scottish politicians in order to raise the profile of Argyll and Bute Council's ambitions to develop its economy through a growing population.

David Stewart is a Member of the Scottish Parliament for the Highlands and Islands with a personal interest in subject areas of transport, rural development, oil and gas, international development and diabetes. He has an interesting portfolio which strongly accords with much of our ongoing work.

In particular, he is a member of the Infrastructure and Capital Investment Committee, which has, as its key role, the scrutiny of Scottish Government policies as follow; Housing, Transport, Capital Investment, Digital Infrastructure and Broadband, Fuel Poverty and Energy assistance, Scottish Water and Public Procurement.

The main issues for Argyll and Bute which we wanted to highlight for him were; Machrihanish Spaceport Bid, priorities within our Single Outcome Agreement (including population issues), renewables and transport.

The conversation was extremely positive. David Stewart is already a regular visitor to Argyll and Bute and is keen to see more of the good work that the council is doing. He is currently making arrangements to visit the area over the summer; we will be meeting with him again during his visit and this will give us an opportunity to continue these productive discussions.

11 COSLA Leaders Meeting, Friday 29th May

11.1 Chief Executive Sally Loudon and I attended the above meeting which was held at Verity House in Edinburgh. The agenda was as follows:-

Items taken in Private Session

1. Scottish Tribunals and Administrative Justice Advisory Committee – COSLA report and presentation from Marieke Dwarshuis, Chair of STAJAC
2. Leaders Work Plan
3. National Transport Strategy Refresh
4. Spending Review
5. Membership Issues
6. National Collective Bargaining
7. Pay Negotiations Update
8. Future of NCHC

9. Youth Employment
10. Community Justice (Scotland) Bill
11. Scottish Business Pledge
12. Gypsy/Traveller Strategy

Items taken in Public Session

13. Distribution Issues
14. Rurality Distribution
15. Educational Attainment Event
16. Supporting the Rights of Disabled People

Although most items were taken in private session, I have provided a brief report on each of the items taken in public session below:-

11.2 Distribution Issues

The purpose of this report was to ask Leaders to consider and agree recommendations from the Settlement and Distribution Group (SDG) in relation to 2 distribution items noted within the recommendations as follow:-

- i. The National Care Home Contract for 2015-16 as set out in the paper
- ii. The Regeneration Capital Grant Fund as set out in the paper

Council Position

The council's position was to accept the recommendations of the paper

Outcome

Leaders agreed to accept the recommendations of the paper

11.3 Rurality Distribution

The purpose of this report was to update Leaders on the Settlement and Distribution Group's (SDG) work on rurality, as requested by Leaders in April.

The recommendations requested Leaders to:

- i. Note the initial work of the Data Issues Working Group on the review of Rurality distribution; and
- ii. Note that a final report will be brought to Leaders for their consideration at the next Leaders meeting in August.

Council Position

The Council's position was to agree to note the paper

Outcome

Leaders accepted the recommendations of the paper

11.4 Educational Attainment Event

The purpose of this item was to update Leaders on the educational attainment event organised for Friday 5 June 2015.

Within the recommendations, Leaders were invited to:

- i. Note that the event would be held on Friday 5 June 2015 in COSLA's conference centre;
- ii. Note the final programme which has previously been circulated to Leaders;
- iii. Note that there were still places available and COSLA wished to encourage more elected members from all COSLA member authorities to attend, and
- iv. Note that the Cabinet Secretary had been invited but had since confirmed that she was unable to attend the event.

Council Position

The council's position was to agree to note the paper

Outcome

Leaders agreed to note the paper

11.5 Supporting the Rights of Disabled People

The purpose of this paper was to ask Leaders to consider the contribution of local authorities to supporting the rights of disabled people

In the recommendations, Leaders were invited to:-

- i. Note that the UN would, this year, examine the UK's progress towards implementing the UN Convention on the Rights of Persons with Disabilities (UNCRPD);
- ii. Note that COSLA's Health and Well-being Executive Group asked that we prepare a local government delivery plan to sit alongside the Scottish Government's national plan; and
- iii. Consider a proposed Delivery Plan, and if satisfied, agree that COSLA consult with Disabled People's Organisations, over the summer months, on the content of that plan before coming back to Leaders in the autumn for final sign-off.

Council Position

The council's position was to agree with the recommendations of the paper

Outcome

Leaders agreed to the recommendations within the paper

12 Highlands and Islands Leader Group

- 12.1 The Highlands and Islands Leaders Group met briefly in Orkney on Sunday 31st May, prior to the Convention of the Highlands and Islands.

The main purpose of the meeting was to discuss the papers and the tracker which would be discussed at the Convention although there was also a short discussion around some of the lobbying issues with which the Leaders Group is currently involved, as follow:-

- Renewable energy
- Employability
- Welfare Reform
- Crown Estates
- Emergency Towing Vehicles
- Fuel Costs
- Transport
- Connectivity /Broadband
- Renewing local democracy/joint working/public sector reform
- Europe
- Housing debt

There will be a further and more formal meeting of the Highlands and Islands Leaders Group in the Autumn.

13 Convention of the Highlands and Islands, Orkney, 1st June 2015

- 13.1** Councillor Aileen Morton, Chief Executive - Sally Loudon and I attended the “spring” Convention of the Highlands and Islands which was held in Kirkwall.

As usual, the agenda contained three main items plus an update on a development work tracker grid. All papers and briefings from this meeting can be accessed from the Leaders Office.

The main items were discussed as follow:-

13.2 Tracker Action Tracker Up-date

The tracker is a standing item on the Convention agenda although the themes may vary slightly as work on each topic develops the main topics discussed were; Community Planning – Joint Resourcing, Tourism, Rural Parliament, Renewables, Health and Social Care Integration, Community Planning – Joint Resourcing, Community Planning – Prevention, Housing and Infrastructure, Connectivity, Planning, Emergency Towing Vessels, UKBA Processing Cruise Ship Passengers.

13.4 Item 1 Priorities for 2015

This item was presented by our First Minister, Nicola Sturgeon. It set out the Scottish Governments main priorities for 2015, which I have listed below:-

- One Scotland – Programme for Government 2014 – 2015, Scotland’s Economic Strategy,
- Smith Commission
- Our Islands Our Future
- Rural Parliament
- Community Empowerment

The outcomes from this item are as follow:-

- COHI partners agreed to work on further embedding strong collaboration to ensure a coordinated strategic approach to economic development and tackling inequalities across the Highlands and Islands, and to work through CPPs in each area to ensure coordinated and joined up working which maximises local impact is a key feature of local service delivery including in health and skills development.
- COHI partners agreed to identify examples of emerging approaches and activities which have the potential to positively address the economic challenges in the Highlands and Islands and to explore how to build on these to increase the attractiveness of the area.
- Convention Members agreed that delivering fast, reliable digital connectivity is the 21 century equivalent of the mid 20 century provision of electricity to homes and locations across the Highlands and Islands. As a result, COHI partners will undertake further work to develop options to ensure connection to the premises in the areas which are not anticipated to be covered by the current broadband contract.
- COHI partners agreed to explore how they want to engage with SG around island issues, considering whether existing structures were sufficient and ensuring they communicated an island perspective effectively.
- COHI members recognised that tackling transport costs for remote and islands communities needed to be further explored as this created considerable inequalities and stifled economic growth.

13.3 Item 2 Infrastructure

This paper, which was produced by Highlands and Islands Enterprise aimed to update the Convention on progress towards their ambition to develop the Highlands and Islands as a globally competitive and connected region. The paper focused on infrastructure developments associated with digital connectivity, transport and energy.

The digital connectivity part of this discussion produced outcomes as follow:-

- An update would be requested from Scottish Future Trust's Demonstrating Digital project team following their visit to Shetland.
- Scottish Government agreed to explore the potential to build on the UK Government's Emergency Services Mobile Communications Procurement and to report back to COHI.
- BT and the main mobile network operators to be invited to autumn 2015 COHI to outline in detail what activities they are delivering, when and in which locations to increase connectivity in the Highlands and Islands area.

In relation to the transport part of this discussion, the outcomes were as follow:-

- Minister for Transport and Islands (Derek MacKay) agreed he would raise issues of resilience and commercial opportunities/activity at Wick Airport with HIAL.
- The Timber Transport Forum would be tasked with looking at issues and challenges around subsidiary road suitability/upgrades associated with forestry extraction in remote areas anticipated in the next 10-15 years.
- It was agreed that issues around the sustainability of the fleet operated by Loganair would be considered at the transport session of the Islands Forum and would be reported back to COHI.

13.4 Item 3 Land Reform

This paper, by Highland Council was written to demonstrate their commitment to working with partners and the Scottish Government to support Land Reform. It was explained that Highland Council is an associate member of Community Land Scotland (CLS) and, in partnership with CLS, has delivered a series of Land Reform seminars designed for those communities aspiring to become asset owners or wishing to register an interest in land. As a result of these seminars, Key Learning points had been established and Highland Council were keen to share these with Convention partners.

The outcomes from this agenda item were as follow:-

- COHI partners agreed to share best practice in the support of community ownership and empowerment,

particularly through experience of supporting communities to take on assets and services.

- Rural housing remains an important issue which the COHI would like to look at in the context of the Land Reform Review Groups recommendations on housing and there would be an opportunity to do this though a rural housing conference being organised by Highlands Council. COHI partners are to liaise with Highland Council on this conference and report outputs to a future COHI meeting.

14 Wednesday 3rd June – Meeting with Marco Biagi MSP, Minister for Local Government and Community Empowerment.

14.1 Mr Biagi came to Kilmory on Wednesday 3rd June as the keynote speaker for the Argyll and Bute Volunteer of the Year Awards. Ahead of the award ceremony, I had the opportunity to meet with him and was joined by our Chief Executive Sally Loudon. We spoke about the challenges that Argyll and Bute is currently facing and set out the council's response to these challenges. Mr Biagi was interested to hear about the Argyll and Bute Economic Forum, which is driven by the private sector and focuses on key aspects of the Argyll and Bute economy like tourism and food and drink.

Our meeting was also a chance to highlight some of the ways that communities across Argyll and Bute are taking action – for example, the Tìree Community Development Trust who are looking at ways of investing in ports and harbours. As Minister for Community Empowerment, Mr Biagi is keenly interested in this and it was encouraging to hear that the Scottish Government is aware of our strong track record in working in partnership and working with our communities.

Other key issues like boosting the skills base in the area, housing and investment in infrastructure were also discussed and the fact that with Argyll and Bute's diverse geography, remote and rural areas and islands, there is no one-size-fits-all solution.

Although there was only time for a short discussion, it was extremely useful and productive.

15 Wednesday 3rd June – meeting with Scottish Canals representatives, Kilmory.

15.1 Andrew Thin, Steve Dunlop and Katie Hughes came to Kilmory to talk with myself and Sally Loudon about how the council might work with Scottish Canals as it develops its vision for the Crinan Canal, with a particular focus on the Ardrishaig community. While everyone faces

challenges in today's economic climate, we were all keen to find ways that we could possibly work collaboratively, also with other agencies involved. The vision for the canal is an exciting one and we look forward to hearing more about it from Scottish Canals.

16 Friday 5th June – Service Choices Workshop

16.1 I attended and made the opening presentation at the Service Choices workshop for all elected members on Friday 5th June in Kilmory. The aim of the event was to get a steer from colleagues on what areas of the council's work to continue exploring for savings. Feedback from the workshop will help to shape the report for the special Policy and Resources Committee in June.

17 Policy Lead up-dates in relation to Council Tax, Scottish Welfare Fund, Discretionary Housing Payments, Benefits processing, IT contracts, Pathfinder North, and Customer Service Centre.

17.1 Local Tax Collections

Collections of Council Tax for the 2014/15 year to the end of March 2015 were finalised at 95.51%, down 0.29% on last year at this time. As previously reported the reason for the decrease is down to poorer Sheriff Officer collections following the change in contract in June. Collections for the new Council Tax year 2015/16 were 20.08% as at the end of May, virtually identical to this time last year. Collections on the 2014/15 year continue to be slow and are now 95.55%, down 0.8% on the previous year at this time, but earlier years are well up.

Collections of Non-Domestic Rates for 2015/16 are 29.49% at end of May, up 0.31% on this time last year. Collections on 2014/15 year are now at 97.66%, down by 0.43% on the previous year at this time, although well up on the year end position of 96.09%.

17.2 Scottish Welfare Fund

At the end of May £63,512 has been spent compared to the profiled budget of £62,126 (102% of profiled spend). Since the start of April medium and high priority cases have been supported and it is hoped that this level of support will be continued for the remainder of the year. 14 applications are currently awaiting processing and a further 19 were part paid at the end of May.

17.3 Discretionary Housing Payments (DHPs)

£250,872 has now been either paid out or committed as at the end of May, with awards made to 431 cases. There are 370 cases still

awaiting processing as all under-occupancy cases have to be re-assessed for the new financial year. Of this spend, nearly all has been for under-occupancy cases. Medium and high priority cases are being supported for all non-bedroom tax cases. All bedroom tax cases are still being supported irrespective of hardship.

As there is still uncertainty about the totality of funding available for 2015/16 and as disabled cases have to be supported, following the Sandwell case, SMT has revised the definition of medium financial hardship. This was originally set as an excess of income over essential expenditure from September 2013 to February 2014 of £30 (single), £60 (couple) and £90 (family). As there was an underspend at that time, this was increased in March 2014 to £40 (single), £80 (Couple) and £120 (family). From April 2015, however this is now £30 (single), £50 (couple or family of 2) and £80 (family of 3 or more). This recognises that many expenses do not increase proportionately for a larger household.

17.4 Benefits processing

New claims processing year to date to end of May has taken on average 19.86 days, which is well below the Scottish average of 27 days for 2013/14, and better than our target of 23 days. Changes in circumstances in the year to date, to end of May, have taken on average 7.27 days which is also below the Scottish average of 9 days for 2013/14 and our target of 8 days. Unfortunately, the accuracy target fell short of expectation and the provisional figures are currently being looked into.

The Council has been notified that its application to the Fraud and Error Incentive Scheme (FERIS) maintenance fund for £13,659 has been successful. However, actual performance for the 4 months to March 2015 was 3% below the target set, so we have not yet achieved any incentive payments which would be on top of the start-up and maintenance fund monies. It was not expected that the target would be achieved in the first quarter as it pre-dates the formal launch of the scheme and most of our new initiatives to improve performance will only impact from May onwards.

17.5 IT Service Contract with ACHA

I reported previously that ACHA were re-tendering the wide area network contract. The council submitted a bid but unfortunately were unsuccessful. Exit management activities are now taking place to accommodate a smooth conclusion for the end of the contract in

November 2015.

17.6 Pathfinder North migration to SWAN

Preparation for placing the initial order under the Scottish Wide Area Network is continuing. The requirement to make considerable savings under Service Choices is likely to affect the order placed and prices are awaited for lower bandwidths for smaller schools with 31 pupils or less to see if these would be better value. Vodafone carried out a bandwidth analysis during May and this information will be considered along with the updated prices before any decision is made on what type of circuits to order. Capita are taking 5 weeks longer to respond than planned, due to the scale of changes since the original tender and this may delay the placing of the order from the planned date of end of June. The deadline is 1st October and will be achieved.

17.7 Customer Service Centre (CSC)

The percentage of calls to CSC being abandoned for May was 6.7% - just below our 7.5% target. For the quarter to date, it is 8.0% which is a big improvement since the last quarter, at 11.2%, which had been badly affected in January due to telecoms downtime. The average call length for the quarter to date is 2.65 minutes, a little up on last quarter at 2.61 minutes but it is within the target of 3 minutes.

The Council received 6 responses following the issue of its tender for new customer service centre systems on 10 April 2015. Detailed evaluation is being undertaken on these, and it is hoped that a contract will be awarded in early August.

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ARGYLL AND BUTE COUNCIL

COUNCIL

CUSTOMER SERVICES

25 JUNE 2015

**POLICY LEAD REPORT – SUSTAINABLE ECONOMIC GROWTH / EDUCATION
AND LIFE LONG LEARNING**

1.0 EXECUTIVE SUMMARY

This is my third report as Policy Lead for Education and Lifelong Learning and covers the period from 8th November 2014 to 23rd April 2015.

This is also my first report as Policy Lead for Sustainable Economic Growth (Economic Development, European Affairs, Renewables and Strategic Tourism) and covers the period from 23rd April 2015 to 31st May 2015.

Strategic IT Services is covered from the period 8th November 2014 to 31st May 2015.

It is recommended that Members note the Report

ARGYLL AND BUTE COUNCIL

COUNCIL

CUSTOMER SERVICES

25 JUNE 2015

**POLICY LEAD REPORT – SUSTAINABLE ECONOMIC GROWTH / EDUCATION
AND LIFE LONG LEARNING**

2.0 INTRODUCTION

2.1 This is my third report as Policy Lead for Education and Lifelong Learning and covers the period from 8th November 2014 to 23rd April 2015.

This is also my first report as Policy Lead for Sustainable Economic Growth (Economic Development, European Affairs, Renewables and Strategic Tourism) and covers the period from 23rd April 2015 to 31st May 2015.

Strategic IT Services is covered from the period 8th November 2014 to 31st May 2015.

3.0 RECOMMENDATIONS

3.1 It is recommended that Members note the content of this Report.

4.0 DETAIL

4.1 EDUCATION

4.1.1 Schools

As previously advised, I have visited a number of our schools during my time as Policy Lead as the schools in Argyll and Bute reflect the very different communities they sit within – visiting them allowed me to meet Head Teachers and see the different challenges each school is meeting and the opportunities they are progressing. Since my last Policy Lead report I have visited: Dalintober Primary; Glenbarr Primary; Innellan Primary; Inveraray Primary; Luss Primary; Southend Primary; Toward Primary.

**4.1.2 School Estate – Maintenance/Improvements
Schools For The Future**

The Council is delivering three new schools and one major

refurbishment as part of the Scottish Government's Schools for the Future project. The schools will be delivered through a partnership with hubNorth Scotland Ltd (hubNorth). Taking these projects forward will require nearly £74million of public funding, with the Council having committed £32million capital funding.

Campbeltown Grammar and Oban High school are progressing as a single new project request and are currently going through an evaluation of the Stage 1 submission by hubNorth. Financial close for this project is programmed for September 2015 with construction of each school starting shortly thereafter. The Council's project team is now engaged with the hubNorth design team, and through consultation with the schools, developing the design of the individual school room layouts and the specification of furniture, fittings and equipment to be delivered through the project.

The other two schools in the programme are Kirn Primary School and Dunoon Primary School. Both schools will go through a similar Stage 1 and Stage 2 design development process. Contractual close for the Kirn project is estimated as September 2015 with the demolition of the existing school taking place before construction of the new school can commence. The design solution, as developed by hubNorth, will see the retention of the existing 1881 Kirn Primary school building. Initial design work for Dunoon Primary is being developed by hubNorth's design team following Council approval in April 2015 to submit the new project request to hubNorth. The redevelopment of the school will take place in two key stages but the full details of the construction programme have still to be received from hubNorth.

4.1.3 **Meet the Buyer Events/Local Engagement**

Three 'Meet the Buyer' events were held across Argyll and Bute during January in Oban, Dunoon and Campbeltown. I attended the Dunoon event and all local businesses in the construction industry were invited to attend. There was a good turnout across the area and Tier 1 Contractors for the project - Morrison Construction - provided information at each event on the projects and explained how local businesses would be able to tender for work packages. Feedback was positive and it was excellent to see so many local businesses involved in the process.

Where possible, hubNorth and Morrison will maximise the use of local Small and Medium-sized Enterprises (SMEs). However, in identifying subcontractors and suppliers, hubNorth must apply objective criteria that balance the benefits of local procurement against the advantages of national purchasing agreements and category management. The engagement/use of SME's will form part of the formal reporting that hubNorth will be required to make against Key Performance Indicators for the project.

hubNorth/Morrison will seek to enhance the educational experience and provide opportunities for children and young people to learn more about the construction industry, raising aspirations and improving social inclusion through:

- Work placements - short, medium and long term placements will be offered to students from Oban and Campbeltown on site, in a range of different trades and departments subject to agreement with the Head Teachers and permissible Health and Safety requirements
- Work placements - short, medium and long term placements will be offered to students from local colleges and universities on site in a range of different trades and departments
- Apprenticeships - helping young people make their first step on the career ladder, or help those who are out of work to return to work. The targets set are: Oban High School – 4 apprentices; Kirn Primary, Dunoon – 1 apprentice; Campbeltown Grammar School – 3 apprentices.

4.1.4 **Additional capital programme works**

Council approved the capital programme on April 23rd. Investment in the infrastructure of our schools continues and the asset sustainability programme reflects a risk-based approach to address the condition and suitability of our school buildings. In addition we are continuing with our planned investment in our school houses to bring them up to the Scottish Housing Quality Standard.

There will be a total spend of £2.3million in our other schools and pre-5 settings in 2015/16. Most of this work relates to asset sustainability: rewiring; upgrading heating; roof improvements, etc. Some of the work is funded through Scottish Government funding for Early Years expansion and upgrading of kitchens to meet the requirement to deliver free school meals to P1-3 pupils. Most work will be undertaken during the school holiday periods, however a small number of projects will – where necessary - include working taking place while schools are in session.

In addition, the solar schools project is now well underway across Argyll and Bute. The project, which aims to help the council achieve its commitment to reduce carbon emissions and fossil fuel reductions, also provides a number of educational benefits for school pupils. The company installing the panels are visiting each school to discuss a wide range of green energy solutions with pupils such as electrical vehicles, solar PV and Solar Thermal. It is intended that this will introduce the prospect of working in the renewable energy industry as a potential career opportunity. Within each solar school there is also the opportunity for pupils (and the wider community) to view the contribution the panels are making to the school's energy requirements through an electronic panel that displays the energy produced from solar, energy consumption of the school and carbon emissions.

4.1.5 **Insight – Exam Results Reporting**

INSIGHT is the new statistical information system now used by Secondary Schools across Scotland. It is used to analyse and compare the performance of pupils entered for Scottish Qualification Awards (SQA) and is designed to provide data on four measures carefully selected to support Curriculum for Excellence: Literacy and Numeracy; Candidate Destinations; Improving Attainment for All; and Attainment versus Deprivation.

INSIGHT is expected to be easier and more intuitive to use than the previous system (STACs) and will also include a wider range of SCQF (Scottish Credit and Qualifications Framework) credit-rated awards and programmes. Work is underway by Scottish Government to align national courses to provide recognition for a wider range of courses within the overall tariff scores. INSIGHT includes commentaries to aid interpretation and prompt a “closer look” by subject teachers and departments, secondary schools, local authorities and Education Scotland. It also allows the education authority to provide a level of challenge and scrutiny to the performance of subject areas in schools and whole school attainment.

The new system was introduced in Academic Session 2014/15 and reflects the revised approach to National Qualifications for all learners in Argyll & Bute (as well as Nationally). The Community Services Committee has been provided with a number of reports on INSIGHT. Going forward, it is hoped that the information provided by INSIGHT will be of use to schools when reporting to elected members locally.

4.1.6 **ICT in Schools**

At the Learning Festival last year a number of the stalls showcased new technology which generated a lot of interest. Following this event, the learning technologies team continued to provide schools with additional computer science related learning opportunities for young people. This has included Kodu, a visual computer programming language written by Microsoft which provides a fun and engaging introduction to computer programming.

Last year Cardross Primary School won the 2014 Scottish Kodu competition and also won the judge’s choice award in the UK final at Microsoft HQ in Reading. Cardross Primary School has now been awarded the title of a ‘Kodu School’ and is one of only 30 schools in the UK to be awarded this status. Cardross will be defending their Kodu crown this year against schools from across Scotland.

Dunoon Primary School is planning to submit a Project Spark computer game to a national competition. Project Spark is a new and significantly more advanced programming environment and it is understood that very few young people in other schools across Scotland will currently have the opportunity to learn this type of

advanced computer programming. Dunoon Primary have also led workshops for pupils and parents at a recent technology event held in Dunoon Grammar School.

Lochdonhead is our first primary school to have successfully made an App for an iPad. They used resources created by a company called 'Apps for Good'. We have a number of schools considering using these resources as part of the curriculum. The learning technologies team are in discussions with Apps for Good about how we can provide more schools with the opportunity to make apps.

A project has commenced to provide schools with the opportunity to upgrade and refresh their school website, using the same website content management system used to manage the Council's website. Over 50 schools have already registered interest with the project which is being managed by the Council's Web Team and approximately 12 schools have gone live with a refresh of their website. The project should run for the next 18 months until all the schools are complete.

Last year saw the start of a pilot project at Tarbert Academy to introduce MS Lync into schools. Progress has been ongoing with the system established as the primary method of communication for the school and some promising use of Lync in Education. The pilot is in the process of being extended to include 2 additional secondary schools and 4 primary schools (2 shared headship schools) with the aim of evaluating Lync as a system that can work beyond the telephony requirements of a school by supporting a number of uses including collaborative working between schools, travel reduction and supporting moderation and verification work.

4.1.7 **Employability/Developing Scotland's Young Workforce**

I attended a meeting of the Employability Partnership in Inveraray on 17th December. The Employability Partnership includes representation from a wide range of organisations including: Argyll and Bute Council; Department of Work and Pensions; NHS; HIE; Argyll Voluntary Action and Argyll College.

During the meeting an overview was given on the £6.5 million to be distributed to local authorities from the Developing Scotland's Young Workforce: Early Implementation Fund. There was also discussion around the fact Argyll and Bute has changed the way it delivers work experience. The focus is on the potential to offer focused and suitable work tasters/vocational training to school pupils in the last year before leaving school, plus early career advice and guidance from staff aligned to the needs of the local labour market. The Education Service is looking to develop a work experience recognised qualification that allows young people to progress round their senior phase with support and endorsement from employers. Education Scotland has put together a team of 10 individuals who are looking at the recommendations from the Commission on Developing Scotland's Young Workforce report.

The key ongoing issue is to ensure timely updates of the in-year Youth Employment Activity Plan (YEAP) by council officers and partners to the quarterly updates to Skills Development Scotland – who are managing this process on behalf of the Scottish Government.

In partnership with Argyll College and local businesses, we have also launched Foundation Apprenticeships in Engineering and Health and Social Care – initially in three secondary schools. Featuring work experience placements with local businesses in those sectors, the apprenticeships will assist pupils attain positive destinations whilst addressing skills requirements in the local economy.

4.1.8 **Teacher Recruitment/Development**

During a period of difficulty in teacher recruitment in both Argyll and Bute and nationally, it has been essential to ensure there is opportunity to enhance the profession by providing opportunities to “Grow Our Own” teachers. From August 2015 a partnership with UHI / Argyll College will see the introduction of a Post Graduate Diploma in Education being taught via Argyll College in Oban and its online facilities.

Developments are also taking place with the Scottish College of Educational Leadership which was set up in 2014. These developments focus on the Fellowship Programme and the impending new Specialist Qualification for Headship. The Council’s Education services will be working closely with SCEL to take forward these new initiatives. The Scottish Government have reinforced the development of the new Headship Programme and announced on the 23rd of February 2015 that the new Headship qualification would become mandatory for all new head teachers from 2018/19.

The Shared Headship policy in Argyll and Bute has provided further opportunities for enhanced development in leadership skills. Having one Head Teacher oversee more than one school has reduced duplication of management duties and has led to more effective use of existing resources and time in addition to the benefits to pupils and parents. Being a class committed head teacher can be challenging. Attraction to, and competition for, class committed head teacher posts is posing significant challenges for our small schools. Shared headship posts are seen as more attractive and offer career progression overcoming difficulties with recruitment and retention.

The Education Service has made use of an unused annexe of Glencruitten Hostel, Oban to support newly appointed teachers in the area with accommodation, and address barriers to recruitment. Reflecting the relative scarcity of accommodation in the area during the summer period which encompasses the start of term, it was noted that this had an impact on the ability of local schools to recruit new teaching staff. The accommodation has been successfully used by a number of

teachers in the first year of use, many of whom have subsequently moved into more permanent housing.

Further, in conjunction with local housing associations, vacancies in Campbeltown and Rothesay are accompanied by information on available social rented housing in both areas that may make the vacancy more attractive to candidates whilst potentially addressing surplus housing held by the local housing associations.

4.1.9 **Education Scotland**

Education Scotland has responsibility for supporting quality and improvement in learning and teaching across Scotland. Argyll and Bute's Area Liaison Officer was Maureen Mallon, but since the end of last year it has been Ken McAra. I have met with both Ms Mallon and Mr McAra to discuss Education in Argyll and Bute, and how Education Scotland are able to support ongoing improvements. Items that have been discussed have included: education pilots undertaken in individual schools; delivery of Education across all levels; and how to use inspection reports to improve the Education Service as a whole.

Mr McAra attended meetings of the Community Services Committee in December and March, and it was agreed at the March meeting that he would provide a short presentation on the school inspection model at a future Committee meeting.

4.1.10 **Argyll College**

I attended Board meetings for Argyll College in December and March and am now also a member of the Finance and General Purposes Committee. I will continue as a member of the Argyll College Board due to the recognised importance of skills development in improving economic outcomes. I also met with Fraser Durie, Principal of Argyll College, on 6th January 2015 to discuss a number of areas where partnership working could be further enhanced.

As previously reported, the Council have entered into a partnership with Argyll College and UHI to deliver a PGDE (Primary) based in the Oban Campus. Ten students will start in August 2015, with 8 students undertaking the course in English and 2 undertaking the course in Gaelic medium. The course is designed by UHI and meets the criteria required for Initial Teacher Education – it will be delivered by VC and face to face tutorials.

Argyll College UHI is now working in partnership with Hermitage Academy to deliver Skills for Work qualifications, which means all 10 Argyll and Bute secondary schools are now benefitting from working with Argyll College. Argyll College, in partnership with local schools and employers also launched the new foundation apprenticeship courses in Health and Social Care and Engineering noted earlier. It is hoped that this will encourage more young people to enter into a career in these industries, and with national recruitment issues for the care sector

impacting on Argyll and Bute it is hoped this will help our situation locally. A business breakfast meeting was held at the end of March with a number of local social care employers in attendance.

4.1.11 **Early Learning and Childcare**

As members will be aware, as of April 2015 the Education Service has responsibility for Early Learning and Childcare (ELCC). This is an outcome of decisions made in relation to Health and Social Care Integration but also reflects the work that was done in 2013 regarding the Education Management restructure which recommended the reintegration of early years into Education Services.

In response to the implementation of the Children and Young People Act 2014, there has been a focus on ensuring all statutory requirements are being met, as well as ensuring the council is prepared for the secondary legislation due for implementation in August 2015:

Parent and Carer consultations took place in each locality between January and April 2015 to identify preferences around Early Learning and Childcare provision. Results were varied within each locality, with some parents looking for increased flexibility around how to use their 600 hours of funded ELCC, whilst other parents wished provision to remain the same. As a result of this consultation and in response to the Children and Young People Act requirements for increased flexibility, the local authority is planning to pilot increased flexibility of funded hours within three local authority settings across Argyll and Bute. Currently over 50% of Partner Providers offer flexible use of funded hours to parents.

The local authority will continue to work in partnership to ensure there is increased flexibility for parents within each of the areas of Argyll and Bute. There were 6 Partner Childminders recruited to deliver ELCC for eligible 2 year olds across Argyll and Bute by the end of April. The Early Years Service is delivering a recruitment drive to register more partner childminders and partner providers to accommodate increased numbers of eligible two year olds following secondary legislation in August 2015.

By April 2015, 93% of ELCC settings within Argyll and Bute had achieved a grade of 4 (good) or above from the Care Inspectorate, with 47% of settings currently graded 5 (very good) or 6 (excellent). Whilst recognising this significant achievement, the local authority will continue to strive to increase the number of settings graded 5 or above through effective training and professional development opportunities.

In order to increase confidence and capacity in practitioners and increase parental engagement, the Early Years Partnership (NHS/ Police/ Council/ Providers) has launched a 'Developmental Milestone Tool', with training for practitioners being offered within each of the

areas of Argyll and Bute. By April 2015, training had been delivered within Mid Argyll and Kintyre, Oban and Helensburgh and Lomond, with 100% of settings represented at the Helensburgh and Lomond training event. The Developmental Milestone Tool will also gather relevant data in relation to the Early Years Collaborative stretch aim 3: 90% of children will have achieved their developmental milestones by the time they start primary school by the end of 2017. The Care Inspectorate and Education Scotland have given positive feedback on the Developmental Milestone Tool.

4.1.12 **Audit Scotland – Education Report**

With school education accounting for a significant proportion of local government spending, and with a number of important policy developments taking place in recent years, such as the introduction of Curriculum for Excellence, the Accounts Commission requested an audit was undertaken to provide an assessment of attainment over the last decade.

The audit found that councils in Scotland spent £4.8 billion on education services in 2012/13, of which £3.8 billion was spent on primary and secondary education. Around two-thirds of this expenditure (68 per cent) was on staff costs. A paper outlining the key findings was presented to Community Services Committee in March 2015, with a representative from Audit Scotland in attendance.

The Education Service has agreed a number of approaches in response to the recommendations made by Audit Scotland. These include the revision of Secondary and Primary performance information to be included in standardised reports to Area Committees, and targeted discussion between Central Education and Senior Management Teams in each of the ten Secondary Schools with, a specific focus on performance of individual subject departments, examination results and the increasingly effective use of Insight.

4.1.13 **Local Negotiating Committee for Teachers (LNCT)**

The LNCT met on 26th November and 25th March. Items on the agenda for these meetings included:-

- Partnership Agreements (presented for discussion by the EIS Union)
- Disciplinary Procedures and Codes of Practice
- Devolved Scheme of Management
- School holidays 2016/17

Scottish Negotiating Committee for Teachers (SNCT) circulars that were adopted included Class sizes guidance, distant islands allowance, allowances for teachers in remote schools, family leave, shared parental leave, SNCT website, Report of Supply teacher Review Group and Pay and Conditions Agreement 2011 – conservation arrangements.

The March meeting also agreed that at the next LNCT a programme for Education Policy reviews will be presented for consideration, as well as enhanced hours and the duties of nursery/early years teachers following the changes to the Children and Young People Act. The next meeting of the LNCT will be at the end of August 2015, with Cllr Rory Colville taking over as chair.

4.2 **SUSTAINABLE ECONOMIC GROWTH**

4.2.1 **Renewable Energy**

I attended All Energy, the UK's largest renewable energy exhibition and conference, which was held in Glasgow on 6th -7th May. Argyll and Bute Council exhibited together with Highlands and Islands Enterprise under the banner of the Argyll and Bute Renewables Alliance (ABRA). The stand also hosted a number of Argyll-based businesses operating in the renewables industry. In addition to our standard listing in the show catalogue, a news article was included which highlighted the achievements of Argyll and Bute in the Scottish National Renewables Energy League and the investment made to Campbeltown as part of the Kintyre Renewables Hub (Page 44 of the Show Catalogue which is available at <http://view.pagetiger.com/All-EnergyCatalogue/issue1>).

I also attended the ABRA meeting during May where it was agreed that I would take on the role of Chair. The meeting received updates from a number of partners, including the Scottish Government, and we were also informed about the ongoing work in relation to skills and training for the renewables sector within Argyll. A presentation on the £2.5m ACCESS project, a pilot seeking to match electricity demand with use, was also received. We will now circulate a questionnaire to all partners with their views to be used to formulate an action plan which will form the basis of a refreshed Renewable Energy Action Plan (REAP) and a work plan for ABRA. Ahead of the action plan, Skills Development Scotland will work with developers and contractors to confirm training requirements for workers in Argyll.

4.2.2 **Film & TV Productions**

Many people will have been aware of recent filming in the area on the Rest and Be Thankful but there are a significant number of TV and film productions being aired this year, showcasing a wide range of Argyll and Bute locations.

TV shows filmed in the area include:

- Stonemouth (BBC 2 Thursday June 11th at 9pm) filmed at Rhu. This is the first TV adaptation of Iain Banks' work since his death in 2013 and stars Christian Cooke, Charlotte Spencer, Peter Mullan and Gary Lewis.
- From Darkness (BBC1, due to be broadcast Autumn 2015) filmed around Tayvallich and Ellenabeich. This is a new

psychological crime drama starring Anne-Marie Duff, Johnny Harris, Richard Rankin and Luke Newberry.

- STAG (due to be broadcast before Christmas) filmed at locations in Helensburgh and Lomond and at Inveraray Castle, is a dark comedy thriller about a truly horrific stag weekend.

The Edinburgh International Film Festival this year will feature two films made in Argyll:

- Scottish Mussel is a romantic comedy filmed in and around Dunoon and involved many locals as extras. The film features Line of Duty star Martin Compston and also stars Marianna Palka, Eamon Elliot, Russell Kane and Rufus Hound. This will be shown on 26th and 27th June.
- Iona was filmed on the islands of Mull and Iona and stars Ruth Negga and Douglas Henshall. This film will have the honour of closing the Festival on Sunday 28th June.

4.2.3 **Local Economic Development Action Plans/Economic Profiling**

The Council, Skills Development Scotland (SDS) and Highlands and Islands Enterprise (HIE) recently agreed to undertake a detailed economic profiling and analysis of Argyll and Bute and each of the four sub-areas, with a particular focus on skills development issues. This study will provide an evidence base on the local employment opportunities, skills gaps, education and training provision, and the unique selling points of each of the four administrative areas and for Argyll and Bute as a whole.

These findings and proposed solutions will assist in developing 'compelling' propositions/promotional action plans for Argyll and Bute and each of its four sub-areas. The report will also be used to inform the curriculum planning in our secondary schools and Argyll College UHI to ensure that the curriculum we deliver meets with economic aspirations and opportunities for local individuals, businesses and communities.

EKOS Ltd submitted draft final reports on Friday, 29 May 2015, which will be discussed and finalised at a final Steering Group meeting on Thursday, 25 June 2015. Reports will then be compiled for the Council's Strategic Management Team and then onto the relevant Council Committee(s). The Steering Group comprises officers from the Council's Economic Development, Education and Community Planning teams as well as representatives from SDS, HIE and Argyll College.

John Kelly, Director, EKOS Ltd, provided a short overview presentation on the study findings to the Youth and Education sub-group of the Economic Forum on Friday, 29 May and also attended the four meetings held recently regarding the ongoing development of local Economic Development Action Plans.

4.2.4 **Economic Forum**

At the inaugural meeting in March it was agreed to focus initial efforts on existing local strengths and build the opportunities for economic growth. The forum established three sub groups to focus on:-

1. Tourism (the sub group had a teleconference in April)
2. Food and Drink Production (the sub group had a teleconference in April)
3. Youth and Education (the sub group had a meeting on 29th May which I attended).

The second meeting of the Economic Forum was also on the 29th May, where updates were provided from each of the sub group meetings. A key outcome from each sub group meeting was the identification of strengths and weaknesses in each area of focus. Whilst still in its infancy, the forum has moved quickly to establish key areas of consideration and secure the support of additional persons of specialised knowledge to support the forum.

The Economic Forum has been focussed on gathering information and the insight of specialists but some of the topics of discussion have been around:-

- Promoting Argyll and Bute and its tourism and food
- Improving mobile and broadband coverage
- The potential to develop innovative seafood production methodology
- Harnessing the expertise in Argyll and Bute to mentor young entrepreneurs and small businesses

The next meeting of the forum will be at the end of August when it will further develop its thinking around the identified areas of focus. In the intervening period considerable benefit will be derived from the members of the forum who have agreed to use their specialist knowledge and position within the business community to pursue issues identified during the various session.

4.2.5 **Europe**

I attended the West of Scotland European Forum (WOSEF) meeting in May. Included in the meeting was a presentation on the EU Funding Portal, given by a representative from Scotland Europa. The portal is a result of a Scottish Parliament European and External Affairs Committee inquiry into the future of European Structural Funds in Scotland. This established a need for a clear understanding of the range and diversity of European Funds available, in addition to the European Structural Funds.

As a result, Scotland Europa together with funding from WOSEF, and the East of Scotland European Consortium (ESEC), funded the

development of an EU Funding Portal. The Portal is now live and provides a database of EU funding programmes searchable by theme, as well as a database of historic EU funded projects which involved Scottish based organisations. Users have to register to use the portal, which can be accessed using the following link: <http://www.funding-portal.eu/>

In terms of European Structural and Investment Funds, local authorities have been charged with the delivery of three of the fourteen Strategic Interventions (SIs), namely:

- (i) the CPP Enhanced Employability Pipeline;
- (ii) Social Inclusion and Poverty; and
- (iii) Business Growth Accelerator (to be delivered by Business Gateway)

The Council's Economic Development Service (Employability Team, Business Gateway Team and the European Team) are leading on the development of the bids for these Strategic Interventions.

In addition, Argyll and Bute is one of 5 Local Authorities chosen as part of a Big Lottery application for European Social Funds (ESF) under the Social Inclusion and Poverty Strategic Intervention. The Big Lottery are applying to be a lead partner for the delivery of up to £8m European Social Funds (alongside £10m Lottery resources). Funding for projects will be providing match at source thereby reducing bureaucracy for partners delivering the work on the ground. The five local authorities were chosen based on those which are anticipated to have the greatest strategic impact. The others are Dundee City, Glasgow, Inverclyde and North Ayrshire. It is anticipated that each area will be awarded between £2 and £5m, depending on population size, level of need and range of existing services. This will be through a procurement process rather than a grant model and it is envisaged that the third sector will be strongly involved in delivering the model.

Following submission of the LEADER/EMFF Local Development Strategy on behalf of the Argyll and the Islands LEADER Local Action Group (LAG)/ EMFF Community Actions Fisheries Local Action Group (FLAG), feedback has been received by the Scottish Government. The European Team have responded to this and are awaiting finalisation of the SLA between the Scottish Government

The indicative allocation is £4,886,126 – which is £1,160,283 less than the £6,046,409 applied for. It is of note that the allocation is indicative and allocations will be revisited during the 2014-20 period. As a result of the allocation being less than anticipated, the current proposal is that a delay should be built in to the recruitment of 2 of the development and compliance posts until later in the programme which will reduce our admin costs.

4.3 **STRATEGIC IT SERVICES**

4.3.1 **Broadband**

Work continues on the rollout of next generation broadband with the subsea cables completed in November 2014 and an announcement early in 2015 that Campbeltown, Rothesay and Lochgilphead were all expected to get coverage 12 months ahead of originally planned. Whilst there have been delays in the programme in some areas, it is expected that our main towns should be connected by the end of 2015 with coverage rolling out into the rural areas from these centres.

Community Broadband Scotland continue to work with local communities including through the Giga Plus Argyll project which is being used as a pilot to test a large-scale community broadband solution, it is expected that they will appoint a contractor during the summer.

I met with Highlands and Islands Enterprise on 21 November 2014 to press for further coverage across Argyll, we have been assured that they are aiming to reach as many premises as possible with the funding that they have available. An action arising from the meeting was that the Council should press for additional funding for next generation broadband within Argyll. This action, together with an update on the digital infrastructure projects occurring across Argyll, was presented to the Policy and Resources Committee on 5 February 2015 and following their agreement a letter was sent to the Deputy First Minister seeking equality of coverage so that provision of next generation broadband within Argyll matches that across the rest of Scotland.

As more communities are connected to the new infrastructure we need to start to get the message out to people that next generation broadband is available to order. The first stage of this was the distribution of information to all households alongside the annual Council Tax bill. With coverage now available in Cardross, I also attended a Digital Scotland publicity event in March aimed at raising awareness that next generation broadband is available to order in that community. It is hoped that similar events will held elsewhere within Argyll as the rollout progresses.

4.3.2 **Pathfinder North 2**

The Council are awaiting the details of a review of current bandwidth carried out by Vodafone during May. This information will then be used to confirm the bandwidths being requested under the new contract.

The West of Scotland eHealth leads carried out a workshop in March to look at how the SWAN network could help to support and deliver integrated working across Health and Social Care Partnerships. There

are a number of technical options which all parties could link into to allow sharing. The next steps were agreed to be on information sharing, education, awareness and communication. Whilst this is helpful, unfortunately no further activity is being progressed at present so the Council may therefore need to address these issues locally without waiting for a more co-ordinated approach nationally.

4.3.3 **Mobile Telephony**

Unfortunately the Mobile Infrastructure Project (funded by the Department of Culture, Media and Sport) has failed to make any progress in delivering the locations proposed for Argyll and Bute however improvements in mobile coverage have been achieved on Coll where the Demonstrating Digital Pilot went live in March and provides 2G, 3G and 4G coverage on the island.

In addition, Vodafone were searching for 100 communities across the UK in which to install their Open Sure Signal product, which can provide a 3G mobile service where broadband connections are sufficient. Seven communities across Argyll have been successful including the Isle of Luing, Isle of Seil, Crossapol on Tiree, Ardfern, Port Askaig, Dunbeg and Ormsary.

4.4 **SKILL DEVELOPMENT**

4.4.1 **Higher Education**

The importance of Higher Education as a driver of economic development is well-recognised. Both Argyll College and SAMS (Scottish Association of Marine Science) have a number of HE students. The Council is currently working in partnership with HIE to carry out a study into what the characteristics of a successful University town are. As part of this study visits have been made to Falmouth, St Andrews and Aberystwyth to conduct interviews with academics, students, council and university staff and elected members. Imani Developments consultants based in Oban are coordinating the work with a full report on any implications and opportunities for Oban expected by the end of June.

5.0 **CONCLUSION**

As this is my last report as Policy Lead for Education and Lifelong Learning I would like to thank all officers who provided support, assistance and professional advice throughout my time in the role. I would also like to thank all the head teachers, staff and pupils who always gave me a warm welcome when I visited our schools and allowed me to see our policies in action.

6.0 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

Aileen Morton
Policy Lead for Sustainable Economic Growth (Economic Development,
European Affairs, Renewables and Strategic Tourism)
31st May 2015

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ARGYLL AND BUTE COUNCIL

Argyll and Bute Council

Customer Services

25 June 2015

Armed Forces and Veterans Champion Update

1.0 EXECUTIVE SUMMARY

This report will provide an update on:-

- (a) The work of the WW1 Commemoration Steering Group, highlighting the upcoming events taking place across the Council area in commemoration of the first World War.
- (b) The work of the Armed Forces Community Covenant and the Argyll and Bute Armed Forces and Communities Partnership; and
- (c) The work of the Armed Forces and Veterans Champion for Argyll and Bute, Councillor Maurice Corry.

Recommendations:-

The Council is asked to:-

- (1) Note the contents of the report and the updates provided; and
- (2) Agree to support the upcoming events in relation to the First World War commemorations, including the national event due to take place on Islay in 2018.

ARGYLL AND BUTE COUNCIL

Argyll and Bute Council

Customer Services

25 June 2015

Armed Forces and Veterans Champion Update

2.0 INTRODUCTION

2.1 This report provides an update on the work of the Armed Forces Champion and includes reference to the WW1 Commemorations taking place between 2014 and 2018, the work of the Armed Forces Community Covenant and the Argyll and Bute Armed Forces and Communities Partnership.

3.0 RECOMMENDATIONS

3.1 The Council is asked to:-

(1) Note the contents of the report and the updates provided; and

(2) Agree in principle to support the upcoming events in relation to the First World War commemorations, including the national event due to take place on Islay in 2018.

4.0 DETAIL

4.1 First World War Commemorations

4.1.1 The Council agreed to set up a Steering Group to oversee the commemorations of the First World War during the period from 2014 to 2018. The Steering Group is currently chaired by Patrick Stewart, the Lord Lieutenant of Argyll and Bute, and membership includes Councillor Corry and Elected Members from each local area, officers of the Council and volunteers across the Council area.

4.1.2 The first event organised as part of the commemorations was held in Oban on 20 September 2014 and involved military veterans, serving members of the armed forces, the cadets and representatives from community organisations. A parade of remembrance marched through the town and a service of commemoration took place at the Corran Halls. The event organisation was assisted greatly by Oban Community Council, and funding to cover costs was secured from the Oban Common Good Fund, the McQueen Trust and the Bids Group. Help in kind was also provided and the Council provided a range of support to assist with the event.

4.1.3 Other events planned are as follows:-

Battle of Loos commemoration – 26 September 2015

This event will take place in Campbeltown, and will consist of an exhibition in the Victoria Halls and will also involve a parade through the town by local uniformed groups. Local schools are also involved in the event. Organisation of the event has been taken forward by a Sub Group of the WW1 commemoration Steering Group which is chaired by Patrick Stewart and also has input from local people and Ward 1 Councillor Rory Colville.

Battle of Jutland commemoration – Helensburgh 30 May 2016

This event will be held in Helensburgh on 30 May 2016. The WW1 Steering Group have agreed that a Sub Group to be chaired by the Chairman of the Royal British Legion (Helensburgh) be formed to deal with arrangements in the local area. This event will be a joint event organised with input from the Royal Navy.

Horse event – Inveraray 2 July 2016

This event will commemorate the Home Front and the effort made by local estates and families during the war and will take place in Inveraray. Detail for the event has still to be finalised, but arrangements are being co-ordinated by Patrick Stewart with input from Liz McNab.

Argyll and Sutherland Highlanders event – Dunoon 2017

Arrangements for this event are at a very early stage. The event will be held during the summer of 2017 and will take place in Dunoon. The WW1 Steering Group will take this forward.

National Commemoration, SS Tuscania and HMS Otranto – Islay 2018

This event will take place on Islay in 2018, and is being organised by the Scottish WW1 Commemoration Panel. The event will be significant as it will be one of the last to take place in Scotland during the commemorations. It will be organised at Scottish Government level, and will have input from the Royal Navy and the US Navy. The Chair of the WW1 Steering Group is liaising with Norman Drummond, Chair of the National Panel regarding the event. The Council has also been contacted directly and propose to respond in a positive way to the initiative.

It is anticipated that there will be a high level of interest in the event from both the UK and also from the US, presenting an ideal opportunity for the Council to showcase the area and all that it has to offer. There will likely be high levels of visitors to the area for the event, and it would be beneficial for planning to start at an early stage.

Victoria Cross recipients – 2017/18

There are 3 Victoria Cross recipients from WW1 from the Argyll and Bute Council area. It is proposed that a commemorative paving stone is installed in each of the 3 recipient's local areas (Cardross, Innellan and Portnahaven). The Area Committees will discuss local arrangements and work is ongoing to identify relatives of the recipients.

4.1.4 Work undertaken by the library service

The library service have been involved in a number of projects:-

World War I – Library activities

The library Service has committed to curating one touring exhibition per year over the Great War commemoration period. Themes are as follows:

2014 - ***Healing Hands on the Home Front*** : the work of local auxiliary hospitals. 2014 marked the centenary of the opening of Hermitage House, Helensburgh and Mount Stuart, Bute. This exhibition is concluding its tour this year.

2015 - ***Bedford, Battalions and Brave Battles*** : a history of the Argyll and Sutherland Highlanders, including their training at Bedford prior to going to war in 1915

2016 - **Local stories and connections** [title to be devised] – a collection of WWI material obtained so far from local individuals and communities

2017 - ***Keep the Home Fires Burning*** [working title] – the Home Front and daily life during wartime

2018 - **The War at Sea** [title to be devised] – exhibition will include information about the sinking of the Otranto and Tuscania in 1918

These exhibitions all tour our main libraries, spending about a month in each one.

In 2015 and 2016 the library service will be holding **WWI Roadshows** in 6 libraries, giving an opportunity for people to bring artefacts, photos and documents to be scanned or photographed and experts from the Scotland's War team (see below) will be on hand to give information about objects that are brought in.

[Helensburgh – 28th/29th Aug 2015 ; Rothesay – 4th/5th Sept 2015 ;
Campbeltown – 25th/26th Sept 2015 ; Lochgilphead – 9th/10th Oct 2015 ;
Dunoon and Oban tbc in 2016]

Over the centenary period the library service will be contributing to the national website, ***Scotland's War***. Each participating local authority has its own page on the website and information can be added under various themes. By 2018 it is hoped to have a comprehensive overview of the contribution Scotland made to the war effort as well as commemorating the sacrifice made by local people.

The library service is also collating information about all the **war memorials** and **rolls of honour** in Argyll and Bute. By the end of 2018 we hope to have a complete record of all servicemen and servicewomen listed on these memorials along with any background information that can be obtained (e.g. place of death/burial, family history, photograph, obituary). Some of this recording has been undertaken by local history and community groups who

have produced some excellent booklets about local memorials and we are indebted to the volunteers who have taken on this task. We now have to fill in the gaps where no research has been done and bring everything together to make the information more accessible.

4.2 Armed Forces Community Covenant

4.2.1 The last year (14/15) has been a successful one for Argyll & Bute with sixteen applications for funding being screened by the local AFC board co-chaired by Councillor Corry and Commander Ian Riches OBE RN (Base Executive Officer). Of the sixteen applications, twelve were considered to meet the criteria of the Covenant and were strongly supported and nine were granted funding by the Scottish Regional panel sitting in Stirling. A breakdown of the grants awarded since 2012 is provided as Appendix 1 to this report.

4.2.2 This has resulted in £381,733 being disbursed throughout Argyll & Bute. It is true to say that the standard of the compilation of the bids has risen considerably, partly due to the skills of the individual but in the main the excellent coaching and mentoring provided by Morevain Martin at AVA. It is pleasing to see the variety of the bids and more often than not it is the simple, low cost ones that give the most pleasure when they succeed in gaining funding as there is invariably so much gain for so little outlay. The administrative support provided to the chairs by the council is invaluable and both chairs would like to record their gratitude for this and the use of the Victoria Halls for the meetings.

4.2.3 The Armed Forces Community Covenant awards scheme will continue from 2015, but the details of this have not yet been published.

4.3 Argyll & Bute Armed Forces and Communities Partnership

4.3.1 In parallel with the Covenant Grant Scheme, the Argyll & Bute Armed Forces and Communities Partnership met for the first time in March this year, Councillor Corry is also a key member of this group. This organisation brings together the experts in housing, education, jobs, health, social care and education to ensure that the service person or veteran and their families are not disadvantaged in anyway.

4.3.2 The inaugural meeting was a success with many different agencies exchanging ideas and information. From an educational perspective it was encouraging that the Royal Caledonian Education Trust attended and are now actively engaging with local schools to help support service children. The meeting started with a presentation of the role of Erskine Hospital through its history, the present day and the future. The next meeting will be held in Helensburgh in early September, but for the future it is suggested that as these meetings are about the whole of Argyll & Bute that future meetings should be held in other regional centres with local reps from all of the agencies supporting.

4.4 Support for Schools Funding Support

4.4.1 Argyll and Bute Council continues to benefit from MOD Support Fund for State Schools with Service Children. Money has been allocated in 2014/15 as a result of successful bids from the Education Service.

4.5 Argyll and Bute Welcome and Information Packs

4.5.1 The first edition of these packs has been very well received by civilian and armed forces personnel in Argyll and Bute including those who have families in London, Portsmouth and Devonport.

4.5.2 Building on this success, the second edition is being drafted by Argyll and Bute Council and the Royal Navy for publication in the near future. This project is co-funded in a similar way to that of the first edition.

4.6 Armed Forces and Veterans Champion

4.6.1 The Armed Forces and Veterans Champion has undertaken a number of activities, these include:-

- Has been instrumental in achieving the formation of the Argyll and Bute Armed Forces Community Covenant Grants Board;
- Involved with the setup of the Argyll and Bute Armed Forces and Communities Partnership;
- Is a key member of the World War One Commemoration Steering Group;
- Has worked to facilitate the linking and integration of the civilian and military communities across Argyll and Bute;
- Provided support for service personnel and families in the community;
- Provided support for our veterans and their families;
- Championing the rights of individual veteran and armed forces families, which has seen the introduction of better communication and signposting to relevant Council and NHS Services;
- Liaised with primary and secondary schools in relation to the support of the children of military personnel and veterans.

4.6.2 Councillor Corry as part of his remit is also involved in liaising with many different organisations, such as the Royal British Legion, Veterans Scotland, Veterans Housing, SSAFA, Erskine, Scottish Submarine Trust and Argyll and Bute Council Social Work.

4.6.3 Other Groups attended by the Armed Forces and Veterans Champion:-

- Cross Party Group on Veterans along with other Council Champions to feed information and raise veteran issues with the Scottish Government;
- Liaison meetings with the MOD in Whitehall around the Community Covenant and has helped to maintain the proactive profile of Argyll and Bute Council;

- Continued attendance at the Tri lateral meetings at HMNB Clyde (Faslane) with senior Council staff from Argyll and Bute and West Dunbartonshire and the Royal Navy to continue the preparation and planning around the maritime change programme and other areas of potential joint work and associated liaison issues.

4.6.4 Argyll and Bute Council is recognised as the foremost Local Authority in the United Kingdom in regards to the implementation of the Armed Forces Community Covenant since 2012.

5.0 CONCLUSION

5.1 This report updates on the work of the Armed Forces and Veterans Champion, and highlights the range of activities that he has been involved with, bringing benefit to many areas across Argyll and Bute and continuing to provide a high profile to the approach taken by the Council in relation to the administration of the Armed Forces and Community Covenant. It also details the ongoing programme of commemoration of WW1 and the efforts made to bring events to all parts of the Council area

6.0 IMPLICATIONS

6.1 Policy - none

6.2 Financial - support from the Provost's Fund for one Civic event each year may be required. Support may also be required from the Council in relation to the event in 2018 on Islay once more details are known.

6.3 Legal - none

6.4 HR – none

6.5 Equalities - none

6.6 Risk - none

6.7 Customer Service - none

Executive Director of Customer Services – Douglas Hendry
Armed Forces and Veterans Champion – Councillor Maurice Corry
17 June 2015

For further information contact: Shona Barton, Area Committee Manager (01436) 657605

APPENDICES

Appendix 1 – List of Community Covenant Grants awarded

Appendix 1 – Grants awarded by the Armed Forces Community Covenant

ORGANISATION	CONTACT	DATE	Amount
Gareloch Riding for the Disabled Association	Mrs Kate Bennett Chairperson	July 2013	£10,000
Scottish Submarine Centre Trust	Brian Keating Chairperson	July 2013	£200,000
Rhu Gala Equipment Bank		December 2013	£5,000
Campbeltown Heritage Centre	Alan Milstead Chairperson	May 2014	£20,200
Helensburgh Play Park Association	Emer Flett Secretary	May 2014	£26,000
Helensburgh and Lomond Young Carers Initiative	April Walker Young Carers Development Co-ordinator	September 2014	£10,000
Cove and Kilcreggan Youth Cafe	Susan Will, Chairperson	January 2015	£30,000
Cardross Primary School Association	Bob Seaward Chairperson	January 2015	£3,610
Helensburgh and Lomond Carers SCIO	Eileen McCrory Manager Helensburgh & Lomond Carers	January 2015	£6,500
Craigrownie Park	Veronica Ferguson - Chairperson	January 2015	£48,043
Campeltown Sea Cadets	Donnie Cameron – Commanding Officer	January 2015	£22,380
Total			£381,733

ARGYLL AND BUTE COUNCIL**COUNCIL****STRATEGIC FINANCE****25 JUNE 2015**

EARMARKED RESERVES – 2014-15 YEAR-END

1. EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide information on progress with balances already earmarked within the General Fund, note the new balances earmarked at the end of 2014-15 that qualify for automatic carry forward and request approval for six new unspent budget earmarking proposals.
- 1.2 The earmarked balance in the General Fund was £30.372m at the end of March 2014. Of this balance, £5.925m has been spent during 2014-15, £1.180m will be transferred back to the General Fund as it is no longer required and the remaining £23.267m is planned to be spent in future years.
- 1.3 The balance of £23.267m planned to be spent in future years includes the contribution to the Dunoon and Campbeltown schools of £12.500m (of which £6.5m will be used to support investment in affordable housing, which will generate an income stream which will finance any borrowing required for Dunoon and Campbeltown schools) and the Strategic Housing Fund of £5.745m (in addition to this a further £1.927m of income was generated for the Strategic Housing Fund in 2014-15).
- 1.4 There are six new unspent budget earmarked proposals totalling £0.486m with supporting business cases for approval:
- New National Qualifications - £94,000
 - Developing Scotland's Young Workforce - £137,234
 - Early Years Change Fund - £30,000
 - Resourcelink Review - £42,450
 - Street Lighting Survey - £132,000
 - Oban Airport - £50,000
- 1.5 There are new earmarked balances totalling £6.440m that qualify for automatic carry forward which relate to unspent grants, unspent third party contributions, school carry forwards and balances previously approved by Council. Together the previously earmarked and new balances give a total of £30.193m to be earmarked at 31 March 2015.

EARMARKED RESERVES - 2014-15 YEAR-END

2. INTRODUCTION

- 2.1 This report provides information on progress with balances already earmarked within the General Fund, notes the new balances earmarked at the end of 2014-15 that qualify for automatic carry forward and requests approval for six new unspent budget earmarking proposals.

3. RECOMMENDATIONS

- 3.1 To consider and agree the six new unspent budget earmarked reserve proposals, as per the business cases submitted.
- 3.2 To review and agree the previously approved unspent budget earmarked reserves and the justification for continuing to earmark these.
- 3.3 To review and agree the other balances currently earmarked within the General Fund, both the previously earmarked amounts and the new balances to be earmarked at the 2014-15 year-end.
- 3.4 Note that £1.180m of previously earmarked amounts no longer require to be earmarked and can be released back into the General Fund.

4. DETAIL**4.1 Background**

- 4.1.1 The Council has previously agreed the following in respect of earmarked balances in the General Fund:
- The balances in relation to the Strategic Housing Fund, CHORD and unspent budget within the Devolved Management of Resources (DMR) Scheme of Delegation for schools.
 - Any unspent grants and unspent contributions from external bodies are earmarked. This is on the basis that the monies would have to be returned/repaid if not used for the purpose intended.
 - Any unspent budget that relates to existing policy commitments arising from a previous Council decision or is required to meet an existing legal commitment is earmarked.
- 4.1.2 Outwith the situations noted above there will be no automatic carry forward of unspent budget. Earmarking of funds in relation to unspent budget and not covered by the criteria above are reported to Council for approval and supported by a business case.

4.2 Review of General Fund

4.2.1 The General Fund balance at 31 March 2014 was £44.041m, of this a total of £30.372m was approved by Council to be earmarked for specific purposes. The table below summarises the opening balance on earmarked reserves approved together with the amount spent in the 2014-15 financial year, any identified uncommitted balance that can be returned back into the General Fund, any additions to balances and the proposed closing balance at 31 March 2015:

Earmarking Category	Balance at 31 March 2014 £'000	Actual Spend 2014-15 £'000	Balance no Longer Required £'000	Additions to Earmarked Balance £'000	Closing Balance 31 March 2015 £'000
Unspent Budget	1,343	(524)	(149)	486	1,155
Previous Council Decision	18,808	(1,870)	(1,031)	3,477	19,384
Other automatic carry forwards:					
Unspent Grant	979	(471)	0	293	801
Unspent Third Party Contribution	255	(59)	0	7	203
Existing Legal Commitments	196	(51)	0	0	144
CHORD	421	(325)	0	0	96
DMR - Schools	887	(887)	0	737	737
Strategic Housing Fund	7,484	(1,738)	0	1,927	7,672
Grand Total	30,372	(5,925)	(1,180)	6,926	30,193

4.2.2 Of the total balance of £30.372m originally earmarked at 31 March 2014, £23.267m is planned to be spent in future years. The main elements that run into future years are the contribution to the Dunoon and Campbeltown schools of £12.500m (of which £6.5m will be used to support investment in affordable housing, which will generate an income stream which will finance any borrowing required for Dunoon and Campbeltown schools), the Strategic Housing Fund of £5.745m (in addition to this a further £1.927m of income was generated for the Strategic Housing Fund in 2014-15) and a number of unspent budget proposals which in the main were originally earmarked or planned to be spent across a number of financial years.

4.2.3 The amount of £1.180m will be transferred into the General Fund. This amount has increased by £0.789m from the position reported in the 2015-16 budget pack in February 2015. This increase is as a result of a further review of by the Strategic Management Team of the balances held.

4.2.4 The following funds will be un-earmarked and released back into the General Fund:

Unspent Budget Proposals (listed in Appendix 1):	
Improvement and HR: There are a number of unspent budget proposals where the service has incurred expenditure but this has been accommodated from within the Departmental overall favourable outturn position:	
<ul style="list-style-type: none"> • Argyll and Bute Manager Programme - £0.051m • Learning and Development - £0.054m • Corporate Improvement Board Projects - £0.043m 	£149,383
Previous Council Decision (listed in Appendix 2):	

<p>Planning and Regulatory Services (completed project during 2014-15): The Local Plan Enquiry costs were estimated to be £0.090m with the final cost being less than expected, therefore the remaining balance no longer requires to be earmarked.</p>	£42,180
<p>Adult Care: A reduction to the contingency balance held to offset the debtor for the level of charging orders in place. A review of this balance has been carried out and the full amount no longer requires to be earmarked.</p>	£653,000
<p>Non-Departmental: There are two earmarked balances can be reduced:</p> <ul style="list-style-type: none"> • Severance (completed project during 2014-15). Balance was held for the potential costs for teachers claims from a number of years ago. Requirement for severance will be reviewed as part of Service Choices process - £0.027m. • Community Resilience Fund – fund established in 2012-13 as a contingency to fund emergency situations, this can be reduced to leave a balance of £0.200m available as a contingency - £0.309m 	£335,486
TOTAL	£1,180,049

4.3 Individual Earmarked Reserve Balances

Appendices 1 to 3 detail the individual earmarked balances with a note on plans for use and in some instances further justification for why amounts should be earmarked. A spending profile has also been included for each earmarked balance. These balances have been scrutinised by SMT to ensure that there are clear spending plans in place and that the purpose of the earmarking is in line with Council priorities.

Unspent Budget Proposals – Appendix 1

- 4.3.1 Appendix 1 provides detail of all of the unspent budget proposals at the end of the 2014-15 financial year, these total £1.155m. There is no automatic carry forward of unspent budget balances and Council are asked to review these to consider if they still require to be earmarked. Included within the balance is a total of £0.486m which relates to new proposals and business cases developed by services in support of these proposals are included as Appendices 3a to 3f.

Previous Council Decision Proposals – Appendix 2

- 4.3.2 Appendix 2 provides detail of all of the proposals at the end of the 2014-15 financial year that are as a result of a previous Council decision, these total £19.384m. These balances are automatically carried forward as this decision has previously been made by Council. Council are asked to review these to consider if they still require to be earmarked and continue to be in line with Council priorities. Included within the balance is a total of £3.477m which relates to new balances approved during 2014-15.

Other Automatic Carry Forwards – Appendix 3

- 4.3.3 Appendix 3 outline the balances which qualify for automatic carry forward under the existing policy, these include unspent grants, third party contributions, existing legal commitments, CHORD, Schools DMR and the Strategic Housing Fund. These balances total £9.654m with £2.963m being new earmarked balances for the 2014-15 financial year. These are only provided for information as they are balances which qualify for automatic carry forward.
- 4.3.4 The balances earmarked in the General Fund are reviewed and approved by Council at the end of each financial year. The progress with spend against the earmarked allocation and spending plans is monitored by SMT and the Policy and Resources Committee throughout the financial year as part of the routine revenue budget monitoring process.

5. CONCLUSION

- 5.1 A total of £1.180m which was currently earmarked in the General Fund is no longer required and the earmarking will be removed from these funds.
- 5.2 Services have submitted their new proposed unspent budget earmarked reserves balances for the 2014-15 year-end for consideration by Council together with business cases to support the requests, these proposals total £0.486m.
- 5.3 There are a number of previously approved unspent budget earmarked reserves balances where there are plans to spend in future years, these have been scrutinised by SMT to ensure there is clear justification for these to continue to be earmarked.
- 5.4 There are new balances totalling £6.440m to be earmarked for the 2014-15 year-end which qualify for automatic carry-forward, £3.477m of these relate to a previous Council decision.

6. IMPLICATIONS

- | | | |
|-----|--------------------|---|
| 6.1 | Policy – | Outlines the new proposed unspent budget earmarking to be carried forward as per the agreed policy. Also outlines the new balances to be earmarked which qualify for automatic carry forward. |
| 6.2 | Financial - | Outlines all earmarked balances held within the General Fund. |
| 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

Councillor Dick Walsh, Council Leader - Policy Lead Strategic Finance

15 June 2015

For further information contact: Steve Barrett, Interim Head of Strategic Finance

APPENDICES

Appendix 1 – Unspent Budget Proposals

Appendix 2 – Previous Council Decisions

Appendix 3 – Other Automatic Carry Forwards

Appendix 3a - Business Case – New National Qualifications

Appendix 3b – Business Case – Developing Scotland’s Young Workforce

Appendix 3c – Business Case – Early Years Change Fund

Appendix 3d - Business Case – Resourcelink Review

Appendix 3e – Business Case – Street Lighting Survey

Appendix 3f – Business Case – Oban Airport

EARMARKED RESERVES 2014-15 - UNSPENT BUDGET PROPOSALS

APPENDIX 1

Ref	Department	Service	Description	Opening Balance at 31 March 2014	Budget Already Drawn down During 2014-15	Balance no Longer Required	Additions to Earmarked Balance	Closing Balance at 31 March 2015	Reason for Carry Forward	Plans for Use/Justification for Amounts to be Earmarked	Spending profile		
											Amount Planned to be Spent in 2015/16	Amount Planned to be Spent in 2016/17	Amount Planned to be Spent from 2017/18 onwards
		Completed Projects During 2014-15		453,902	(410,402)	(43,500)	0	0	Unspent Budget				
001	Community Services	Adult Care	Autism Strategy	35,000	(20,224)	0	0	14,776	Unspent Budget	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 remainder of funding will be utilised in 2015-16 on planned training.	14,776	0	0
002	Community Services	Adult Care	Health and Social Care Integration	120,000	(60,000)	0	0	60,000	Unspent Budget	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.	60,000	0	0
003	Community Services	Children and Families	Care First /Care Pay Consultancy	16,200	0	0	0	16,200	Unspent Budget	Progress the integration of financial and care management information held in the CareFirst system for Children and Families. Preliminary discussions have taken place with the consultants and the funding will be required during 2015-16.	16,200	0	0
004	Community Services	Children and Families	Early Years Change Fund - Dalintober Family Centre (Phase 2)	0	0	0	30,000	30,000	Unspent Budget - Business Case - APPENDIX 3c	Phase 2 of the works to develop a family room in Dalintober Pre-5 Unit where families will have access to information, advice and support.	30,000	0	0
005	Community Services	Community and Culture	Welfare Rights Officer	42,000	(33,434)	0	0	8,566	Unspent Budget	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. Two year post is due to end in June 2015, balance is required to fund the costs until that time.	8,566	0	0
006	Community Services	Education	New National qualifications	0	0	0	94,000	94,000	Unspent Budget - Business Case - APPENDIX 3a	Scottish Government additional funding to provide schools with additional opportunities to develop teachers' understanding of and ability to deliver the new National Qualifications and to meet the costs of school level events to improve parents' understanding of the new National Qualifications.	94,000	0	0
007	Community Services	Education	Developing Scotland's Young Workforce	0	0	0	137,234	137,234	Unspent Budget - Business Case - APPENDIX 3b	Developing an Argyll & Bute foundational apprenticeship scheme, developing support for vulnerable young people to access training, developing key group knowledge of the local labour market in relation to post-school opportunities and delivering a prevocational programme for unemployed young people.	137,234	0	0
008	Customer Services	Executive Director of Customer Services	NPDO	200,000	0	0	0	200,000	Unspent Budget	Fund 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 now be incurred until 2015-16.	200,000	0	0
009	Customer Services	Improvement and HR	Resourcelink Review	0	0	0	42,450	42,450	Unspent Budget - Business Case - APPENDIX 3d	Underspend in Resourcelink 4 Project budget. The scope of the project was reduced due to the level of funding available, earmarking of this underspend would allow some of the project actions that were updated as being out of scope to be accelerated and delivered in a shorter timescale.	42,450	0	0

EARMARKED RESERVES 2014-15 - UNSPENT BUDGET PROPOSALS

APPENDIX 1

Ref	Department	Service	Description	Opening Balance at 31 March 2014	Budget Already Drawn down During 2014-15	Balance no Longer Required	Additions to Earmarked Balance	Closing Balance at 31 March 2015	Reason for Carry Forward	Plans for Use/Justification for Amounts to be Earmarked	Spending profile		
											Amount Planned to be Spent in 2015/16	Amount Planned to be Spent in 2016/17	Amount Planned to be Spent from 2017/18 onwards
010	Customer Services	Improvement and HR	Argyll and Bute Manager Programme	164,575	0	(51,083)	0	113,492	Unspent Budget	Fund the Argyll and Bute Manager training programme which has been extended. A number of managers have been trained and the funding is being used to roll this out across all managers. Once full coverage has been achieved the training will become part of business as usual for Learning and Development.	63,279	50,213	0
011	Customer Services	Improvement and HR	Learning and Development	175,640	0	(54,800)	0	120,840	Unspent Budget	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. Earmarked balance was to fund training identified from PRDs, the development of e-learning modules and a 5 year programme of Social Work Degree courses. 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.	69,390	42,570	8,880
012	Development and Infrastructure	Economic Development	Oban Airport	0	0	0	50,000	50,000	Unspent Budget - Business Case - APPENDIX 3f	There are a number of legal actions that have been taken out by TLC Ltd, the current fuel supplier at Oban airport, against Argyll and Bute Council. It is anticipated that earmarking of £50k of unspent budget will address the uncertainty around ongoing legal issues that will continue into 2015-16.	50,000	0	0
013	Development and Infrastructure	Roads and Amenity Services	Street Lighting Survey	0	0	0	132,000	132,000	Unspent Budget - Business Case - APPENDIX 3e	In order to ensure that the inventory is sufficiently robust to inform both an energy model and a lighting business case it is necessary to carry out an asset survey which will provide a high degree of inventory accuracy. As part of this process a robust protocol will be established that ensures that the inventory is monitored and kept up to date.	132,000	0	0
014	Development and Infrastructure	Roads and Amenity Services	Amenity Services introduction of management information system	135,500	0	0	0	135,500	Unspent Budget	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, 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 2015-16.	0	135,500	0
				1,342,817	(524,060)	(149,383)	485,684	1,155,058					

EARMARKED RESERVES 2014-15 - PREVIOUS COUNCIL DECISION PROPOSALS

APPENDIX 2

Ref	Department	Service	Description	Opening Balance at 31 March 2014	Budget Already Drawn down During 2014-15	Balance no Longer Required	Additions to Earmarked Balance	Closing Balance at 31 March 2015	Reason for Carry Forward	Plans for Use/Justification for Amounts to be Earmarked	Spending profile		
											Amount Planned to be Spent in 2015/16	Amount Planned to be Spent in 2016/17	Amount Planned to be Spent from 2017/18 onwards
	Completed Projects During 2014-15			834,302	(765,617)	(68,685)	0	0	Previous Council Decision				
015	Community Services	Adult Care	Residential Care Home Placements (Charging Order Income)	853,000	0	(653,000)	0	200,000	Previous Council Decision	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 fully removed there would be an issue for the service if the debt is not recovered. A review will be carried out during 2015-16 to establish the appropriate level of bad debt provision required and the earmarked balance will be transferred to fund this, therefore there will be no earmarked balance held at the end of 2015-16.	200,000	0	0
016	Community Services	Children and Families	Early Intervention (Early Years Change Fund)	731,000	(274,004)	0	0	456,996	Previous Council Decision	Fund established in 2012/13 to be spent over more than one year. Expenditure plan has been prepared.	288,681	168,315	0
017	Community Services	Community and Culture	Third Sector Grant Helensburgh and Lomond	0	0	0	1,006	1,006	Previous Council Decision	Policy and Resources Committee (30 October 2014) approved the carry forward by Helensburgh and Lomond Area Committee of the element of unallocated Third Sector Grant Funding which will be allocated in 2015-16.	1,006	0	0
018	Community Services	Education	Youth Employment Opportunities Fund	162,388	(12,375)	0	0	150,013	Previous Council Decision	Fund established in 2012/13 to be spent over more than one year. Monies will mainly be used for Modern Apprenticeship scheme, delays in implementation but there is now a spending plan in place.	107,500	42,513	0
019	Community Services	Education	School Campus Proposals - Dunoon and Campbeltown	648,407	(113,660)	0	0	534,747	Previous Council Decision	Additional revenue costs associated with development of new schools. Draw down as Schools project progresses and project costs are incurred.	369,140	109,493	56,114
020	Customer Services	Customer and Support Services	Discretionary Housing Payments	0	0	0	138,368	138,368	Previous Council Decision	Additional funding from the Scottish Government for the 2014-15 allocation for Discretionary Housing Payments, agreed that this underspend can be carried forward to supplement monies available for DHPs in 2015-16 as it is expected that the allocation will reduce and this will allow for current priority levels to be maintained. This was approved at the Policy and Resources Committee meeting on 20 March 2015.	138,368	0	0
021	Customer Services	Customer and Support Services	Scottish Government Funding - Welfare Reform/Discretionary Housing Payments (agreed at Council February 2014)	523,706	(59,000)	0	0	464,706	Previous Council Decision	The Council was allocated additional funding of £550k from the Scottish Government late in 2013-14 to provide additional Discretionary Housing Payments. The Council agreed to carry forward the balance of funding to support a range of welfare reform interventions. An updated spending plan for the funding was agreed by the Policy and Resources Committee in March 2015.	464,706	0	0
022	Customer Services	Customer and Support Services	Customer Contact Centre Replacement	0	0	0	94,680	94,680	Previous Council Decision	Policy and Resources Committee Decision of 19 March 2015. Revenue budget approved to fund the additional one-off revenue requirements to replace the Customer Contact systems.	85,028	9,652	0
023	Customer Services	Facility Services	Asbestos Management	358,369	(135,214)	0	0	223,155	Previous Council Decision	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.	223,155	0	0

EARMARKED RESERVES 2014-15 - PREVIOUS COUNCIL DECISION PROPOSALS

APPENDIX 2

Ref	Department	Service	Description	Opening Balance at 31 March 2014	Budget Already Drawn down During 2014-15	Balance no Longer Required	Additions to Earmarked Balance	Closing Balance at 31 March 2015	Reason for Carry Forward	Plans for Use/Justification for Amounts to be Earmarked	Spending profile		
											Amount Planned to be Spent in 2015/16	Amount Planned to be Spent in 2016/17	Amount Planned to be Spent from 2017/18 onwards
024	Customer Services	Executive Director of Customer Services	NPDO	0	0	0	1,001,271	1,001,271	Previous Council Decision	Agreed that underspend in NPDO and Special Projects team is earmarked to contribute to capital funding of new schools in Kilmartin, Oban and Campbeltown.	1,001,271	0	0
025	Development and Infrastructure	Economic Development	Kilmartin Museum	0	0	0	25,000	25,000	Previous Council Decision	Kilmartin Museum Stage 2 Development Stage. KM have submitted their stage 1 bid to the Heritage Lottery Fund with a decision due March 2014. Assuming that the application is approved, KM will proceed directly to undertaking stage 2 development costing around £400,000 from which 75% of costs will be released from the Stage 1 HLF approval. It is proposed that the remaining 25% will be split evenly between the Council (£50k) and HIE (£50k). The council's contribution was split over two years, 14/15 and 15/16. No payment was made during 14/15. The budget was approved as a demand pressure by Council on 13 February 2014.	25,000	0	0
026	Development and Infrastructure	Economic Development	Scottish Submarine Museum	0	0	0	90,000	90,000	Previous Council Decision	Commonwealth Submarine Pavilion; proposal to create a new Naval Submarine Museum in Helensburgh as a visitor attraction and celebrate the town's links with HMFAslane Naval Base. This was agreed as part of the 2014/15 Budget some expenditure has been incurred in 2014/15 and there has been further expenditure in 2015/16. The budget was approved as a demand pressure by Council on 13 February 2014.	90,000	0	0
027	Development and Infrastructure	Economic Development	Campbeltown Picture House	150,000	0	0	0	150,000	Previous Council Decision	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 parlous 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).	0	0	150,000
028	Development and Infrastructure	Economic Development	Hermitage Park HLF	300,000	0	0	0	300,000	Previous Council Decision	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.	0	0	300,000
029	Development and Infrastructure	Economic Development	Rothesay Pavilion Essential repairs	0	0	0	306,400	306,400	Previous Council Decision	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	306,400	0	0
030	Development and Infrastructure	Economic Development	Inveraray CARS	350,000	0	0	0	350,000	Previous Council Decision	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.	0	350,000	0

EARMARKED RESERVES 2014-15 - PREVIOUS COUNCIL DECISION PROPOSALS

APPENDIX 2

Ref	Department	Service	Description	Opening Balance at 31 March 2014	Budget Already Drawn down During 2014-15	Balance no Longer Required	Additions to Earmarked Balance	Closing Balance at 31 March 2015	Reason for Carry Forward	Plans for Use/Justification for Amounts to be Earmarked	Spending profile		
											Amount Planned to be Spent in 2015/16	Amount Planned to be Spent in 2016/17	Amount Planned to be Spent from 2017/18 onwards
031	Development and Infrastructure	Economic Development	Oban TIF (Tax Incremental Financing)	0	0	0	1,590,902	1,590,902	Previous Council Decision	Revenue budget approved to fund the Lorn Arc Incremental Financing (TIF) programme management. This balance will fund the programme office until 2019-20, any unspent amounts have been approved to be automatically carried forward at the year-end as agreed by Council on 22 January 2015.	362,902	332,000	896,000
032	Development and Infrastructure	Economic Development	Conservation Area Regeneration Scheme (CARS)	0	0	0	40,000	40,000	Previous Council Decision	Agreed at Council on 26 June 2014 to fund development works necessary for the preparation of the Campbeltown CARS bid as well as the preparatory work for a future CARS bid for Dunoon.	40,000	0	0
033	Development and Infrastructure	Planning and Regulatory Services	Citizens Advice Bureau	0	0	0	70,000	70,000	Previous Council Decision	To provide certainty to existing providers while a review of advice services within Argyll and Bute is completed. Budget provision was approved by Council on 12 February 2015.	10,000	30,000	30,000
034	Development and Infrastructure	Roads and Amenity Services	Waste Management	586,258	(407,897)	0	0	178,361	Previous Council Decision	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.	178,361	0	0
035	HQ Non Dept	n/a	Support Staff for PVG Retrospective Phase	74,192	(26,945)	0	0	47,247	Previous Council Decision	Additional support in HR to process PVG applications, agreed in February 2013 to be earmarked from overall favourable projected outturn.	47,247	0	0
036	HQ Non Dept	n/a	Council Tax Empty Homes	0	0	0	118,919	118,919	Previous Council Decision	Additional funding from imposing double council tax charge on empty homes, agreed that this would be earmarked for allocation by Area Committees. Full amount collected for 2014-15 was £506,465 with £150,000 being allocated in Kintyre. Of this allocation £118,919 is unspent and will be required in 2015-16.	118,919	0	0
037	HQ Non Dept	n/a	PVG Retrospective Phase	211,413	(59,628)	0	0	151,785	Previous Council Decision	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.	151,785	0	0
038	HQ Non Dept	n/a	Community Resilience Fund	524,680	(15,699)	(308,981)	0	200,000	Previous Council Decision	Fund established in 2012/13 to be spent over future years.	Contingency balance - no spending plan for earmarked balance.		
039	HQ Non Dept	n/a	Revenue Contribution to Capital for Dunoon and Campbeltown Schools	12,500,000	0	0	0	12,500,000	Previous Council Decision	£6m (originally £3m) is directly earmarked for schools project. The balance of £6.5m (originally £9.5m) is allocated for investment in affordable housing via the Strategic Housing Fund. The rationale for this is that the investment would generate sufficient surplus to meet the borrowing costs of £6.5m to support the schools project.			
				18,807,715	(1,870,039)	(1,030,666)	3,476,546	19,383,556					

EARMARKED RESERVES 2014-15 - OTHER AUTOMATIC CARRY FORWARDS

APPENDIX 3

Ref	Department	Service	Description	Opening Balance at 31 March 2014	Budget Already Drawn down During 2014-15	Balance no Longer Required	Additions to Earmarked Balance	Closing Balance at 31 March 2015	Reason for Carry Forward	Plans for Use/Justification for Amounts to be Earmarked	Spending profile		
											Amount Planned to be Spent in 2015/16	Amount Planned to be Spent in 2016/17	Amount Planned to be Spent from 2017/18 onwards
			Completed Projects During 2014-15	160,825	(160,825)	0	0	0	Unspent Grant				
038	Community Services	Adult Care	Sensory Impairment	16,000	0	0	8,984	24,984	Unspent Grant	To be spent on the delivery of improvement in sensory impairment services and support for children and adults via partnership working.	8,984	8,000	8,000
039	Community Services	Adult Care	Self Directed Support	406,860	(183,722)	0	0	223,138	Unspent Grant	To be spent in the implementation of Self Directed Support. Scottish Government were provided with a spending plan to back up the carry forward proposal and agreed the carry forward of grants. There was some slippage against the planned spend due to the recruitment date of the posts and the timing of contractual payments to the third sector partner	223,138	0	0
040	Community Services	Children and Families	Self Directed Support	25,000	0	0	0	25,000	Unspent Grant	To be used as part of the cost of the implementation of SDS (Children and Families /Personalisation initiative	25,000	0	0
041	Community Services	Community and Culture	Scottish Swimming	7,000	(7,000)	0	4,000	4,000	Unspent Grant	To be spent in accordance with the conditions of the School Swimming programme. Agreement has been sought from SportsScotland (Scottish Swimming) in respect of this.	4,000	0	0
042	Community Services	Community and Culture	Scottish Library and Information Council	0	0	0	5,000	5,000	Unspent Grant	To be spent in accordance with SLIC's 'Every Child a Library Member' pilot. This pilot spans two financial years and agreement has been sought from SLIC in respect of this.	5,000	0	0
043	Community Services	Community and Culture	Argyll Active	8,000	(8,000)	0	8,000	8,000	Unspent Grant	To be spent in accordance with the conditions of the Argyll Active programme. Agreement has been sought from the NHS in respect of this.	8,000	0	0
044	Community Services	Community and Culture	Scottish Library and Information Council	0	0	0	10,000	10,000	Unspent Grant	To be spent in accordance with SLIC's 'Training in New Technology' project. Agreement has been sought from SLIC in respect of this.	10,000	0	0
045	Community Services	Community and Culture	Football Development	15,462	(15,462)	0	12,000	12,000	Unspent Grant	To be spent in accordance with the conditions of the various football programmes funded. Agreement has been sought from the SFA in respect of this.	12,000	0	0
046	Community Services	Community and Culture	Active Schools	21,752	(21,752)	0	19,000	19,000	Unspent Grant	Balance to be spent on targeted work linked to the Active Schools action plan and outcomes. Agreement has been sought from SportsScotland in respect of this.	19,000	0	0
047	Community Services	Education	Grant from Apple to GLOW budget	0	0	0	2,600	2,600	Unspent Grant	To fund Teacher training in IT teaching applications.	2,600	0	0
048	Community Services	Education	Education Scotland Creative Arts grant	0	0	0	8,100	8,100	Unspent Grant	To support various creative arts projects in schools in accordance with terms of grant award.	8,100	0	0
049	Community Services	Education	Creative Scotland Youth Music Initiative grant	0	0	0	8,461	8,461	Unspent Grant	To fund Music Teachers and music projects from April to June in accordance with terms of grant award.	8,461	0	0
050	Community Services	Education	Sports Scotland PE Support Programme grant	0	0	0	15,440	15,440	Unspent Grant	To fund PE co-ordinator salary costs from April to June 2015 in accordance with terms of grant award.	15,440	0	0
051	Community Services	Education	Ministry of Defence Support for Service Children grant	0	0	0	39,531	39,531	Unspent Grant	To fund around 2.4FTE support Teachers salary costs from April to June 2015 in accordance with terms of grant award.	39,531	0	0
052	Community Services	Education	1+2 Languages	62,000	(3,835)	0	76,000	134,165	Unspent Grant	Provide additional resources for implementing the Scottish Government's 1+2 languages policy for Primary schools. The Scottish Government have confirmed that any unspent funding can be put into reserves for spend later.	134,165	0	0
053	Customer Services	Customer and Support Services	Benefit Admin Grant	90,874	(42,838)	0	45,487	93,523	Unspent Grant	Benefit Administration activities in the build up to the migration of Housing Benefit to Universal Credit. Grant monies which would have to be repaid if not utilised for intended purpose. These monies are committed to cover ongoing Benefit Administration Activities in 15/16 in the build up to the migration of Housing Benefit to Universal Credit.	93,523	0	0

EARMARKED RESERVES 2014-15 - OTHER AUTOMATIC CARRY FORWARDS

APPENDIX 3

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											Amount Planned to be Spent in 2015/16	Amount Planned to be Spent in 2016/17	Amount Planned to be Spent from 2017/18 onwards
054	Customer Services	Governance & Law	CCTV Maintenance	0	0	0	30,000	30,000	Unspent Grant	Maintenance of CCTV systems. Funds transferred from external bodies to maintain systems for future years.	10,000	10,000	10,000
055	Customer Services	Improvement and HR	Bord na Gaidhlig	117,700	(27,850)	0	0	89,850	Unspent Grant	Grant funding from Bord na Gaidhlig.	29,950	29,950	29,950
056	Development and Infrastructure	Roads and Amenity Services	Luss Toilets	4,854	0	0	0	4,854	Unspent Grant	In order to complete work detailed in the condition survey and allow for the completion of the infrastructure to permit the commencement of charging at the Toilet facility. Grant funding from Loch Lomond & The Trossachs National Park Authority.	4,854	0	0
057	Development and Infrastructure	Roads and Amenity Services	Street Lighting Survey	43,000	0	0	0	43,000	Unspent Grant	In order to ensure that the inventory is sufficiently robust to inform both an energy model and a lighting business case it is necessary to carry out an asset survey which will provide a high degree of inventory accuracy. As part of this process a robust protocol will be established that ensures that the inventory is monitored and kept up to date. The Scottish Government have made available £2 million to local authorities to enable councils to explore energy efficiency investment in street lighting assets, Argyll and Bute share of this is £43k	43,000	0	0
058	Community Services	Children and Families	Family Support within Fyne Homes RSL	20,000	(14,570)	0	0	5,430	Unspent Third Party Contribution	To fund a nursery nurse within Fyne Homes RSL to provide family support to vulnerable families in social housing	5,430	0	0
059	Community Services	Community and Culture	Community Planning Partnership	3,432	0	0	0	3,432	Unspent Third Party Contribution		0	0	3,432
060	Community Services	Community and Culture	Oban Community Sports Field	6,436	0	0	0	6,436	Unspent Third Party Contribution	To build up fund to enable replacement costs to be met.	0	0	6,436
061	Community Services	Education	Psychology of Parenting	0	0	0	6,953	6,953	Unspent Third Party Contribution	To support continuation of Psychology of Parenting programme (carry-forward agreed by NES).	6,953	0	0
062	Customer Services	Governance & Law	CCTV Maintenance	78,699	(29,122)	0	0	49,577	Unspent Third Party Contribution	Council Decision of 20 Sept 2007, funds transferred from external bodies to maintain systems for future years.	16,526	16,526	16,526
063	Customer Services	Improvement and HR	Social Work Training - Violence Against Women Training	2,809	0	0	0	2,809	Unspent Third Party Contribution	Grant funding from NHS. Will be used as a contribution to the funding package put in place for the implementation of MARAC, which is a multi agency process used to protect victims of domestic violence.	2,809	0	0
064	Development and Infrastructure	Roads and Amenity Services	Drivesafe	12,259	0	0	0	12,259	Unspent Third Party Contribution	Contribution from Strathclyde Fire and Rescue.	12,259	0	0
065	Development and Infrastructure	Roads and Amenity Services	Playing Fields - all weather facility	22,240	0	0	0	22,240	Unspent Third Party Contribution	Monies from users carried forward to fund repairs & maintenance of all weather playing fields.	0	0	22,240
066	Development and Infrastructure	Roads and Amenity Services	Mercury Abatement - Crematorium	109,150	(15,000)	0	0	94,150	Unspent Third Party Contribution	Part fund replacement cremator.	94,150	0	0
Completed Projects During 2014-15				50,000	(50,000)	0	0	0	Existing Legal Commitments				
067	Customer Services	Customer and Support Services	Council Tax Reduction Scheme	122,000	0	0	0	122,000	Existing Legal Commitments	Additional funding from Scottish Government to meet additional costs of implementation, funds are required for 2015-16 to fund temporary posts in Revenues and Benefits.	122,000	0	0
068	Customer Services	Governance & Law	Community Safety Partnership	23,621	(1,261)	0	0	22,360	Existing Legal Commitments	Corporate Initiative with specific funding to deliver a project. To fund reconfiguration of Dunoon CCTV Scheme.	7,453	7,453	7,453
069	Development and Infrastructure	Economic Development	CHORD	420,705	(324,600)	0	0	96,105	CHORD	Delivery of CHORD Programme	96,105	0	0
070	Community Services	Education	Schools Carry-Forward	887,020	(887,020)	0	737,225	737,225	DMR Schools	In accordance with DMR regulations.	737,225	0	0
071	HQ Non Dept	n/a	Strategic Housing Fund	7,483,782	(1,738,285)	0	1,926,994	7,672,491	Strategic Housing Fund	Strategic Housing Fund. Council tax collected during 2013-14 from 2nd homes discount from properties, requires to be earmarked as part of the Strategic Housing Fund balance.	no specific spending plan		
				10,221,480	(3,531,142)	0	2,963,775	9,654,113					

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE DIRECTOR OF
COMMUNITY SERVICES****25 JUNE 2015**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**EDUCATION - NEW NATIONAL QUALIFICATIONS**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 Notification from the Scottish Government of New National Qualification (NNQ) Funding was received in May 2014.

- 2.1.2 This funding is for the specific purpose of providing schools with additional opportunities to develop teachers' understanding of and ability to deliver the new National Qualifications, and to meet the costs of school level events to improve parents' understanding of the new National Qualifications.

2.2 Business Case

- 2.2.1 Funding of £94,000 was received in December 2015. Consultation took place with Headteachers as to the most appropriate and fair method of allocating the funding between schools. This was finally agreed in March 2015 but it was then too late to make any significant use of the funds in the 2014/15 financial year. The nature of the funding allows the Council full flexibility in the timing of its use.

- 2.2.2 It is anticipated that the funding allocations will be fully utilised in 2015/16 for the purposes set out in the funding letter. The allocations will also help offset efficiency reduction pressures on existing school budgets which would otherwise have been required to help deliver the aims of this Scottish Government funding.

2.3 Expenditure Profile

- 2.3.1 The monies will be spent in 2015/16 as the planned activities are carried out.

Cleland Sneddon
Executive Director of Community Services

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE DIRECTOR OF
COMMUNITY SERVICES****25 JUNE 2015**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**EDUCATION - DEVELOPING THE YOUNG WORKFORCE – SCOTLAND'S YOUTH
EMPLOYMENT STRATEGY**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 Notification from the Scottish Government of implementation funding for 'Developing the Young Workforce – Scotland's Youth Employment Strategy' was received in March 2015.
- 2.1.2 This funding is for the specific purpose of supporting local government's contribution to the early implementation of the Developing the Young Workforce Commission's report. Activity in each local authority will develop pathways for young people into sustained and quality jobs that align with local circumstances and labour markets.

2.2 Business Case

- 2.2.1 Funding of £137,234 was received in March 2015. Whilst this funding was technically in respect of financial year 2014/15, receipt was too late to allow any expenditure to take place in that year. The Scottish Government award letter confirms that the Council has full flexibility in the timing of the use of the funding.
- 2.2.2 It is proposed that the Council in partnership with key organisations including the local college, Skills Development Scotland and employers will utilise the funding as follows:
- a) Developing an Argyll & Bute Foundation Apprenticeship scheme which would be delivered in the senior phase. This proposal will require a small amount of capital investment from the Scottish Government budget; further funding will be spent on resourcing facilities appropriately to deliver the courses, transport where required and personal protective equipment. In addition funding will be used to develop a mentoring programme to support those young people accessing these opportunities.
- b) Developing support for our most vulnerable and at risk young people to access appropriate training that will allow them to develop their employability skills and specific occupational skill sets during the senior phase of secondary education.

c) Developing key groups knowledge and understanding of the local labour market and how this links to relevant opportunities post school. Key groups consist of parents/carers; teaching staff; and pupils.

d) Developing and delivery of a prevocational programme that groups of unemployed young people can access in our unemployment hotspot areas – eg Helensburgh, Oban, Campbeltown and Dunoon.

2.3 Expenditure Profile

2.3.1 The monies will be spent in 2015/16 as the planned activities are carried out.

Cleland Sneddon
Executive Director of Community Services

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE
DIRECTOR OF COMMUNITY
SERVICES****25 JUNE 2015**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**CHILDREN AND FAMILIES - EARLY YEARS CHANGE FUND ALLOCATION: FAMILY
CENTRES AND FAMILY SUPPORT**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 The Scottish Government provided funding from the Early Years Change Fund over the period 2012/13 to 2014/2015, through the General Revenue Grant, to support the development of coordinated and integrated family support.

- 2.1.2 This funding has been used to pilot a family centre where families will have access to information, advice and support. In addition it will support the development of an Early Years Collaborative across partners in Argyll and Bute. The Early Years Collaborative approach is a priority for Scottish Government, it uses research and evidence to support improved outcomes in early years.

2.2 Business Case

- 2.2.1 Most of the work required to deliver the pilot centre was completed by 31 March 2015 however the last phase of the building work required to complete the centre and deliver the project's objectives was delayed and is planned for completion during 2015/16. This phase has an estimated cost of £30,000.

2.3 Expenditure Profile

It is expected that costs will be incurred during early 2015/16.

**Cleland Sneddon
Executive Director, Community Services**

ARGYLL AND BUTE COUNCIL**COUNCIL****REPORT BY EXECUTIVE
DIRECTOR OF CUSTOMER
SERVICES****25 JUNE 2015**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**IMPROVEMENT AND HR - RESOURCELINK PROJECT**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 It is proposed that £42,450 be earmarked from the revenue budget underspend in the Resourcelink Project in 2014-15. The scope of the Resourcelink 4 Project was significantly reduced due the level of capital funding allocated to the project. The carry forward of this balance into 2015-16 would allow some of the project actions that were updated as being out of scope and pushed to the next stage, Resourcelink 5 to be accelerated and delivered in a shorter timescale

2.2 Business Case

- 2.2.1 The Council approved a demand pressure in February 2014 to deliver the Resourcelink 4 Project as part of the 2014-15 budget process, this included additional revenue funding of £102k for 2014-15, £92k for 2015-16 and an ongoing revenue budget from 2016-17 onwards for the ongoing maintenance costs. The revenue funding for the first two years is to fund the project team and one-off revenue costs for consultancy and software.
- 2.2.2 The revenue budget allocation for 2014-15 was underspent by £42,450 at the year-end mainly as a result of the scope of the project being reduced with some of the elements identified in the Healthcheck being postponed until the Resourcelink 5 Project commences. The earmarking of this balance would allow for some of this work to be accelerated and delivered as part of the Resourcelink 4 Project, this may include the PRD workstream.
- 2.2.3 The Improvement and HR service do not have capacity within the recurring operational revenue budget to accommodate the costs of the ongoing Resourcelink Review budget. The project scope has previously been reduced to align to the resources available and in future years the delivery of the Resourcelink 5 Project may become more difficult with significant reductions expected in both revenue and capital funding available. Therefore it would be beneficial for the overall project delivery to have any budget underspend earmarked to be reinvested to fund future costs.

2.3 Expenditure Profile

The sum of £42,450 will be spent during 2015/16.

Douglas Hendry
Executive Director of Customer Services

ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****25 JUNE 2015**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**ROADS AND AMENITY SERVICES - STREET LIGHTING SPEND TO SAVE PROJECT**

1. INTRODUCTION

- 1.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.
- 1.2 The Council is currently developing a business case and implementation plan to produce a more energy efficient solution for street lighting in Argyll & Bute. A sum of £200,000 was available for this work in 2014-15 but the preparation of these documents will continue into 2015-16. This report is to request the carry forward of any unspent budget into 2015-16 as an earmarked reserve.

2. DETAIL**2.1 Initiative/proposal**

- 2.1.1 The Scottish Government has made an allocation of £43,000 to allow the Council to take forward aspects of Scotland's ambitious climate change targets in relation to street lighting. The Council topped up the allocation to a total of £200,000 for the financial year 2014-15. There is a balance of £132k remaining from the Council allocation and it is proposed that this is earmarked together with the Scottish Government funding to provide a budget of £175k in 2015-16 to develop the full business case.
- 2.1.2 This funding is now being used to develop, in partnership with the Scottish Futures Trust, a full business case and implementation plan for the replacement of current street lighting with more energy efficient alternatives.
- 2.1.3 A proportion of the stock is in poor condition and in need of replacement either because of the condition of the column or the cabling.
- 2.1.4 The Council has now engaged further with Zero Waste Scotland and their consultants Gillespie Lighting to have them assist in completing an Energy Efficient Model, for alternative lighting provision. Scottish Futures Trust and Resource Efficient Scotland are part of Zero Waste Scotland's Energy Team.

2.2 Business Case

- 2.2.1 Energy costs in regard to street lighting are expected to increase over time. There is now an opportunity to review street lighting provision with a view to making revenue savings on energy costs.
- 2.2.2 The business case will identify the expected level of savings in regard to ongoing energy costs and the optimum basis of funding and implementing the preferred solution over time. This work will continue into the financial year 2015-16.
- 2.2.3 The Council is working with the Scottish Futures Trust to ensure that a business case is produced which allows it to take advantage of the experience of other councils in Scotland.

2.3 Expenditure Profile

- 2.3.1 The preparation of the business case and implementation plan will continue into financial year 2015-16, the full £175k will be spent during 2015-16.

Pippa Milne
Executive Director of Development and Infrastructure

ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****25 JUNE 2015**

PROPOSAL TO EARMARK FUNDS FROM GENERAL FUND RESERVE**ECONOMIC DEVELOPMENT - OBAN AIRPORT**

1. INTRODUCTION

- 2.1 The purpose of this report is to request support in earmarking unspent budget for a specific purpose, in line with the Policy on End of Year Flexibility.

2. DETAIL**2.1 Initiative/Proposal**

- 2.1.1 Due to the increase in passengers on the air services the contract with the air service operator was renegotiated over the last two remaining years of its term with a view to reinvest the savings in new infrastructure at the airport. There are a number of legal actions that have been taken out by TLC Ltd, the current fuel supplier at Oban airport, against Argyll and Bute Council.
- 2.1.2 Argyll and Bute Council also has a legal Minute of Agreement with Argyll Aero Club in relation to the relocation of their Clubhouse. The Council has a legal obligation to install all necessary services to the Clubhouse including water, sewerage, telephone and electricity connections including the preparation of a hardstanding for the Clubhouse.
- 2.1.3 £50k of unspent budget will address the above obligation and other uncertainty around ongoing legal issues that will continue into 2015-16 at Oban airport.

2.2 Business case

- 2.2.1 Argyll and Bute Council own and operate Oban airport. Argyll and Bute Council have a PSO obligation for air services operated out of Oban Airport to the islands of Coll, Colonsay and Tiree.
- 2.2.2 There are a number of legal actions that have been taken out by TLC Ltd, the current fuel supplier at Oban airport, against Argyll and Bute Council. It is anticipated that earmarking of £50k of unspent budget will address the uncertainty around ongoing legal issues that will continue into 2015-16.

2.3 Expenditure Profile

- 2.3.1 Earmarking of £50k of unspent budget will address the uncertainty around ongoing legal issues that will continue into 2015-16 at Oban airport, it is expected that the full amount will be spent during 2015-16.

3.0 Implications

- | | | |
|-----|-------------------|--|
| 3.1 | Policy | In line with the Council's Economic Development Action Plan under connectivity theme. |
| 3.2 | Financial | £50k of unspent budget to address uncertainty on ongoing legal issues. |
| 3.3 | Legal | There are a number of legal actions that have been taken out by TLC Ltd, the current fuel supplier at Oban airport, against Argyll and Bute Council. |
| 3.4 | HR | N/A |
| 3.5 | Equalities | N/A |
| 3.6 | Risk | There is uncertainty on ongoing legal issues and their implication. |
| 3.7 | Customer Services | N/A |

Pippa Milne
Executive Director of Development and Infrastructure

Councillor Alistair MacDougall
Policy Lead

For further information contact: Moya Ingram Strategic Transportation Manager,
 01546 604 190 moya.ingram@argyll-bute.gov.uk

ARGYLL AND BUTE COUNCIL**COUNCIL****STRATEGIC FINANCE****25 JUNE 2015**

**REVENUE BUDGET MONITORING – FOR THE YEAR 2014-15
CORPORATE OVERVIEW**

1. EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the revenue budget position of the Council as at the end of financial year 2014-15. The report also summarises the movement in the General Fund reserve.
- 1.2 Overall, the performance against budget was an underspend of £2.125m (0.85%) for financial year 2014-15.
- 1.3 There was a net overspend of £0.997m in relation to departmental expenditure. There was a net underspend of £2.240m in relation to other central/non-departmental costs. The remainder of the underspend of £0.882m is in relation to the funding and the over-recovery of Council Tax income. Included within the overall underspend against budget are a number of one-off budget underspends which are unlikely to be recurring in future years.
- 1.4 The General Fund Balance has moved from £44.041m at the end of financial year 2013-14 to £46.120m at the end of 2014-15. The movement is an increase of £2.079m which is due to a planned budgeted contribution to reserves and the favourable year-end underspend position.
- 1.5 The accompanying report on earmarked reserves outlines proposals to earmark a total of £30.193m from the general fund balance, leaving £15.927m not committed. Of this £3.658m is required to be held as the general fund contingency, leaving £12.269m available to be directed towards the delivery of the SOA, as previously agreed by Council.

**REVENUE BUDGET MONITORING – FOR THE YEAR 2014-15
CORPORATE OVERVIEW**

2. INTRODUCTION

- 2.1 This report summarises the revenue budget position of the Council as at the end of the financial year 2014-15. The main points for attention are identified below. The overall revenue budget monitoring statement for the Council is attached as Appendix 1.

3. RECOMMENDATION

- 3.1 Members to note the revenue budget monitoring position, as at the end of the financial year 2014-15 and the updated position on the General Fund balance.
- 3.2 Members approve the transfer of the balance collected from the double charge on Council Tax from empty homes to be transferred into the General Fund. A total of £0.506m was collected during 2014-15 with £0.150m already allocated, a total of £0.356m would be re-allocated to the General Fund balance.
- 3.3 Members to note the updated balance available in the General Fund to be directed towards the delivery of the Single Outcome Agreement, as at 31 March 2015 is £12.269m.

4. DETAIL**4.1 FINAL OUTTURN VARIANCE (Un-audited)**

The performance against budget is an overall underspend of £2.125m (0.85%) for financial year 2014-15. A summary of the final outturn position is in the table below:

Final Outturn Variance (Un-audited)				
2014-15				
Department	Actuals	Budget	Variance	
		Adjusted for Earmarking	(Overspend) Underspend	% age
		£	£	£
Chief Executive's Unit	2,107,863	2,117,724	9,861	0.47%
Community Services	137,627,716	137,493,290	(134,426)	-0.10%
Customer Services	37,197,977	38,189,782	991,805	2.60%
Development and Infrastructure Services	32,772,094	30,907,501	(1,864,593)	-6.03%
Total Dept Controllable Expenditure	209,705,650	208,708,297	(997,353)	-0.48%
Joint Boards	1,347,296	1,376,166	28,870	2.10%
Severance and Unfunded Pension Costs	2,224,701	1,522,249	(702,452)	-46.15%
Loans Charges	27,573,888	28,272,424	698,536	2.47%
Other	6,319,160	8,535,005	2,215,845	25.96%
Total Central/Non Dept Expenditure	37,465,045	39,705,844	2,240,799	5.64%
Total Expenditure	247,170,695	248,414,141	1,243,446	0.50%
Total Funding	254,214,442	253,332,844	881,598	0.35%
UNDERSPEND			2,125,044	

4.2 Departmental Budget Outturn

The performance against budget shows departmental controllable expenditure being £0.997m (0.48%) over budget. Included in this outturn position is an adjustment to update the 2014-15 budget to reflect the new amounts earmarked by departments at the year-end, these new earmarkings total £2.873m.

The main reasons for the £0.997m overspend are:

- Development and Infrastructure Services is overspent by £1.865m which is mainly in relation to winter maintenance, coastal protection costs and emergency road works. These have been partly offset by additional vacancy savings
- Community Services is overspent by £0.134m which is as a result of an overspend in the Education Service which is partly offset by an underspend within Adult Care
- Customer Services are reporting an underspend of £0.991m which is mainly due to procurement savings in School and Public Transport and the over-recovery of vacancy savings

More details on individual departmental outturns are given in Appendix 2.

4.3 Central/Non-Departmental Budget Outturn

The performance against budget for central/non-departmental costs was a net underspend of £2.240m.

- 4.3.1 Joint Board payments were £0.029m (2.10%) below budget, this will be a non-recurring saving in 2015-16 as the budget has been right-sized to reflect the required requisition level.
- 4.3.2 The Council is required to meet the cost of severance as a result of posts being removed through the service reviews and other budget savings. The costs are accounted for when the Council is demonstrably committed to make the payments, regardless of the timing of the savings being removed from budgets. All redundancy or retirement packages agreed by 31 March 2015 have been accounted for in the 2014-15 outturn, even if the employee is planned to leave in a future year. The budget for severance and unfunded pensions was £1.522m and the costs in 2014-15 were £2.225m, resulting in an overspend of £0.703m (46.15%). There was no provision in the revenue budget for 2014-15 to accommodate severance costs over and above the ongoing historic unfunded pension costs for employees that have previously left the organisation. This budget position will be reviewed as part of the ongoing Service Choices process.
- 4.3.3 Loans charges were £0.699m (2.47%) below budget. The provision for Loans Charges in the 2015-16 budget has been reviewed and the budget right-sized, therefore this underspend will be non-recurring in future years.
- 4.3.4 Other costs were £2.216m (25.96%) below budget. The main reasons for this are:
- A year-end underspend in all utility type costs across the Council of £1.237m, this is due to efficiencies being made in terms of billing and usage and also any one-off credits received due to discrepancies with previous year billing. Around £0.500m of this underspend is non-recurring and relates to previously held provisions for utility costs that are no longer required, the 2015-16 utility budgets have been re-aligned across services and the overall budget was reduced by £0.300m for 2015-16 as a baseline adjustment and no inflationary increase was applied to the budget. The underspend in the utility budget position was forecast and reported in January 2015.
 - There was £0.093m of backdated VAT income received as a result of claims being made under the "Fleming" case law principle.
 - A reduction to the provision held for Equal Pay claims of £0.218m, this was due to the provision for estimated claims being overstated in 2013-14. The level of provisions are reviewed as part of the year-end process and therefore this adjustment was not included in the forecast outturn position.
 - Overall underspend in the Elected Members budget of £0.140m, this is due to underspends across budget headings including members allowances and travel, printing and postages and training. During 2015-16 £24k has been transferred to Governance and Law to fund the cost of printing and postages for Committees. The remaining budget will be reviewed as part of the Service Choices process.
 - The Council collected a total of £0.506m from the double Council Tax charge on empty homes. This balance was agreed to be earmarked for allocation by Area Committees. As part of Service Choices and the overall budget strategy

there is a recommendation not to earmark this balance and instead credit any additional income collected to the General Fund. Of the £0.506m collected in 2014-15, £0.150m has already been allocated to a project in Campbeltown with £0.119m of this balance remaining unspent and required to be earmarked and carried forward into 2015-16. Therefore for 2014-15 there would be a total of £0.356m collected which would not be earmarked.

4.4 Funding Budget Outturn

The performance against budget for Funding was a net underspend/over-recovery of income of £0.882m.

4.4.1 There is a year-end favourable position in relation to Council Tax of £0.744m (1.74%) where collections have exceeded the budget. This is mainly in relation to increased collections on older years of Council Tax so may not be recurring in future years, the increased collections were forecast in the 2014-15 budget monitoring process. In addition to this a review of the bad debt provision was undertaken at the year-end and this has been reduced in line with collection rates, meaning a higher level of Council Tax income in the 2014-15 financial year and there were also reductions to Council Tax Benefit for previous years.

4.4.2 There is an over-recovery of income in relation to Scottish Government funding of £0.138m. This is in relation to the Scottish Government allocation of additional monies to fund the Council Tax Reduction Scheme. The total cost of applying the discount was expected to be £5.665m with an expectation the Scottish Government would not fully fund this, therefore the budget assumptions for 2014-15 estimated that we would receive 95% of the total funding, i.e. £5.382m. In total the Council received an allocation of £5.520m, an additional £0.138m. This may not be a recurring increase in funding for 2015-16 as to date only 80% of the funding has been allocated by the Scottish Government.

4.5 Impact on the General Fund

4.5.1 The General Fund balance movement in year is an increase of £2.079m, this is partly due to the 2014-15 underspend against budget, the budgeted contribution to reserves and the withdrawals and contributions to earmarked balances by services. There were £5.925m of general fund earmarked reserves which were released to services and spent during the year. In addition there were £4.919m of new earmarked reserves contributed from service budget underspends. There were also supplementary estimates of £0.060m approved during the year. The amount that was approved in February 2014 to be contributed to the General Fund reserve in 2014-15 was £1.020m, this planned contribution to reserves was due to the delivery of the 1% savings in 2014-15. The overall performance against budget is an underspend of £2.125m (0.85%). All of these factors contribute to the increase to the General Fund balance.

4.5.2 The overall movement in the General Fund is summarised in the table below:

	£m
Balance on General Fund 31 March 2014	44.041
Released sums earmarked to service budgets 2014-15	(5.925)
Contributions to earmarked reserves 2014-15	4.919
Supplementary Estimates agreed during 2014-15	(0.060)
Budgeted contribution to General Fund 2014-15	1.020
Overall budget underspend as above	2.125
Balance on General Fund 31 March 2015	46.120

4.5.3 The closing balance on the General Fund is £46.120m, a decision has been taken to earmark the surplus balance over the contingency to be directed towards the delivery of the Single Outcome Agreement. The balance available is summarised in the table below:

	£m
Balance on General Fund 31 March 2015	46.120
Earmarked Balances at 31 March 2015 (as per Earmarked Reserves report)	30.193
Contingency Balance at 1.5% of net expenditure	3.658
Unallocated balance as at 31 March 2015	12.269

5. CONCLUSION

5.1 The overall performance against budget was an underspend of £2.125m (0.85%) for financial year 2014-15. The movement in the General Fund is an increase of £2.079m due to the year-end underspend position and the budgeted contribution to reserves in 2014-15.

6. IMPLICATIONS

- | | | |
|-----|--------------------|---|
| 6.1 | Policy – | None. |
| 6.2 | Financial - | Report notes the underspend against budget during 2014-15 and the movement in the General Fund Balance. |
| 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
Councillor Dick Walsh, Council Leader - Policy Lead Strategic Finance
15 June 2015

For further information contact: Steve Barrett, Interim Head of Strategic Finance

APPENDICES

Appendix 1 - Overall Revenue Budget Monitoring Statement 2014-15

Appendix 2 - Departmental 2014-15 Outturn Summaries

ARGYLL AND BUTE COUNCIL - SUMMARY OF ACTUAL AND BUDGET COMPARISON 2014-15

Department	Actual 2014-15	Budget 2014-15	Adjustment for Funds Earmarked in General Fund Reserve								Adjusted Budget 2014-15	"Real Variance" (Over)/unders pend
			Income from council tax on 2nd homes	Unspent Grant monies carried forward to 2015-16	Third Party Contributio ns carried forward to 2015-16	CHORD	Existing Legal Commitme nts	DMR School Carry Forwards	Previous Council Decision	NEW Unspent Budget Proposals		
	£	£	£	£	£	£	£	£	£	£	£	£
Expenditure												
Chief Executive's Unit	2,107,863	2,117,724									2,117,724	9,861
Community Services	137,627,716	138,716,824		217,116	6,953			737,225	1,006	261,234	137,493,290	(134,426)
Customer Services	37,197,977	39,542,038		75,487					1,234,319	42,450	38,189,782	991,805
Development and Infrastructure Services	32,772,094	31,204,501							115,000	182,000	30,907,501	(1,864,593)
Total Departmental Expenditure	209,705,650	211,581,087	0	292,603	6,953	0	0	737,225	1,350,325	485,684	208,708,297	(997,353)
Joint Boards	1,347,296	1,376,166									1,376,166	28,870
Loans Charges	27,573,888	28,272,424									28,272,424	698,536
Severance and Unfunded Pension Costs	2,224,701	1,522,249									1,522,249	(702,452)
Other	6,319,160	8,653,924							118,919		8,535,005	2,215,845
Total Expenditure	247,170,695	251,405,850	0	292,603	6,953	0	0	737,225	1,469,244	485,684	248,414,141	1,243,446
Funding												
AEF & NDR Income	205,879,000	205,741,072									205,741,072	137,928
Council Tax	43,370,664	40,700,000	1,926,994								42,626,994	743,670
Budgeted/withdrawn from Earmarked Reserves	5,925,241	5,925,241									5,925,241	0
Supplementary Estimates Approved	59,698	59,698									59,698	0
Budgeted Contribution to General Fund Balance	(1,020,161)	(1,020,161)									(1,020,161)	0
Total Funding	254,214,442	251,405,850	1,926,994	0	0	0	0	0	0	0	253,332,844	881,598
Under/(Overspend)	7,043,747	0	1,926,994	292,603	6,953	0	0	737,225	1,469,244	485,684	4,918,703	2,125,044

REVENUE BUDGET MONITORING 2014-15 - DEPARTMENTAL OUTTURN SUMMARIES

Department	Service	Actuals 2014-15	Budget 2014-15	Unspent Grant monies carried forward to 2015-16	Third Party Contributions carried forward to 2015-16	DMR School Carry Forwards	Previous Council Decision	Unspent Budget Proposals	Adjusted Budget	(Over)/Underspend	Variance %age	Comments/Explanation
Chief Executive's Unit	Chief Executive	264,256	246,243						246,243	(18,013)	-7.3%	Outwith reporting criteria
Chief Executive's Unit	Head of Strategic Finance	1,843,607	1,871,481						1,871,481	27,874	1.5%	Outwith reporting criteria
Chief Executive's Unit Total		2,107,863	2,117,724	0	0	0	0	0	2,117,724	9,861		

REVENUE BUDGET MONITORING 2014-15 - DEPARTMENTAL OUTTURN SUMMARIES

Department	Service	Actuals 2014-15	Budget 2014-15	Unspent Grant monies carried forward to 2015-16	Third Party Contributions carried forward to 2015-16	DMR School Carry Forwards	Previous Council Decision	Unspent Budget Proposals	Adjusted Budget	(Over)/Underspend	Variance %age	Comments/Explanation
Community Services	Executive Director of Community Services	744,478	692,124						692,124	(52,354)	-7.6%	The main variance relates to the charging of the Department's contribution towards the Council's bad debt provision due to the level of outstanding debt across the Department.
Community Services	Head of Adult Care	43,191,869	43,373,373	8,984					43,364,389	172,520	0.4%	The main variances contributing to the overall underspend are the overspend on homecare (£1,335k) due to increased service demand offset by the Change Fund disinvestment fund (£442k), the over recovery of surplus direct payment funds (£84k) and underspends across the service resulting from a combination of client turnover, reductions in service demand, lower cost provision and a saving from the service review in Learning Disability Day Services as follows: Older People Respite (£31k), Learning Disability Supported Living (£118k), Learning Disability Day Services (£506k), Physical Disability Respite (£15k), Learning Disability Residential Placements (£39k), Learning Disability Respite (£42k), Mental Health Supported Living (£127k), Mental Health Community Support (£76k) and Mental Health Residential Placements (£34k). Notwithstanding the above, please note that the service outturn also takes account of £68k in additional un-budgeted holiday pay expenditure due to the new holiday pay arrangements.
Community Services	Head of Children and Families	17,032,563	17,147,884					30,000	17,117,884	85,321	0.5%	The main variances contributing to the overall underspend are the underspend in Early Years (£159k) as a result of the lower than expected uptake of new day care services for 2 year olds from workless families, introduced as part of the Children and Young People Act, and an overspend in the Children Houses (£72k) produced by a delay in implementing new staffing rotas in the units. The service outturn also includes £25k of additional un-budgeted holiday pay expenditure due to the new holiday pay arrangements.
Community Services	Head of Community and Culture	11,931,999	11,910,432	58,000			1,006		11,851,426	(80,573)	-0.7%	The main variances contributing to the overall overspend are the write off of bad debt in the Homelessness Service (£31k) and the balance of the Central Repairs Account overspend which the service was unable to offset from within its budget (£50k). The service outturn also includes £12k of additional un-budgeted holiday pay expenditure due to the new holiday pay arrangements.
Community Services	Head of Education	64,726,806	65,593,011	150,132	6,953	737,225		231,234	64,467,467	(259,339)	-0.4%	The main variances contributing towards the overall overspend are the overspend in Music Instruction (£133k) produced by a delay in agreeing a revised structure for the delivery of the service, an overspend in Speech and Language Therapy (£136k) stemming from a dispute with NHS Highland and Greater Glasgow and Clyde Health Board regarding the implementation of efficiency savings and an underspend in Specialist Equipment (£13k) due to a reduction in demand for the provision of specialist equipment for disabled children in schools. The service outturn also includes £25k of additional un-budgeted holiday pay expenditure due to the new holiday pay arrangements.
Community Services Total		137,627,715	138,716,824	217,116	6,953	737,225	1,006	261,234	137,493,290	(134,425)		

REVENUE BUDGET MONITORING 2014-15 - DEPARTMENTAL OUTTURN SUMMARIES

Department	Service	Actuals 2014-15	Budget 2014-15	Unspent Grant monies carried forward to 2015-16	Third Party Contributions carried forward to 2015-16	DMR School Carry Forwards	Previous Council Decision	Unspent Budget Proposals	Adjusted Budget	(Over)/Underspend	Variance %age	Comments/Explanation
Customer Services	Executive Director of Customer Services	12,388,438	13,692,534				1,095,951		12,596,583	208,145	1.7%	Year-end underspend is mainly in relation to the over-recovery of vacancy savings across the Department. This was forecast during 2014-15 as part of the routine budget monitoring process. It is not expected that the savings will continue at this level in future years as there were a number of posts that were vacant for a period of time.
Customer Services	Head of Customer and Support Services	7,794,517	8,085,947	45,487			138,368		7,902,092	107,575	1.4%	Underspend relates to Housing Benefits and the reversal of a creditor balance which was no longer required. This was a one-off credit to the service which will be non-recurring. Other than this adjustment the service outturn would have been in line with budget.
Customer Services	Head of Facility Services	11,556,485	12,196,529						12,196,529	640,044	5.2%	The underspend is mainly in relation to School and Public Transport (£446k) where there has been a reduction in demand on the budget due to procurement savings, the transfer of some routes to in-house provision and lower inflation increases. In addition there was an underspend of £60k in relation to external catering and cleaning contracts and an underspend of £20k in Pool Cars due to fuel costs and consumption. These were forecast through the routine budget monitoring process. In addition to these forecast underspends there was an underspend of £40k in the Estates Service as a result of the ongoing review of the service delivery and an additional underspend in the cleaning service due to vacancy savings and cover requirements.
Customer Services	Head of Governance and Law	1,945,925	2,002,816	30,000					1,972,816	26,891	1.4%	Outwith reporting criteria
Customer Services	Head of Improvement and HR	3,512,611	3,564,212					42,450	3,521,762	9,151	0.3%	Outwith reporting criteria
Customer Services Total		37,197,976	39,542,038	75,487	0	0	1,234,319	42,450	38,189,782	991,806		

REVENUE BUDGET MONITORING 2014-15 - DEPARTMENTAL OUTTURN SUMMARIES

Department	Service	Actuals 2014-15	Budget 2014-15	Unspent Grant monies carried forward to 2015-16	Third Party Contributions carried forward to 2015-16	DMR School Carry Forwards	Previous Council Decision	Unspent Budget Proposals	Adjusted Budget	(Over)/Underspend	Variance %age	Comments/Explanation
Development and Infrastructure Services	Executive Director of Development and Infrastructure Services	1,469,587	1,649,173						1,649,173	179,586	10.9%	Variance is due mainly to vacancy savings exceeding target by £66k, provision for bad debt rebate of £73k and training underspend of £26k.
Development and Infrastructure Services	Head of Economic Development	4,322,570	4,472,614				115,000	50,000	4,307,614	(14,956)	-0.3%	Outwith reporting criteria
Development and Infrastructure Services	Head of Planning and Regulatory Services	3,208,647	3,291,191						3,291,191	82,544	2.5%	The main contributing factors are income from Private Landlord Registration, Shellfish Programme and Planning Fees being greater than anticipated. This is offset by an under-recovery in Building Standard fees.
Development and Infrastructure Services	Head of Roads and Amenity Services	23,771,290	21,791,523					132,000	21,659,523	(2,111,767)	-9.7%	The main contributing factors are overspends on Winter Maintenance £1,367k, Coastal Protection £270k, Roads Emergency Works £306k. Under recovery of Income Roads Client £71k, DPE £74k and Car Parking £32k.
Development and Infrastructure Services Total		32,772,094	31,204,501	0	0	0	115,000	182,000	30,907,501	(1,864,593)		
Grand Total		209,705,648	211,581,087	292,603	6,953	737,225	1,350,325	485,684	208,708,297	(997,351)		

CAPITAL BUDGET MONITORING REPORT – 31 March 2015

1 EXECUTIVE SUMMARY

- 1.1 This provides an update on the position of the capital budget as at 31 March 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 Actual expenditure for the full year is £36,281k compared to a budget for the year of £34,296k giving rise to an over spend for the year of £1,985k (-5.8%). However, when additional capital income received in respect of Roads Reconstruction and Transportation projects of £1,804k and prudential borrowing in respect of Fleet Management and Helensburgh Depot of £2,348k are taken into account there is slippage of £2,167k (5.6%) from 2014-15 to 2015-16.
- 1.3 The forecast total project cost on the total capital plan is £217,633k compared to a total budget for all projects of £212,430k giving rise to a forecast over spend for the overall capital plan of £5,203k (-2.4%). As with the outturn position in respect of 2014-15 when the additional income in respect of Roads Reconstruction and Transportation Projects of £2,585k and additional Prudential Borrowing of £2,367k in respect of Fleet Management and Helensburgh Depot are taken into account the projected overall increase in project costs reduces to £251k which can be accommodated within the approved plan.
- 1.4 **Project Delivery:**
- **Asset Sustainability** – Out of 169 projects there are 150 projects (89%) on track, 18 projects (10%) off track and recoverable and 1 project (1%) is off track.
 - **Service Development** - Out of 41 projects there are 21 projects (51%) on track, 19 projects (46%) off track but recoverable and 1 project is off track (2%).
 - **Strategic Change** – Out of 27 projects there are 18 projects (67%) on track, 6 projects (22%) off track and recoverable and 3 projects (11%) off track.

CAPITAL BUDGET MONITORING REPORT – 31 March 2015

2 INTRODUCTION

2.1 This provides an update on the position of the capital budget as at 31 March 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.

2.2 Financial Position:

- **Outturn for 2014-15** – Expenditure for the full financial year is £36,281k compared to an annual budget of £34,296k giving rise to an over spend for the year of £1,985k (-5.8%). Offset by increased income of £1,804k and additional prudential borrowing of £2,348k.
- **Total Capital Plan** – the forecast total project costs on the total capital plan is £217,633k compared to a total budget for all projects of £212,430k giving rise to a forecast over spend for the overall capital plan of £5,203k (-2.4%). The increased costs are part funded by increased income of £2,585k and additional prudential borrowing of £2,367k.

2.3 Project Delivery:

- **Asset Sustainability** – Out of 169 projects there are 150 projects (89%) on track, 18 projects (10%) off track and recoverable and 1 project (1%) is off track.
- **Service Development** - Out of 41 projects there are 21 projects (51%) on track, 19 projects (46%) off track but recoverable and 1 project is off track (2%).
- **Strategic Change** – Out of 27 projects there are 18 projects (67%) on track, 6 projects (22%) off track and recoverable and 3 projects (11%) off track.

3 RECOMMENDATIONS

3.1 Note the contents of this financial summary.

4 OUTTURN FINANCIAL POSITION

4.1 Overall Position

Actual expenditure for the full year is £36,281k compared to a budget for the year of £34,296k giving rise to an over spend for the year of £1,985k (-5.8%). However, when additional capital income received in respect of Roads Reconstruction and Transportation projects of £1,804k and prudential borrowing in respect of Fleet Management and Helensburgh Depot of £2,348k are taken into account there is slippage of £2,167k from 2014-15 to 2015-16.

4.2 Project/Department Position

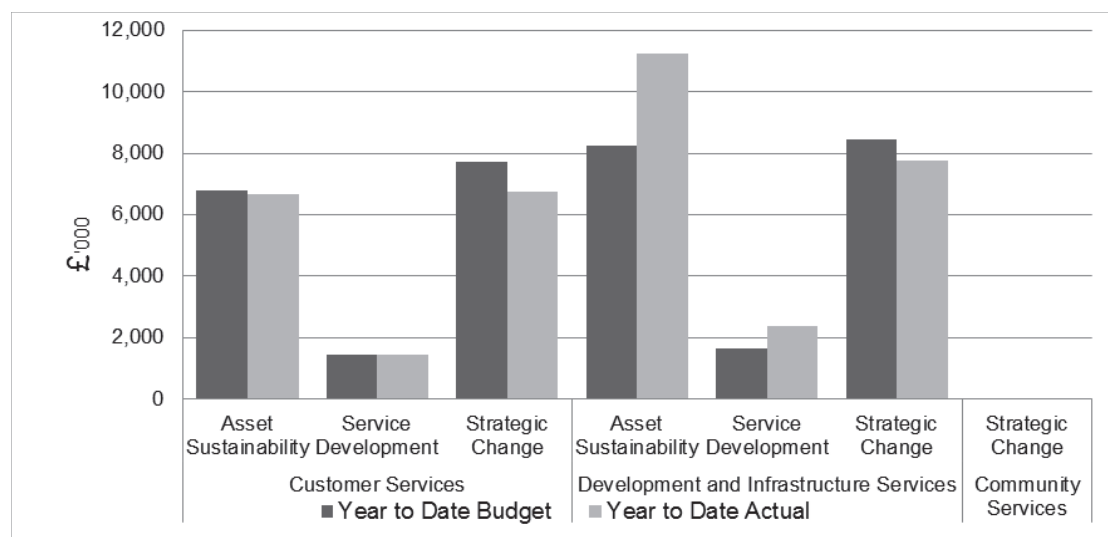
The table below shows the full year expenditure against the annual budget by project type and department:

Project Type:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Asset Sustainability	15,031	17,928	(2,897)
Service Development	3,099	3,851	(752)
Strategic Change	16,166	14,502	1,664
Total	34,296	36,281	(1,985)
Department:			
Customer Services	15,936	14,886	1,050
Development and Infrastructure Services	18,360	21,395	(3,035)
Community Services	0	0	0
Total	34,296	36,281	(1,985)

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 TOTAL PROJECT COSTS

5.1 Overall Position

The forecast total project cost on the total capital plan is £217,633k compared to a total budget for all projects of £212,430k giving rise to a forecast over spend for the overall capital plan of £5,203k (-2.4%). As with the outturn position in respect of 2014-15 when the additional income in respect of Roads Reconstruction and Transportation Projects of £2,585k and additional Prudential Borrowing of £2,367k in respect of Fleet Management and Helensburgh Depot are taken into account the projected overall increase in project costs reduces to £251k which can be accommodated within the approved plan.

5.2 Project/Department Position

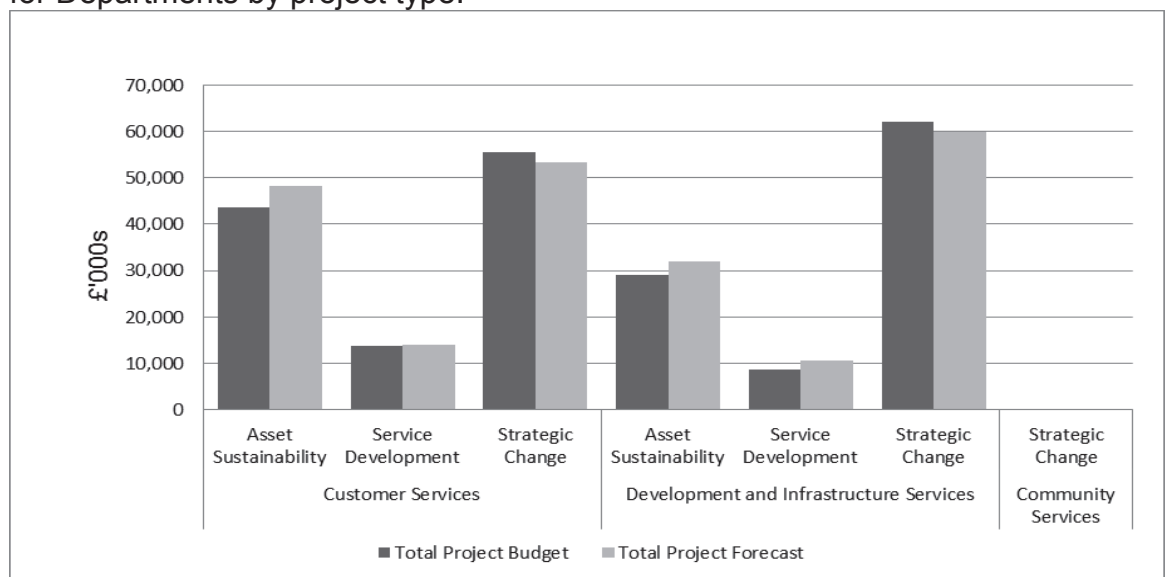
This table shows the forecast total project cost and the budget for total project costs by project type and department:

Project Type:	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000
Asset Sustainability	72,566	79,979	(7,413)
Service Development	22,348	24,479	(2,131)
Strategic Change	117,516	113,175	4,341
Total	212,430	217,633	(5,203)
Department:			
Customer Services	112,887	115,385	2,498
Development and Infrastructure Services	99,543	102,248	(2,705)
Community Services	0	0	0
Total	212,430	217,633	(5,203)

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

5.3 Chart of Total Project Costs

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



6 TOTAL PROJECT PERFORMANCE

6.1 Overall Position

There are 237 projects within the Capital Plan, 189 are Complete or On Target, 43 are Off Target and Recoverable and 5 are Off Target and a Problem.

6.2 Project Position

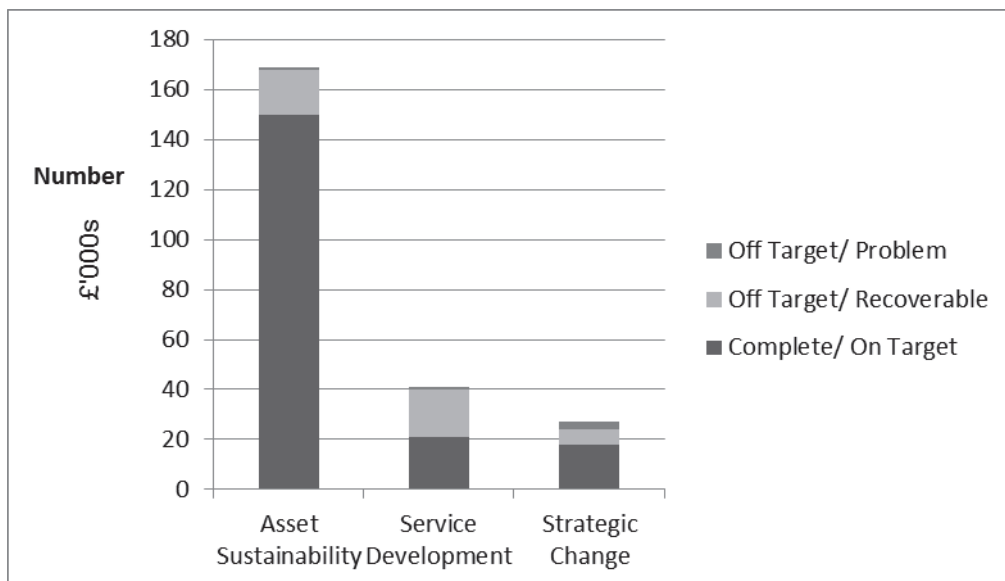
The table below shows the Performance Status of the Projects in the Capital Plan:

Project Type:	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	150	18	1	169
Service Development	21	19	1	41
Strategic Change	18	6	3	27
Total	189	43	5	237
Department:				
Customer Services	161	29	1	191
Development and Infrastructure Services	28	14	4	46
Total	189	43	5	237

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

6.3 Chart of Performance Status

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



7 OFF TRACK PROJECTS

7.1 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.	No action required. Expenditure and ERDF award both less than planned therefore no impact on net position.
Strategic Change	Helensburgh Depot Rationalisation	Current Year Expenditure and Project Total Expenditure	Contaminated soil was found on the site and required to be treated	The increased costs will be funded by prudential borrowing.
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 arrival of materials on site.	Project will now complete in May 2015 therefore budget phasing will be adjusted accordingly.

8 APPENDICES

- **Appendix 1** – 2014/15 Outturn finance variance explanations
- **Appendix 2** - Total Project finance variance explanations
- **Appendix 3** - Project Performance - Asset Sustainability
- **Appendix 4** - Project Performance - Service Development
- **Appendix 5** - Project Performance - Strategic Change
- **Appendix 6** - Financial Summary – Overall
 - Financial Summary – DIS
 - Financial Summary – Customer Services
- **Appendix 7** - Off Track Project Reports
- **Appendix 8** - Updated/Revised Capital Plan - Overall
 - Updated/Revised Capital Plan – Community Services
 - Updated/Revised Capital Plan – Customer Services
 - Updated/Revised Capital Plan – DIS

Steve Barrett
Interim Head of Strategic Finance
16th June 2015

APPENDIX 1 - Outturn Variance Explanations

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

Project	YTD Budget £'000	YTD Actual £'000	Variance £'000	Explanation
Server Capacity Growth	89	1	88	Unexpected delay in delivery of server equipment following timely tender award.
Applications Projects	267	215	52	Slippage in Homecare Leisure Management and Resourcelink Projects at end of year.
Small Isles Primary School	57	113	(56)	Additional works required that were not anticipated due to discovery of rot in roof structure.
Tiree High School	(55)	11	(66)	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.
Ardrishaig Primary School – Pre Five Unit	332	247	85	Contractor has requested an extension of time which has been agreed for 3 weeks into 2015/16.
Hermitage Primary – Annexe Replacement	81	149	(68)	Work now complete. Project Manager to identify where overspend will be funded from.
St Joseph's Pre 5 Parenting Facilities	(43)	15	(58)	Overspends in previous years. Project Manager to identify where overspend will be funded from.
Rothsay Library	(52)	1	(53)	Additional works required to alarm system and extensive repairs to roof/windows. Project Manager will consider where this negative budget can be funded from.
Finance Office, Witchburn Road	86	0	86	Property being considered under the Campbeltown Office Rationalisation, therefore no capital expenditure in 2014/15 until the outcome is known.
Whitegates	(76)	14	(90)	Significant additional works to prevent leaks and deal with rot in roof. Project Manager to review overall spend in appropriate Service division.
Capital Property Works	70	16	54	Anticipated spend now in 2015/16.
Carbon Management Business Cases	75	16	59	Anticipated spend now in 2015/16.
NPDO Schools Solar PV Panel Installations	544	3	541	Delivery of solar panels taking longer than anticipated and installation timescales altered to suit client department.
Non-NPDO Schools Solar PV Panel Installations	488	379	109	Delivery of solar panels taking longer than anticipated and installation timescales altered to suit client department.
Kilmory Biomass Project	760	634	126	Project complete. Negotiating with contractor over final account values.
Helensburgh Office Rationalisation	5,500	5,384	116	Contractor delays. Completion expected early 2015/16.
Mid Argyll Offices Reorganisation	98	203	(105)	Overspend covered by budget under Workforce Deployment.

Bridge Strengthening	280	334	(54)	Budget currently sitting in 2016/17 will be accelerated to cover overspend due to work taking place earlier than originally planned.
Roads Reconstruction	6,697	7,718	(1,021)	Funded by income from Forestry and SSE. (Included in Adjustment 1)
Lighting	507	565	(58)	Budget currently sitting in 2015/16 will be accelerated to cover overspend due to work taking place earlier than originally planned.
Environmental – Unallocated	50	0	50	Planning is complete but delivery on the ground will now take place in 2015/16.
HITRANS	285	156	129	Expenditure now in 2015/16.
Fleet Management	150	2,223	(2,073)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential Borrowing until year end when lease drawdown will also be considered. (Included in Adjustment 2)
Cycleways – H&L	219	23	196	Road Services can only work on packages of construction work as land becomes available hence the underspend. Budget will be slipped into future years.
Kintyre Renewables Hub	3,010	2,325	685	Project expected to come in under budget with similar reduction in ERDF income therefore no change to net expenditure.
Helensburgh Depot Rationalisation	(95)	180	(275)	Contaminated soil found on site resulted in higher than expected costs. The increased costs will be funded by Prudential borrowing. (Included in Adjustment 2)
Safe Streets, Walking and Cycling (CWSS)	149	270	(121)	Funded by income. (Included in Adjustment 1)
CWSS – South Islay Distilleries Path	(4)	242	(246)	Funded by income. (Included in Adjustment 1)
Dunoon Esplanade Upgrade	0	287	(287)	Funded by income. (Included in Adjustment 1)
Scotrail Upgrades	0	129	(129)	Funded by income. (Included in Adjustment 1)
CHORD – Helensburgh Public Realm	3,450	3,257	193	Work taking place in future years therefore budget will be slipped.
CHORD – Campbeltown	506	765	(259)	Budget previously slipped to 2015/16 but actually now required in 2014/15 therefore will be accelerated.
CHORD – Dunoon	686	538	148	Settlement of CPO costs outstanding. Budget will be slipped into future years.
CHORD – Oban	642	541	101	Budget will be slipped into future years.
Other Variances			216	Total value of non-material variances less than +/-£50k
Total			(1,985)	
Adjustment 1 Additional Income			1,804	Additional grant funding received during the year
Adjustment 2 Additional Prudential Borrowing			2,348	Prudential Borrowing funded from savings in leasing costs
Revised Outturn			2,167	

APPENDIX 2 - 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
Bunessan Primary School	255	356	(101)	Due to £100k anticipated spend in 2016/17.
Castlehill Primary School	206	637	(431)	Due to additional anticipated spend in 2016/17 and 2017/18.
Dervaig Primary School	5	85	(80)	Due to additional anticipated spend in 2016/17.
Drumlemble Primary School	214	375	(161)	Due to additional anticipated spend in 2017/18.
Dunbeg Primary School	434	484	(50)	Due to additional anticipated spend in 2017/18.
Furnace Primary School	67	134	(67)	Due to additional anticipated spend in 2016/17.
Glenbarr Primary School	65	238	(173)	Due to additional anticipated spend in 2016/17 and 2017/18.
Hermitage Primary School	146	225	(79)	Due to additional anticipated spend in 2016/17.
Islay High School	4,082	4,257	(175)	Due to additional anticipated spend in 2017/18.
John Logie Baird Primary School	322	685	(363)	Due to additional anticipated spend in 2016/17.
Kilcreggan Primary School	331	576	(245)	Due to additional anticipated spend in 2015/16 and 2017/18.
Parklands School	108	192	(84)	Due to overspends in previous years.
Rhunahaorine Primary School	87	177	(90)	Due to additional anticipated spend in 2016/17 and 2017/18.
Small Isles Primary School	288	346	(58)	Additional work required due to discovery of rot in roof structure.
St Mun's Primary School	61	295	(234)	Due to additional anticipated spend in 2016/17 and 2017/18.
Tiree High School	899	965	(66)	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.
Tobermory High School	721	887	(166)	Overspend as a result of high costs of rewiring, plumbing and upgrades to toilets and common areas. Also additional anticipated spend in 2016/17.
Capital Property Works	834	1,099	(265)	Due to additional anticipated spend in 2016/17.
Legionella Control Works	140	190	(50)	Due to additional anticipated spend in 2016/17.
Asbestos Control/Removal Works	85	140	(55)	Due to additional anticipated spend in 2016/17.
Hermitage Primary Annexe Replacement	765	838	(73)	Work now complete. Project Manager to identify where overspend will be funded from.
St Joseph's Pre 5 Parenting Facilities	75	133	(58)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Campbeltown Schools Redevelopment	7,653	8,029	(376)	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	3,923	2,911	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	11,540	(268)	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.
Aqualibrium	35	442	(407)	Due to additional anticipated spend in 2016/17 and 2017/18.
Rothesay Library	210	263	(53)	Additional works to alarm system and extensive repairs to roof/windows. Project Manager will consider where this negative budget can be funded from.
Victoria Halls, Campbeltown	525	718	(193)	Due to additional anticipated spend in 2017/18.
Bute Community Education	10	156	(146)	Due to additional anticipated spend in 2017/18.
Adult Care – Health & Safety	985	1,087	(102)	Due to additional anticipated spend in 2016/17.
Glencruitten Hostel	120	181	(61)	Due to additional anticipated spend in 2017/18.
Whitegates	112	202	(90)	Significant additional works to prevent leaks and deal with rot in roof. Project Manager will review overall spend in appropriate Service division.
Mid Argyll Offices Rationalisation	270	375	(105)	Overspend covered by budget under Workforce Deployment.
Roads Reconstruction	18,672	19,502	(830)	Funded by income. (Included in Adjustment 1)
Fleet Management	3,387	5,460	(2,073)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential borrowing until year end when lease drawdown will also be considered. (Included in Adjustment 2)
Cycleways – H&L	2,536	2,615	(79)	Estates and Infrastructure have been asked to widen the scope of land acquisitions as they can only work on packages as land becomes available.
Kintyre Renewables Hub	12,115	11,571	544	Project expected to come in under budget with similar reduction in ERDF income therefore no change to net expenditure.
Helensburgh Depot Rationalisation	1,050	1,344	(294)	Contaminated soil found on site resulted in higher than expected costs. The increased costs will be funded by prudential borrowing. (Included in Adjustment 2)
Safe Streets, Walking & Cycling (CWSS)	289	410	(121)	Funded by income. (Included in Adjustment 1)
SPT	307	536	(229)	Funded by income. (Included in Adjustment 1)
CWSS – South Islay Distilleries Path	110	599	(489)	Funded by income. (Included in Adjustment 1)
Dunoon Esplanade Upgrade	0	577	(577)	Funded by income. (Included in Adjustment 1)
Scotrail Upgrades	0	259	(259)	Funded by income. (Included in Adjustment 1)
Appin School Link	0	80	(80)	Funded by income. (Included in Adjustment 1)
CHORD – Helensburgh Public Realm	7,330	7,230	100	£100k of S75 monies to be allocated to Pierhead development.

CHORD – Campbeltown	4,786	4,528	258	£120k from HIE.
CHORD – Oban	6,560	6,459	101	Underspend in 2014/15.
CHORD – Rothesay	2,400	1,900	500	FBC due to go to Council in March 2015 to drawdown Capital expenditure.
Helensburgh Pier Flood Defences	2,175	1,160	1,015	Underspend in 2016/17.
Other variances			(676)	Total value of non-material variances less than +/-£50k
Total			(5,203)	
Adjustment 1 Additional Income			2,585	Additional grant funding received for specific projects
Adjustment 2 Additional Prudential Borrowing			2,367	Prudential Borrowing funded from savings in leasing costs
Revised Total			(251)	

APPENDIX 3 – Asset Sustainability Project Performance

There are 169 Projects recognised as Asset Sustainability Projects, 150 are Complete or On Target, 18 are Off Target and Recoverable, 1 project is Off Target and a Problem.

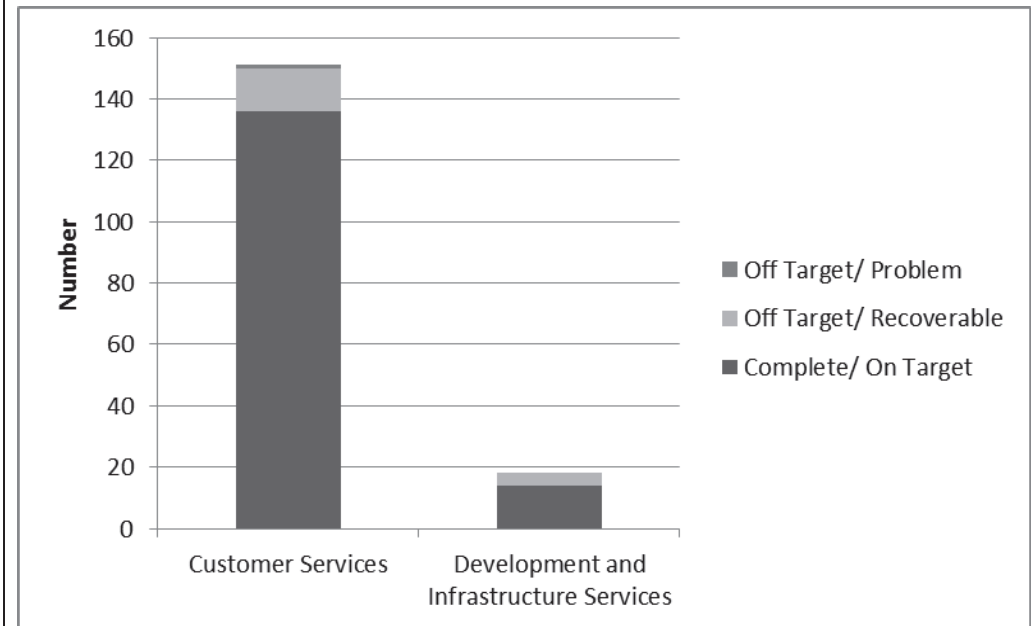
Department Position:

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	136	14	1	151
Development and Infrastructure Services	14	4	0	18
Total	150	18	1	169

Chart of Asset Sustainability Performance Status

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



APPENDIX 4 – Service Development Project Performance

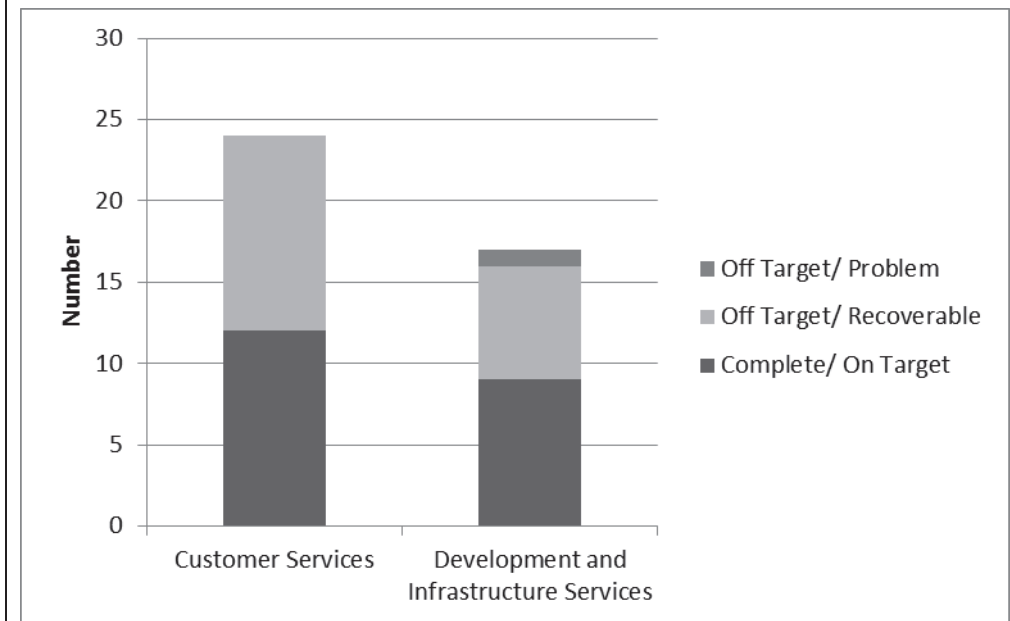
There are 41 Projects recognised as Service Development Projects, 21 are Complete or On Target, 19 are Off Target and Recoverable, 1 project is Off Track and a Problem.

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

Service Development	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	12	12	0	24
Development and Infrastructure Services	9	7	1	17
Total	21	19	1	41

Chart of Service Development Performance Status

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



APPENDIX 5 – Strategic Change Project Performance

There are 27 Projects recognised as Strategic Change Projects. 18 are Complete or On Target, 6 are Off Target and Recoverable, 3 projects are Off Target and a Problem.

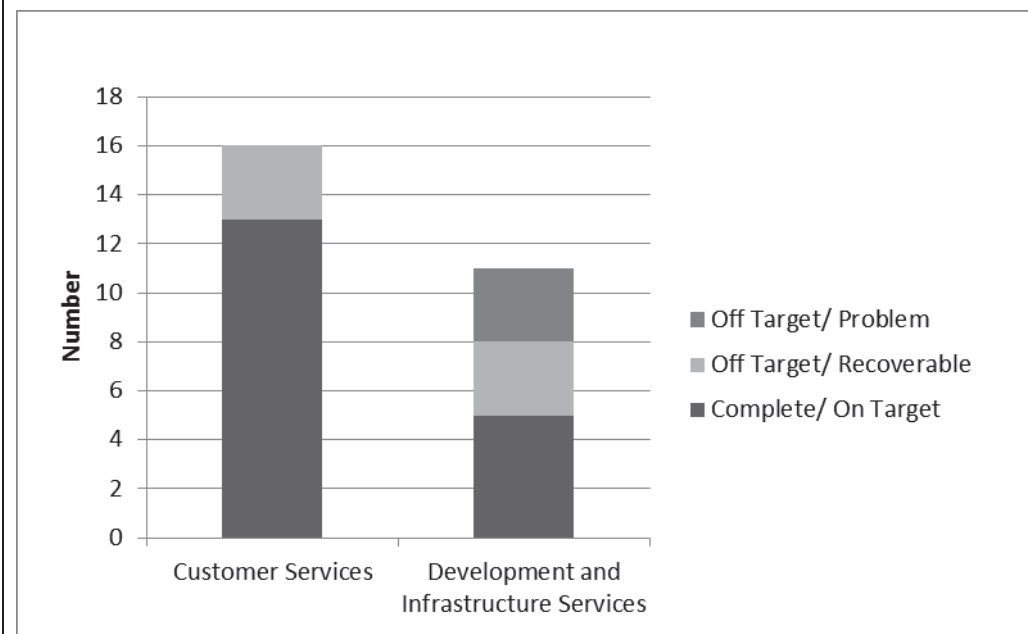
Department Position:

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	5	3	3	11
Total	18	6	3	27

Chart of Strategic Change Performance Status

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



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

Appendix 6
31 March 2015

	Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Archives - Asset Sustainability	87	19	68	128	60	68
Area Committee Expenditure - Asset Sustainability	44	0	44	69	25	44
Asset Sustainability Projects						
Customer Services	6,640	6,649	(9)	43,380	48,002	(4,622)
Development & Infrastructure Services	8,260	11,260	(3,000)	28,989	31,892	(2,903)
Asset Sustainability Total	14,900	17,909	(3,009)	72,369	79,894	(7,525)
Service Development Projects						
Customer Services	1,437	1,460	(23)	13,789	13,945	(156)
Development & Infrastructure Services	1,662	2,391	(729)	8,559	10,534	(1,975)
Service Development Total	3,099	3,851	(752)	22,348	24,479	(2,131)
Strategic Change Projects						
Campbeltown Schools Redevelopment	33	32	1	7,653	8,029	(376)
Dunoon Primary	30	32	(2)	6,834	3,923	2,911
Replacement of Oban High	66	62	4	11,272	11,540	(268)
Kirn Primary School	6	0	6	6,500	6,494	6
Carbon Management Business Cases	75	16	59	261	261	0
NPDO Schools Solar PV Panel Installations	544	3	541	944	944	0
Non NPDO Schools Solar PV Panel Installations	488	379	109	488	488	0
Carbon Management Fuel Conversions	38	0	38	145	145	0
Islay HS/Bowmore PS Carbon Management	29	12	17	726	726	0
Kilmory Biomass Carbon Management	760	634	126	1,033	1,033	0
Oil to Gas Heating Conversions	28	1	27	209	209	0
Campbeltown and Rothesay Rationalisation	8	0	8	35	35	0
Helensburgh Office Rationalisation	5,500	5,384	116	11,489	11,489	0
Mid Argyll Offices Reorganisation	98	203	(105)	270	375	(105)
New Helensburgh Swimming Pool	15	0	15	7,652	7,652	0
Tiree Shared Offices	10	0	10	10	10	0
Kintyre Renewables Hub	3,010	2,325	685	12,115	11,571	544
Port Askaig Pier	0	0	0	13,817	13,817	0
Rothesay Harbour Ferry Improvements	0	0	0	7	7	0
Helensburgh Depot Rationalisation	(95)	91	(186)	1,050	1,344	(294)
CHORD - Helensburgh	3,450	3,257	193	7,330	7,230	100
CHORD - Campbeltown	506	765	(259)	4,786	4,528	258
CHORD - Dunoon	686	538	148	8,625	8,625	0
CHORD - Oban	642	541	101	6,560	6,459	101
CHORD - Rothesay	0	0	0	2,400	1,900	500
Helensburgh Pier Flood Defences	20	0	20	2,175	1,160	1,015
TIF - Lorn/Kirk Road	0	19	(19)	0	19	(19)
TIF - Oban Airport Business Park	0	62	(62)	0	62	(62)
OBC for Dunoon Pier	189	146	43	2,830	2,830	0
Pier Upgrades	30	0	30	300	270	30
Strategic Change Total	16,166	14,502	1,664	117,516	113,175	4,341
TOTAL	34,296	36,281	(1,985)	212,430	217,633	(5,203)

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT
FINANCIAL SUMMARY GROSS EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES

Appendix 6
31 March 2015

	Full Year This Financial Year Year End			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Asset Sustainability Projects						
Flood Prevention	60	55	5	533	533	0
Bridge Strengthening	280	334	(54)	1,930	1,930	0
Traffic Management	85	103	(18)	368	368	0
Roads Reconstruction	6,697	7,718	(1,021)	18,672	19,502	(830)
Lighting	507	565	(58)	1,703	1,703	0
Fleet	150	2,223	(2,073)	3,387	5,460	(2,073)
Environmental	73	0	73	594	594	0
Roads	285	156	129	1,251	1,251	0
Waste	98	81	17	403	403	0
Recreation and Sport	0	0	0	0	0	0
Crematoria and Burial Grounds	25	25	0	148	148	0
Pier	0	0	0	0	0	0
Asset Sustainability Total	8,260	11,260	(3,000)	28,989	31,892	(2,903)
Service Development Projects						
A83 South of Muasdale	2	1	1	584	584	0
A849 Pennyghael Bridge Mull	0	0	0	131	131	0
Preliminary design for Regional Transport projects	(21)	0	(21)	227	298	(71)
Milton Burn	1	1	0	2,527	2,527	0
Campbeltown Old Quay	1,213	1,213	0	1,424	1,424	0
Helensburgh Cycleways	219	23	196	2,536	2,615	(79)
Vehicle Tracking System	41	43	(2)	217	219	(2)
Safe Streets, Walking and Cycling	149	270	(121)	289	410	(121)
SPFT	88	117	(29)	307	536	(229)
CWSS Jubilee Bridge (£93 200) (Lorn)	0	0	0	99	99	0
CWSS - South Islay Distilleries Path	(4)	242	(246)	110	599	(489)
CWSS - Kilmichael Glassary - Bridgend Link	1	4	(3)	10	26	(16)
CWSS - Kintyre Schools Route Development	0	0	0	0	0	0
CWSS - Dunollie - Ganavan	0	0	0	0	0	0
CWSS - Connel Station Path	(28)	0	(28)	76	104	(28)
CWSS - South Shian Link	0	0	0	0	0	0
CWSS - Machrihanish Path	0	0	0	0	0	0
CWSS - Monydrain to Achnabreac	0	0	0	0	0	0
CWSS - Portnacroish Footway	0	0	0	0	0	0
CWSS - Cycle Parking 2013-14	1	20	(19)	22	41	(19)
Dunoon Esplanade Upgrade	0	287	(287)	0	577	(577)
Scotrail Upgrades	0	129	(129)	0	259	(259)
Kilchrenan School Footway	0	3	(3)	0	7	(7)
Appin School Link	0	38	(38)	0	78	(78)
Service Development Total	1,662	2,391	(729)	8,559	10,534	(1,975)
Strategic Change Projects						
Kintyre Renewables Hub	3,010	2,325	685	12,115	11,571	544
Port Askaig Pier	0	0	0	13,817	13,817	0
Rothesay Harbour Ferry Improvements	0	0	0	7	7	0
Helensburgh Depot Rationalisation	(95)	91	(186)	1,050	1,344	(294)
CHORD - Helensburgh	3,450	3,257	193	7,330	7,230	100
CHORD - Campbeltown	506	765	(259)	4,786	4,528	258
CHORD - Dunoon	686	538	148	8,625	8,625	0
CHORD - Oban	642	541	101	6,560	6,459	101
CHORD - Rothesay	0	0	0	2,400	1,900	500
Helensburgh Pier Flood Defences	20	0	20	2,175	1,160	1,015
TIF - Lorn/Kirk Road	0	19	(19)	0	19	(19)
TIF - Oban Airport Business Park	0	62	(62)	0	62	(62)
OBC For Dunoon Pier	189	146	43	2,830	2,830	0
Pier Upgrades	30	0	30	300	270	30
Strategic Change Total	8,438	7,744	694	61,995	59,822	2,173
Departmental Total Expenditure	18,360	21,395	(3,035)	99,543	102,248	(2,705)

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT
FINANCIAL SUMMARY GROSS EXPENDITURE - CUSTOMER SERVICES

Appendix 6
31 March 2015

	Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual Year End £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Asset Sustainability						
Education	2,930	3,487	(557)	26,986	30,498	(3,512)
Community and Culture	1,035	1,039	(4)	3,285	4,138	(853)
Adult Care	542	427	115	3,378	3,428	(50)
Children and Families	185	148	37	532	640	(108)
Facility Services	378	174	204	2,607	2,706	(99)
Customer and Support Services	1,570	1,374	196	6,592	6,592	0
Asset Sustainability Total	6,640	6,649	(9)	43,380	48,002	(4,622)
Service Development Projects						
Graham Williamson IT Centre	0	0	0	496	496	0
Property Management System	2	2	0	84	84	0
Education Domain Extension	1	1	0	443	443	0
Consolidated Server Replacement	0	0	0	1,052	1,052	0
IT Enablement Process for Change	12	7	5	1,054	1,054	0
Applications Projects	267	215	52	974	974	0
Flexi System HRS Integration	0	0	0	0	0	0
Council Chamber Video Conferencing	4	4	0	116	116	0
Lync 2013	3	0	3	129	129	0
Ardrishaig Primary School - Pre 5 Unit	332	247	85	411	372	39
Hermitage Primary Annexe Replacement	81	149	(68)	765	838	(73)
Lochnell Primary School - Pre Five Unit	(9)	32	(41)	210	251	(41)
Park Primary Extension/Pre Fives Unit	24	10	14	355	341	14
Salen Primary School - Gaelic Pre School	20	19	1	150	149	1
St Joseph's Pre Five Parenting Facilities	(43)	15	(58)	75	133	(58)
Strachur Primary School - Pre Five Unit	31	26	5	315	310	5
Taynuilt Primary Additional Classroom	(10)	1	(11)	131	142	(11)
Tayvallich Primary School - Pre 5 Unit	330	342	(12)	430	464	(34)
Early Learning and Childcare	360	370	(10)	2,668	2,678	(10)
Video Conferencing Upgrade	5	0	5	60	55	5
Mull & Iona Progressive Care Centre	7	0	7	772	765	7
Campbeltown All Weather Pitch	(47)	0	(47)	917	964	(47)
Riverside Leisure Centre Refurbishment	39	13	26	650	624	26
Dunclutha Childrens Home	30	7	23	979	956	23
Dunoon Family Mediation Centre	(4)	0	(4)	55	59	(4)
Residential Respite Care Facility	2	0	2	498	496	2
Service Development Total	1,437	1,460	(23)	13,789	13,945	(156)
Strategic Change Projects						
Campbeltown Schools Redevelopment	33	32	1	7,653	8,029	(376)
Dunoon Primary	30	32	(2)	6,834	3,923	2,911
Replacement of Oban High	66	62	4	11,272	11,540	(268)
Kirn Primary School	6	0	6	6,500	6,494	6
Aqualibrium - residual payments	0	0	0	0	0	0
Carbon Management Business Cases	75	16	59	261	261	0
NPDO Schools Solar PV Panel Installations	544	3	541	944	944	0
Non NPDO Schools Solar PV Panel Installations	488	379	109	488	488	0
Carbon Management Fuel Conversions	38	0	38	145	145	0
Islay HS/Bowmore PS Carbon Management	29	12	17	726	726	0
Kilmory Biomass Carbon Management	760	634	126	1,033	1,033	0
Oil to Gas Heating Conversions	28	1	27	209	209	0
Campbeltown and Rothesay Rationalisation	8	0	8	35	35	0
Helensburgh Office Rationalisation	5,500	5,384	116	11,489	11,489	0
Mid Argyll Offices Reorganisation	98	203	(105)	270	375	(105)
New Helensburgh Swimming Pool	15	0	15	7,652	7,652	0
Tiree Shared Offices	10	0	10	10	10	0
Strategic Change Total	7,728	6,758	970	55,521	53,353	2,168
Departmental Total	15,805	14,867	938	112,690	115,300	(2,610)

OFF TRACK PROJECT**Appendix 7****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 7
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?		
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.		
What has caused the issue outlined above?		
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.		
What action will be taken to rectify this issue?		
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.		
What are the implications of the action proposed?		
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/Sustrans only allocate funding on an annual basis and £200k has been granted for 2015-16 to finance any works for which land can be secured. Next phase of site works depends on gaining access to the necessary land and this is anticipated to be from Cardross station eastward to Ferry Road railway bridge. Estates are now investigating CPO process for remaining land.		

OFF TRACK PROJECT		Appendix 7
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.		
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 £11.571m KRH expenditure offset by £3.254m ERDF award.		

OFF TRACK PROJECT		Appendix 7
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 £294k. Budget £1.050m Anticipated Final Account £1.344m. Main works Final Account agreed with Contractor. Dilapidation costs £108k to be drawn down 2015/16.		
What has caused the issue outlined above?		
The main reasons 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 and increase in dilapidation works/cost landlord is seeking. Building complete and occupied.		
What action will be taken to rectify this issue?		
The increased costs will be funded by Prudential Borrowing.		
What are the implications of the action proposed?		

OFF TRACK PROJECT		Appendix 7
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?		
There is an in month variance of £259k due to March valuation forecasted to go through 15/16 certified in 14/15.		
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		

Department	Head of Service	Previous Years £000	2014-15 £000	2015-16 £000	2016-17 £000	Future Years £000	Total £000
Community Services	Adult Care	2,051	543	339	0	0	2,933
	Children and Families	792	219	702	320	6	2,039
	Community and Culture	2,339	1,135	1,527	0	0	5,001
	Education	22,023	4,186	14,388	6,567	16,431	63,595
Community Services Total		27,205	6,083	16,956	6,887	16,437	73,568
Customer Services	Customer and Support Services	4,710	1,859	2,900	0	0	9,469
	Facility Services	7,014	7,950	6,626	4,258	0	25,848
Customer Services Total		11,724	9,809	9,526	4,258	0	35,317
Development and Infrastructure	Economic Development	5,568	5,730	12,883	10,342	1,328	35,851
	Roads and Amenity Services	20,505	12,630	8,594	162	0	41,891
Development and Infrastructure Total		26,073	18,360	21,477	10,504	1,328	77,742
Area Committees	Area Committee	25	44	0	0	0	69
Area Committees Total		25	44	0	0	0	69
Overall Total		65,027	34,296	47,959	21,649	17,765	186,696

Head of Service	Category	Project	Previous	2014-15	2015-16	2016-17	Future	Total
			Years £'000	£000's	£000s	£000s	Years £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	176	50	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	5	20	0	0	25
		Woodlands/Greenwood	86	21	4	0	0	111
			Asset Sustainability Total		1,286	536	339	0
	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	543	339	0	0	2,933
Overall Total			2,051	543	339	0	0	2,933

Head of Service	Category	Project	Previous	2014-15	2015-16	2016-17	Future	Total
			Years £'000	£000's	£000s	£000s	Years £000s	£000s
Children and Families	Asset Sustainability	Asbestos Removal/Control Works	0	10	10	0	0	20
		Dunoon Hostel	128	87	0	0	215	
		East King St Children's Home	0	2	0	0	2	
		Glencruitten Hostel	94	26	0	0	120	
		Health and Safety	5	45	50	0	100	
		Legionella Control Works	0	20	20	0	40	
		Shellach View	9	1	0	0	10	
	Asset Sustainability Total		236	191	80	0	0	507
	Service Development	Dunclutha Childrens Home	1	30	622	320	6	979
		Dunoon Family Mediation Centre	59	-4	0	0	0	55
		Residential Respite Care Facility	496	2	0	0	0	498
	Service Development Total		556	28	622	320	6	1,532
Children and Families Total		792	219	702	320	6	2,039	
Overall Total		792	219	702	320	6	2,039	

Head of Service	Category	Project	Previous	2014-15	2015-16	2016-17	Future	Total		
			Years £'000	£000's	£000s	£000s	Years £000s		£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	0	15	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	1	19	0	0	20		
		Ramsay Memorial Hall	79	30	76	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	14	11	0	0	25		
		Tarbert Library	3	43	4	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	1,056	927	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	1,135	1,527	0	0	5,001
Overall Total			2,339	1,135	1,527	0	0	5,001		

Head of Service	Category	Project	Previous				Future	Total
			Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Years £000s	
Education	Asset Sustainability	Achaleven Primary School	0	0	100	0	0	100
		Ardchattan Primary School	0	0	10	0	0	10
		Ardrishaig Primary School	164	40	0	0	0	204
		Arinagour Primary School	83	0	48	0	0	131
		Asbestos Control/Removal Works	0	35	50	0	0	85
		Ashfield Primary School	87	-8	0	0	0	79
		Barcaldine Primary School	73	-4	0	0	0	69
		Bowmore Primary School	341	27	0	0	0	368
		Bunessan Primary School	156	95	4	0	0	255
		Campbeltown Grammar	3,641	3	25	0	0	3,669
		Capital Property Works	542	165	127	0	0	834
		Cardross Primary School	352	170	265	0	0	787
		Carradale Primary School	19	12	150	0	0	181
		Castlehill Primary School	146	10	50	0	0	206
		Clachan Primary	2	0	220	0	0	222
		Colgrain Primary School	617	121	65	0	0	803
		Dalintober Primary School	266	1	0	0	0	267
		Dervaig Primary School	0	0	5	0	0	5
		Drumlemble Primary School	128	86	0	0	0	214
		Dunbeg Primary School	403	31	0	0	0	434
		Dunoon Primary School	95	0	25	0	0	120
		Ferry Houses - Housing Quality Standard	0	8	68	0	0	76
		Free School Meals	0	130	420	0	0	550
		Furnace Primary School	104	-37	0	0	0	67
		Garelochhead Primary School	311	1	50	0	0	362
		Glassary Primary School	38	36	61	0	0	135
		Glenbarr Primary School	60	5	0	0	0	65
		Hermitage Primary School	145	1	0	0	0	146
		Homeless Houses - Housing Quality Standard	0	3	47	0	0	50
		Innellan Primary School	79	0	25	0	0	104
		Inveraray Primary School	287	155	0	0	0	442
		Islay High School	3,877	155	50	0	0	4,082
		John Logie Baird Primary School	364	-42	0	0	0	322
		Keills Primary School	306	-6	0	0	0	300
		Kilchattan Primary School	165	3	0	0	0	168
		Kilchrenan Primary School	0	11	14	0	0	25
		Kilcreggan Primary School	221	110	0	0	0	331
		Kilmartin Primary School	0	15	5	0	0	20
		Kilmodan Primary School	24	81	90	0	0	195
		Kilninver Primary School	81	12	0	0	0	93
		Kirn Primary School	44	22	20	0	0	86
		Legionella Control Works	0	57	83	0	0	140
Lismore Primary School	41	6	14	0	0	61		
Lochdonhead Primary School	152	-17	0	0	0	135		
Lochgoilhead Primary School	55	-13	40	0	0	82		
Luing Primary School	74	0	16	0	0	90		
Luss Primary School	34	30	1	0	0	65		
Minard Primary	3	48	0	0	0	51		
North Bute Primary School	130	211	25	0	0	366		
Oban High Gaelic Media Studio (FG)	93	-2	0	0	0	91		
Oban High School	629	-13	10	0	0	626		

Head of Service	Category	Project	Previous	2014-15	2015-16	2016-17	Future	Total	
			Years £'000	£000's	£000s	£000s	Years £000s	£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	
		Rhunahaorine 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	
		Tighnabruaich 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	2,930	3,227	0	0	25,766
	Service Development		Ardrisaig Primary School - Pre Five Unit	10	332	69	0	0	411
			Early Learning and Childcare	0	360	1,240	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	1,121	1,449	1,068	0	5,570	
Strategic Change		Campbeltown Schools Redevelopment	177	33	1,323	100	6,020	7,653	
		Dunoon Primary School	233	30	3,601	2,048	922	6,834	
		Kirn Primary School	0	6	1,706	3,251	1,537	6,500	
		Replacement of Oban High School	72	66	3,082	100	7,952	11,272	
Strategic Change Total			482	135	9,712	5,499	16,431	32,259	
Education Total			22,023	4,186	14,388	6,567	16,431	63,595	
Overall Total			22,023	4,186	14,388	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	143	105	0	0	338
		IT Education	42	28	751	0	0	821
		MS Exchange & Doc Sharing	228	6	88	0	0	322
		PC Replacement	-92	975	745	0	0	1,628
		Server Capacity Growth	0	89	71	0	0	160
		Telecomms Network	645	48	54	0	0	747
		Unified Communications and Video Conferencing	466	196	76	0	0	738
		Asset Sustainability Total		1,977	1,570	2,070	0	0
	Service Development	Applications Projects	254	267	453	0	0	974
		Consolidated Server Replacement	1,009	0	43	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	289	830	0	0
	Customer and Support Services Total		4,710	1,859	2,900	0	0	9,469
Overall Total		4,710	1,859	2,900	0	0	9,469	

Head of Service	Category	Project	Previous	2014-15	2015-16	2016-17	Future	Total		
			Years	2014-15	2015-16	2016-17	Years	Total		
			£'000	£000's	£000s	£000s	£000s	£000s		
Facility Services	Asset Sustainability	Aqualibrium	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	1	0	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	10	112	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	10	68	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	357	1,095	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	7,950	6,626	4,258	0	25,848		
Overall Total			7,014	7,950	6,626	4,258	0	25,848		

Head of Service	Category	Project	Previous	2014-15	2015-16	2016-17	Future	Total	
			Years £'000	£000's	£000s	£000s	Years £000s	£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	506	1,830	614	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	5,523	12,743	10,342	1,328	35,006	
Economic Development Total			5,568	5,730	12,883	10,342	1,328	35,851	
Overall Total			5,568	5,730	12,883	10,342	1,328	35,851	

Head of Service	Category	Project	Previous	2014-15	2015-16	2016-17	Future	Total	
			Years £'000	£000's	£000s	£000s	Years £000s		£000s
Roads and Amenity Services	Asset Sustainability	Bridge Strengthening	253	280	987	130	0	1,650	
		Cemetery Houses	7	25	18	0	0	50	
		Environmental - Unallocated	0	50	296	0	0	346	
		Fleet Management	2,641	150	596	0	0	3,387	
		Flood Prevention	6	60	377	30	0	473	
		HITRANS	966	285	0	0	0	1,251	
		Lighting	39	507	650	0	0	1,196	
		Public Convenience Upgrades	0	23	41	2	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			5,113	8,260	7,545	162	0
	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			20,505	12,630	8,594	162	0	41,891	
Overall Total			20,505	12,630	8,594	162	0	41,891	

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ARGYLL AND BUTE
COUNCIL

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STRATEGIC FINANCE

25 JUNE 2015

Annual Treasury Report 2014-15

1. EXECUTIVE SUMMARY

- 1.1 This report outlines the Council's Treasury Management position for 2014-15.
- 1.2 The Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual review of treasury management activities and the actual prudential and treasury indicators and submit this to Council. The report at Appendix 1 meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.3 The report was submitted to the Performance Review and Scrutiny Committee on 28 May 2015. The Performance Review and Scrutiny Committee has a role to scrutinise treasury matters. No matters were identified that required to be brought to the Councils attention. There are some minor changes to the final report to reflect matters arising in completing the Councils unaudited accounts.
- 1.4 The key points to note from the annual report are:
- Reporting requirements under the Code were met during 2014-15.
 - Borrowing increased from 31 March 2013 at £161m to £173m with an average rate of 5.4%.
 - The Capital Financing Requirement (excluding NPDO commitments) was £180m leading to under borrowing of £6m (down from £15m).
 - Investments at 31 March 2015 were £56m at a rate of 0.647% compared to £44m at a rate of 0.765% for 31 March 2014.
 - The average investment rate for 2014-15 was 0.692% compared to the average 7 day rate of 0.352%
- 1.5 This report meets the Code requirement for a treasury annual report. The Council remains under borrowed (around 3% of the CFR is not supported by borrowing) but current borrowing and investment rates mean additional costs would be incurred to address this. No significant new borrowing took place during the year and whilst investment rates are low we exceeded our benchmark.

2. RECOMMENDATIONS

- 2.1 The Treasury Management Annual Report is approved.

3. IMPLICATIONS

- 3.1 Policy – None
- 3.2 Legal – None
- 3.3 Human Resources – None
- 3.4 Financial – None
- 3.5 Equal Opportunities – None
- 3.6 Risk – None
- 3.7 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 Peter Cupples, Finance Manager – Corporate Support 01546-604183

Appendix 1 – Annual Treasury Report 2014-15



**ANNUAL TREASURY
REPORT**

2014-2015

Annual Treasury Management Review 2014/15

1. Introduction

This Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2014/15. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2014/15 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 20/03/2014)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

In addition the Policy and Resources Committee has received treasury management update reports on 28/08/2014, 20/11/2014, 18/12/2014, 26/02/2015 and 19/03/2015.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Policy Review and Scrutiny Committee before they were reported to the Policy and Resources Committee and full Council .

2. The Economy and Interest Rates

The original market expectation at the beginning of 2014/15 was for the first increase in Bank Rate to occur in quarter 1 2015 as the unemployment rate had fallen much faster than expected through the Bank of England's initial forward guidance target of 7%. In May, however, the Bank revised its forward guidance. A combination of very weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded and in August the Bank halved its forecast for pay inflation in 2014 from 2.5% to 1.25%. Expectations for the first increase in Bank Rate therefore started to recede as growth was still heavily dependent on buoyant consumer demand. During the second half of 2014 financial markets were caught out by a halving of the oil price and the collapse of the peg between the Swiss franc and the euro. Fears also increased considerably that the ECB was going to do too little too late to ward off the threat of deflation and recession in the Eurozone. In mid-October, financial markets had a major panic for about a week. By the

end of 2014, it was clear that inflation in the UK was going to head towards zero in 2015 and possibly even turn negative. In turn, this made it clear that the MPC would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016.

Gilt yields were on a falling trend for much of the last eight months of 2014/15 but were then pulled in different directions by increasing fears after the anti-austerity parties won power in Greece in January; developments since then have increased fears that Greece could be heading for an exit from the euro. While the direct effects of this would be manageable by the EU and ECB, it is very hard to quantify quite what the potential knock on effects would be on other countries in the Eurozone once the so called impossibility of a country leaving the EZ had been disproved. Another downward pressure on gilt yields was the announcement in January that the ECB would start a major programme of quantitative easing, purchasing EZ government and other debt in March. On the other hand, strong growth in the US caused an increase in confidence that the US was well on the way to making a full recovery from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015. The UK would be closely following it due to strong growth over both 2013 and 2014 and good prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015.

3. Overall Treasury Position as at 31 March 2015

At the beginning and the end of 2014/15 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

TABLE 1	31 March 2014 Principal	Rate/ Return	Average Life yrs	31 March 2015 Principal		Rate/ Return	Average Life yrs
Total debt	£161m	6.1%	30.18		£173m	5.4%	29.18
CFR	£176m				£180m		
Over / (under) borrowing	£15m				£6m		
Total investments	£44m	0.8%			£56m	0.7%	
Net debt	£117m				£117m		

4. The Strategy for 2014/15

The expectation for interest rates within the strategy for 2014/15 anticipated low but rising Bank Rate (starting in quarter 1 of 2015), and gradual rises in medium and longer term fixed borrowing rates during 2014/15. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

The actual movement in gilt yields meant that PWLB rates saw little overall change during the first four months of the year but there was then a downward trend for the rest of the year with a partial reversal during February.

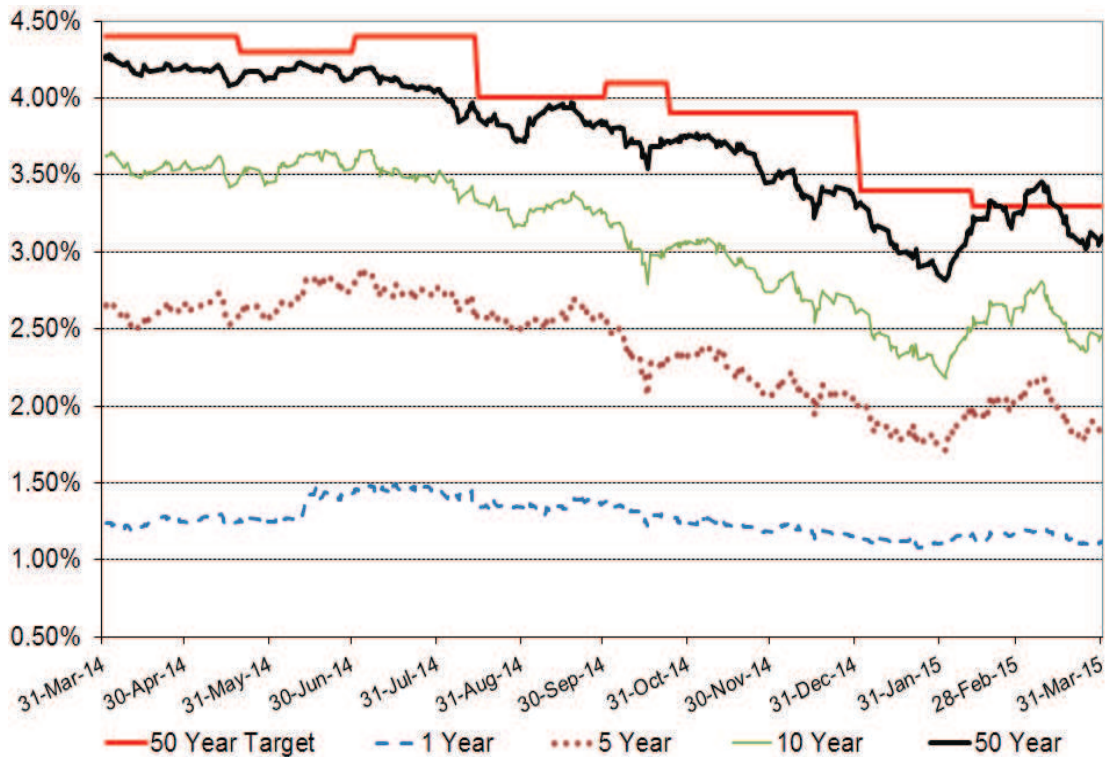
5. The Borrowing Requirement and Debt

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).

	31st March 2014 Actuals £M	31st March 2015 Budget £M	31st March 2015 Actuals £M
CFR - General Fund (£m)	256	259	256
Less NPDO	80	77	76
Net CFR	176	182	180

6. Borrowing Rates in 2014/15

PWLB borrowing rates - the graph below shows how PWLB certainty rates have fallen to historically very low levels during the year.



7. Borrowing Outturn for 2014/15

Borrowing

Due to investment concerns, both counterparty risk and low investment returns, no long term borrowing was undertaken during the year. However, temporary borrowing has been utilised to manage timing differences between cash requirements and the maturing fixed term investments. At year end there were two fixed term temporary loans of £10m at an average rate of 0.34% outstanding.

Repayment of Loans

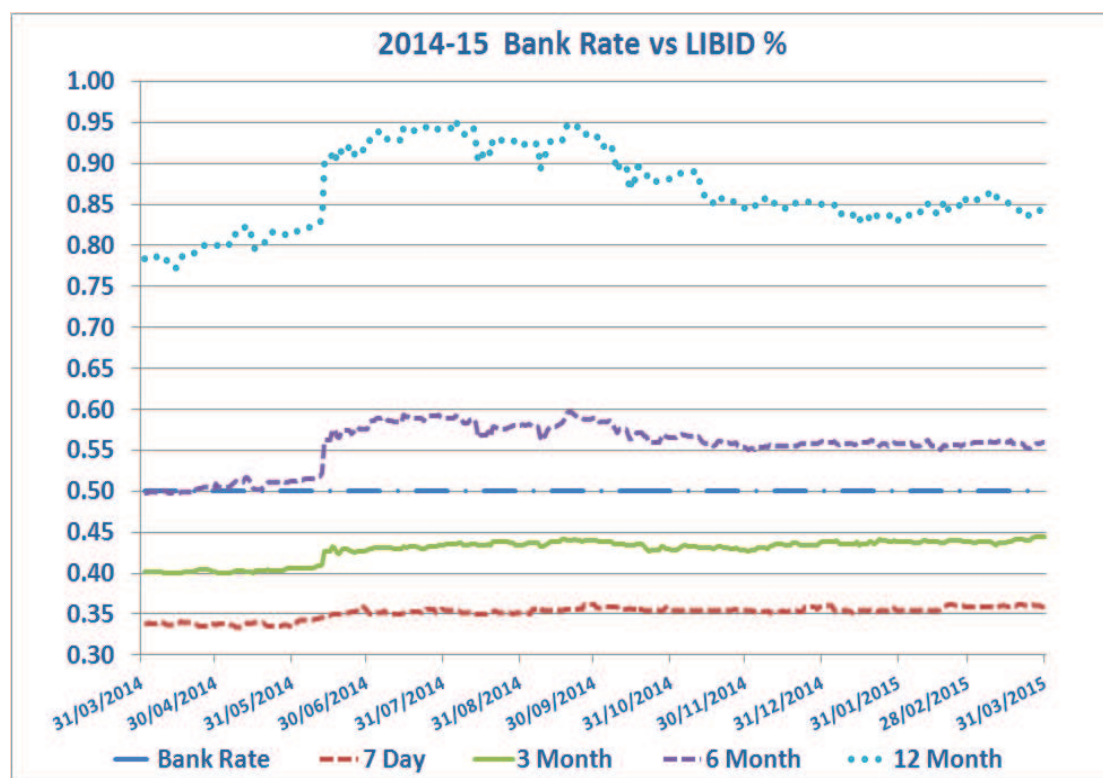
During the year £7.8m of PWLB debt and £550k of market loans matured.

Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

8. Investment Rates in 2014/15

Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for six years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2015 but then moved back to around quarter 3 2016 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme.



9. Investment Outturn for 2014/15

Investment Policy – the Council’s investment policy is governed by Scottish Government investment regulations, which have been implemented in the annual investment strategy approved by the Council on 20/3/2014. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

Investments held by the Council - the Council maintained an average balance of £56 million of internally managed funds. The internally managed funds earned an average rate of return of 0.692%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.352%.

Appendix 1: Prudential and Treasury Indicators

During 2014/15, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2013/14 Actual £000	2014/15 Original £000	2014/15 Actual £000
Capital expenditure	32,685	50,185	36,281
Capital Financing Requirement	256,463	275,239	256,079
Gross borrowing	240,785	247,370	247,280
External debt	161,181	169,315	173,378
Investments	44,350	20,000	56,408
Net borrowing	116,831	149,315	116,970

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2014/15) plus the estimates of any additional capital financing requirement for the current (2014/15) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2014/15.

The authorised limit – this Council has kept within the authorised external borrowing limit as shown by the table below.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2014/15 £m
Authorised limit	284
Maximum gross borrowing position	256
Operational boundary	276
Average gross borrowing position	242
Financing costs as a proportion of net revenue stream	10.98%

TABLE 1	31 March 2014 Principal		Rate/ Return	Average Life yrs	31 March 2015 Principal		Rate/ Return	Average Life yrs
Fixed rate funding:								
-PWLB	£108.1m				£100.2m			
-Market	£12.5m	£120.6m	6.8%	22	£12.5m	£112.2m	6.7%	21
Variable rate funding:								
-PWLB								
-Market	£39.3m	£39.3m	4.4%	55	£39.3m	£39.3m	4.4%	54
Temporary Loans		£1.3m	0.3%			£21.9m	0.4%	
Total debt		£161.2m	6.1%	30		£173.4m	5.4%	29
CFR		£176.8m				£179.8m		
Over/ (under) borrowing		(£15.6m)				(£6.4m)		
Total investments		£44.4m	0.8%			£56.4m	0.6%	
Net debt		£116.8m				£117.0m		

The maturity structure of the debt portfolio was as follows:

	31 March 2014 Actual £000	2014/15 original limits £000	31 March 2015 Actual £000
Under 12 months	9,662	52,013	31,944
12 months and within 24 months	10,605	52,013	18,376
24 months and within 5 years	23,237	52,013	16,449
5 years and within 10 years	17,540	69,351	6,478
10 years and within 20 years	5	138,702	0
20 years and within 30 years	12,877	138,702	12,877
30 years and within 40 years	15,255	138,702	33,754
40 years and within 50 years	29,999	138,702	22,500
50 years +	42,000	138,702	31,000

All investments were for less than one year.

The exposure to fixed and variable rates was as follows:

	31 March 2014 Actual	2014/15 Original Limits	31 March 2015 Actual
Fixed rate (principal or interest) based on net debt	103%	195%	95%
Variable rate (principal or interest) based on net debt	35%	60%	35%

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ARGYLL AND BUTE COUNCIL
STRATEGIC FINANCE

COUNCIL
25 JUNE 2015

ANNUAL EFFICIENCY STATEMENT 2014-15

1. EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to present the Council's Annual Efficiency Statement to Council for noting.
- 1.2 Local Authorities are required to complete and publish an Annual Efficiency Statement that summarises the total efficiencies achieved in the last financial year, along with summary detail on some of the main ways the Council is delivering efficiency savings.
- 1.3 The Council must submit their 2014-15 Annual Efficiency Statement to COSLA by Friday 21 August 2015.
- 1.4 The Council has achieved £6.394m in efficiency savings for 2014-15 which exceeds the target requirement of £5.248m.

ANNUAL EFFICIENCY STATEMENT 2014-15

2. INTRODUCTION

- 2.1 Local Authorities are required to complete and publish an Annual Efficiency Statement that summarises the total efficiencies achieved in the last financial year. The Annual Efficiency Statement for 2014-15 is attached as an appendix to this report for noting.

3. RECOMMENDATIONS

- 3.1 Council to note the contents of the Annual Efficiency Statement for 2014-15.

4. DETAIL

- 4.1 For 2014-15, the Scottish Government expects every public body to deliver efficiency savings of at least 3% and to report publicly on the actions undertaken and the results achieved. Council's must publish an Annual Efficiency Statement each year. The Annual Efficiency Statement is attached as an appendix to this report and has been prepared in accordance with the guidance issued by COSLA.
- 4.2 The 3% efficiency savings are calculated based on departmental expenditure limit (DEL). Income from Non-Domestic Rates (NDR) is annually managed expenditure so falls outwith DEL. The Scottish Government funding for the Council for 2014-15 was £206.125m. The NDR element of the funding amounted to £31.171m giving funding excluding NDR of £174.954m. This gives rise to a 3% efficiency savings target of £5.248m. The total efficiency saving achieved for 2014-15 was £6.394m as outlined in the attached statement and this exceeds the target saving.
- 4.3 Arrangements continue to be in place to monitor and report on progress with efficiency savings through the Planning and Performance Management Framework and Performance Scorecards.

5. CONCLUSION

- 5.1 The Council achieved its efficiency savings target for 2014-15.

6. IMPLICATIONS

- | | | |
|-----|-------------|---|
| 6.1 | Policy – | None. |
| 6.2 | Financial - | The Council has achieved its efficiency target for 2014-15. |
| 6.3 | Legal - | None. |
| 6.4 | HR - | Individual efficiency savings may have had human resource implications and these would have been discussed with the Trade Unions. |

- | | | |
|-----|--------------------|--|
| 6.5 | Equalities - | Individual efficiency savings may have had equality implications and equality impact assessments would have been carried out where required. |
| 6.6 | Risk - | None. |
| 6.7 | Customer Service - | Individual efficiency savings may have had customer service implications. |

Councillor Dick Walsh, Council Leader - Policy Lead Strategic Finance

**Steve Barrett
Interim Head of Strategic Finance
16 June 2015**

For further information contact: Kirsty Flanagan, Finance Manager, 01546 604268

APPENDICES

Appendix 1 – Annual Efficiency Statement 2014-15

CONFIRMATION OF EFFICIENCIES DELIVERED IN 2014-15

1	Local Authority Name	Argyll and Bute Council
2	Total cash efficiency achieved for 2014-15 £'000	£6,394,317 (3.65%)
3	<p>Summary of efficiency activity e.g.</p> <p>The main initiatives the local authority has taken over the year to ensure a strategic approach to increased efficiency and productivity and the improvements achieved in these areas.</p> <p>The main information that the local authority uses to assess productivity, service quality and performance and how the scope, usefulness or reliability has been improved during the year.</p> <p>Specific steps the local authority has taken during the year to improve collaboration and joint working to deliver efficient and user-focussed services and the improvements achieved.</p>	<p>The Council carried out a three year programme of service reviews to deliver savings commencing 2010-11 to 2012-13. Due to the lead in time/phasing of savings, some of the savings options have given rise to new efficiency savings within 2014-15.</p> <p>As part of the Council's budget for 2013-14 savings of 2.9% of revenue budget were required, with almost half of the savings identified being efficiency savings. Due to the lead in time/phasing of savings, some of the savings options have given rise to new efficiency savings within 2014-15.</p> <p>The Council set a savings target as part of its budget for 2014-15. Almost all savings (90%) were efficiency savings.</p> <p>The Council continues to explore opportunities for asset rationalisation, both offices and depots.</p> <p>The Council has a number of shared services/joint working arrangements in place. These include shared scientific services, provision of ICT services to the local housing association, shared contract in relation to ICT wide area network, joint working in respect of the effects of welfare reform, shared services in relation to archaeology, shared arrangements with Highland Council to carry out Road Safety Audits, joint working with Police Scotland for antisocial noise and an agreement in place with 7 other local authorities to use our mobile anthrax incinerator.</p> <p>We continued to have a pilot underway with Highland Council throughout 2014-15 for the provision of Lync services to them.</p> <p>The Council have a Planning and Performance Management Framework which is outcome based. Each Council service has their own performance scorecard measuring their service outcomes, which link to the Council's corporate outcomes.</p>

4	<p>Breakdown of efficiency saving by Procurement, Shared Services or Asset Management £'000</p> <p>(only where relevant – not all efficiencies will fall into these categories, so the figures here do not have to match the overall total.</p>	<p>Procurement = £1,281,453</p> <p>The Council continues to ensure procurement savings are achieved by utilising contracts appropriately and by carrying out our own procurement exercises to achieve best value for the Council. Heads of Service and Procurement Action Managers are working together to achieve targets and ensure as much spend as possible is put through systems to obtain better spend information in the future.</p>
		<p>Shared Services = £27,000</p> <p>There are a number of joint working arrangements which have previously given rise to efficiency savings and which continue to add value as noted in Section 3 above. The Council have a shared archaeology service (West of Scotland Archaeology Service) and this directly saves the Council £27,000 as noted above.</p>
		<p>Asset Management = No new savings during 2014-15</p> <p>The Council continues to explore opportunities to rationalise its asset base on its own and with Community Planning Partners. It has set a target of a cumulative percentage reduction in gross internal floor area of 15% through office rationalisation in its main towns of Campbeltown, Dunoon, Helensburgh, Lochgilphead, Oban and Rothesay. To date a 12% reduction has been achieved through a combination of updated space standards associated with the Process for Change Workforce Deployment Project and the associated termination of leases for leased-in offices and disposal of surplus office property. So far this has delivered recurring savings of circa £130,000 (as reported on last year's efficiency statement).</p> <p>The new Helensburgh Office is due for handover in June and we will have reduced the floor space we occupy by a further 3%. This project includes a new Customer Service Point and all public facing staff in the area will be located there. This frees up 8 offices for rationalisation. Lomond Street has already been sold to NHS Highland and a shop and some of the Sinclair Street Offices are already under offer.</p> <p>The current phase of office rationalisation has also been completed in Lochgilphead . This has led to the formation of the new Customer Service Point at Manse Brae and all Council</p>

		staff being relocated from Dalriada House and the Clydesdale Bank Building with the latter office currently being under offer.
5	Evidence: What performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?	<p>A high level approach to verifying performance has been taken using the service outcomes on the service performance scorecards. The service outcomes are measured using the key success measures for ongoing service delivery in important areas of the Councils business. On this basis they can be assumed to represent quality and delivery in key service areas. The service outcomes are classified as red or green where green represents on target and red is off target. There is also an amber classification which indicates that more than half of the actions within the service outcome are on track. If the service outcomes are predominately classed as green or amber then this indicates the standards for service quality and delivery are being achieved.</p> <p>As at March 2015, out of 71 service outcomes, 64 were either green or amber and 7 were red. This indicates that service quality is at the standards specified in the service plan and on this basis the efficiency savings have not had a negative impact on service delivery.</p>

Signed

Sally Loudon, Chief Executive

Signed

Dick Walsh, Council Leader

Date

ARGYLL AND BUTE COUNCIL

COUNCIL

STRATEGIC FINANCE

25 JUNE 2015

STRATEGIC HOUSING FUND ANNUAL REPORT 2014-15

1.0 EXECUTIVE SUMMARY

1.1.1 In December 2004, Council decided to exercise its discretion to reduce the discount for council tax for second and holiday homes across the whole council area from 50% to 10%. Subsequently, on 18 May 2006, the Strategic Policy Committee agreed that this revenue should be used flexibly, depending on local circumstances, for the establishment of:

- A Landbanking fund
- An Empty Homes Strategy
- And to promote additional investment in infrastructure capacity, where further development of affordable housing is otherwise constrained.

In line with Scottish Government guidance, which states that additional income arising from the reduced discount of council tax on second and holiday homes be retained locally by the local authority and used specifically for the provision of affordable social housing, the Strategic Housing Fund (SHF) was created to allow for allocations in support of priority projects emerging from the Local Housing Strategy (LHS).

1.2 This report provides an annual update on the Strategic Housing Fund (SHF) income and expenditure position for 2014-15, the current balance on the SHF as at 31 March 2015 and all future commitments against this balance.

1.3 The closing balance as at 31 March 2015 on the SHF is outlined in the table below:

	Opening Balance at 1 April 2014 £m	Income 2014-15 £m	Expenditure 2014-15 £m	Closing Balance at 31 March 2015 £m
Earmarked Balance in General Fund	7.484	1.927	(1.738)	7.673
Useable Capital Receipts Reserve	2.757	0.010	0	2.767
TOTAL	10.241	1.937	(1.738)	10.440

1.4 There are a number of outstanding commitments against the SHF balance, as at 31 March 2015, and these total £6.188m.

1.5 The uncommitted SHF balance as at 1 April 2015 is £4.252m. There are plans to fully utilise this uncommitted balance over the next 3 years (2015-18) to support the affordable housing development programme, including empty homes grants and loans, as set out in the Strategic Housing Improvement Plan (SHIP) report that went to Council in November 2014.

ARGYLL AND BUTE COUNCIL

COUNCIL

STRATEGIC FINANCE

25 JUNE 2015

STRATEGIC HOUSING FUND ANNUAL REPORT 2014-15

2.0 INTRODUCTION

2.1 This report provides an annual update on the Strategic Housing Fund (SHF) income and expenditure position for 2014-15, the current balance on the SHF as at 31 March 2015 and all future commitments against this balance.

3.0 RECOMMENDATIONS

3.1 Members are asked to note the report on income and expenditure for 2014-15 and the balance on the SHF as at 31 March 2015.

3.2 Members to note the estimated future income for SHF for 2015-16.

4.0 DETAIL

4.1 In December 2004, Council decided to exercise its discretion to reduce the discount for council tax for second and holiday homes across the whole council area from 50% to 10%. Subsequently, on 18 May 2006, the Strategic Policy Committee agreed that this revenue should be used flexibly, depending on local circumstances, for the establishment of:

- A Landbanking fund
- An Empty Homes Strategy
- And to promote additional investment in infrastructure capacity, where further development of affordable housing is otherwise constrained.

Subsequently, in line with Scottish Government guidance, which states that additional income arising from the reduced discount of council tax on second and holiday homes be retained locally by the local authority and used specifically for the provision of affordable social housing, the Strategic Housing Fund (SHF) was created to allow for allocations in support of priority projects emerging from the Local Housing Strategy (LHS).

4.2 In September 2007, a further report went to Council to formally agree the arrangements for the operation of the SHF. The following items of expenditure were deemed appropriate and agreed:

- Expenditure incurred in relation to assets formally held on the Housing Revenue Account
- Expenditure relating to the acquisition of land for the landbank
- Expenditure related to the purchase of homes under the empty homes initiative
- Payments to enhance infrastructure where this is restricting the development of affordable housing

- Payments to registered social landlords (RSLs) to partially fund proposed projects to deliver houses in accordance with the local housing strategy.
- 4.3 The introduction of the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012 provided enabling powers for further regulations to modify council tax discounts. The new legislation defined new categories of unoccupied properties which differed from the previous categories, and provided new discretions for charging council tax on these new categories.
- 4.4 The new regulations allow the council to determine that, instead of a reduced discount of a minimum of 10%, no discount, or an increase in council tax of up to 100% may apply. There has been no change to the Council decision in December 2004 to reduce the discount on second and holiday homes from 50% to 10% and the additional council tax income collected as a result of this continues to be ring-fenced to the SHF.
- 4.5 The Council exercised the discretion to increase the council tax charge on empty properties, where the dwelling has been unoccupied for over 12 months, by 100% across the whole council area with effect 1 April 2014 and this additional income is not ring-fenced to the SHF.
- 4.6 There are currently two elements to the SHF balance:

Earmarked Balance in General Fund Reserve

Income collected from council tax on second homes which can only be used for investment in affordable, sufficient and suitable housing. The current balance in this reserve represents income from council tax collections from previous financial years. Each year the actual income collected is transferred into this earmarked balance and is, on average, c. £1.9m.

Useable Capital Receipts Reserve

This relates to the accumulated unspent capital receipts from the sale of council houses prior to the transfer of the housing stock. Any sale of residual HRA property or land is transferred to this reserve when the capital receipts are received.

- 4.7 The closing balance as at 31 March 2015 on the Strategic Housing Fund is outlined in the table below:

	Opening Balance at 1 April 2014 £m	Income 2014/15 £m	Expenditure 2014/15 £m	Closing Balance at 31 March 2015 £m
Earmarked Balance in General Fund	7.484	1.927	(1.738)	7.673
Useable Capital Receipts Reserve	2.757	0.010	0	2.767
TOTAL	10.241	1.937	(1.738)	10.440

- 4.8 Further detail of the income and expenditure for 2014-15 is included as Appendix 1.

- 4.9 There are a number of outstanding commitments against the Strategic Housing Fund. There is usually a delay between grants being approved and the monies being released. Included as Appendix 2 is a list of these outstanding commitments, these funds were not released before 31 March 2015.
- 4.10 The table below sets out the uncommitted balance on the fund as at 31 March 2015.

	£m
Balance at 31/03/15	10.440
Commitments re Appendix 2	6.188
Uncommitted Balance	4.252

- 4.11 There are plans to fully utilise this uncommitted balance over the next 3 years (2015-18) to support the affordable housing development programme, including empty homes grants and loans, as set out in the Strategic Housing Improvement Plan (SHIP) report that went to Council in November 2014.
- 4.12 In 2011, Council set a target of 110 affordable housing completions per annum, based on the need evidenced through the Housing Need and Demand Assessment (HNDA) process. Assuming that this target is sustained, the total cost to the SHF over the 3 year period 2015-18 would equate to £8.25m, plus a £500k allocation for Empty Homes Grants and £110k for Empty Homes Loans, giving a total commitment on the SHF for 2015-2018 of £8.86m. Estimated Council Tax income over this period is £7.6m leaving a funding gap between SHF commitments and council tax income of £1.26m. Any uncommitted balance currently on the SHF, as a result of prior year arrangements, will be used to fund this gap and facilitate any fluctuations in the estimated income figure.
- 4.13 The estimated income from council tax on second homes for 2015-16 is £1.9m.
- 4.14 In addition to the above, the council has used reserves to advance loans to RSL's in line with the approach agreed in August 2013. Details of the loans advanced and balance outstanding at 31 March 2015 are set out below:

RSL	Scheme Name	Amount Committed £m	Amount Advanced £m	Rate of Interest %	Repayment Period (years)	Amount o/s 31/03/15 £m
FYNE	Courthouse	1.9	1.9	1.93	3	1.115
ACHA	Glenshellach	2.305	2.305	4.45	25	2.254
ACHA	Bonawe	0.123	0.123	4.43	25	0.122
ACHA	Hood Court	0.603	0.603	4.43	25	0.600
FYNE	St Cuthbert's	0.201	0			0
WHHA	Port Ellen	0.955	0			0
Total		6.087	4.931			4.091

5.0 CONCLUSION

- 5.1 The Strategic Housing Fund makes a significant contribution to the new affordable housing development programme in Argyll and Bute. The closing balance on the fund at 31 March 2015 was £10.440m with future outstanding commitments of £6.188m, leaving an uncommitted balance of £4.252m to further support the affordable housing development programme as set out in the

Strategic Housing Improvement Plan (SHIP) report 2014.

6.0 IMPLICATIONS

6.1 Policy: None

6.2 Financial: None, Strategic Housing Fund will continue to be administered in line with approved policy.

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
Councillor Dick Walsh, Council Leader – Policy Lead Strategic Finance
Councillor Robin Currie – Policy Lead Community and Culture and Strategic Housing
22 May 2015

APPENDICES

Appendix 1: SHF Income and Expenditure 2014-15

Appendix 2: Outstanding SHF Commitments

Strategic Housing Fund (SHF) 2014-15**Earmarked Balance in General Fund Reserve 2014-15**

	£	£	£
<i>SHF Opening Balance 2014-15</i>			7,483,782

2014-15 INCOME

Income from Council Tax on Second Homes			1,926,944
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2014-15 EXPENDITURE

RSL	Scheme	£	£
ACHA	Hood Court, Helensburgh	125,657	
ACHA	Oakfield, Tarbert	224,597	
ACHA	Shoreline, Bowmore	614,560	
ACHA	Dunraineach, Connel	176,000	
ACHA	Bonawe	63,408	
ACHA	Travelling Person Sites	38,120	
Total ACHA			1,242,342
FYNE HOMES	Ardfern		422,865
WHHA	Taynuilt Filling Station		29,719

1,694,926

Other Spend

SHQS Upgrades	15,216		
Empty Homes Officer Post	28,143		43,359

SHF Closing Balance 2014-15

			<u>7,672,441</u>
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Strategic Housing Fund (SHF) 2014-15**Usable Capital Receipts (UCR)**

	£	£
<u>UCR Opening Balance 2014-15</u>		2,757,256
<u>2014-15 INCOME</u>		
HRA Revenue Interest on UCR Reserve	9,678	<u>9,678</u>
<u>UCR Closing Balance 2014-15</u>		<u>2,766,934</u>

Outstanding Strategic Housing Fund Commitments

RSL	Scheme	Grant Approved	Total Drawn Down as at 31/03/15	Commitment Remaining
		£	£	£
ACHA	Bonawe (RHDF)	156,000	156,000	0
ACHA	Hood Ct, Helensburgh	125,657	125,657	0
ACHA	Shoreline, Bowmore	679,996	614,560	65,436
ACHA	Dunraineach, Connel	176,000	176,000	0
ACHA	Barn Pk, Inveraray	264,000	0	264,000
ACHA	Carsaig, Tayvallich	50,000	0	50,000
ACHA	St Oran's Place, Connel	250,000	0	250,000
ACHA	Sealladh Na Mara, Bowmore	250,000	0	250,000
ACHA	Glenshellach, Oban	425,000	0	425,000
ACHA	Travelling Person Sites	38,120	38,120	0
DHA	Succoth, greener standard	941,000	0	941,000
DHA	Oakfield, Tarbert	224,597	224,597	0
DHA	East King St	528,000	0	528,000
FYNE HOMES	Ardfern	422,865	422,865	0
FYNE HOMES	St Cuthbert's, Dunoon	598,500	0	598,500
FYNE HOMES	Kilmun	176,000	0	176,000
Gigha Heritage Trust	Drumyeonmore	26,000	0	26,000
WHHA	Iona	361,000	0	361,000
WHHA	Dunbeg, greener standard	647,000	0	647,000
WHHA	Taynuilt Filling Station	29,719	29,719	0
WHHA	Imeraval, Islay	540,000	0	540,000
WHHA	Benderloch	300,000	0	300,000
RHDF	Ulva	180,000	0	180,000
ABC	Council Serviced Tenancies (SHQS)	572,000	15,216	556,784
ABC	Empty Homes Officer Post	84,211	55,178	29,033
TOTAL		8,045,665	1,857,912	6,187,753

ARGYLL AND BUTE COUNCIL**COUNCIL****STRATEGIC FINANCE****25 JUNE 2015**

2014-15 Unaudited Financial Statements

1. EXECUTIVE SUMMARY

- 1.1 This covering report gives an overview of the financial statements for 2014-15 and a summary of the significant movements from 2013-14. It also gives information on the revenue outturn for 2014-15 and asks members to note the financial statements for 2014-15. There is a more comprehensive report on the revenue outturn elsewhere on this agenda.
- 1.2 The balance on the General Fund has increased by £2.079m to £46.120m. There are substantial sums earmarked and committed in the General Fund Balance amounting to £30.193m. This leaves an unallocated balance of £15.927m, this represents 6.5% of the Council's budgeted net expenditure for 2015-16.
- 1.3 The total usable reserves including the General Fund Balance, Repairs and Renewals Fund and Capital Funds are £50.531m at 31 March 2015. There are unusable reserves (accounting reserves not backed by resources) of £110.479m at 31 March 2015.
- 1.4 Overall the performance against budget was an underspend of £2.125m for 2014-15. There was an overspend in Departmental costs of £0.997m this was more than offset by Central/Non-Departmental Costs being underspent by £2.240m and increased funding of £0.882m.
- 1.5 The total Comprehensive Income and Expenditure Statement is based on International Financial Reporting Standards accounting requirements which produces an outturn which is different than that reported to management. The statement shows a surplus on the provision of services of £4.634m, a deficit on the revaluation of Long Term Assets of £0.774m and an actuarial loss on the pension fund assets/liability of £17.675m giving an accounting deficit of £13.815m. This does not represent a decrease in available resources for the Council to spend.
- 1.6 Looking at the Balance Sheet the net worth of the Council has consequently reduced by £13.815m from £174.825m at 31 March 2014 to £161.010m at 31 March 2015. This is a reduction in the accounting worth of the Council explained by increases in long term assets and current assets being more than offset by a significant increase in the pension fund liability of £26.401m.

2014-15 Unaudited Financial Statements

2. INTRODUCTION

- 2.1 This covering report gives an overview of the financial statements for 2014-15 and a summary of the significant movements from 2013-14. It also gives information on the revenue outturn for 2014-15.

3. RECOMMENDATIONS

- 3.1 Members note the unaudited accounts.

4. DETAIL**4.1 Introduction**

- 4.1.1 There is a statutory requirement to prepare a set of Accounts and submit the Accounts to the Controller of Audit and the Council. The date set by the Scottish Government for submission of the Accounts is 30 June of each year.

- 4.1.2 It should be noted that the Accounts have still to be audited. The Audit Committee at its meeting in September will be advised by the external auditor of any material issues coming to light during the audit and any changes to the Accounts. The Audited Accounts, Audit Certificate and Auditors final report will be submitted to the November meeting of the Council. Figures are therefore subject to change.

- 4.1.3 Since 2010-11 Local Authorities have been required to prepare financial statements following International Financial Reporting Standards (IFRS). Under the Local Authority Accounts (Scotland) Regulations 2014 there is a requirement to replace the Explanatory Forward with a Management Commentary for accounts prepared in 2014-15. The financial statements comprise:

- Management Commentary (Replaces the Explanatory Forward)
- Statement of Responsibilities for the Statement of Accounts
- Statement of Governance and Internal Control
- Remuneration Report
- Movement in Reserves Statement for the period
- Comprehensive Income and Expenditure Statement for the period
- Balance Sheet as at the end of the period
- Cash Flow Statement for the period
- Notes, comprising a summary of significant accounting policies and other explanatory information (includes Council Tax and NDR Income Accounts), and
- Group Accounts

4.1.4 There are no significant changes in accounting policies in 2014-15.

4.2 Management Commentary

4.2.1 The Management Commentary provides an overview of the key points in relation to the Financial Statements and a summary of the Council's performance for the year.

4.3 Statement of Responsibilities for the Statement of Accounts

4.3.1 The Statement of Responsibilities for the Statement of Accounts specifies the Council's responsibilities and also the responsibilities of the Head of Strategic Finance in respect of the Financial Statements.

4.4 Statement of Governance and Internal Control

4.4.1 In the Statement of Governance and Internal Control the Council states its view on the adequacy of its governance and internal control system. The statement concludes the system of governance and internal controls is operating effectively and outlines the reasons for that conclusion.

4.5 Remuneration Report

4.5.1 The Remuneration Report gives details of the remuneration policy, remuneration and pension benefits of senior councillors and senior officers and employee exit packages.

4.6 Statement of Movement in Reserves

4.6.1 The Council reserves are split into Usable and Unusable Reserves. Usable reserves are those which are backed by actual resources and can be applied to fund expenditure or reduce local taxation. Unusable reserves are not backed by resources and are required purely for accounting purposes, these reserves do not represent resources available for the Council to utilise.

4.6.2 The total Council reserves have decreased from £174.825m at 31 March 2014 to £161.010m at 31 March 2015, a decrease of £13.815m. This reflects the Total Comprehensive Income and Expenditure of the Council shown in the Statement of Comprehensive Income and Expenditure.

4.6.3 Unusable Reserves have decreased by £15.820m to £110.479m as result of a deficit on the revaluation of fixed assets of £0.774m, a charge of £17.675m in respect of Other Post-Employment Benefits (Pensions) partially offset by Statutory Adjustments of £2.470m.

4.6.4 The statutory adjustments amounting to £2.470m are made between Council reserves to reflect the correct charge to Council Tax for the year. In summary this adjustments represent the difference between:

- Principal repayment to the loans fund and the depreciation or amortisation of fixed assets, government grant and any gain/loss on sale of assets.
- Cash paid as pension contributions and the costs charged in accordance with IAS19.

- Statutory calculation of finance costs and the charges calculated in accordance with the Code.
- Capital element of finance lease payments on the schools NPDO contract and other finance leases and the amounts paid under the contracts.

4.6.5 The Usable Reserves have increased by £2.005m to £50.531m. The main reason for this is an increase in the General Fund Balance of £2.079m.

4.7 General Fund Balance

4.7.1 The balance on the General Fund at 31 March 2015 stands at £46.120m compared to £44.041m at 31 March 2014 an increase of £2.079m. The unallocated General Fund Balance stands at £15.927m at 31 March 2015. The Council has a policy of maintaining a minimum unallocated contingency balance in the General Fund equivalent to 1.5% of net revenue expenditure (£3.658m). This leaves a residual balance which has been earmarked for delivery of the Single Outcome Agreement of £12.269m. There are a range of balances earmarked within the General Fund, these total £30.193m and are laid out in the table below, there is a more comprehensive report on earmarking elsewhere on this agenda:

Earmarking Category	Balance at 31 March 2015 £m
Strategic Housing Fund (Council Tax on Second Homes)	7.672
Unspent Grants	0.801
Contributions Carried Forward	0.203
Unspent Budget Carried Forward	8.039
School Budget Carry Forwards	0.737
Unspent Budget Required for Existing Legal Commitments	0.145
CHORD	0.096
Revenue Contribution to Capital	3.000
Investment in Affordable Housing	9.500
Total Earmarked Balance at 31 March 2015	30.193

4.7.2 The movement in the General Fund can be summarised as follows:

	£m
Balance on General Fund 31 March 2014	44.041
Release of sums previously earmarked to service budgets 2014-15	(5.925)
Contributions to earmarked reserves 2014-15	4.919
Supplementary Estimates agreed during 2014-15	(0.060)
Budgeted Contribution to General Fund Balance 2014-15	1.020
Overall budget underspend	2.125
Balance on General Fund 31 March 2015	46.120

4.7.3 The release of sums already earmarked to service budgets of £5.925m consists of amounts previously earmarked for specific purposes, including unspent budget within the Devolved Management of Resources Scheme of Delegation for Schools, Strategic Housing Fund payment and unspent grant and third party contributions required for specific purposes.

4.8 Performance Against Budget

4.8.1 Overall, the performance against budget was an underspend of £2.125m (0.85%) for financial year 2014-15.

4.8.2 The table below is a summary of the year-end actual expenditure compared to the annual budget. More detail can be found in the Revenue Budget Monitoring – for the Year 2014-15 Corporate Overview Report.

	(over) /under spend £m	% age of annual budget %
Chief Executive's Unit	0.010	0.47%
Community Services	(0.134)	-0.10%
Customer Services	0.992	2.60%
Development and Infrastructure Services	(1.865)	-6.03%
Total Departmental Controllable Expenditure	(0.997)	-0.48%
Joint Boards	0.029	2.10%
Severance and Unfunded Pensions Costs	(0.703)	-46.15%
Loan Charges	0.698	2.47%
Other	2.216	26.96%
Total Central/Non Departmental Expenditure	2.240	5.64%
Total Expenditure	1.243	0.50%
Funding	0.882	0.35%
Outturn Total	2.125	0.85%

4.8.3 The main reasons for the Departmental Budget Outturn an overspend of £0.997m are:

- Development and Infrastructure Services is overspent by £1.865m which is mainly in relation to winter maintenance, coastal protection costs and emergency road works. These have been partly offset by additional vacancy savings
- Community Services is overspent by £0.134m which is as a result of an overspend in the Education Service which is partly offset by an underspend within Adult Care
- Customer Services are reporting an underspend of £0.991m which is mainly due to procurement savings in School and Public Transport and the over-recovery of vacancy savings

4.8.4 The main reasons for the underspend in Central/Non-Departmental costs of £2.240m are:

- Severance and Unfunded Pension Costs was overspent by £0.703m as all the redundancy and retirement packages agreed by 31 March 2015 have been accounted for in 2014-15 even if the employee is planned to leave in future years.
- Loan Charges are £0.699m under budget due to income from investments.
- Other Costs were £2.216m below budget due to:
 - An underspend on utility costs of £1.237m
 - The provision for Equal Pay Claims was reduced by £0.218m.
 - The Council collected a total of £0.506m from the double Council Tax charge on empty homes. This balance was agreed to be earmarked for allocation by Area Committees. As part of Service Choices and the overall budget strategy there is a recommendation not to earmark this balance and instead credit any additional income collected to the General Fund. Of the £0.506m collected in 2014-15, £0.150m has already been allocated to a project in Campbeltown with £0.119m of this balance remaining unspent and required to be earmarked and carried forward into 2015-16. Therefore for 2014-15 there would be a total of £0.356m collected which would not be earmarked.

4.8.5 The performance against budget for Funding was a net underspend/over-recovery of income of £0.882m. This was as a result of:

- There is a year-end favourable position in relation to Council Tax of £0.744m (1.74%) where collections have exceeded the budget. This is mainly in relation to increased collections on older years of Council Tax.
- There is an over-recovery of income in relation to Scottish Government funding of £0.138m. This is in relation to the Scottish Government allocation of additional monies to fund the Council Tax Reduction Scheme.

4.9 Comprehensive Income and Expenditure Statement

4.9.1 The Council ended the year with a deficit of £13.815m for 2014-15, this is the accounting deficit based on the IFRS compliant accounts rather than the movement in the General Fund Balance. The total Comprehensive Income and Expenditure comprises of a surplus on the provision of services of £4.634m, reduced by a deficit on the revaluation of Long Term Assets of £0.774m and an actuarial loss on the pension fund assets/liability of £17.675m.

4.9.2 The surplus on the provision of services of £4.634m compares to a surplus of £1.694m for 2013-14. The main factors contributing to these changes are as follows:

- Taxation and Non-Specific Grant Income increased from £258.459m to £265.688m an increase of £7.229m (2.8%). This increase in income reflects a general year on year decrease in General Government Grants and increases in Council Tax income, Non-domestic Rates income and Government Capital Grants.
- Financing and Investment Income and Expenditure decreased by £1.165m (5.3%) due to a rise in interest and investment income.

- Other Operating Income and Expenditure decreased from £1.071m in 2013-14 to £0.874m in 2014-15 a decrease of £0.197m (18.4%). This is due to a gain on disposal of long term assets.

4.10 Balance Sheet

- 4.10.1 As indicated above the accounting net worth of the Council has decreased by £13.815m from £174.825m at 31 March 2014 to £161.010m at 31 March 2015.
- 4.10.2 The value of long term assets has increased from £514.498m at 31 March 2014 to £525.583m at 31 March 2015, an increase of £11.085m (2.2%). This comprises the net of capital expenditure in the year less the value of fixed assets disposed and downward revaluation of fixed assets.
- 4.10.3 Total current assets have increased from £57.652m at 31 March 2014 to £71.143m at 31 March 2015 an increase of £13.491m. The main reason for this being an increase in Cash and Cash Equivalents of £17.771m from £6.075m at 31 March 2014 to £23.846m at 31 March 2015.
- 4.10.4 Total current liabilities have increased from £48.746m at 31 March 2014 to £72.694m at 31 March 2015 an increase of £23.948m. Short term borrowing has increased by £22.270m from £11.442m at 31 March 2014 to £33.712m at 31 March 2015 and Short term creditors have increased by £2.566m from £32.982m to £35.548m.
- 4.10.5 Overall, long term liabilities have increased from £348.579m at 31 March 2014 to £363.022 at 31 March 2015. The increase of £14.443m is primarily due to the increase in the IAS19 valuation of the pension scheme liability from £118.337m to £144.738m (£26.401m) partly offset by a reduction in Borrowing Repayable within a period in excess of 12 Months of £10.068m.

4.11 Cash Flow Statement

- 4.11.1 The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. The Cash and Cash Equivalents balance increased by £17.771m. The Net Cash Flows from Operating Activities have increased by £8.206m which represents a decrease in the Councils expenditure being funded from taxation and grant income.
- 4.11.2 Cash outflows for Investment Activities have decreased from £10.133m during 2013-14 to £8.227m in 2014-15, as a result of a decrease in the purchase of long term assets and year on year reduction in the value of surplus cash investments made during the year. Cash flows from Financing Activities were an outflow of £0.995m during 2013-14 and an inflow of £12.457m during 2014-15, this change relates to £13.452m of other receipts from financing activities during 2014-15 which was in relation to Short and Long Term Borrowing.

4.12 Notes to Accounts

- 4.12.1 The Notes section gives further information and explanation to some of the key figures included in the accounts some of which are summarised below.

4.12.2 The significant future financial commitments arising from the Waste Management PPP and Schools NPDO PPP are summarised in notes 10 and 18.3. The Council is committed to future payments of £71.037m over the period to 2027 for the Waste PPP and £312.705m over the period to 2035 for the Schools NPDO PPP.

4.13 Council Tax Income Account

4.13.1 Income taken to the General Fund for council tax in 2014-15 amounted to £43.371m compared to £42.066m in 2013-14. This is an increase of £1.305m (3.1%).

4.13.2 The discounts and valuation which decreased by £0.953m from £13.560m in 2013-14 to £12.607m in 2014-15. There was minimal change to the provision for bad and doubtful debts. There was a minimal decrease in the amount recovered from council tax on second homes.

4.13.3 In 2014-15 council tax rates were frozen at 2013-14 levels of £1,178 for a band D dwelling.

4.14 Non Domestic Rate Income Account

4.14.1 Non Domestic Rate Income amounted to a share of £31.002m for 2014-15 allocated from the national pool. This compares to £28.492m in 2013-14. Our own net income amounted to £29.802m and we received a contribution from the national pool of £1.200m for 2014-15. These figures compared to income of £28.384m and a contribution from the national pool of £0.108m for 2013-14.

4.15 Capital Expenditure and Borrowing

4.15.1 Details of capital expenditure are as follows:

	£'m	£'m
Gross Capital Expenditure		36.281
Less:		
Capital Receipts	0.148	
Government Grants and Other Contributions	16.438	
Revenue Contributions	1.241	
	<hr/>	17.827
Balance Funded from Borrowing		18.454

4.15.2 The capital financing requirement at 31 March 2015 was £256.079m. This was financed as follows:

	£'m
Long Term Borrowing	131.180
Short Term Borrowing	42.198
Schools NPDO Finance Lease Liability	77.871
Internal Funds	4.830
Capital Financing Requirement	256.079

The external borrowing of the Council at 31 March 2015 amounted to £173.378m. The majority of this was financed by the Public Works Loan Board (£100.221m), with the remainder coming mainly from the money market.

- 4.15.3 During the year the Council completed £20.547m of new external borrowing. This was used to finance capital expenditure incurred during the year. The Council also repaid loans of £8.350m.

4.16 Group Accounts

- 4.16.1 For 2014-15 the Council is required to prepare Group Accounts. The Group Accounts comprise of a Statement of Movement in Reserves, a Comprehensive Income and Expenditure Statement, a Balance Sheet and notes. The group accounts incorporate Common Good Funds as subsidiaries and the Valuation Joint Board as an associate.

5. CONCLUSION

- 5.1 The unaudited financial statements have been prepared in accordance with professional and statutory requirements. The General Fund Balance has increased by £2.079m. The year-end outturn was £2.125m better than budgeted. The net worth per the balance sheet reduced by £13.815m to £161.010m. Overall the financial position of the Council remains stable.

6. IMPLICATIONS

- | | | |
|-----|--------------------|--|
| 6.1 | Policy – | None. |
| 6.2 | Financial - | None. No decision required on this report as it summarises the financial position for 2014-15. |
| 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 Peter Cupples, Finance Manager
Corporate Support 01546-604183.

Appendix 1 – Unaudited Financial Statements 2014-15.

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Unaudited Annual Accounts

for the year ended 31 March 2015

LANGUAGE OPTIONS

If you would like this document in another language or format, or if you require the services of an interpreter, please contact us.

Ma tha sibh ag iarraidh an sgrìobhainn seo ann an cànan no riochd eile, no ma tha sibh a' feumachdainn seirbheis eadar, feuch gun leig sibh fios thugainn.

本文件可以翻譯為另一語文版本，或製作成另一格式，如有此需要，或需要傳譯員的協助，請與我們聯絡。

यह दस्तावेज़ यदि आपको किसी अन्य भाषा या अन्य रूप में चाहिये, या आपको आनुवाद-सेवाओं की आवश्यकता हो तो हमसे संपर्क करें

本文件可以翻译为另一语文版本，或制作成另一格式，如有此需要，或需要传译员的协助，请与我们联系。

ਜੇ ਇਹ ਦਸਤਾਵੇਜ਼ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਵਿਚ ਚਾਹੀਦਾ ਹੈ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਗੱਲਬਾਤ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਇੰਟਰਪ੍ਰੈਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਦੱਸੋ।

یہ دستاویز اگر آپ کو کسی دیگر زبان یا دیگر شکل میں درکار ہو، یا اگر آپ کو ترجمان کی خدمات چاہئیں تو برائے مہربانی ہم سے رابطہ کیجئے۔

Jeżeli chcieliby Państwo otrzymać ten dokument w innym języku lub w innym formacie albo jeżeli potrzebna jest pomoc tłumacza, to prosimy o kontakt z nami.

Strategic Finance
Argyll and Bute Council
Kilmory
Lochgilphead
Argyll
PA31 8RT

Tel: 01546 604220

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Management Commentary

INTRODUCTION

The Financial Statements demonstrate the Council's stewardship of the public funds it controls. The financial results for 2014-15 are set out on pages 30 to 38. Note 1 to the Financial Statements on pages 39-51 sets out the Summary of Significant Accounting Policies adopted by the Council to ensure that the Financial Statements give a "true and fair view" of our financial performance.

THE FINANCIAL STATEMENTS

The objectives of financial statements are to provide information on the financial position, financial performance and cash flows of the Council which is useful to a wide range of users in making and evaluating decisions about the allocation of resources. The information provided by the financial statements should be useful for decision making and demonstrate the accountability of the Council for the resources entrusted to it.

The financial statements comprise:

- Statement of Movement in Reserves for the period
- Statement of Comprehensive Income and Expenditure for the period
- Balance Sheet as at the end of the period
- Cash Flow Statement for the period
- Notes, comprising a summary of significant accounting policies and other explanatory information

FINANCIAL PERFORMANCE

Statement of Movement in Reserves

The total Council reserves have decreased from £174.825m at 31 March 2014 to £161.010 at 31 March 2015, a decrease of £13.815m. This is represented by a Surplus on Provision of Services of £4.634m offset by a deficit in Other Comprehensive Income and Expenditure of £18.449m.

The Council's reserves are split into Usable and Unusable Reserves. Usable reserves are those which are backed by actual resources and can be applied to fund expenditure or reduce local taxation. Unusable reserves are not backed by resources and are required purely for accounting purposes, these reserves do not represent resources available for the Council to utilise.

Unusable Reserves have decreased by £15.820m from £126.299m at 31 March 2014 to £110.479m at 31 March 2015. The main reasons for this are an increase in the Pension Reserve Liability of £26.401m, a deficit on the revaluation of fixed assets of £0.774m and the transfer of £16.438m from the Comprehensive Income and Expenditure Statement for Capital Grants.

The Usable Reserves have increased from £48.526m at 31 March 2014 to £50.531m at 31 March 2015, an increase of £2.005m. The main reason for this is an increase in the General Fund Balance of £2.079m.

A number of adjustments are made between Council reserves to reflect the correct charge to Council Tax for the year. The net adjustment to the surplus per the Comprehensive Income and Expenditure Statement to reflect the impact on Council Tax is a debit of £2.555m. In summary this debit represents the difference between:

- Principal repayment to the loans fund and the depreciation or amortisation of property, plant and equipment, government grants and any gain/loss on sale of assets.
- Cash paid as pension contributions and the costs charged in accordance with IAS19.

Management Commentary

- Statutory provision relating to amounts due on early repayment of loans and the charges in accordance with the Code.
- Capital element of finance lease payments on the schools NPDO contract and other finance leases and the amounts paid under the contracts.

The net surplus on the Provision of Services on the Comprehensive Income and Expenditure Statement of £4.634m less the adjustments to reflect impact on Council Tax of £2.555m equates to the increase on the balance on the General Fund of £2.079m.

General Fund Reserve

The balance on the General Fund at 31 March 2015 stands at £46.120m compared to £44.041m at 31 March 2014, an increase of £2.079m. The "free" General Fund Balance stands at £15.927m at 31 March 2015. This equates to 6.52% of the net revenue expenditure for 2015-16, the Council has a policy of maintaining an unallocated balance in the General Fund Reserve equivalent to 1.5% of budgeted net revenue expenditure. There are a range of balances earmarked within the General Fund, these total £30.193m and are laid out in note 5 on page 55. The main balances include £7.672m for the Strategic Housing Fund generated from Council Tax on second homes, £3m earmarked as a revenue contribution to capital as a contribution to Dunoon and Campbeltown Schools, £9.5m contribution to investment in affordable housing and £8.039m earmarked from service budget underspends to support corporate and service improvement plans.

The movement in the General Fund can be summarised as follows:

	£m	£m
Balance on General Fund 31 March 2014		44.041
Release of sums previously earmarked to service budgets 2013-14		(5.925)
Supplementary Estimates agreed during 2014-15		(0.060)
Budgeted Contribution to General Fund Balance 2014-15		1.020
		39.076
Add outturn for 2014-15:		
Increase in Council Tax income	0.744	
Additional Council Tax Reduction Scheme Funding	0.138	
Net underspend on departmental and other expenditure compared to budget	1.243	
Surplus against budget 2014-15		2.125
Contributions to Earmarked Reserves 2014-15:		
Council Tax collection on second homes	1.927	
Funds earmarked by departments from budgets	2.992	
		4.919
Balance on General Fund 31 March 2015		46.120

Management Commentary

The release of sums already earmarked to service budgets of £5.925m consists of funds released to services of amounts previously earmarked for specific purposes, for example unspent budget within the Devolved Management of Resources Scheme of Delegation for Schools, Strategic Housing Fund payments and unspent grant and third party contributions required for specific purposes.

Performance against budget

At the year-end, expenditure excluding Joint Board requisitions and severance was underspent by £1.917m. The table below is a summary of the year-end actual expenditure for each department compared to the annual budget.

	(over) /underspend £m	Annual budget %
Chief Executive's Unit	0.010	0.47%
Community Services	(0.134)	(0.10%)
Customer Services	0.992	2.60%
Development and Infrastructure Services	(1.865)	(6.03%)
Departmental Outturn	(0.997)	(0.43%)
Non-Departmental expenditure	2.914	7.92%
Joint Boards and Severance Costs	(0.674)	(19.33%)
Expenditure Outturn	1.243	0.50%
Funding	0.882	0.35%
Outturn Total	2.125	0.84%

In Community Services, the overspend in Education was partly offset by an underspend in Adult Care. The underspend in Customer Services is due to procurement and vacancy savings. The overspend in Development and Infrastructure Services mainly relates to the additional costs associated with winter maintenance and coastal protection. The projected year-end position for the departments was forecast and monitored during 2014-15 and steps were taken to ensure that overall the departmental year-end variance position was not unfavourable.

Comprehensive Income and Expenditure Statement

The Council ended the year with an accounting deficit of £13.815m for 2014-15 compared to a deficit of £5.917m in 2013-14, this is the accounting deficit based on the IFRS compliant accounts rather than the movement in the General Fund Balance. The total Comprehensive Income and Expenditure for 2014-15 represents the decrease in the net worth of the Council from £174.825m at 31 March 2014 to £161.010m at 31 March 2015. This is a decrease in the net worth of the Council in accounting terms and does not represent a decrease in the spending power of the Council.

The total Comprehensive Income and Expenditure comprises a surplus on the provision of services of £4.634m, reduced by a deficit on the revaluation of Long Term Assets of £0.774m and these are an actuarial loss on the pension fund assets/liability of £17.675m.

Management Commentary

The surplus on the provision of services of £4.634m compares to a surplus of £1.694m for 2013-14. The main factors contributing to these changes are as follows:

- Taxation and Non-Specific Grant Income increased from £258.459m to £265.688m, an increase of £7.229m (2.8%). This increase in income reflects a general year on year decrease in General Government Grants and increases in Council Tax income, Non-domestic Rates income and Government Capital Grants.
- Financing and Investment Income and Expenditure decreased from £22.010m in 2013-14 to £20.845m in 2014-15, a decrease of £1.165m (5.3%). This decrease is due to an increase in interest and investment income which includes an unrealised gain on the revaluation of investment property of £1.648m.
- Other Operating Income and Expenditure decreased from £1.071m in 2013-14 to £0.874m in 2014-15, a decrease of £0.197m (18.4%). This decrease is due to there being a gain on the disposal of long term assets of £0.142m in 2014-15, this compares to a loss of £0.026m in 2013-14.
- The Net Cost of Services has increased from £233.684m in 2013-14 to £239.335m in 2014-15, an increase of £5.651m (2.4%). This is an increase in expenditure in accounting terms and does not represent a true increase in spend on services by the Council.

Balance Sheet

As indicated above the accounting net worth of the Council has decreased by £13.815m from £174.825m at 31 March 2014 to £161.010m at 31 March 2015.

The value of long term assets has increased from £514.498m at 31 March 2014 to £525.583m at 31 March 2015, an increase of £11.085m (2.2%). This comprises the net of an overall upward revaluation of fixed assets, capital expenditure in the year, less the value of long term assets disposed.

Total current assets have increased from £57.652m at 31 March 2014 to £71.143m at 31 March 2015, an increase of £13.491m. The main reason for this is due to an increase in Cash and Cash Equivalents of £17.771m from £6.075m at 31 March 2014 to £23.846m at 31 March 2015.

Total current liabilities have increased from £48.746m at 31 March 2014 to £72.694m at 31 March 2015, an increase of £23.948m. Short term borrowing has increased by £22.270m from £11.442m at 31 March 2014 to £33.712m at 31 March 2015. Short term creditors have increased by £2.566m from £32.982m to £35.548m. In addition, there has been a decrease in short term provisions of £1.013m, which relates to the movement in the provisions for equal pay claims and severance costs associated with employees leaving the Council under redundancy and early retirement.

Overall, long term liabilities have increased from £348.579m at 31 March 2014 to £363.022m at 31 March 2015. The increase of £14.443m is primarily due to the increase in the IAS19 valuation of the pension scheme liability from £118.337m to £144.738m, partly offset by a decrease in Borrowing Repayable within a period of 12 Months of £10.068m.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the financial year. The Cash and Cash Equivalents balance at 31 March 2014 was £6.075m and increased by £17.771m to £23.846m at 31 March 2015. The Net Cash Flows from Operating Activities have increased from £5.335m at 31 March 2014 to £13.541m at 31 March 2015; this increase of £8.206m represents an increase in the Councils expenditure being funded from taxation and grant income.

Management Commentary

Cash outflows for Investment Activities have decreased from £10.133m during 2013-14 to £8.227m in 2014-15. Purchase of long term assets increased by £7.513m with this being more than offset by an increase in capital grants and contributions of £4.443m and an in year reduction of £5m in short term investments.

Cash flows from Financing Activities were an outflow of £0.995m during 2013-14 and an inflow of £12.457m during 2014-15, this change of £13.452m relates to £19.883m of temporary borrowing taken during 2014-15, offset by an increase of £8.251m in repayments of long term borrowing. In addition, there was an increase of £1.988m in the cash received in respect of non-domestic rates, which the council collects on behalf of the Scottish Government.

Pension Liability

As noted above the IAS19 valuation of the pension scheme liability has increased from £118.337m at 31 March 2014 to £144.738m at 31 March 2015. This pension liability represents the best estimate of the current value of pension benefits that will have to be funded by the Council. The liability relates to benefits earned by existing or previous employees up to 31 March 2015.

These benefits are expressed in current value terms rather than the cash amount that will actually be paid out. This is to allow for the 'time value of money', whereby the value of cash received now is regarded as higher than cash received, for example, in ten years' time, since the money received now could be invested and would earn interest or returns during the ten years. In order to adjust the pension liability cash flows for the time value of money, a discount factor based on corporate bonds is used.

Hymans Robertson (Independent Actuaries) were instructed by Glasgow City Council, the administering authority to the Strathclyde Pension Fund, to undertake calculations in respect of the Local Government Pension Scheme on behalf of Argyll and Bute Council as at 31 March 2015. Their calculations have been carried out in accordance with Guidance Note 36: Accounting for Retirement Benefits under IAS19, issued by the Institute and the Faculty of Actuaries.

Capital Expenditure and Borrowing

Local authority capital expenditure and borrowing is regulated by the Prudential Code, a regime of self-regulation. Under the Prudential Code of Practice the Council must ensure that:

- Capital expenditure plans are affordable;
- Borrowing is sustainable and prudent; and
- Treasury management reflects good professional practice.

The Council approved a set of prudential indicators for 2014-15 and managed capital expenditure and borrowing within these approved limits.

Capital expenditure was incurred across a range of services enhancing the value, useful life or working capacity of the Council's assets. This included investments in schools, offices, other premises and facilities, information technology and roads. Details of capital expenditure are as follows:

	£'m
Gross Capital Expenditure	36.281
Less: Capital Receipts	0.148
Government Grants and Other Contributions	16.438
Revenue Contributions	1.241
Balance Funded from Borrowing	18.454

Management Commentary

The capital financing requirement at 31 March 2015 was £256.079m. This was financed as follows:

	£'m
Long Term Borrowing	131.180
Short Term Borrowing	42.198
Schools NPDO Finance Lease Liability	77.871
Internal Funds	4.830
Total Capital Financing Requirement	256.079

The external borrowing of the Council at 31 March 2015 amounted to £173.378m. The majority of this was financed by the Public Works Loan Board (£100.221m), with the remainder coming mainly from the money market.

During the year the Council completed £20.547m of new external borrowing. This was used to finance capital expenditure incurred during the year. The Council also repaid loans of £8.350m.

PROVISIONS AND CONTINGENT LIABILITIES

The Council has a number of significant balances held as provisions on the balance sheet, including:

- Severance costs - a number of employees have either taken or been offered a redundancy package as part of the Council Modernisation programme. A provision of £0.054m has been created in 2014-15 for the termination benefits for employees who have accepted redundancy but are not planned to leave until after 31 March 2015. Termination costs for all Council employees who have accepted redundancy by 31 March 2015 have been accounted for in 2014-15 or in previous years.
- Equal Pay - the Council has settled most of the remaining outstanding claims. A provision was held for claims where settlement offers were made and a reliable estimate could be made of the liability. There is a provision of £0.077m remaining and there are a few further outstanding claims where the settlement amount cannot be estimated reliably enough to provide for the costs.
- Utilities Provision - a total of £0.599m has been provided for to cover the cost of a potential liability in relation to discrepancies in charges for utility costs.

CHANGES IN ACCOUNTING POLICY

There are no changes in accounting policy for the 2014-15 Financial Statements.

GROUP ACCOUNTS

The Group Accounts have been prepared. The opening position of the Group at 1 April 2014 decreased by £14.867m to £167.520. This movement can mainly be attributed to a reduction in Argyll and Bute Council's single entity reserve position of £13.815m and a decrease in Group and Common Good reserves of £1.052m.

The following statements make up the "Group Accounts" for the Council:

- The Group Movement in Reserves Statement shows the movement in the year of the different reserves the Council holds, along with the movement in the Council's share of the reserves of its associates.
- The Group Comprehensive Income and Expenditure Statement combines the Income and Expenditure Figures for the Council with the Council's share of the operating results of each associate.

Management Commentary

- The Group Balance Sheet brings together all the assets and liabilities of the group, and combines the Council's assets and liabilities with its share of each associate's net assets or liabilities.
- The notes to the Group Accounts give further information on the Council's group accounts.

FUTURE OUTLOOK

The financial outlook for 2015-16 is one of relative financial stability. The Council adopted a 2 year budget for 2014-15 and 2015-16 in February 2014. This will see budgetary savings based on achieving 1% cashable efficiency savings for each of these financial years. The 2 years of financial stability will allow time to carry out a longer term review of the resources available to the Council and how they are used to deliver on priorities and objectives.

The Council as part of the community planning partnership (CPP) has agreed an ambitious single outcome agreement (SOA) which has an overall objective of reversing economic and population decline. Economic and population decline along with further reductions in public sector funding set out a very challenging agenda for the period beyond 2016-17 and it is important the Council with the CPP seeks to address these for the longer term.

The outcome of the service choices review, of how the Council uses its resources to deliver on priorities and objectives and also the delivery plans that underpin the SOA will be important in mapping the future financial plans of the Council.

The Council will continue to monitor the financial implications of new commitments around the Children and Young Peoples Act, extension of free pre-school education and extension of free school meals. The Council continues to work actively in responding to the challenges arising from the welfare reform agenda. The integration of health and social care represents a significant change to delivery of key local government services. The Council is working in partnership with NHS Highland to ensure the integration of health and social care service in Argyll and Bute from 1 April 2016.

The 3 year capital plan has been agreed by the Council for the period to 2017-18, the table below summarises the capital budget plans for the 3 years to 2017-18:

	2015-16	2016-17	2017-18
	£m	£m	£m
Total Capital Expenditure	41.394	25.545	51.062
<i>Funded by:</i>			
Borrowing	23.390	7.305	8.193
Capital Grant	14.301	10.250	30.750
Contribution from Smoothing Funds	2.214	-	3.414
Contribution from Revenue Budget	0.286	-	-
Capital Receipts	1.203	7.990	8.705

Capital funding has been declining and will continue to decline and this 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 the funding is directed towards the assets required for service delivery and that the existing assets deployed in service delivery continue to meet service needs.

Management Commentary

The Council in common with many other organisations is facing a period of significant financial challenge. However it moves forward from a sound financial base in terms of reserves and control of expenditure and with clear plans to maintain financial sustainability. The financial position will be monitored on an on-going basis during 2015-16 and the revenue budget and capital plan reviewed for 2016-17.

Cllr Dick Walsh
Leader

Sally Loudon
Chief Executive

Steve Barrett
Head of Strategic Finance

Statement of Responsibilities for the Annual Accounts

THE AUTHORITY'S RESPONSIBILITIES

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs (section 95 of the Local Government (Scotland) Act 1973). In this authority, that officer is the Head of Strategic Finance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to ensure the Statement of Accounts are prepared in accordance with legislation (The Local Authority Accounts (Scotland) Regulations 2014), and so far as is compatible with that legislation, in accordance with proper accounting practices (section 12 of the Local Government in Scotland Act 2003).
- to approve the Annual Accounts for signature.

THE HEAD OF STRATEGIC FINANCE'S RESPONSIBILITIES

The Head of Strategic Finance is responsible for the preparation of the Council's Annual Accounts in accordance with proper practices as required by legislation and as set out in the CIPFA/LASAAC code of Practice on Local Authority Accounting in the United Kingdom (the Accounting Code).

In preparing the Annual Accounts, the Head of Strategic Finance has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with legislation:
- complied with the Local Authority Accounting Code of Practice 2014-15 (in so far as it is compatible with legislation).

The Head of Strategic Finance has also:

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

I certify that the financial statements give a true and fair view of the financial position of the Council and its group at the reporting date and the transactions of the Council and its group for the year ended 31 March 2015.

Steve Barrett
Head of Strategic Finance
25 June 2015

Annual Governance Statement

BACKGROUND

Argyll and Bute Council conducts its business in accordance with the law and proper standards. The Council has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to the economic, efficient and effective use of public money.

In discharging these responsibilities, the Council has put in place proper arrangements for the governance of its affairs and the stewardship of the resources at its disposal. The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework Note for Scottish Authorities – Delivering Good Governance in Local Government (2007).

A copy of the Code may be obtained from the Head of Governance and Law, Argyll and Bute Council, Kilmory, Lochgilphead, PA31 8RT.

THE GOVERNANCE FRAMEWORK

The Code of Corporate Governance details how the Council will demonstrate compliance with the fundamental principles of Corporate Governance for public sector bodies based on the following key elements:

- focusing on the purpose of the Council and on outcomes for the community, and creating and implementing a vision for the local area;
- members and officers working together to achieve a common purpose with clearly defined functions and roles;
- promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- taking informed and transparent decisions which are subject to effective scrutiny, and managing risk;
- developing the capacity and capability of members and officers to be effective;
- engaging with local people and other stakeholders to ensure robust public accountability;

GOVERNANCE ROLES AND RESPONSIBILITIES

Argyll and Bute Council has put in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to corporate governance is adequate and effective in practice. The Executive Director of Customer Services as Monitoring Officer has responsibility for:

- overseeing the implementation of the Code of Corporate Governance and monitoring its operation; and
- reporting annually to the Council on compliance with the Code and any changes required to maintain it and ensure its effectiveness.

Account has been taken of the results of reviews of internal control that have been carried out within each council service. Specific responsibilities are assigned to the Head of Strategic Finance to ensure that public funds are properly accounted for.

AUDIT SCOTLAND FOLLOW-UP AUDIT

The Council was the subject of a follow-up audit by the Controller of Audit during 2014-15.

The follow-up audit considered the actions taken by the Council in response to the issues highlighted in the statutory report in 2013-14 and concluded that the Council had responded constructively to the Accounts Commission findings on the 2013-14 statutory report and was making progress with improvement work. It was, however, too early to assess the effectiveness of the actions and plans being implemented.

Annual Governance Statement

The original action plan developed in response to the statutory report in 2013-14 consisted of 33 actions, 30 of which have been completed and 3 are on track for completion in line with the timescales set.

In response to the follow up audit in April 2014, and an internal review of the action plan, a further 10 actions were developed and agreed at Council in September 2014. Three of these additional actions have been completed in line with the designated timescales and the other seven are on track.

In particular, the follow-up audit found that the leadership and political dynamics of the council were more stable, but the situation remained fragile. The risk to the council had been reduced but there were difficult circumstances ahead and tough decisions to be made that will prove challenging to political management and ongoing stability.

The new political management arrangements provide a foundation for improved governance. The council needed to ensure councillors and officers have a shared understanding in practice about the roles and responsibilities as well as effective links within and across the new arrangements to ensure they meet their potential.

Scrutiny still needs to improve and the Council needs the continued commitment and engagement of councillors in the work of the Performance Review and Scrutiny Committee and the Audit Committee, in order to ensure that these Committees continue to make a more effective contribution to governance and accountability. The role of senior management is also crucial.

There has been full attendance and participation of members of the Audit Committee during 2014/15 and considerable progress made in developing effectiveness and participation at the Performance Review and Scrutiny Committee, over the same period, through training/development sessions having taken place, in particular, a joint training session with the Audit Committee. The Chair of the Performance Review and Scrutiny Committee is an independent lay person.

A best value audit is proposed for 2015 which will assess the extent to which political management arrangements support effective decision making, the effectiveness of the council's scrutiny arrangements and whether roles and relationships, including those between members and officers, facilitate the effective delivery of council business.

Audit Scotland invited the Council to complete a Best Value 2 template to demonstrate how Asset Management is discharged within the Council. The template and supporting evidence has been returned and feedback is awaited from Audit Scotland. They have indicated that this exercise is not linked to any other audit work that is currently being conducted within the Council but that the findings may be taken into account when reaching a conclusion on the Best Value 2 Report.

INTERNAL FINANCIAL CONTROL

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by officers within the Council and the above named bodies.

In particular the system includes:

- comprehensive budgeting systems;
- regular reviews by the Council and the named bodies (mentioned below) of periodic and annual financial reports which indicate financial performance against forecast;
- setting targets to measure financial and other performance;
- the preparation of regular financial reports which indicate actual expenditure against forecast;
- clearly defined capital expenditure guidelines;

Annual Governance Statement

- project management disciplines;
- guidance relating to financial processes, procedures and regulations; and
- an effective Internal Audit Section

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

This statement also covers the other bodies whose activities are incorporated into our Group Accounts and reliance is placed on the formal audit opinion contained in the financial statements of each individual body.

- Dunbartonshire and Argyll and Bute Valuation Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee

RISK MANAGEMENT

The Council's Risk Management and Business Continuity Strategies continued to be developed in 2014-15. The Chief Executive presented an annual report on Audit and Risk Management to the Audit Committee. The Strategic Risk Register was also reviewed and agreed by the Policy and Resources Committee. Operational Risk Registers are reviewed and updated on a regular basis. Results from the annual CIPFA benchmarking exercise highlighted continued improvement with an overall Embedded and Integrated rating.

INTERNAL AUDIT

Argyll and Bute Council and the above named bodies have internal audit functions, which operate to standards defined in the Chartered Institute of Public Finance and Accountancy's Code of Practice for Internal Audit in Local Government in the United Kingdom. The work of internal audit is informed by an analysis of the risk to which the Council and the above named bodies are exposed, with annual internal audit plans prepared based on that analysis. The Council's and the named bodies' Audit Committees endorse the analysis of risk and internal audit plans.

The Chief Internal Auditor provides the Audit Committee with an annual report on internal audit activity in the Council. The annual report includes an independent opinion on the adequacy and effectiveness of the Council's systems of governance and internal control and concludes that although a number of the areas reviewed provided a limited level of assurance, overall, systems for internal control were satisfactory during 2014-15.

The Chairman and Vice Chairman are independent lay members of the Audit Committee.

During 2014-15 the Council successfully recruited a permanent Chief Internal Auditor and the service was fully resourced throughout the year. The Internal Audit service also addressed all outstanding Public Sector Internal Audit Standard compliance action points within its development plan during 2014-15.

ISSUES FOR FURTHER DEVELOPMENT

The review of governance and internal control has identified the following areas for consideration during 2015-16, particularly in the context of continuous improvement within the Council:

- development of delivery plans for the single outcome agreement (SOA) and ensuring this is reflected in council priorities;

- ensuring resources and budget are aligned to support council priorities and SOA delivery plans, the service choices programme has been set up to address these issues and identify options and proposals going forward in a period of significantly reduced resources;
- ongoing development of performance management and improving performance scrutiny;
- further development of risk management to ensure risk management and business continuity are embedded within the council;
- ensuring the internal audit function is fully resourced and work is planned to ensure the 2015-16 audit plan is delivered and that further improvements in the development of internal audit are achieved;
- the actions being taken by the Council in response to the Audit Scotland Statutory report and follow-up audit continues to improve governance arrangements within the Council; and
- any actions brought out by the Audit Scotland assessment of how Asset Management is discharged within the Council will be addressed during 2015-16.

ASSURANCE

The review of the effectiveness of the system of governance and internal financial control is informed by:

- the work of officers within the Council;
- the work of Internal Audit as described above;
- the work of External Audit;
- the Statements of Governance and/or Internal Control provided by the bodies incorporated into our Group Accounts;
- external review and inspection reports; and
- recommendations from the Audit Committee.

It is the Council's view that the systems for governance and internal control are operating effectively within Argyll and Bute Council and the aforementioned bodies during 2014-15 and that there are no significant weaknesses. This assurance is limited, however, to the work undertaken during the year and the evidence available at the time of preparing this statement.

Cllr Dick Walsh
Leader

Sally Loudon
Chief Executive

Steve Barrett
Head of Strategic Finance

The Remuneration Report

BACKGROUND

The Local Authority Accounts (Scotland) Amendment Regulations 2011 amended the Local Authority Accounts (Scotland) Regulations 1985 to require Scottish Local Authorities to prepare a Remuneration Report as part of its Annual Financial Statements. All information disclosed in the tables in this Remuneration Report will be audited by Audit Scotland. All other sections within the Remuneration Report will be reviewed by Audit Scotland to ensure it is consistent with the Financial Statements.

REMUNERATION POLICY AND ARRANGEMENTS

Councillors

The remuneration of councillors is regulated by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI No 2007/183). The Regulations provide for the grading of councillors for the purposes of remuneration arrangements, as the Leader of the Council, the Civic Head (Provost), senior councillors or councillors. The Leader of the Council and the Provost cannot be the same person for the purposes of payment of remuneration. A senior councillor is a councillor who holds a significant position of responsibility in the Council's political management structure.

When determining the level of remuneration for councillors the Scottish Ministers consider the recommendations of the Scottish Local Authority Remuneration Committee (SLARC). SLARC is an advisory Non-Departmental Public Body set up in 2005 to advise Scottish Ministers on the remuneration, allowances and expenses incurred by local authority councillors.

The Regulations also provide for the banding of local authorities – Argyll and Bute is in Band B, the Council has determined the level of remuneration for councillors within that banding. The salary that is to be paid to the Leader of the Council is set out in the Regulations. For 2014-15 the salary for the Leader of Argyll and Bute Council is £32,960. The Regulations permit the council to remunerate one Civic Head. The Regulations set out the maximum salary that may be paid to that Civic Head. The Council's Civic Head is The Provost and their remuneration is set at £24,720 which is the maximum allowed for Local Authorities in Band B.

The Regulations also set out the remuneration that may be paid to senior councillors in addition to the Leader and Civic Head and the total number of senior councillors the Council may have. The maximum yearly amount that may be paid to a senior councillor is 75% of the total yearly amount payable to the Leader of the Council. The total yearly amount payable by the Council for remuneration of all its senior councillors shall not exceed £0.284m. The Council is able to exercise local flexibility in the determination of the precise number of senior councillors up to a maximum of 14 and their salary within these maximum limits. The Council's policy is to pay a salary of £23,623 to each appointed spokesperson and the Chair of the Protective Services and Licensing Committee. Chairs of Area Committees without a spokesperson's remit are paid a salary of £19,711.

In 2014-15 Argyll and Bute Council had 14 senior councillors in the administration. The total salary remuneration for senior councillors during 2014-15 was £0.276m. The Regulations also permit the Council to pay contributions or other payments as required to the Local Government Pension Scheme in respect of those councillors who elect to become councillor members of the pension scheme.

Senior Employees

The salary of senior employees is set by reference to national arrangements. The Scottish Joint Negotiating Committee (SJNC) for Local Authority Services sets the salaries for the Chief Executives of Scottish local authorities. Circular CO/144 sets the amount of salary for the Chief Executive of Argyll and Bute Council for 2014-15. The salaries of the Executive Directors and Heads of Service are based on a fixed percentage of the Chief Executive's salary in two bandings. Executive Directors receive 80% of the amount of the Chief Executive's salary and Heads of Service 75% of Executive Director's salary. This equates to Chief Officers Salary Scale Point (SCP) 43 for Executive Directors and (SCP) 29 for Heads of Service.

COUNCILLORS' REMUNERATION

Councillors' payments are made in accordance with the Local Government (Scotland) Act 2004 (Remuneration) Regulations 2007 and The Local Government (Allowances and Expenses) (Scotland) Regulations 2007.

The total amount of councillors' remuneration paid by the Council during the year was:

Members Allowances	2014-15 Actual £'000	2013-14 Actual £'000
Basic Councillor Salaries	351	365
Leader and Provost's Salary	58	59
Senior Councillor Salaries	272	259
Other Expenses and Allowances paid to Members	139	175
Total Allowances	820	858

The annual return of councillors' salaries and expenses for 2014-15 is available for any member of the public to view at all Council libraries and public offices during normal working hours. It is also available on the Council's website at <http://www.argyll-bute.gov.uk/council-and-government/councillors-and-community-councillors>.

SENIOR COUNCILLORS' REMUNERATION

Additional disclosures are required for senior councillors' remuneration. Senior councillors' remuneration is in accordance with the Local Government (Scotland) Act 2004 (Remuneration) Regulations 2007 which for the purpose of remuneration, grades Councillors as either the Leader of the Council, The Civic Head (Provost), senior councillors or councillors. Details of senior councillors' remuneration are as follows:

Senior Members	Responsibility	2014-15				2013-14
		Salary, Fees and Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits-in-kind £	Total Remuneration £	Total Remuneration £
Councillor Len Scoullar	Provost and Lead Councillor for Island Affairs (from 31/10/13)	24,720	114		24,834	9,185
Councillor Dick Walsh	Leader (from 26/9/13), Lead Councillor for Strategic Finance, Improvement, HR and Customer Support (from 31/10/13), Lead Councillor for the Opposition (from 22/5/12 to 26/9/13)	32,960	-	-	32,960	26,680
Councillor Douglas Philand	Depute Provost and Lead Councillor for Adult Care (from 31/10/13), Depute Provost and Area Leader for Mid Argyll, Kintyre and the Islands (from 21/03/13 to 31/10/13)	23,646	-	-	23,646	21,434
Councillor Ellen Morton	Depute Leader (from 26/9/13), Lead Councillor for Roads, Amenity Services, Infrastructure, Asset Management and Special Projects (from 31/10/13)	23,623	-	-	23,623	8,675
Councillor Duncan MacIntyre	Lead Councillor for European Affairs, Sustainable Economic Growth and Strategic Transportation (from 31/10/13)	23,605	-	-	23,605	8,675
Councillor Robin Currie	Lead Councillor for Community & Culture and Strategic Housing (from 31/10/13)	23,631	531	-	24,162	11,532
Councillor Alistair MacDougall	Chair of Oban, Lorn and the Isles Area Committee (from 31/10/13), Lead Councillor for Gaelic (from 28/09/14)	21,539	-	-	21,539	7,232

Senior Members	Responsibility	2014-15				2013-14
		Salary, Fees and Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits-in-kind £	Total Remuneration £	Total Remuneration £
Councillor Vivien Dance	Lead Councillor for Sustainable Environment, Renewables and Strategic Tourism (from 31/10/13 to 08/01/15)	18,995	-	-	18,995	8,675
Councillor Aileen Morton	Lead Councillor for Education, Lifelong Learning and Strategic IT Services (from 31/10/13)	23,623	-	-	23,623	8,675
Councillor David Kinniburgh	Chair of Planning, Protective Services and Licensing Committee (from 31/10/13)	23,623	-	-	23,623	8,675
Councillor Mary Jean Devon	Lead Councillor for Children and Families	23,662	-	-	23,662	21,519
Councillor Rory Colville	Chair of Mid Argyll, Kintyre and the Islands Area Committee (from 31/10/13)	19,711	-	-	19,711	7,232
Councillor Roddy McCuish	Chair of Oban, Lorn and the Isles Area Committee (from --/--/14), Leader and Lead Councillor for European Affairs (from 23/5/13 to 26/9/13), Depute Leader and Lead Councillor for European Affairs (from 14/02/13 to 23/5/13)	6,924	-	-	6,924	17,646
Councillor John Semple	Lead Councillor for Environment, Development and Infrastructure (from 23/8/12 to 26/9/13)	-	-	-	-	13,077
Councillor Donald Kelly	Lead Councillor for Improvement, HR, Customer Support and Facility Services (from 31/10/13), Lead Councillor for Renewables and Tourism (from 23/8/12 to 26/9/13)	-	-	-	-	17,937

Senior Members	Responsibility	2014-15				2013-14
		Salary, Fees and Allowances £	Taxable Expenses £	Non-cash Expenses & Benefits-in-kind £	Total Remuneration £	Total Remuneration £
Councillor Robert E MacIntyre	Chair of Bute and Cowal Area Committee (from 22/05/12)	19,735	-	-	19,735	19,904
Councillor Gary Mulvaney	Chair of Helensburgh and Lomond Area Committee (from 31/10/13)	19,711	-	-	19,711	7,232
Councillor Isobel Strong	Provost (from 22/05/12 to 31/10/13)	-	-	-	-	15,207
Councillor James Robb	Lead Councillor for Strategic Finance (from 23/5/13 to 26/9/13), Leader and Lead Councillor for Strategic Finance (from 14/02/13 to 23/05/13)	-	-	-	-	14,115
Councillor George Freeman	Lead Councillor for Community, Culture and Strategic Housing (from 21/3/13 to 26/9/13)	-	-	-	-	12,961
Councillor Sandy Taylor	Lead Councillor for Planning and Regulatory Services (from 22/05/12 to 26/9/13)	-	-	-	-	12,844
Councillor Louise Glen-Lee	Lead Councillor for Support and Customer Services (from 21/3/13 to 26/9/13)	-	-	-	-	13,163
Councillor Anne Horn	Lead Councillor for Adult Care (from 22/5/12 to 26/9/13)	-	-	-	-	12,844
Councillor Richard Trail	Lead Councillor for Education and Lifelong Learning (from 21/03/13 to 26/9/13)	-	-	-	-	14,600

The Remuneration Report

EMPLOYEES' REMUNERATION

The Local Authority Accounts (Scotland) Regulations 1985 (Amended 2011) requires local authorities to provide an analysis of the number of employees whose remuneration in the year was £50,000 or more, including those classified as senior employees who are subject to separate disclosure requirements. The definition of remuneration includes all sums paid to or receivable by an employee, expense allowances chargeable to tax and the monetary value of benefits received other than in cash. This definition therefore includes all payments made to the employee in respect of agreed employment terminations or retirements. However, employer pension contributions are excluded from the definition.

Readers should be aware when making comparisons between years that, due to contractual incremental pay increases, the number of employees covered by this disclosure will increase each year. In addition, payments made in respect of agreed employment terminations or retirements can also distort the number and/or banding of employees.

The number of employees whose remuneration, excluding employer pension contributions and including redundancy/retirement payments, that was £50,000 or more in bands of £5,000 was:

Range £	2014-15 Number of Officers	2013-14 Number of Officers
£50,000 - £54,999	46	25
£55,000 - £59,999	14	17
£60,000 - £64,999	4	4
£65,000 - £69,999	4	9
£70,000 - £74,999	9	5
£75,000 - £79,999	1	3
£80,000 - £84,999	3	2
£85,000 - £89,999	-	-
£90,000 - £94,999	2	2
£95,000 - £99,999	1	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	1
£115,000 - £119,999	-	-
£120,000 - £124,999	1	-
Total	85	68

SENIOR EMPLOYEES' REMUNERATION

The Local Authority Accounts (Scotland) Regulations 1985 (Amended 2011) requires the separate disclosure and analysis of remuneration for senior employees (defined by the regulations) as those employees forming part of the Council's senior management team, or holding certain statutory posts, whose salary is over £50,000 and any additional employee whose salary is over £150,000.

In 2014-15 there were no employees earning more than £150,000.

The following table sets out the remuneration disclosures for 2014-15 for senior officers:

Post Holder	Salary (Including Fees and Allowances) £	Taxable Expenses £	Total Remuneration 2014/15 £	Total Remuneration 2013-14 £
Chief Executive - Sally Loudon	121,817	1,766	123,583	116,351
Executive Director of Community Services - Cleland Sneddon	94,743	3,864	98,607	97,316
Executive Director of Customer Services - Douglas Hendry	95,565	435	96,000	94,566
Executive Director of Development and Infrastructure Services - Pippa Milne (from 1-4-14)	92,389	518		-
Executive Director of Development and Infrastructure Services - Alexander MacTaggart (to 10-11-13) <i>(Full year equivalent)</i>	-	-	-	60,724
Head of Strategic Finance (Section 95 Financial Officer) - Bruce West (to 15-2-15) <i>(Full year equivalent)</i>	65,100 <i>(71,011)</i>	642	65,742 <i>(71,011)</i>	70,288 -
Head of Adult Care (Section 3 Social Work Officer) - James Robb	71,011	-	71,011	69,384
Head of Improvement and HR (Direct Report to Chief Executive during 2013-14) - Jane Fowler	-	-	-	69,384

The Chief Executive's salary of £121,817 in 2014-15 included £6,322 of remuneration for acting as Returning Officer during 2014-15.

The senior employees included in the table include any local authority employee:

- Who has responsibility for management of the local authority to the extent that the person has power to direct or control the major activities of the authority (including activities involving the expenditure of money), during the year to which the Report relates, whether solely or collectively with another person;
- Who holds a post that is politically restricted by reason of section 2(1) (a), (b) or (c) of the Local Government and Housing Act 1989; or
- Whose annual remuneration is £150,000 or more.

During 2014-15, Pippa Milne was appointed to the role of Executive Director of Development and Infrastructure Services (effective 1 April 2014). Also during 2014-15, Bruce West, Head of Strategic Finance and Section 95 Financial Officer left the organisation. During 2013-14, the Improvement and HR function was transferred to Customer Services resulting in Jane Fowler, Head of Improvement and HR no longer reporting directly to the Chief Executive.

The Remuneration Report

PENSION BENEFITS

Pension benefits for councillors and local government employees are provided through the Local Government Pension Scheme (LGPS).

Councillors' pension benefits are based on career average pay. The councillor's pay for each year or part year ending 31 March (other than the pay in the final year commencing 1 April) is increased by the increase in the cost of living, as measured by the appropriate index (or indices) between the end of that year and the last day of the month in which their membership of the scheme ends. The total of the revalued pay is then divided by the period of membership to calculate the career average pay. This is the value used to calculate the pension benefits.

For local government employees this is a final salary pension scheme. This means that pension benefits are based on the final year's pay and the number of years that person has been a member of the scheme.

The scheme's normal retirement age for both councillors and employees is 65.

From 1 April 2009 a five tier contribution system was introduced with contributions from scheme members being based on how much pay falls into each tier. This is designed to give more equality between the cost and benefits of scheme membership. Prior to 2009 contributions rates were set at 6% for all non-manual employees.

The tiers and members contribution rates for 2014-15 remain at the 2013-14 rates and are as follows:

Whole time pay	Contribution Rate 2014-15
On earnings up to and including £18,000	5.50%
On earnings above £18,000 and up to £22,000	7.25%
On earnings above £22,000 and up to £30,000	8.50%
On earnings above £30,000 and up to £40,000	9.50%
On earnings above £40,000	12.00%

If a person works part-time their contribution is worked out on the whole-time pay rate for the job, with actual contributions paid on actual pay earned.

There is no automatic entitlement to a lump sum. Members may opt to give up (commute) pension for a lump sum up to the limit set by the Finance Act 2004. The accrual rate guarantees a pension based on 1/60th of final pensionable salary and years of pensionable service. (Prior to 2009 the accrual rate guaranteed a pension based on 1/80th and a lump sum based on 3/80th of final pensionable salary and years of pensionable service).

The value of the accrued benefits has been calculated on the basis of the age at which the person will first become entitled to receive a full pension on retirement without reduction on account of its payment at that age; without exercising any option to commute pension entitlement into a lump sum; and without any adjustment for the effects of future inflation.

The pension figures shown relate to the benefits that the person has accrued as a consequence of their local government service, and not just their current appointment.

The Remuneration Report

SENIOR COUNCILLORS' PENSION BENEFITS

The pension entitlements for senior councillors for the year to 31 March 2015 are shown in the table below, together with the contribution made by the Council to each senior councillor's pension during the year.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total local government service and not just their current appointment.

Senior Members	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2015 £	For year to 31 March 2014 £		As at 31 March 2015 £	Difference from 31 March 2014 £
Councillor Roddy McCuish	3,508	4,581	Pension	3,102	895
			<i>Lump Sum</i>	1,648	172
Councillor James Robb	3,233	4,201	Pension	2,530	300
			<i>Lump Sum</i>	1,464	(27)
Councillor John Semple	1,659	3,956	Pension	2,448	170
			<i>Lump Sum</i>	1,526	2
Councillor Sandy Taylor	3,231	3,956	Pension	1,132	299
			<i>Lump Sum</i>	-	-
Councillor Anne Horn	3,231	3,956	Pension	2,358	297
			<i>Lump Sum</i>	1,365	(14)
Councillor Donald Kelly	3,234	4,255	Pension	2,383	298
			<i>Lump Sum</i>	1,379	(16)
Councillor Mary Jean Devon	4,567	4,453	Pension	2,399	404
			<i>Lump Sum</i>	1,389	55
Councillor David Kinniburgh	4,559	3,630	Pension	2,332	403
			<i>Lump Sum</i>	1,350	(228)
Councillor George Freeman	3,231	3,956	Pension	2,879	306
			<i>Lump Sum</i>	1,666	(55)
Councillor Ellen Morton	4,559	3,630	Pension	2,626	407
			<i>Lump Sum</i>	1,520	36
Councillor Rory Colville	3,804	3,352	Pension	2,441	345
			<i>Lump Sum</i>	1,413	11

The Remuneration Report

Senior Members	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2015 £	For year to 31 March 2014 £		As at 31 March 2015 £	Difference from 31 March 2014 £
Councillor Robin Currie	4,561	3,777	Pension	2,320	406
			Lump Sum	745	23
Councillor Len Scoullar (See note below)	2,781	3,729	Pension	2,502	
			Lump Sum	16,682	
Councillor Richard Trail	3,232	4,022	Pension	872	284
			Lump Sum	-	-
Councillor Aileen Morton	4,559	3,631	Pension	952	398
			Lump Sum	-	
Councillor Gary Mulvaney	3,804	3,352	Pension	2,248	341
			Lump Sum	1,301	26
Councillor Vivien Dance	4,390	3,630	Pension	2,406	390
			Lump Sum	1,393	45

Councillor Len Scoullar retired from the Strathclyde Pension Scheme on 21/06/14, the figures shown above are his actual figures calculated on retiral. His pension of £3,726 was reduced by £1,224 to £2,502; this increased the lump sum of £2,000 by £14,682 to £16,682.

The Remuneration Report

SENIOR EMPLOYEES' PENSION BENEFITS

The pension entitlements for senior employees for the year to 31 March 2014 are shown in the table below, together with the contribution made by the Council to each senior employee's pension during the year.

The pension benefits shown relate to the benefits that the individual has accrued as a consequence of their total local government service and not just their current appointment.

Senior Officers	In-year pension contributions			Accrued pension benefits	
	For year to 31 March 2015 £	For year to 31 March 2014 £		As at 31 March 2015 £	Difference from 31 March 2014 £
Chief Executive - Sally Loudon	22,821	22,038	Pension	36,752	3,172
			<i>Lump Sum</i>	74,784	2,583
Executive Director of Community Services - Cleland Sneddon	18,257	18,048	Pension	32,014	1,926
			<i>Lump Sum</i>	67,663	777
Executive Director of Customer Services - Douglas Hendry	18,257	18,099	Pension	41,079	3,664
			<i>Lump Sum</i>	94,857	5,011
Executive Director of Development and Infrastructure Services - Pippa Milne (from 1-4-14)	17,679	-	Pension	35,213	-
			<i>Lump Sum</i>	77,292	-
Head of Strategic Finance (Section 95 Financial Officer) - Bruce West (to 15-2-15)	12,393	13,401	Pension	31,150	2,549
			<i>Lump Sum</i>	72,907	3,690
Head of Adult Care (Section 3 Social Work Officer) - James Robb	13,519	13,363	Pension	27,749	1,473
			<i>Lump Sum</i>	62,234	716

EMPLOYEE EXIT PACKAGES

The numbers of exit packages with cost per band for compulsory and other redundancies are set out in the table below:

No	2013/14				Exit Package Cost Band	No	2014/15			
	Cash Value			Notional CAY Value			Cash Value			Notional CAY Value
	Compulsory Redundancies	Other Departures	Total Cash Value Cost				Compulsory Redundancies	Other Departures	Total Cash Value Cost	
£	£	£	£	£	£	£	£	£		
21	49,652	123,200	172,852	33,832	£0 - £20,000	13	23,389	28,160	51,549	4,271
4	21,702	88,815	110,517	11,799	£20,001 - £40,000	4	53,068	67,240	120,308	-
5	-	253,888	253,888	22,653	£40,001 - £60,000	3	59,596	109,344	168,940	13,189
2	-	143,210	143,210	18,129	£60,001 - £80,000	-	-	-	0	-
3	88,982	175,428	264,410	36,743	£80,001 - £100,000	2	98,399	84,827	183,226	19,829
-	-	-	-	-	£100,001 - £150,000	2	101,744	122,032	223,776	23,439
-	-	-	-	-	£150,001 - £200,000	-	-	-	0	-
35	160,336	784,541	944,877	123,156		24	336,196	411,603	747,799	60,728

Exit package costs include redundancy payments, pension strain and compensatory lump sum payments for all retirees. The costs should also include the capitalised cost of compensatory added years ("CAY"), which will be payable to the pension fund until the retiree ceases to claim their pension. For employees with pensions provided by the Strathclyde Pension Fund (the provider for all employees other than teachers) the notional cost of added years is noted separately in the table as costs are based on an assessment by the pension's provider of the present value of all future payments to the retiree. These amounts are not based on actual costs but instead use actuarial assumptions on pensioner longevity and other factors and as such will be subject to change and will not reflect the actual costs incurred.

The Cash Value costs noted in the table represent the actual costs incurred by the Council for the agreed exit packages. The capitalised added years pension element for members of the Teachers' Pension Scheme is included in the cash value cost as payment is made in advance to the teachers' pension fund to settle this liability.

The Remuneration Report

The total cost of £0.748m in the table above includes exit packages that have been agreed and charged to the Council's Comprehensive Income and Expenditure Statement in the current year. These costs include all exit packages agreed by 31 March in each year, this does not necessarily mean that these payments have been made, for example an employee could have subsequently been re-deployed to an alternative post within the Council. The Council's Balance Sheet includes a provision at 31 March 2015 of £0.091m, this represents the amount which has yet to be paid out by the Council, this amount is included within the bands above.

The supplementary Termination Benefits Note 32 on page 89 provides more information on the exit packages agreed in the last two financial years.

Cllr Dick Walsh
Leader

Sally Loudon
Chief Executive

Statement of Movement in Reserves

Movements in 2014-15	Usable Reserves (Note 30)				Unusable Reserves (Note 29)						Total Reserves £'000
	General Fund Balance £'000	Repairs and Renewals Fund £'000	Capital Funds £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Pensions Reserve £'000	Financial Instrument Adjustment Account £'000	Accumulated Absences Account £'000	Total Unusable Reserves £'000	
Balance at 31 March 2014	(44,041)	(1,025)	(3,460)	(48,526)	(56,113)	(198,230)	118,337	4,889	4,818	(126,299)	(174,825)
(Surplus)/Deficit on Provision of Services	(4,634)			(4,634)						-	(4,634)
Other Comprehensive Income and Expenditure					774		17,675			18,449	18,449
Total Comprehensive Income and Expenditure	(4,634)	-	-	(4,634)	774	-	17,675	-	-	18,449	13,815
<i>Adjustments between accounting basis and funding basis under regulations:</i>											
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost				-	115	(115)				-	-
Amortisation of Intangible Assets	(108)			(108)		108				108	-
Depreciation of Non-current Assets	(20,938)			(20,938)		20,938				20,938	-
Impairment of Non-current Assets	(4,827)			(4,827)		4,827				4,827	-
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement	16,438			16,438		(16,438)				(16,438)	-
Capital Expenditure Charged to the General Fund	1,241			1,241		(1,241)				(1,241)	-
Net Gain or Loss on Sale of Non-current Assets	142		(430)	(288)		288				288	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	373			373				(373)		(373)	-
Employee Benefits	(272)			(272)					272	272	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(8,726)			(8,726)			8,726			8,726	-

Statement of Movement in Reserves

Statutory Repayment of Debt - Loans Fund Advances	17,843			17,843		(17,843)				(17,843)	-
Statutory Repayment of Debt - NPDO Finance	1,734			1,734		(1,734)				(1,734)	-
Total Statutory Adjustments	2,900	-	(430)	2,470	115	(11,210)	8,726	(373)	272	(2,470)	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(1,734)	-	(430)	(2,164)	889	(11,210)	26,401	(373)	272	15,979	13,815
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	(345)	356	148	159		(159)				(159)	-
(Increase)/Decrease in Year	(2,079)	356	(282)	(2,005)	889	(11,369)	26,401	(373)	272	15,820	13,815
Balance at 31 March 2015 Carried Forward	(46,120)	(669)	(3,742)	(50,531)	(55,224)	(209,599)	144,738	4,516	5,090	(110,479)	(161,010)

This Statement shows the movement in the 2014-15 financial year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The '(Surplus)/Deficit on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net (Increase)/Decrease before Transfers to Other Statutory Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Statement of Movement in Reserves

Comparative Movements in 2013-14	Usable Reserves (Note 30)				Unusable Reserves (Note 29)						Total Reserves £'000
	General Fund Balance £'000	Repairs and Renewals Fund £'000	Capital Funds £'000	Total Usable Reserves £'000	Revaluation Reserve £'000	Capital Adjustment Account £'000	Pensions Reserve £'000	Financial Instrument Adjustment Account £'000	Accumulated Absences Account £'000	Total Unusable Reserves £'000	
Balance at 31 March 2013	(46,138)	(850)	(3,316)	(50,304)	(55,061)	(185,215)	99,864	5,262	4,712	(130,438)	(180,742)
(Surplus)/Deficit on Provision of Services	(1,694)			(1,694)						-	(1,694)
Other Comprehensive Expenditure and Income					(4,387)		11,998			7,611	7,611
Total Comprehensive Expenditure and Income	(1,694)	-	-	(1,694)	(4,387)	-	11,998	-	-	7,611	5,917
Adjustments between accounting basis and funding basis under regulations:											
Adjustment between CAA and Revaluation Reserve for depreciation that is related to the revaluation balance rather than historic cost.				-	3,335	(3,335)				-	-
Amortisation of Intangible Assets	(106)			(106)		106				106	-
Depreciation and of Non-current Assets	(20,996)			(20,996)		20,996				20,996	-
Impairment of Non-current Assets	(3,409)			(3,409)		3,409				3,409	-
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure	10,998			10,998		(10,998)				(10,998)	-
Capital Expenditure Charged to the General Fund	3,910			3,910		(3,910)				(3,910)	-
Net Gain or Loss on Sale of Non-current Assets	(26)		(454)	(480)		480				480	-
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	373			373				(373)		(373)	-
Employee Benefits	(106)			(106)					106	106	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under pension scheme regulations	(6,475)			(6,475)			6,475			6,475	-

Statement of Movement in Reserves

Statutory Repayment of Debt - Loans Fund Advances	17,875			17,875		(17,875)				(17,875)	-
Statutory Repayment of Debt - Finance Leases	19			19		(19)				(19)	-
Statutory Repayment of Debt - NPDO Finance	1,547			1,547		(1,547)				(1,547)	-
Total Statutory Adjustments	3,604	-	(454)	3,150	3,335	(12,693)	6,475	(373)	106	(3,150)	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	1,910	-	(454)	1,456	(1,052)	(12,693)	18,473	(373)	106	4,461	5,917
<i>Other Transfers required by Statute</i>											
Transfer to/from Other Statutory Reserves	187	(175)	310	322		(322)				(322)	-
(Increase)/Decrease in Year	2,097	(175)	(144)	1,778	(1,052)	(13,015)	18,473	(373)	106	4,139	5,917
Balance at 31 March 2014 Carried Forward	(44,041)	(1,025)	(3,460)	(48,526)	(56,113)	(198,230)	118,337	4,889	4,818	(126,299)	(174,825)

This Statement shows the movement in the 2013-14 financial year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The '(Surplus)/Deficit on the provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting purposes. The 'Net (Increase)/Decrease before Transfers to Other Statutory Reserves' line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Statement of Comprehensive Income and Expenditure

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2013-14			Note	2014-15		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
			Service			
108,526	6,885	101,641	Education Services	111,565	6,921	104,644
36,753	28,042	8,711	Housing Services (Non-HRA)	34,810	28,601	6,209
13,360	2,345	11,015	Cultural and Related Services	12,676	2,263	10,413
23,222	4,221	19,001	Environmental Services	26,022	4,281	21,741
24,214	6,321	17,893	Roads and Transport Services	25,493	6,980	18,513
7,552	4,477	3,075	Trading Services	7,903	4,852	3,051
10,816	5,554	5,262	Planning and Development Services	10,735	5,660	5,075
70,096	10,698	59,398	Social Work	72,584	10,645	61,939
			Central Services:			
4,353	125	4,228	- Corporate and Democratic Core	4,508	95	4,413
1,850	2	1,848	- Non Distributed Costs	1,758	-	1,758
2,912	1,300	1,612	- Central Services to the Public	2,859	1,280	1,579
303,654	69,970	233,684	Net Cost of Services	310,913	71,578	239,335

Statement of Comprehensive Income and Expenditure

		Other Operating Income and Expenditure:	
	26	Net (Gain)/loss on Disposal of Long Term Assets	(142)
	(3)	(Surplus)/deficit on trading undertakings	-
	1,048	Other Operating Income and Expenditure	7
	1,071	Total Other Operating Income and Expenditure	874
		Financing and Investment Income and Expenditure:	
	18,107	Interest Payable and Similar charges	18,116
	(634)	Interest and Investment Income	(2,432)
	4,537	Net Pension Interest Expense	5,161
	22,010	Total Financing and Investment Income and Expenditure	20,845
		Taxation and Non-Specific Grant Income:	
	(176,904)	General Government Grants	(174,877)
	(10,997)	Government Capital Grants and Other Capital Contributions	12
	(28,492)	Non-domestic Rates Redistribution	(31,002)
	(42,066)	Council Tax Income	(43,371)
	(258,459)	Total Taxation and Non-Specific Grant Income	(265,688)
	(1,694)	(Surplus)/Deficit on Provision of Services	(4,634)
	(4,387)	(Surplus)/Deficit on revaluation of Long Term Assets	774
	11,998	Other Post Employment Benefits (Pensions)	28.2
	7,611	Other Comprehensive Income and Expenditure	18,449
	5,917	Total Comprehensive Income and Expenditure	13,815

Balance Sheet



31 March 2014		Note	31 March 2015	
£'000	£'000		£'000	£'000
		Long Term Assets		
		Property Plant & Equipment	14	
290,414		- Other Land and Buildings		279,840
10,674		- Vehicles, Plant, Furniture and Equipment		11,088
169,555		- Infrastructure Assets		183,985
1,669		- Community Assets		1,669
4,581		- Surplus Assets		3,992
25,591		- Assets Under Construction		30,223
	502,484	Total Property Plant & Equipment		510,797
	1,371	Heritage Assets	15	1,371
	351	Intangible Assets	16	647
	6,281	Investment Property	17	7,919
	4,011	Long-Term Debtors	20	4,849
	514,498	Total Long Term Assets		525,583
		Current Assets		
390		Inventories		358
16,034		Short Term Debtors (Net of Impairment)	21	16,914
153		Assets Held for Sale	22	25
35,000		Short Term Investments		30,000
6,075		Cash and Cash Equivalents	23	23,846
	57,652	Total Current Assets		71,143
		Current Liabilities		
(11,442)		Short-term Borrowing	25	(33,712)
(32,982)		Short-term Creditors	24	(35,548)
(165)		Capital Grant Receipts in Advance		(146)
(2,423)		Provisions	27	(1,410)
(1,734)		Other Short Term Liabilities	26	(1,878)
	(48,746)	Total Current Liabilities		(72,694)
		Long-term Liabilities		
(151,520)		Borrowing Repayable within a Period in Excess of 12 Months	25	(141,452)
(78,621)		Other Long-term liabilities	26	(76,743)
(101)		Provisions	27	(89)
(118,337)		Other Long-term liabilities (Pensions)	28	(144,738)
	(348,579)	Total Long-term Liabilities		(363,022)
	174,825	Total Assets less Liabilities		161,010

Balance Sheet

31 March 2014		Note	31 March 2015	
£'000	£'000		£'000	£'000
		Unusable Reserves		
56,113		- Revaluation Reserve	55,224	
198,230		- Capital Adjustment Account	209,599	
(4,889)		- Financial Instruments Adjustment Account	(4,516)	
(118,337)		- Pensions Reserve	(144,738)	
(4,818)		- Accumulated Absences Account	(5,090)	
	126,299			110,479
		Usable Reserves		
3,460		- Capital Funds	3,742	
1,025		- Repairs and Renewals Funds	669	
44,041		- General Fund Balance	46,120	
	48,526			50,531
	174,825	Total Reserves		161,010

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories:

- The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).
- The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

The financial statements were issued on 25 June 2015.

Steve Barrett
Head of Strategic Finance
25 June 2015

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amounts of net cash flow arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2013-14 £'000		Note	2014-15 £'000
(1,694)	Net (Surplus) or Deficit on the Provision of Services		(4,634)
(12,655)	Adjustments to net surplus or deficit on the provision of services for non-cash movements		(15,690)
9,014	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		6,783
(5,335)	Net Cash Flows from Operating Activities	35	(13,541)
10,133	Investing Activities	36	8,227
995	Financing Activities	37	(12,457)
5,793	Net Increase or Decrease in Cash and Cash Equivalents		(17,771)
(11,868)	Cash and Cash Equivalents at the beginning of the Reporting Period		(6,075)
(6,075)	Cash and Cash Equivalents at the end of the Reporting Period	23	(23,846)

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General Principles

The Annual Accounts summarise the Council's transactions for the 2014-15 financial year and its position at the year-end of 31 March 2015. The Council must ensure that its Annual Accounts are prepared in accordance with The Local Authority Accounts (Scotland) Regulations 2014 and, so far as compatible with these regulations, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014-15 and the Service Reporting Code of Practice for Local Authorities 2014-15 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty of notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Changes in Accounting Policies, Estimates and Errors

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Notes to the Financial Statements

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances.

1.5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible fixed assets attributable to the service.

The council is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. These transactions are reversed out through the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account for the difference between the two.

1.6 Employee Benefits

1.6.1 Benefits Payable during Employment

Short-term benefits, such as wages and salaries, paid annual and sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end and which employees can carry forward into the next financial year.

1.6.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to either terminating the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

1.6.3 Post-Employment Benefits

The Council participates in two different pension schemes which meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service. The schemes are as follows:

a) Teachers

This is an unfunded scheme administered by the Scottish Government. This means that liabilities for the benefits provided cannot be identified by the Council. The scheme is therefore accounted for as if it were a defined contributions scheme where no liability for future payments of benefits is recognised in the balance sheet and revenue accounts are charged with the employer's contributions payable to the Scottish Government in the year.

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b) Local Government Pension Scheme

Other employees, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme. This pension scheme is accounted for as a defined benefits scheme:

- The liabilities of the Strathclyde Pension Fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 3.2% (based on the indicative rate of return on a “high quality corporate bond of equivalent term and currency to the liability” (as measured by the yield on iBoxx Sterling Corporates Index, AA over 15 years)).
- The assets of the Strathclyde Pension Fund attributable to the Council are included in the balance sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value
- The change in the net pension’s liability is analysed into the following components:
 - Current service cost – the increase in liabilities as a result of years’ service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, charged to the Non Distributed Costs in the Comprehensive Income and Expenditure Statement.
 - Net interest on the net defined benefit liability (asset), i.e. net interest expenses for the Council – The change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments.
 - Re-measurements comprising
 - The return on plan assets – Excluding amounts included in the net interest on the net defined benefit liability (asset), charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve
 - Contributions paid to the Strathclyde Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council's Pension Fund in the year. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

1.6.4 Post Employment Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirements benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

1.7 Events after the Reporting Period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material impact disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.8 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying value of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of the restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge

Notes to the Financial Statements

required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.9 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Account until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable to revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

When capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

1.10 Heritage Assets

The main heritage assets held by the Council are two art collections and a historic jail and courthouse which is operated as a "living" museum. The "Argyll Collection" is an art collection which was set up to provide the young people of Argyll and Bute with direct access to a wide range of quality art recognising that they had limited access to museums and galleries. In addition the Council holds other works of art which are held at various libraries and the Campbeltown Museum. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below. The Council's main heritage assets are accounted for as follows:

The Art Collections

The collections cover a range of media including acrylic, charcoal, embroidery, engraving, etching, gouache, lithography, oil, pastel, pencil, procion dye, screenprint, monoprint, watercolour, woodcut, ceramic, bronze and woodcarving. These items are reported in the Balance Sheet at insurance valuation which is based on market values. These valuations are updated periodically. The assets within the art collections are deemed to have indeterminate lives and a high residual value, hence the Council does not consider it appropriate to charge depreciation.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant and recent information from sales at auctions.

Inveraray Jail and Courthouse and "Other" Historic Buildings

The building is owned by Argyll and Bute Council and leased out to an organisation which runs it as a "living museum". The building is valued in accordance with its property, plant and equipment policy. Other buildings included in this category are McCaig's Folly in Oban and Castle Lodge in Dunoon.

Notes to the Financial Statements

Archaeology and “Other” Museum Exhibits

The Council does not consider that reliable cost or valuation information can be obtained for archaeological items and “other” museum exhibits outwith the art collections. This is because of the diverse nature of the assets held and lack of comparable values. Consequently, the Council does not recognise these assets on the Balance Sheet.

Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council’s general policies on impairment (see note 1.18.3 in this summary of significant accounting policies). The proceeds of any disposals are accounted for in accordance with the Council’s general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory requirements relating to capital expenditure and receipts (see note 1.19.4 in this summary of significant accounting policies).

1.11 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council’s goods or services.

Intangible assets are measured initially at cost. Amounts are not revalued, as the fair value of the assets held by the Council cannot be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.12 Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates or joint ventures and requires to prepare Group Accounts. In the Council’s own single entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

1.13 Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula.

1.14 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm’s length.

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Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

1.15 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

1.15.1 The Council as Lessee

a) Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

b) Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

Notes to the Financial Statements

1.15.2 The Council as Lessor

a) Finance Leases

Where the Council grants a finance lease over a property or an item of plant and equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a debtor in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A capital receipt for the disposal of the asset – applied to write down the Debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and will be required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt on disposal of the asset is used to write down the debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

b) Operating Leases

Where the Authority grants an operating lease over a property or an item of plant and equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant Service lines in the Comprehensive Income and Expenditure Statement, with the exception of rental income from Investment Property which is credited to Interest and Investment Income. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

1.16 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2013-14 – Scotland (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional democratic organisation; and
- Non Distributed costs – the cost of discretionary benefits awarded to employees retiring early.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

Notes to the Financial Statements

1.17 Assets Held for Sale

Property, land and buildings are classified as *Assets Held for Sale* when the following criteria are met:

- The property is available for immediate sale in its present condition.
- The sale must be highly probable; and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year (although events or circumstances may extend the period to complete the sale beyond one year).

When these criteria are met, assets within the category of *Property, Plant and Equipment* will be reclassified as *Assets Held for Sale*.

1.18 Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others or for administrative purposes that are expected to be used during more than one financial year are classified as *Property, Plant and Equipment*.

1.18.1 Recognition

Expenditure on the acquisition, creation, or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

1.18.2 Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Accounts. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure assets and community assets – depreciated historical cost
- All other assets – fair value, determined the amount that would be paid for the asset in its existing use (existing use value – EUV)

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Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost is used as a proxy for fair value.

Assets included in the balance sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

1.18.3 Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant Service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

1.18.4 Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an *Asset Held for Sale*. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Assets that are to be abandoned or scrapped are not reclassified as *Assets Held for Sale*.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Disposal receipts are categorised as capital receipts. All capital receipts are credited to the Capital Fund, and can then only be used for new capital investment or set aside to reduce the Council's

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underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the costs of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

1.18.5 Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Where an asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

1.19 Private Finance Initiative (PFI) and Similar Contracts

PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the fixed assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the fixed assets used under the contracts on the balance sheet.

The original recognition of these fixed assets was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

Fixed assets recognised on the Balance Sheet are re-valued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year, debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- Annual Finance Cost – this is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period, this is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator.
- Lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

1.20 Provisions, Contingent Liabilities and Contingent Assets

1.20.1 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and

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a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision set up in the balance sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

1.20.2 Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

1.20.3 Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.21 Reserves

Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies above and Note 30 to the accounts.

1.22 VAT

Income and expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and VAT paid is recoverable.

1.23 ACCOUNTING FOR THE CARBON REDUCTION COMMITMENT SCHEME

The council is required to participate in the Carbon Reduction Commitment Energy Efficiency Scheme. This scheme is currently in the initial year of its second phase, which ends on 31 March 2019. The council is required to purchase allowances, either prospectively or retrospectively, and surrender them on the basis of emissions, i.e. carbon dioxide produced as energy is used. As carbon dioxide is emitted (i.e. as energy is used), a liability and an expense are recognised. The liability will be discharged by surrendering allowances. The liability is measured at the best estimate of the expenditure required to meet the obligation, normally at the current market price of the number of

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allowances required to meet the liability at the reporting date. The cost to the authority is recognised and reported in the costs of the authority's services and is apportioned to services on the basis of energy consumption.

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Council is required to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2015 for 2015/16).

For this disclosure the standards introduced by the 2015/16 Code include:

- IFRS 13 *Fair Value Measurement*
- *Annual Improvements to IFRSs 2011-2013 Cycle*
- IFRIC 21 *Levies*

It is anticipated that the above standards will not have a material impact on the financial statements of the council.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. Where a critical judgement has been made this is referred to in the relevant note to the core financial statements; however a summary of those with the most significant effect is detailed below:

Government Funding: There is a high degree of uncertainty about future levels of funding for local government. However, the Council had determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

Service Concessions: The Council currently operates two Private Finance Initiative (PFI), or similar, contracts which are accounted for as Service Concession arrangements under IFRIC12 – *Service Concession Arrangements*. The Council has determined that in the case of the Schools NPDO contract the Council has control over the services provided through use of the schools and that a qualifying asset has been created. The appropriate accounting treatment is to bring the assets “on balance sheet” along with a finance lease liability.

The Council also operates a Waste Management PPP contract. In this case the Council determined that a “qualifying asset” had not been created and that the Council did not have significant control over the services being provided. The appropriate accounting treatment was therefore determined to be “off balance sheet” and that payments to the contractor are charged to the appropriate service line within the Comprehensive Income and Expenditure Account.

Holiday Pay Accrual: Unused holiday entitlement earned at 31 March 2015 but not taken at that date has been quantified on the basis of a 5% sample of all non-term time Council employees. The calculation in respect of unused holidays for term time staff in schools is based on actual leave entitlement as at 31 March and no estimation is required for these staff. The liability shown in the 2014-15 financial statements in respect of the holiday pay accrual is £5.090m.

Notes to the Financial Statements

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions															
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £1.3m for every year that useful lives had to be reduced.</p>															
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pension's liability of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out as follows:</p> <table border="1" data-bbox="1223 895 2128 1406"> <thead> <tr> <th data-bbox="1223 895 1641 1066">Sensitivities at 31 March 2015</th> <th data-bbox="1641 895 1906 1066">Approximate % Increase to Employer Obligation</th> <th data-bbox="1906 895 2128 1066">Approximate monetary amount £'000</th> </tr> </thead> <tbody> <tr> <td data-bbox="1223 1066 1641 1150">0.5% decrease in real discount rate</td> <td data-bbox="1641 1066 1906 1150">11%</td> <td data-bbox="1906 1066 2128 1150">74,275</td> </tr> <tr> <td data-bbox="1223 1150 1641 1235">1 year increase in member life expectancy</td> <td data-bbox="1641 1150 1906 1235">3%</td> <td data-bbox="1906 1150 2128 1235">19,232</td> </tr> <tr> <td data-bbox="1223 1235 1641 1319">0.5% increase in salary increase rate</td> <td data-bbox="1641 1235 1906 1319">5%</td> <td data-bbox="1906 1235 2128 1319">32,739</td> </tr> <tr> <td data-bbox="1223 1319 1641 1406">0.5% increase in pension increase rate</td> <td data-bbox="1641 1319 1906 1406">8%</td> <td data-bbox="1906 1319 2128 1406">50,767</td> </tr> </tbody> </table>	Sensitivities at 31 March 2015	Approximate % Increase to Employer Obligation	Approximate monetary amount £'000	0.5% decrease in real discount rate	11%	74,275	1 year increase in member life expectancy	3%	19,232	0.5% increase in salary increase rate	5%	32,739	0.5% increase in pension increase rate	8%	50,767
Sensitivities at 31 March 2015	Approximate % Increase to Employer Obligation	Approximate monetary amount £'000															
0.5% decrease in real discount rate	11%	74,275															
1 year increase in member life expectancy	3%	19,232															
0.5% increase in salary increase rate	5%	32,739															
0.5% increase in pension increase rate	8%	50,767															

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Arrears	At 31 March 2015, the Council had a balance of sundry debtors of £2.478m. A review of significant balances suggested an allowance of 27.8% (£0.690m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If collection rates were to deteriorate an increase of the allowance by 10% would increase the bad debt provision required by £0.247m.

5. TRANSFERS TO/FROM EARMARKED RESERVES

The Council has ring-fenced £30.193m of the balance on the General Fund as follows:

Ring-fenced Balances	Balance 1 April 2014 £'000	Funds Used £'000	Contributions to Funds £'000	Balance 31 March 2015 £'000
Revenue from Additional Council Tax on Second Homes (Strategic Housing Fund)	7,484	(1,738)	1,926	7,672
Unspent Grants	979	(471)	293	801
Contributions Carried Forward	255	(59)	7	203
Unspent Budget Carried Forward	7,298	(3,222)	3,963	8,039
School Budget Carry Forwards	887	(887)	737	737
Unspent Budget Required for Existing Legal Commitments	196	(51)		145
CHORD	420	(324)		96
Revenue Contribution to Capital (Dunoon and Campbeltown Schools)	3,000			3,000
Investment in Affordable Housing	9,500			9,500
Severance Costs	27	(27)		-
Reserve Committed for 2014-15 Budget	326	(326)		-
Total Ring-fenced	30,372	(7,105)	6,926	30,193
Unallocated	13,669		2,258	15,927
Total General Fund Balance	44,041	(7,105)	9,184	46,120

The unallocated balance of £15.927m is 6.52% of the Council's budgeted net expenditure for 2015-16.

6. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council’s Strategic Management Team on the basis of budgets analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- No charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- The cost of retirement benefits is based on cash flows, (payment of employer’s pensions contributions) rather than current service cost of benefits accrued in the year
- Certain costs are deemed to be out with departmental control and are therefore reported separately to management, for example insurances across the Council.

6.1 Departmental Information for the year ended 31 March 2015

The income and expenditure of the Council’s principal departments recorded in the budget reports for the 2014-15 year is as follows:

Departmental Income and Expenditure 2014-15	Community Services £'000	Development and Infrastructure Services £'000	Customer Services £'000	Chief Executive's Unit £'000	Total £'000
Fees, Charges and Other Service Income	(18,919)	(39,146)	(41,908)	(152)	(100,125)
Government Grants	(1,959)	(510)	(548)	(3)	(3,020)
Total Income	(20,878)	(39,656)	(42,456)	(155)	(103,145)
Employee Expenses	87,094	21,567	15,717	5,510	129,888
Other Operating Expenses	71,052	50,787	60,223	640	182,702
Total Operating Expenses	158,146	72,354	75,940	6,150	312,590
Net Cost of Services	137,268	32,698	33,484	5,995	209,445

Departmental Income and Expenditure 2013-14 Comparative Figures	Community Services £'000	Development and Infrastructure Services £'000	Customer Services £'000	Chief Executive's Unit £'000	Total £'000
Fees, Charges and Other Service Income	(18,209)	(38,752)	(42,649)	(178)	(99,788)
Government Grants	(2,227)	-	(789)	-	(3,016)
Total Income	(20,436)	(38,752)	(43,438)	(178)	(102,804)
Employee Expenses	85,113	22,116	16,775	3,834	127,838
Other Operating Expenses	73,687	52,698	59,566	511	186,462
Total Operating Expenses	158,800	74,814	76,341	4,345	314,300
Net Cost of Services	138,364	36,062	32,903	4,167	211,496

6.2 Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

The reconciliation below shows how the figures in the analysis of departmental income and expenditure relate to the total Net Cost of Services in the Comprehensive Income and Expenditure Statement.

	2014-15 £'000	2013-14 £'000
Cost of Services in Service Analysis	209,445	211,496
Add Services not included in Main Analysis	4,761	4,358
Add Amounts not Reported to Management	26,336	18,691
Remove Amounts Reported to Management not Included in Comprehensive Income and Expenditure Statement	(1,207)	(861)
Net Cost of Services in Comprehensive Income and Expenditure Statement	239,335	233,684

6.3 Reconciliation to Subjective Analysis

This reconciliation shows how the figures in the analysis of departmental income and expenditure relate to a subjective analysis of the Surplus or Deficit on the Provision of Services included in the Comprehensive Income and Expenditure Statement.

2014-15	Service Analysis £'000	Services not in Analysis £'000	Not Reported to Management £'000	Not Included in I&E £'000	Total Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges and Other Service Income	(100,090)	(109)	-	157	(100,042)		(100,042)
Surplus or Deficit on Associated and Joint Ventures	-	-	-	-	-		-
Interest and Investment Income	(35)	-	-	35	-	(2,432)	(2,432)
Income from Council Tax	-	-	-	-	-	(43,371)	(43,371)
Government Grants and Contributions	(3,020)	-	-	-	(3,020)	(222,317)	(225,337)
Total Income	(103,145)	(109)	-	192	(103,062)	(268,120)	(371,182)
Employee Expenses	129,888	2,183	6,092	(52)	138,111		138,111
Other Service Expenses	182,702	1,340	3,882	(60)	187,864	(271)	187,593
Depreciation, Amortisation and Impairment	-	-	16,362	-	16,362	-	16,362
Interest Payments, Net Pension Interest Expense	-	-	-	-	-	23,277	23,277
Precepts, Levies and Requisitions	-	1,347	-	(1,287)	60	1,287	1,347
Gain or Loss on Disposal of Assets	-	-	-	-	-	(142)	(142)
Total Operating Expenses	312,590	4,870	26,336	(1,399)	342,397	24,151	366,548
Surplus or Deficit on the Provision of Services	209,445	4,761	26,336	(1,207)	239,335	(243,969)	(4,634)

2013-14 Comparative Figures	Service Analysis £'000	Services not in Analysis £'000	Not Reported to Management £'000	Not Included in I&E £'000	Total Net Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, Charges and Other Service Income	(99,788)	(146)	-	612	(99,322)	(577)	(99,899)
Surplus or Deficit on Associated and Joint Ventures	-	-	-	-	-	-	-
Interest and Investment Income	-	-	-	-	-	(634)	(634)
Income from Council Tax	-	-	-	-	-	(42,066)	(42,066)
Government Grants and Contributions	(3,016)	-	-	-	(3,016)	(216,393)	(219,409)
Total Income	(102,804)	(146)	-	612	(102,338)	(259,670)	(362,008)
Employee Expenses	127,838	1,964	4,321	(320)	133,803	350	134,153
Other Service Expenses	186,462	1,334	3,564	(12)	191,348	131	191,479
Depreciation, Amortisation and Impairment	-	-	10,806	-	10,806	-	10,806
Interest Payments, Net Pension Interest Expense	-	-	-	-	-	22,644	22,644
Precepts, Levies and Requisitions	-	1,206	-	(1,141)	65	1,141	1,206
Gain or Loss on Disposal of Assets	-	-	-	-	-	26	26
Total Operating Expenses	314,300	4,504	18,691	(1,473)	336,022	24,292	360,314
Surplus or Deficit on the Provision of Services	211,496	4,358	18,691	(861)	233,684	(235,378)	(1,694)

Notes to the Financial Statements

7. OTHER OPERATING INCOME AND EXPENDITURE

The expenditure of £1.016m shown in the Other Operating Income and Expenditure line on the Statement of Comprehensive Income and Expenditure consists mainly of the requisition paid to Dunbartonshire and Argyll & Bute Joint Valuation Board of £1.281m offset by a write back of the equal pay provision of £0.218m and £0.047m of backdated VAT income received as a result of claims being made under the “Fleming” case law principle.

8. AGENCY INCOME

The Council have an on-going agency agreement with Scottish Water to collect domestic water and sewerage charges. During 2014-15 income from this agreement amounted to £0.318m.

Agency Income	2014-15 Actual £'000	2013-14 Actual £'000
Scottish Water	318	265
Total	318	265

The Council also acts as agent for the Scottish Government in the collection of non-domestic rate income. Further information on the collection of non-domestic rate income can be found on pages 95 to 96

9. COMMUNITY CARE AND HEALTH (SCOTLAND) ACT 2002

During 2014-15, under the Community Care and Health (Scotland) Act 2002, the Council continued to develop services which centred on joint working with the Argyll & Bute Community Health Partnership (CHP) and NHS Highland within the Argyll and Bute Health and Social Care Partnership.

The aspiration of the CHP is to work together to fully integrate the delivery of health and social care services, focusing on achieving good outcomes for all those who use our services and have an efficient, cost effective and seamless delivery of service.

During 2014-15 the Partnership included provision of services to older people, supporting people with a learning disability and provision of support to adults who have a mental health difficulty.

Budgets are currently aligned which means that each Partner organisation holds their own element of the budget and records the income and expenditure that relates to the part of the service for which they are responsible.

During 2014-15 income received by the Council from this source amounted to £5.819 and the related expenditure was £7.517. This can be analysed as follows:

Purpose of Services	Income £'000	Expenditure £'000
Care of the Elderly	2,333	3,463
Provision of Services for People with Learning Disabilities	2,369	2,900
Provision of Services for People with Mental Health Needs	1,117	1,154
Total	5,819	7,517

10. WASTE MANAGEMENT PUBLIC PRIVATE PARTNERSHIP

The Council has entered into a Public Private Partnership for the provision of its waste disposal service. This agreement requires the provider to upgrade or replace three waste disposal sites, two transfer stations and five civic amenity sites. In addition, the provider will also provide composting facilities to meet waste diversion targets. When the agreement ends in September 2026 the provider will hand back to the Council the waste disposal facilities with a life of 5 years.

Notes to the Financial Statements

The Council has paid a service charge of £4.954m (2013-14 £5.283m) which represents the value of the service provided from 1 April 2014 to 31 March 2015. Under the agreement the Council is committed to paying the following sums:

Future Repayment Periods	£'000
2015 - 2020	29,133
2020 - 2025	32,460
2025 - 2027	9,444
Total	71,037

This equates to £5.328m per annum over the life of the contract.

11. FEES PAYABLE TO AUDIT SCOTLAND

In 2014-15 the following fees relating to external audit and inspection were incurred:

Auditor's Remuneration	2014-15 £'000	2013-14 £'000
Fees payable to Audit Scotland with regard to external audit services carried out by the appointed Auditor	256	277
Total Remuneration	256	277

The fee for 2014-15 includes £3,300 for the audit of the Council's charitable trusts.

12. GRANT INCOME

The Council credited the following grants to the Comprehensive Income and Expenditure Statement in 2014-15:

Grant Income	2014-15 £'000	2013-14 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	174,877	176,904
Non Domestic Rates	31,002	28,492
Specific Capital Grant	140	77
General Capital Grant	13,948	8,532
European Regional Development Fund (ERDF)	716	1,592
SUSTRANS	864	171
Other Grants	744	545
Other Government Capital Grants	26	80
Total	222,317	216,393
Credited to Services		
Scottish Government Specific Grants	373	472
General Capital Grant - Private Sector Housing Improvement Grants	1,516	1,362
Housing Benefit Subsidy	23,619	23,424
Other Revenue Government Grants	1,196	1,713
Total	26,704	26,971

Notes to the Financial Statements

13. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

The aim of the Financial Reporting Standard dealing with Related Parties is to highlight instances where influence and control has been exercised over an external organisation by the Council, and where an elected member, their close family or someone in their household, has the ability to exercise the influence or control. Elected members and Senior Officers have completed a signed declaration on Related Party Interests and these have been used to compile this disclosure.

13.1 Scottish Government

The Scottish Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 6 on reporting for resource allocation decisions and also in Note 12 – Grant Income.

13.2 Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2014-15 is shown in the Remuneration Report on page 18.

During the year there were two organisations in which members had a significant interest and where the total of transactions exceeded £10,000.

Transactions in which Members have a significant interest	Expenditure £'000
South Kintyre Development Trust	68
MacDougall's Garage	34

Notes to the Financial Statements

13.3 Other Related Bodies

This category relates to transactions with entities which are controlled or significantly influenced by the Authority.

During the year transactions with other related bodies were as follows:

Related Bodies	Expenditure £'000
Transactions with related bodies during the year totalled	1,436
<i>Of these, transactions with the following exceeded £10,000:</i>	
Argyll, the Isles, Loch Lomond, Stirling and the Trossachs Tourist Board	109
Scotland Excel	66
Convention of Scottish Local Authorities (COSLA)	61
Cowal Council on Alcohol and Drugs	36
Helensburgh Addiction Rehabilitation Team	66
Islay and Jura Community Enterprise	90
Kintyre Alcohol and Drugs Advisory Service	24
Argyll and Bute Citizens Advice Bureaux	58
Mid Argyll Community Enterprise	73
Kintyre Recycling	182
Fyne Futures	171
RE-JIG (Recycling)	22
SEEMIS	70
Oban Addiction Support and Information Services (OASIS)	36
Oban and Lorn Community Enterprise - Atlantis Leisure	453
Total	1,517

Given the relationships the Council has with other organisations and partners it is possible that some related party transactions may exist. However, the purpose of the requirement to complete the disclosure is to provide additional information to the users of the Financial Statements and, by declaring possible instances, there is no suggestion that any inappropriate transactions have taken place.

Notes to the Financial Statements

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Movement in Property, Plant and Equipment

Movements in 2014-15	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2013-14 £'000
Cost or Valuation							
At 1 April 2014	312,151	26,390	225,473	1,671	4,756	25,591	596,032
Additions	6,686	3,778	6,292	-	39	19,867	36,662
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(15,655)	-	-	-	(172)	-	(15,827)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,341)	-	-	-	(224)	-	(6,565)
Derecognition - Disposals	-	(1,576)	-	-	(156)	-	(1,732)
Derecognition - Other	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	(15)	-	(15)
Other movements in cost or valuation	1,565	232	13,425	-	-	(15,235)	(13)
At 31 March 2015	298,406	28,824	245,190	1,671	4,228	30,223	608,542
Depreciation and Impairments							
At 1 April 2014	(21,737)	(15,716)	(55,918)	(2)	(175)	-	(93,548)
Depreciation Charge for 2014-15	(11,928)	(3,588)	(5,287)	-	(133)	-	(20,936)
Depreciation written out to the Revaluation Reserve	15,009	-	-	-	9	-	15,018
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	90	-	-	-	36	-	126
Derecognition - Disposals	-	1,568	-	-	24	-	1,592
Other movements in depreciation and impairment	-	-	-	-	3	-	3
At 31 March 2015	(18,566)	(17,736)	(61,205)	(2)	(236)	-	(97,745)
Balance Sheet amount at 1 April 2015	279,840	11,088	183,985	1,669	3,992	30,223	510,797
Balance Sheet amount at 1 April 2014	290,414	10,674	169,555	1,669	4,581	25,591	502,484

Comparative Movements in 2013-14	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total 2012-13 £'000
Cost or Valuation							
At 1 April 2013	314,281	22,191	214,710	1,468	3,656	17,400	573,706
Additions	7,803	4,165	9,882	203	-	10,331	32,384
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(4,334)	-	-	-	224	-	(4,110)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(5,459)	-	-	-	(224)	-	(5,683)
Derecognition - Disposals	(527)	(728)	-	-	(75)	-	(1,330)
Assets reclassified (to)/from Held for Sale	(110)	-	-	-	1,175	-	1,065
Other movements in cost or valuation	497	762	881	-	-	(2,140)	-
At 31 March 2014	312,151	26,390	225,473	1,671	4,756	25,591	596,032
Depreciation and Impairments							
At 1 April 2013	(20,435)	(13,369)	(50,888)	(2)	(146)	-	(84,840)
Depreciation Charge for 2013-14	(12,801)	(3,071)	(5,030)	-	(94)	-	(20,996)
Depreciation written out to the Revaluation Reserve	8,529	-	-	-	12	-	8,541
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	2,802	-	-	-	25	-	2,827
Derecognition - Disposals	150	724	-	-	-	-	874
Other movements in depreciation and impairment	18	-	-	-	28	-	46
At 31 March 2014	(21,737)	(15,716)	(55,918)	(2)	(175)	-	(93,548)
Balance Sheet amount at 1 April 2014	290,414	10,674	169,555	1,669	4,581	25,591	502,484
Balance Sheet amount at 1 April 2013	293,846	8,822	163,822	1,466	3,510	17,400	488,866

Notes to the Financial Statements

14.2 Valuation of Property, Plant and Equipment

IAS 16 – Property, Plant and Equipment has been adapted for the public sector by IPSAS 17 – Property, Plant and Equipment. Under IPSAS 17 each category of Property, Plant and Equipment is valued as follows:

- Infrastructure, community assets and assets under construction are valued at historical cost
- Vehicles, plant and equipment are valued at depreciated historical cost as a proxy for fair value
- All other classes of assets are valued at fair value. Where there is no market based evidence of fair value because of the specialist nature of the asset and the asset is rarely sold then an estimate of fair value is made using a depreciated replacement cost approach.

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value is re-valued at least every five years. This includes Other Land and Buildings and Surplus Assets.

Revaluations of council owned Land and Property were carried out at 31 March 2015 in accordance with the Council's rolling programme of revaluations. The revaluations have been carried out by external valuers, BNP Paribas Real Estate. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The following statement shows the progress of the Council's rolling programme for the revaluation of Property, Plant and Equipment:

Valued at Fair Value as at:	Other Land & Buildings £'000	Corporate Surplus Assets £'000
31 March 2015	68,940	2,127
31 March 2014	45,562	984
31 March 2013	123,450	172
31 March 2012	12,163	439
31 March 2011	29,725	270
Total Cost or Valuation	279,840	3,992

Notes to the Financial Statements

14.3 Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer (20 to 50 years)
- Infrastructure – straight-line allocation over 40 years
- Vehicles, Plant and Equipment - straight-line allocation over the useful life of the asset as determined by a suitably qualified officer (3 to 20 years)
- Vessels – straight line allocation over 25 years

14.4 Summary of Capital Expenditure and Financing

Capital expenditure involves the creation of assets, the benefit of which will be available to future rates and council taxpayers. It is financed from borrowing, capital receipts and capital grants. The cost of the asset is effectively borne over a period of years. In 2014-15 total spending on capital projects was £37.052m.

	2014-15 £'000	2013-14 £'000
Opening Capital Financing Requirement	256,463	258,398
Capital Investment:		
Property Plant and Equipment:		
Other Land and Buildings	6,686	7,803
Vehicles, Plant, Furniture and Equipment	3,778	4,165
Infrastructure Assets	6,292	9,882
Community Assets	-	203
Surplus Assets	39	-
Assets Under construction	19,867	10,331
Heritage Assets	-	47
Intangible Assets	390	254
Total Capital Investment	37,052	32,685
Sources of Finance:		
Capital Receipts	(430)	(454)
Government Grants	(16,438)	(10,998)
Capital Financed from Current Revenue	(1,241)	(3,910)
Repayment of External Loans	(17,843)	(17,875)
Capital Element of Finance Lease Payments	-	(19)
Capital Element of Schools NPDO Payments	(1,734)	(1,547)
Capital Receipts transferred to Capital Fund	430	454
Capital Receipts Used from Capital Fund	(148)	(310)
Other	(32)	39
Total Funding	(37,436)	(34,620)
Closing Capital Financing Requirement	256,079	256,463

Notes to the Financial Statements

14.5 Commitments under Capital Contracts

At 31 March 2015, the Council had commitments on capital contracts of £12.201m. This expenditure will be funded from a combination of government grants, borrowing and income from selling assets and contributions from Revenue Accounts. Similar commitments at 31 March 2014 were £12.588m. The major commitments are:

	£'000
Dunoon Wooden Pier	2,659
Helensburgh Office Project	1,746
Dunoon CHORD	1,464
Campbeltown Berthing Facility	1,423
School Building Improvements (Various Locations)	1,378
Rothesay Pavilion	515
A83 South of Musdale (Contribution to Road Widening)	500
Vehicle Purchases	475
Helensburgh CHORD	353
Kilmory - Biomass	156
Corran Halls	102
Kilarrow House	101

15. HERITAGE ASSETS

The main heritage assets held by the Council are two art collections and Inveraray Jail and Courthouse. The Council holds other heritage assets which are not valued and shown on the balance sheet. Further details on the council's heritage assets policy can be found in note 1.10 on page 43.

Reconciliation of the carrying value of heritage assets held by the Council:

Movements in 2014-15	Art Collections	Heritage Property	Total
	£'000	£'000	£'000
Cost or Valuation			
Net Book Value at 1 April 2014	1,148	223	1,371
Additions	-	-	-
Disposals	-	-	-
Revaluations	-	-	-
Depreciation	-	-	-
At 31 March 2015	1,148	223	1,371

Notes to the Financial Statements

16. INTANGIBLE ASSETS

Intangible assets comprise software licences and carbon reduction commitment allowances purchased in advance. Purchased software licences are shown at cost and this cost is charged to the relevant service lines within the Comprehensive Income and Expenditure Account over the economic life of the licences, assessed as five years.

The carbon reduction commitment allowances relate to allowances purchased in advance as part of the Carbon Reduction Energy Efficiency Scheme (Phase 2). These allowances will be surrendered in the October of each year on the basis of emissions, i.e. carbon dioxide produced as energy is used.

The movement in intangible assets during the year was:

Movements in 2014-15	Carbon Reduction Commitment Allowance	Purchased Software Licences	Total Intangible Assets
	£'000	£'000	£'000
Cost or Valuation			
At 1 April 2014	-	1,067	1,067
Additions	234	156	390
Disposals	-		-
Reclassifications	-	14	14
At 31 March 2015	234	1,237	1,471
Depreciation and Impairments			
At 1 April 2014	-	(716)	(716)
Charge for 2014-15	-	(108)	(108)
Disposals	-		-
At 31 March 2015	-	(824)	(824)
Balance Sheet amount at 1 April 2015	234	413	647
Balance Sheet amount at 1 April 2014	-	351	351

Notes to the Financial Statements

Comparative Movements in 2013-14	Purchased Software Licences 2013-14 £'000
Cost or Valuation	
At 1 April 2013	813
Additions	254
Disposals	-
Reclassifications	-
At 31 March 2014	1,067
Depreciation and Impairments	
At 1 April 2013	(610)
Charge for 2013-14	(106)
Disposals	-
At 31 March 2014	(716)
Balance Sheet amount at 1 April 2014	351
Balance Sheet amount at 1 April 2013	203

17. INVESTMENT PROPERTY

Investment property has been accounted for in accordance with IAS 4 - Investment Property, except where interpretations or adaptations to fit the public sector are detailed in the Code. The definition of an investment property in the context of the public sector is one that is used solely to earn rentals or for capital appreciation or both.

The value of investment property is initially measured at cost and thereafter measured at fair value. The fair value of investment property reflects market conditions at 31 March 2015. Revaluations of investment properties were carried out at 31 March 2015 by external valuers, BNP Paribas Real Estate.

17.1 Movement in Investment Property

The movement in investment property during 2014-15 was:

Movements in 2014-15	Investment Properties £'000
Cost or Valuation	
At 1 April 2014	6,281
Acquisitions	-
Disposals	-
Net Gains/Losses from fair value adjustments	1,638
Transfers	-
At 31 March 2015	7,919

Notes to the Financial Statements

Comparative Movements in 2013-14	Investment Properties £'000
Cost or Valuation	
At 1 April 2013	6,397
Acquisitions	-
Disposals	-
Net Gains/Losses from fair value adjustments	(116)
Transfers	-
At 31 March 2014	6,281

17.2 Investment Property Income and Expenditure

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2014-15 £'000	2013-14 £'000
Rental Income from Investment Property	98	98
Direct operating expenses arising from investment property	-	-
Net gain/(loss)	98	98

Notes to the Financial Statements

18. SCHOOLS NON-PROFIT DISTRIBUTING ORGANISATION (NPDO)

During 2007-08 two secondary schools, two joint campuses and one primary campus, developed as part of the non-profit distributing organisation (NPDO) variant of a public private partnership, became operational. When the agreement ends in 2035 the provider will hand the five school complexes back to the Council, it is expected at that point in time each school will have an estimated life of 30 years remaining.

18.1 Assets Held under Schools NPDO Contract

Five schools were constructed under the Schools NPDO Contract; Hermitage Academy, Dunoon Grammar, Lochgilphead Joint Campus, Rothesay Joint Campus and Oban Primary Campus. The construction costs of the buildings, adjusted for revaluations on 31 March 2013 and depreciation to date are included as part of Other Land and Buildings as follows:

Movements in 2014-15	Land & Buildings £'000
Cost or Valuation	
At 1 April 2014	93,179
Additions	13
Revaluations	-
At 31 March 2015	93,192
Depreciation and Impairments	
At 1 April 2014	(1,705)
Charge for 2014-15	(1,700)
Revaluations	-
At 31 March 2015	(3,405)
Balance Sheet amount at 1 April 2015	89,787
Balance Sheet amount at 1 April 2014	91,474

18.2 Schools NPDO Finance Lease Liability

The finance lease liability arising from the Schools NPDO contract is as follows:

Movements in 2014-15	£'000
Balance at 1 April 2014	(79,605)
Repayments	1,734
Schools NPDO Finance Lease Liability at 31 March 2015	(77,871)
Split:	
Obligations payable within 1 year	(1,878)
Obligations payable after 1 year	(75,993)
Schools NPDO Finance Lease Liability at 31 March 2015	(77,871)

Notes to the Financial Statements

18.3 Payments due to Operator under Schools NPDO Contract

The Council is committed to paying the following sums under the Schools NPDO contract:

Future Repayment Periods	Repayment of Liability £'000	Lifecycle Costs £'000	Payment of Interest £'000	Service Charges £'000	Total Payments £'000
2015 - 2020	9,671	-	38,603	23,322	71,596
2020 - 2025	13,857	398	33,451	27,913	75,619
2025 - 2030	20,174	2,808	25,183	32,005	80,170
2030 - 2035	31,660	3,546	13,041	37,073	85,320
Total	75,362	6,752	110,278	120,313	312,705

19. OPERATING LEASES

19.1 Operating Leases – Amounts Paid to Lessors

The Council uses land, buildings, vehicles, plant and equipment financed under the terms of an operating lease. The amounts paid under these arrangements in 2014-15 were as follows:

	2014-15 £'000	2013-14 £'000
Land and Buildings	231	278
Vehicles	227	245
Plant and Equipment	209	164
Total	667	687

19.2 Assets Held Under Operating Leases

The Council was committed at 31 March 2015 to making payments of £0.510m under operating leases comprising the following elements:

	Other Land and Buildings £'000	Vehicles, Plant and Equipment £'000
Leases expiring within 1 year	3	118
Leases expiring between 1 and 5 years	43	194
Leases expiring after 5 years	151	1
Value at 31 March 2015	197	313

20. LONG TERM DEBTORS

	31st March 2015 £'000	31st March 2014 £'000
House Loans	43	66
Waste PPP Historic Contamination Fund	750	750
Charging Orders - Care Home Fees	1,051	934
Strategic Housing Fund Loans to Registered Social Landlords	2,905	2,161
Other Long Term Debtors	100	100
Total Long Term Debtors	4,849	4,011

Notes to the Financial Statements

21. DEBTORS

		31 March 2015		31 March 2014	
		£'000	£'000	£'000	£'000
Arrears of Local Taxation	Council Tax	13,299		12,510	
	Less: Provision for Bad Debts	(10,764)		(10,439)	
			2,535		2,071
	Community Charge	7,549		7,550	
	Less: Provision for Bad Debts	(7,549)		(7,550)	
			-		-
Housing Benefits Overpayments		1,105		929	
Less: Provision for Bad Debts		(900)		(703)	
			205		226
Debtor Accounts		2,478		2,844	
Less: Provision for Bad Debts		(690)		(692)	
			1,788		2,152
VAT Recoverable from HMRC			3,033		3,742
Strategic Housing Fund Loans due within 1 Year			1,186		1,847
Other Debtors			8,167		5,996
Total Debtors			16,914		16,034

22. ASSETS HELD FOR SALE

The movement in assets held for sale during 2014-15 was:

Movements in 2014-15	2014-15 £'000	2013-14 £'000
Balance outstanding at start of year	153	1,708
Assets newly classified as held for sale (Property, Plant and Equipment)	15	553
Revaluation losses	(2)	(480)
Revaluation gains	-	-
Impairment losses	-	-
Assets declassified as held for sale (Property, Plant and Equipment)	(3)	(1,604)
Assets Sold	(138)	(24)
Balance outstanding at year-end	25	153

Notes to the Financial Statements

23. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2015 £'000	31 March 2014 £'000
Cash held by the Authority	64	62
Cash in transit	106	80
Short term deposits with banks	14,408	9,350
Short term deposits in Money Market Funds	12,000	-
Bank Current Accounts (Overdraft)	(2,732)	(3,417)
Total Cash and Cash Equivalents	23,846	6,075

24. CREDITORS

	31 March 2015 £'000	31 March 2014 £'000
Accrued Payrolls and Superannuation	6,077	6,122
Accrued Employer's National Insurance Contributions and PAYE	2,155	2,296
Accrual for Short Term Accumulating Absences	5,090	4,818
Creditors System Liability	6,297	7,037
Accrued Expenditure	5,537	4,908
Other Creditors	10,392	7,801
Total Creditors	35,548	32,982

25. FINANCIAL INSTRUMENTS DISCLOSURES

25.1 Types of Financial Instruments

Accounting regulations require the "financial instruments" (investment, lending and borrowing of the Council) shown on the balance sheet to be further analysed into various defined categories. The investments, lending and borrowing disclosed in the Balance Sheet are made up of the following categories of "financial instruments":

	31 March 2015		31 March 2014	
	Long Term £'000	Current £'000	Long Term £'000	Current £'000
Investments and Lending				
Loans and Receivables	4,849	70,760	4,011	57,109
Borrowing				
Financial Liabilities at amortised cost	207,923	81,409	230,141	46,158

Notes to the Financial Statements

25.2 Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial assets (represented by lending and receivables) and financial liabilities (represented by borrowings) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining period of the instrument, using the following assumptions:

- Estimated interest rates at 31 March 2015 for loans from the PWLB were taken from the appropriate interest rate notice and for other loans receivable and payable from market rates obtained by our treasury advisors.
- No early repayment or impairment is recognised.
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

	31 March 2015		31 March 2014	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Lending				
Loans and Receivables	75,609	75,693	61,120	61,227
Borrowing				
Financial Liabilities	289,332	345,375	276,299	302,512

The fair value is greater than the carrying amount because the Council's lending figure includes a number of loans where the interest rate receivable is higher than the rates available for similar loans at the balance sheet date. The commitment to receive interest above the current market rates increases the amount the Council would receive if it agreed the early repayment of loans.

The fair value is greater than the carrying amount because the Council's borrowing figure includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the balance sheet date. The commitment to pay interest above the current market rates increases the amount the Council would have to pay if it agreed to early repayment of the loans.

25.3 Gains and Losses on Financial Instruments

There are no gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments.

25.4 Nature and Extent of Risks arising from Financial Instruments

The Council's management of treasury risks actively works to minimise the Council's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Council has fully adopted CIPFA's Code of Treasury Management Practices and has written principles for overall risk management as well as written policies and procedures covering specific areas such as credit risk, liquidity risk and market risk.

25.5 Credit Risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the Council's customers. It is the policy of the Council to place deposits only with a limited number of high quality UK banks whose credit rating is independently assessed as sufficiently secure by the Council's treasury advisers and to restrict lending to a prudent maximum amount for each institution.

Notes to the Financial Statements

The following analysis summarises the Council's potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Council expects full repayment on the due date of deposits placed with its counterparties.

	Amount at 31 March 2015 £'000	Historical Experience of Non-payment adjusted for Market Conditions at 31 March 2015 %	Estimated Maximum Exposure to Default and Uncollectibility £'000
Deposits with Banks and Money Market Funds	26,408	-	-

The information in respect of the Council's debtors can be found in note 20 and 21. The Debtor Accounts represents the amounts owed by the Council's customers; Other Debtors include prepaid expenditure, accrued income and money owed to the Council in respect of projects being carried out under partnerships where the Council is the lead partner. The bad debt provision shown in note 21 represents the Council's assessment of the likely recoverability of the debt outstanding.

The credit risk around unprovided for debt is considered to be low. Debtors relate to the normal business of the council and credit is issued on the council's standard credit terms. There are no significant amounts past due but not impaired where recoverability is considered to be an issue.

25.6 Liquidity Risk

The Council's main source of borrowing is the Treasury's Public Works Loans Board (PWLB). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. The Council has safeguards in place to ensure that a significant proportion of its borrowings does not mature for repayment at any one time in the future to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The Council's policy is to ensure that not more than 30% of the loans are due to mature within any financial year and 60% within a rolling five-year period through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The maturity analysis of financial liabilities is as follows:

	31 March 2015 £'000	31 March 2014 £'000
Maturity analysis of financial liabilities		
Less than one year	81,409	46,158
Between one and two years	11,316	12,337
Between two and five years	26,997	29,183
More than five years	169,610	188,621
	289,332	276,299

All other amounts due to the Council for council tax, non-domestic rates and other income are due to be paid in less than one year.

25.7 Market Risk

Changes in market interest rates influence the interest payable on borrowings and on interest receivable on surplus funds invested. For example, a rise in interest rates would mean an increase in the interest charged on borrowing at variable rates and an increased cost to the taxpayer. An increase in interest rates would also mean an increase in the income received on lending at variable rates and a reduction in cost for the taxpayer.

Notes to the Financial Statements

Changes in market rates also affect the notional “fair value” of lending and borrowing. For example, a rise in interest rates would reduce the “fair value” of both lending and borrowing at fixed rates. Changes in “fair value” of lending and borrowing do not impact upon the taxpayer and are confined to prescribed presentational aspects in the Accounts.

The Council has a variety of strategies for managing the uncertainty of future interest rates and the financial impact on the Council.

It is the policy of the Council to limit its exposure to variable rate borrowing to a maximum of 30% of what it borrows.

During periods of falling rates and where it is economically advantageous to do so, the Council will consider the repayment and restructuring of fixed interest rate debt.

The Council takes the daily advice from its specialist treasury advisers and actively monitors changes in interest rates to inform decisions on the lending of surplus funds, new borrowings and restructuring of existing borrowings.

Any potential for a financial impact on the Council is also significantly limited by the Scottish Government’s grant distribution mechanism that automatically adjusts for changes in interest rates in the government grant support the Council receives for “loan charges”.

To illustrate the impact of changes in interest rates upon the Council, the following table shows the financial effect if rates had been 1% higher at 31 March 2014, with all other variables held constant:

	31 March 2015 £'000
Impact on tax-payer	
Increase on interest payable on variable rate borrowings	219
Increase in interest receivable on variable rate lending	-
Increases in government grant receivable for “loan charges”	-
Net effect on Statement of Comprehensive Income & Expenditure	219

	31 March 2015 £'000
Other accounting presentational changes	
A decrease in the “fair value” of fixed rate borrowing (disclosure confined to the notes to the financial statements)	28,357

The impact of a 1% fall in the interest rates would be as above but with the changes being reversed.

25.8 Price Risk

The Council has no investment classified as “available-for-sale”.

25.9 Foreign Exchange Risk

The Council does not lend or borrow in foreign currencies and has no exposure to gains or losses arising from movements in exchange rates.

Notes to the Financial Statements

25.10 Short-Term Deposits

The short-term deposits arise as a result of the timing of expenditure and associated income and movements in fund and revenue balances. The Council adopts a proactive but prudent approach to its Treasury Management operations, which are governed by the fully revised edition of CIPFA's Code of Practice on Treasury Management.

	31 March 2015 £'000	31 March 2014 £'000
Banks and Money Market Funds	26,408	9,350

25.11 Short-Term Borrowing

The Common Good and the various Trust Funds administered by the Council had monies temporarily invested with the Council's loans fund during the year. The amounts at 31 March 2015 are shown in the table below. Further details of the nature and amounts of the funds of the Common Good and Trust Funds are shown in notes 33 and 34 on pages 89 to 91.

	31 March 2015 £'000	31 March 2014 £'000
Common Good	107	100
Trust Funds	1,258	1,264

26. OTHER LIABILITIES

Other liabilities consist of liabilities which by arrangement are payable at some point in the future or paid off by an annual sum over a period of time. Other liabilities total £78.621m as at 31 March 2015 and comprise the following:

Movements in 2014-15	Opening Balance 31 March 2014 £'000	Movement in Year £'000	Closing Balance 31 March 2015 £'000
Schools NPDO Finance Lease Liability (See note 18.2)	(79,605)	1,734	(77,871)
Land Contamination	(750)	-	(750)
Total Other Liabilities	(80,355)	1,734	(78,621)
Split:			
Short Term Liabilities (due within 1 year)			(1,878)
Long Term Liabilities (due after 1 year)			(76,743)
Total Other Liabilities			(78,621)

Notes to the Financial Statements

27. PROVISIONS

	Opening Balance 31 March 2014 £'000	Additional Provision £'000	Amounts Used £'000	Unused Amounts Reversed £'000	Closing Balance at 31 March 2015 £'000
SRC Insurance Claims	(21)				(21)
Equal Pay Claims	(400)			323	(77)
Income due to Registered Social Landlords	(80)			12	(68)
Reorganisation Redundancy Costs	(338)	(54)		301	(91)
Utilities Provision	(726)			127	(599)
Other Provisions	(959)	(367)	226	457	(643)
Total Provisions	(2,524)	(421)	226	1,220	(1,499)
Split:					
Short Term Provisions (due within 1 year)					(1,410)
Long Term Provisions (due after 1 year)					(89)
Total Other Liabilities					(1,499)

Liabilities have continued to arise in respect of the former Strathclyde Regional Council's operations. Cost sharing arrangements are in place with the other eleven authorities that make up the former Strathclyde Region. Argyll and Bute Council's share of liabilities, which materialise in the future, will be approximately 4.75%. At present, potential liabilities in respect of insurance claims and various legal actions could cost the Council £0.021m.

A provision was created at the end of 2005-06 in relation to the 9% of female employees in catering, cleaning and home care services who had not accepted the Council's equal pay settlement. The Council is nearing agreement on the final settlement for Equal Pay claims. There are further outstanding claims where the settlement amount cannot be estimated reliably enough to provide for the costs.

The Council reduced the discount on council tax from second homes to 10% during 2005-06. The additional council tax income invoiced during 2014-15 amounted to £1.880m; this amount is to be paid to registered social landlords to invest in social housing. A provision for cash not yet collected, due to be paid to registered social landlords, has been created amounting to £0.068m.

As with previous years, liabilities have arisen in respect of employees who will be made redundant as a result of restructuring. The Council has had significant budget savings to make and there will be an ongoing requirement to make savings in future years. The Council invited all employees to express an interest in voluntary redundancy. As a result of service review and other savings agreed as part of the budget process for 2011-12 to 2014-15 a number of employees have subsequently either taken or have been offered a redundancy package. The additional costs for employees terminated on or before 31 March 2015 were incurred in-year. For the employees who have confirmed acceptance of redundancy but have left or are leaving after 31 March 2015, a provision of £0.054m has been created during 2014-15. For further information refer to note 32 - Termination Benefits.

The utilities provision was created during 2011-12 to cover a potential liability in relation to discrepancies in charges for utility costs, £0.127m has been utilised this during 2014-15 resulting in a total provision of £0.599m.

The "other" provisions include funds to cover legal expenses in respect of recent court cases which the council will have to incur and also an amount in relation to the schools NPDO service charges which have been withheld from the operator. These amounts will require to be settled during 2015-16.

Notes to the Financial Statements

28. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two different pension schemes which meet the needs of employees in particular services. Both schemes provide members with defined benefits related to pay and service. The schemes are as follows:

Teachers

This is an unfunded scheme administered by the Scottish Government. This means that liabilities for the benefits provided cannot be identified by the Council. The scheme is therefore accounted for as if it were a defined contributions scheme where no liability for future payments of benefits is recognised in the balance sheet and revenue accounts are charged with the employer's contributions payable to the Scottish Government in the year.

Local Government Pension Scheme

This is administered by Strathclyde Pension Fund – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. The contributions are based on rates determined by the Fund's professionally qualified actuary and based on triennial valuations of the Fund.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts due by statute as described in the accounting policies note.

28.1 Accrued Pensions Contribution

Due to the timing of salary processing, not all employee and employer contributions have been paid to the pension schemes by the 31 March 2015. These payments have been accrued and are included within the creditors figure on the balance sheet. These have been paid during April 2015. The amounts are as follows:

- Local Government Pension Scheme – £1.241m
- Teachers' scheme – £0.691m

28.2 Transactions in Respect of the Local Government Pensions Scheme

The latest formal valuation of the Strathclyde Pension Fund for funding purposes was at 31 March 2014. The independent actuaries appointed by the Council are Hymans Robertson and they have assumed that employees have continued to earn new benefits on the same basis as the latest formal valuation and that the employer's pensionable payroll over the year to 31 March 2015 remains substantially stable with new entrants replacing any leavers.

We recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

Notes to the Financial Statements

	2014-15 £'000	2013-14 £'000
Comprehensive Income and Expenditure Statement:		
Cost of Services:		
<i>Service cost comprising:</i>		
Current Service Cost	16,474	13,946
Past Service Cost (Including Curtailments)	311	444
Net Cost of Services	16,785	14,390
Net Interest Expense	5,161	4,537
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	21,946	18,927
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Return on Assets (excluding amounts included in net interest)	(25,812)	(9,712)
Other Experience	(33,937)	203
Change in Financial Assumptions	77,424	21,507
Total Post Employment Benefits Charged to the Comprehensive Income and Expenditure Statement	39,621	30,925
Statement of Movement in Reserves:		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(8,726)	(6,475)
Actual Amount charged against the General Fund Balance for pensions in the year:		
Employer's Contributions Payable to the Scheme	13,220	12,452

28.3 Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2014-15 £'000	2013-14 £'000
Defined Benefit Obligation at 1 April	581,522	534,974
Current Service Cost	16,474	13,946
Past Service Costs including Curtailments	311	444
Interest Cost	25,027	24,090
Contributions by Scheme Participants	3,542	3,347
Re-measurement Gains and (Losses)	43,487	21,710
Estimated Benefits Paid	(18,504)	(16,989)
Defined Benefit Obligation at 31 March	651,859	581,522

Notes to the Financial Statements

Reconciliation of fair value of the scheme (plan) assets:

	2014-15 £'000	2013-14 £'000
Fair Value of Employer Assets at 1 April	463,185	435,110
Re-measurement Gains and (Losses):		
Expected Rate of Return on Pension Fund Assets	25,812	9,712
Actuarial Gains and Losses	-	-
Interest Income on Plan Assets	19,866	19,553
Employers Contributions	13,220	12,452
Contributions by Scheme Participants	3,542	3,347
Estimated Benefits Paid	(18,504)	(16,989)
Fair Value of Employer Assets at 31 March	507,121	463,185

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

28.4 Pensions Assets and Liabilities Recognised in the Balance Sheet

Local Government Pension Scheme	2014-15 £'000	2013-14 £'000
Present Value of Funded Liabilities	(622,119)	(553,500)
Present Value of Unfunded Liabilities	(29,740)	(28,022)
Fair Value of Employer Assets	507,121	463,185
(Deficit) in the Scheme	(144,738)	(118,337)

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits.

Notes to the Financial Statements

28.5 Analysis of Pension Fund's Assets

Argyll and Bute Council's share of the Pension Fund's assets at 31 March 2015 comprised:

	2014-15 £'000	2013-14 £'000
Cash and Cash Equivalents	12,460	22,152
Equity Instruments (by industry type)		
Consumer	47,924	42,668
Manufacturing	38,267	37,483
Energy and Utilities	15,056	16,964
Financial Institutions	35,258	30,991
Health and Care	20,614	15,885
Information Technology	29,173	25,240
Sub-total Equity Instruments	186,292	169,231
Bonds (by sector)		
Corporate	3	3
Government	-	-
Sub-total Bonds	3	3
Real Estate		
UK Property	46,332	32,448
Overseas Property	-	-
Sub-total Real Estate	46,332	32,448
Private Equity (All)	49,347	43,684
UK		
Investment Funds and Unit Trusts		
Equities	145,498	140,979
Bonds	64,207	53,750
Commodities	192	184
Infrastructure	1,714	656
Other	921	1
Sub-total Investment Funds and Unit Trusts	212,532	195,570
Derivatives		
Forward Foreign Exchange Contracts	-	-
Other	155	98
Sub-total Derivatives	155	98
Total Assets	507,121	463,186

Notes to the Financial Statements

Fair Value of Pension Fund Assets	2014-15 £'000	2013-14 £'000
Equity Securities		
Quoted in an Active Market	185,910	168,875
Not Quoted in an Active Market	382	356
Sub-total Equity Securities	186,292	169,231

28.6 Basis for Estimating Assets and Liabilities

The Council's share of the liabilities of Strathclyde Pension Fund have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on the assumptions about mortality rates, salary levels, etc.

The principal assumptions used by the actuary have been:

Long-term Expected Rate of Return on Assets in the Fund	2014-15 %	2013-14 %
Equity Investments	3.2%	4.3%
Bonds	3.2%	4.3%
Property	3.2%	4.3%
Cash	3.2%	4.3%

Mortality assumptions	2014-15 Years	2013-14 Years
Longevity at 65 for current pensioners:		
Men	22.1	21.0
Women	23.6	23.4
Longevity at 65 for future pensioners:		
Men	24.8	23.3
Women	26.2	25.3

Financial Assumptions	2014-15 %	2013-14 %
Rate of Inflation (CPI)	2.4%	2.8%
Rate of Increase in Salaries	4.3%	5.1%
Rate of Increase in Pensions (CPI)	2.4%	2.8%
Rate for discounting scheme liabilities	3.2%	4.3%

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2009 service and 75% of the maximum tax-free cash for post-April 2009 service.

28.7 Asset and Liability Matching (ALM) Strategy

The main fund (Fund 1) of Strathclyde Pension fund does not have an asset and liability matching strategy (ALM) as this is used mainly by mature funds. The Fund does match, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. As is required by the pensions and investment regulations, the suitability of various types of investment has been considered, as has the need to diversify investments to reduce the risk of being invested into too narrow a range.

Notes to the Financial Statements

28.8 Impact on the Authority's Cash Flow

The objectives of the Fund are to keep employers' contributions at as constant a rate as possible. The Fund has agreed a strategy to achieve a funding rate of 100% in the longer term. The Scheme is a multi-employer defined benefit plan and employers' contributions have been determined so that employee and employer rates are standard across all participating Local Authorities. Employer's contributions have been set at 19.3% for 2015-2016.

The Fund will need to take account of national changes to the Local Government Pension Scheme in Scotland such as the move from 1 April 2015 to a new career average revalued earnings (CARE) scheme for future accruals.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2016 is £11.339m.

The assumed weighted average duration of the defined benefit obligation is 17.8 years (this is different from the mortality assumptions quoted in the table above in "Basis for Estimating Assets and Liabilities").

28.9 Teachers Pensions – Administered By Scottish Public Pensions Agency

Teachers employed by the Authority are members of the Teachers' Pension Scheme administered by the Scottish Government. The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Scottish Government uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of these Financial Statements, it is therefore accounted for on the same basis as a defined contribution scheme. As a proportion of the total contributions into the Teachers' Pension Scheme during the year ended 31 March 2015, the Authority's own contributions equate to 1.45%.

	2014-15 £'000	2013-14 £'000
Amount Paid Over (£'000)	5,028	5,036
Rate of Contribution (%)	14.90%	14.90%
Amount of Added Years Awarded by the Council (£'000)	525	534

The contributions due to be paid to the Teacher's Scheme by Argyll and Bute Council in the next financial year are estimated to be £5.414m.

29. UNUSABLE RESERVES

Movements in the Authority's unusable reserves are detailed in the Statement of Movement in Reserves on pages 30 to 31.

29.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

Notes to the Financial Statements

- Revalued downwards or impaired and gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

29.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting on non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations which are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

29.3 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax.

29.4 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority had set aside to meet them. The statutory arrangements will ensure funding will have been set aside by the time the benefits come to be paid.

29.5 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Notes to the Financial Statements

30. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Statement of Movement in Reserves on pages 30 to 31.

30.1 Capital Funds

The Authority holds two funds which make up the Capital Funds total in the Statement of Movement in Reserves, these are:

Usable Capital Receipts Reserve

During the 2006-07 financial year and prior to the transfer of the Council's housing stock during November 2006, the receipts from the sale of council houses were transferred to the Usable Capital Receipts Reserve. The amounts held in this reserve can only be used for social housing capital expenditure.

Capital Fund

During the 2007-08 financial year the Council established a Capital Fund under Section 22 of Schedule 3 of the Local Government (Scotland) Act 1975. All receipts from capital disposals are to be paid into this fund with effect from 14 February 2008.

The movement in the Usable Capital Receipts Reserve and Capital Fund are as follows:

Movements in 2014-15	Usable Capital Receipts Reserve £'000	Capital Fund £'000	Total Capital Funds £'000
Balance at 1 April 2014	2,757	703	3,460
Proceeds of Disposals	-	430	430
Transfer to Capital Adjustment Account	-	(159)	(159)
Contribution to Loans Fund Charges	-	-	-
Interest Earned	9	2	11
Balance at 31 March 2015	2,766	976	3,742

The movement in the Repairs and Renewals Funds are as follows:

Movements in 2014-15	Balance at 31 March 2014 £'000	Contribution from Revenue £'000	Interest Earned £'000	Contribution to Revenue £'000	Balance at 31 March 2015 £'000
Education	955	19	3	(378)	599
Vehicles	70	-	-	-	70
Total	1,025	19	3	(378)	669

31. CONTINGENT LIABILITIES

During the 2006-07 financial year the Council transferred its housing stock to Argyll Community Housing Association (ACHA). Some council houses involved in the transfer had been built on land not owned by the Council. The transfer agreement requires the Council to purchase this land and transfer it to ACHA at nil cost. Some of the outstanding land title issues were resolved during 2014-15 however there are still some landowners where a price has yet to be negotiated and therefore a reliable estimate cannot be made of the obligation at this stage.

Notes to the Financial Statements

The Council settled a number of equal pay claims during 2014-15, however there are a small number remaining where the outcome of the applications are unknown and there is insufficient information to allow the potential cost of these claims to be provided for. There is also the potential for other equal pay claims whose costs may be met by the Council.

Proper accounting practice requires, where appropriate, the costs of restoration and aftercare to be recognised in the valuation of the asset and as a provision as necessary. The Council does not currently consider these costs to be material.

In a recent legal case, the European Court of Justice ruled that if a worker's remuneration includes contractual commission; their holiday pay must also take account of that commission. All pay elements such as overtime, standby/emergency call outs and commission should be included in the calculation of holiday pay. At this stage the extent of the Council's potential liability is unknown.

33. TERMINATION BENEFITS

A number of savings options as a result of service reviews and other savings have been agreed at Council budget meetings to balance the Council budget. A number of these savings options were reliant on a reduction in the Councils staffing levels. The Council had forewarning of the level of savings required to balance the budget and had previously asked all Council employees to express an interest in voluntary redundancy. As a result of the budget savings options approved by the Council a number of employees have had their redundancy application accepted.

Redundancy costs as part of the programme of service reviews have been incurred by the Council since the 2010-11 financial year in relation to the budget savings agreed. In each year provision was made within the financial year for the costs of all employees who had accepted redundancy as at 31 March ending that year, including accounting for costs for employee who confirmed redundancy by 31 March but left or were leaving after this date. The total cost accounted for in 2013-14 was £0.945m for 35 employees and in 2014-15 was £0.748m for 24 employees. These costs are detailed further in the Remuneration Report on pages 28 to 29.

Therefore termination costs for all Council employees who have accepted redundancy by 31 March 2014 have been accounted for in 2014-15, or in previous financial years. There is only one group of employees where there is insufficient information to allow for redundancy costs to be estimated reliably, therefore no actual financial provision can be made for these costs.

The reduction in the staffing establishment includes posts from all services across the Council and reductions were in line with the service review and other savings agreed by the Council. There are likely to be further redundancy costs incurred as the Council is required to make further savings to balance the budget in future years.

33. TRUST FUNDS AND OTHER THIRD PARTY FUNDS

The Council acts as sole or custodian trustee for 60 trust funds. The funds do not represent assets of the Council, and as such have not been included in the Balance Sheet.

Funds for which Argyll and Bute Council act as sole trustee:

Notes to the Financial Statements

	Income £'000	Expenditure £'000	Net Assets £'000	Reserves £'000
Argyll Education Trust	12	5	449	449
GM Duncan Trust	1	2	85	85
MacDougall Trust	2	-	611	611
Various Other Trust Funds	5	2	516	516
Total Trust Funds	20	9	1,661	1,661

Argyll Education Trust: this is made up of a number of small trusts to award prizes, bursaries, etc. to pupils and ex-pupils of schools within the former Argyll County Council area. GM Duncan Trust: for the provision of fuel, clothing and foodstuffs for the needy of Campbeltown. MacDougall Trust: for the provision of sheltered housing on the Ross of Mull.

Further information on the Trust Funds, administered by Argyll and Bute Council, can be obtained from Strategic Finance within the Chief Executive's Unit.

A number of the trust funds administered by Argyll and Bute Council are charitable trusts and as such are required to comply with current Office of the Scottish Charities Regulator (OSCR) financial reporting requirements. Arrangements have been put in place to ensure that all charities administered by Argyll and Bute Council comply and will continue to comply with these requirements.

34. COMMON GOOD FUNDS

The Council administers the Common Good Accounts for the former Burghs of Oban, Campbeltown, Rothesay, Dunoon, Lochgilphead, Inveraray, Cove and Kilcreggan. The figures below summarise the aggregate income and expenditure for the year as well as providing a snapshot picture of the assets and liabilities at 31 March 2015. The Common Good Funds are for the benefit of the geographical areas of the former burghs. Further information on the Common Good Funds can be obtained from Strategic Finance within the Chief Executive's Unit.

34.1 Common Good Income and Expenditure Account for the year ended 31 March 2015

2013-14 Actual £'000		2014-15 Actual £'000
175	Expenditure	468
(87)	Income	(80)
88	(Surplus)/Deficit for the Year	388

Notes to the Financial Statements

34.2 Common Good Balance Sheet at 31 March 2015

2013-14 Actual £'000		2014-15 Actual £'000
4,284	Tangible Fixed Assets	3,884
2,036	Investments	2,098
188	Current Assets	216
(2)	Current Liabilities	(2)
6,506	Total Assets less Liabilities	6,196
3,961	Revaluation Reserve	4,040
2,545	Common Good Fund	2,156
6,506	Total Net Worth	6,196

35. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The Net Cash Flows for Operating Activities can be reconciled to the Net (Surplus)/Deficit on the Provision of Services as follows:

	2014-15 £'000	2013-14 £'000
Net (Surplus)/Deficit on Provision of Services	(4,634)	(1,694)
Adjustments to Net (Surplus)/Deficit on the Provision of Service for Non Cash Movements:		
Statutory Adjustments through Statement of Movement in Reserves	2,900	3,604
Transfer to/from Other Statutory Reserves	(345)	187
Increase/(Decrease) in Inventories	(32)	(241)
Increase/(Decrease) in Debtors	599	1,739
(Increase)/Decrease in Creditors and Provisions	293	4,402
Other Revenue Adjustments	(19,105)	(22,346)
	(15,690)	(12,655)
Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are Investing and Financing Activities:		
Non Cash Capital	8,517	10,580
Capital Element of Finance Lease Payments	(1,734)	(1,566)
	6,783	9,014
Net Cash Flows from Operating Activities	(13,541)	(5,335)
The cash flows for Operating Activities include the following items:		
Interest Paid on Borrowings	9,804	8,564
Interest Paid on Finance Leases	8,071	8,174
Interest Received on Bank Deposits	(514)	(410)
Net Cash Outflow from Servicing of Finance	17,361	16,328

Notes to the Financial Statements

36. CASH FLOW STATEMENT – INVESTING ACTIVITIES

The cash flows for Investing Activities include the following items:

	2014-15 £'000	2013-14 £'000
Purchase of Property, Plant and Equipment, Investment Property and Intangible and Heritage Assets	28,976	21,463
Investments made/(disposed of) during year	(5,000)	-
Proceeds from the Sale of Property, Plant and Equipment and Investment Property	(430)	(454)
Other Receipts from Investing Activities	(15,319)	(10,876)
Net Cash Outflow from Investing Activities	8,227	10,133

37. CASH FLOW STATEMENT – FINANCING ACTIVITIES

The cash flows for Financing Activities include the following items:

	2014-15 £'000	2013-14 £'000
Cash Receipts of Short and Long Term Borrowing	(20,589)	(706)
Other Receipts from Financing Activities	(1,994)	(6)
Cash Payments for the Reduction of the Outstanding Liabilities relating to Finance Leases and on Balance Sheet PFI Contracts	1,734	1,566
Repayments of Short and Long Term Borrowing	8,392	141
Other Payments from Financing Activities	-	-
Net Cash Outflow from Financing Activities	(12,457)	995

Council Tax Income Account

The Council Tax Income Account shows the gross income raised from council tax levied and deductions made under the Local Government Finance Act 1992. The resultant net income is transferred to the Comprehensive Income and Expenditure Statement of the Authority.

2013-14 Actual £'000		2014-15 Actual £'000
54,035	Gross Council Tax Levied and Contributions in Lieu excluding RSL Second Home Additional Income	54,356
	Add Back:	
1,924	RSL Second Home Discount Additional Income	1,880
	Less:	
(13,560)	Other Discounts and Reductions	(12,607)
(997)	Provision for Bad and Doubtful Debts	(926)
41,402	Total	42,703
664	Adjustment to Previous Years' Community Charge and Council Tax	668
42,066	Transfers to General Fund	43,371

Notes to the Council Tax Income Account

1. CALCULATION OF THE COUNCIL TAX

Dwellings are valued by the Assessor and placed within a valuation band ranging from the lowest "A" to the highest "H". The Council Tax charge is calculated using the Council Tax Base, Band D equivalent as below. This value is then decreased or increased dependent upon the band of the dwelling. The charge for each band for 2014-15 was as follows:

Band	Valuation Band	% Band D	£ per year
A	Up to £27,000	67%	785.33
B	£27,001 - £35,000	78%	916.22
C	£35,001 - £45,000	89%	1,047.11
D	£45,001 - £58,000	100%	1,178.00
E	£58,001 - £80,000	122%	1,439.78
F	£80,001 - £106,000	144%	1,701.56
G	£106,001 - £212,000	167%	1,963.33
H	Over £212,000	200%	2,356.00

2. CALCULATION OF THE COUNCIL TAX BASE 2014-15

Council Tax Base	A	B	C	D	E	F	G	H	Total
Total Number of Properties	7,708	9,848	9,365	6,029	7,301	4,077	2,765	243	47,336
Less - Exemptions / Deductions	972	784	1,029	528	577	240	178	46	4,354
- Adjustment for Single Chargepayers	878	1,021	749	440	423	194	106	6	3,817
Effective Number of Properties	5,858	8,043	7,587	5,061	6,301	3,643	2,481	191	39,165
Band D Equivalent Factor (ratio)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalent Number of Properties	3,905	6,256	6,744	5,061	7,701	5,262	4,135	382	39,446
Add Contribution in lieu in respect of Class 18 dwellings (Band D Equivalent)									512
Nominal Tax Yield									39,958
Less Provision for Non-Collection - 1.50%									599
Council Tax Base 2014-15 - Number of Band D equivalents									39,359

Non Domestic Rate Income Account

The Non-Domestic Rate Account is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Non-Domestic Rate Account. The statement shows the gross income from the rates and deductions made under the Local Government (Scotland) Act 1975 as amended by the Local Government Finance Act 1992 on non-domestic property. The net income is paid to the Scottish Government as a contribution to the national non-domestic rate pool.

2013-14 Actual £'000		2014-15 Actual £'000
38,669	Gross rates levied and Contributions in Lieu	39,832
	Less:	
(10,100)	Reliefs and other deductions	(9,734)
-	Payment of Interest	(29)
(185)	Provision for Bad and Doubtful Debts	(267)
28,384	Net Non-Domestic Rate Income	29,802
108	Contribution (to)/from national non-domestic rate pool	1,200
28,492	Transfers to General Fund	31,002

Notes to the Non Domestic Rate Income Account

1. ANALYSIS OF RATEABLE VALUES

	2014-15 £	2013-14 £
Industrial and freight transport subjects	6,650,490	6,546,665
Miscellaneous including Telecomms, Rail, Gas and Electricity Companies	55,639,870	55,602,432
Commercial subjects:		
Shops	13,262,165	13,468,040
Offices	4,933,370	4,925,695
Hotels, Boarding Houses etc.	6,618,475	6,658,775
Others	1,986,020	1,977,520
Total Rateable Value	89,090,390	89,179,127

2. NON-DOMESTIC RATE CHARGE

	2014-15 Pence	2013-14 Pence
Rate Per Pound	47.1p	46.2p
Supplementary Rate Per Pound for Properties over £35,000	1.1p	0.9p

3. CALCULATION OF RATE CHARGE FOR EACH PROPERTY

The rates charge for each subject is determined by the rateable value placed upon it by the Assessor multiplied by the Rate per £ announced each year by the Government.

Group Accounts - Introduction

INTRODUCTION

The Code of Practice on Local Authority Accounting in the United Kingdom 2014-15: Based on International Financial Reporting Standards, places a requirement on Councils to consider all their interests in external organisations including limited companies and other statutory bodies. Where the interest is considered to be material, the Council is required to prepare a full set of group accounts in addition to those prepared for Argyll and Bute Council. The Group Accounts are designed to show “a true and fair view” of the financial performance and position of the Council’s Group.

Group Statement of Movement in Reserves

This statement shows the movement in the year on the reserves held by the Council plus its share of the reserves of its associates. The Common Good reserves are also fully consolidated into the Group Accounts. The Council's reserves are analysed into those which are "Usable Reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Council's share of the reserves of Associates is an unusable reserve (i.e. it cannot be used to fund expenditure or reduce taxation).

Movements in 2014-15	Argyll and Bute Council						Council's Share of Reserves of Associates	Total Common Good Reserves	Total Reserves
	Usable Reserves				Total Unusable Reserves	Total Reserves of the Council			
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves					
	£'000	£'000	£'000	£'000	£'000	£'000			
Balance at 31 March 2014	(44,041)	(1,025)	(3,460)	(48,526)	(126,299)	(174,825)	(1,056)	(6,506)	(182,387)
Surplus/(Deficit) on Provision of Services	(4,634)	-	-	(4,634)	-	(4,634)	48	(9)	(4,595)
Other Comprehensive Income and Expenditure	-	-	-	-	18,449	18,449	694	319	19,462
Total Comprehensive Income and Expenditure	(4,634)	-	-	(4,634)	18,449	13,815	742	310	14,867
Total Statutory Adjustments (See Page 30 to 31)	2,900	-	(430)	2,470	(2,470)	-	-	-	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	(1,734)	-	(430)	(2,164)	15,979	13,815	742	310	14,867
<i>Other Transfers required by Statute</i>									
Transfer to/from Other Statutory Reserves	(345)	356	148	159	(159)	-	-	-	-
(Increase)/Decrease in Year	(2,079)	356	(282)	(2,005)	15,820	13,815	742	310	14,867
Balance at 31 March 2015 Carried Forward	(46,120)	(669)	(3,742)	(50,531)	(110,479)	(161,010)	(314)	(6,196)	(167,520)

The Council's Statement of Movement in Reserves on pages 30 to 31 gives a more detailed analysis of the movement in the Council's usable and unusable reserves during 2014-15.

Group Statement of Movement in Reserves

This statement shows the comparative movement in the year on reserves held by the Council plus its share of the reserves of its associates. The Common Good reserves are also fully consolidated into the Group Accounts.

Comparative Movements in 2013-14	Argyll and Bute Council						Council's Share of Reserves of Associates	Total Common Good Reserves	Total Reserves
	Usable Reserves				Total Unusable Reserves	Total Reserves of the Council			
	General Fund Balance	Repairs and Renewals Fund	Capital Funds	Total Usable Reserves					
	£'000	£'000	£'000	£'000	£'000	£'000			
Balance at 31 March 2013	(46,138)	(850)	(3,316)	(50,304)	(130,438)	(180,742)	261,675	(3,060)	77,873
Transfer of Police and Fire Services to Central Government	-	-	-	-	-	-	(263,112)	-	(263,112)
Revised Balance at 1 April 2013	(46,138)	(850)	(3,316)	(50,304)	(130,438)	(180,742)	(1,437)	(3,060)	(185,239)
Surplus/(Deficit) on Provision of Services	(1,694)	-	-	(1,694)	-	(1,694)	79	35	(1,580)
Other Comprehensive Expenditure and Income	-	-	-	-	7,611	7,611	302	(3,481)	4,432
Total Comprehensive Expenditure and Income	(1,694)	0	0	(1,694)	7,611	5,917	381	(3,446)	2,852
Total Statutory Adjustments (See Page 32 to 33)	3,604	-	(454)	3,150	(3,150)	-	-	-	-
Net (Increase)/Decrease before Transfers to Other Statutory Reserves	1,910	-	(454)	1,456	4,461	5,917	381	(3,446)	2,852
<i>Other Transfers required by Statute</i>									
Transfer to/from Other Statutory Reserves	187	(175)	310	322	(322)	-	-	-	-
(Increase)/Decrease in Year	2,097	(175)	(144)	1,778	4,139	5,917	381	(3,446)	2,852
Balance at 31 March 2014 Carried Forward	(44,041)	(1,025)	(3,460)	(48,526)	(126,299)	(174,825)	(1,056)	(6,506)	(182,387)

Group Statement of Comprehensive Income and Expenditure

This statement shows the accounting cost in the year of providing the Council's services and its share of the results of its associates in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation. Local authorities raise taxation to cover expenditure in accordance with regulations, and this is different from the accounting cost. The taxation position is shown in the Statement of Movement in Reserves on pages 30 to 31.

2013-14			Service	2014-15		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
108,526	6,885	101,641	Education Services	111,565	6,921	104,644
36,753	28,042	8,711	Housing Services (Non-HRA)	34,810	28,601	6,209
13,360	2,345	11,015	Cultural and Related Services	12,676	2,263	10,413
23,222	4,221	19,001	Environmental Services	26,022	4,281	21,741
24,214	6,321	17,893	Roads and Transport Services	25,493	6,980	18,513
7,552	4,477	3,075	Trading Services	7,903	4,852	3,051
10,816	5,554	5,262	Planning and Development Services	10,735	5,660	5,075
70,096	10,698	59,398	Social Work	72,584	10,645	61,939
	-		Central Services:			
4,353	125	4,228	- Corporate and Democratic Core	4,508	95	4,413
1,850	2	1,848	- Non Distributed Costs	1,758	-	1,758
3,091	1,300	1,791	- Central Services to the Public	2,922	1,280	1,642
3,147	3,068	79	Associates Accounted for on an Equity Basis	2,925	2,877	48
306,980	73,038	233,942	Net Cost of Services	313,901	74,455	239,446

Group Statement of Comprehensive Income and Expenditure

		Other Operating Income and Expenditure:	
	26	Net (Gain)/loss on Disposal of Fixed Assets	(142)
	(3)	(Surplus)/deficit on trading undertakings	-
	1,048	Other Operating Income and Expenditure	1,016
	1,071	Total Other Operating Income and Expenditure	874
		Financing and Investment Income and Expenditure:	
	18,107	Interest Payable and Similar charges	18,125
	(778)	Interest and Investment Income	(2,513)
	4,537	Net Pension Interest Expense	5,161
	21,866	Total Financing and Investment Income and Expenditure	20,773
		Taxation and Non-Specific Grant Income:	
	(176,904)	General Government Grants	(174,877)
	(10,997)	Government Capital Grants and Other Capital Contributions	(16,438)
	(28,492)	Non-domestic Rates Redistribution	(31,002)
	(42,066)	Council Tax Income	(43,371)
	(258,459)	Total Taxation and Non-Specific Grant Income	(265,688)
	(1,580)	(Surplus)/Deficit on Provision of Services	(4,595)
	(4,387)	(Surplus)/Deficit on revaluation of Fixed Assets	774
	11,998	Other Post Employment Benefits (Pensions)	17,675
	(3,179)	Share of Other Comprehensive Income and Expenditure of Associates and Common Good Funds	1,051
	4,432	Other Comprehensive Income and Expenditure	19,500
	2,852	Total Comprehensive Income and Expenditure	14,905

Group Balance Sheet



31 March 2014			31 March 2015	
£'000	£'000		£'000	£'000
		Long Term Assets		
		Property Plant & Equipment		
290,414		- Other Land and Buildings	279,840	
10,674		- Vehicles, Plant, Furniture and Equipment	11,088	
169,555		- Infrastructure Assets	183,985	
5,954		- Community Assets	5,553	
4,581		- Surplus Assets	3,992	
25,591		- Assets Under Construction	30,223	
	506,769	Total Property Plant & Equipment		514,681
	1,371	Heritage Assets		1,371
	351	Intangible Assets		647
	6,281	Investment Property		7,919
	4,011	Long-Term Debtors		4,849
	2,036	Long-Term Investments		2,098
	2,626	Investment in Associates		2,596
	523,445	Total Long Term Assets		534,161
		Current Assets		
390		Inventories	358	
16,073		Short Term Debtors (Net of Impairment)	16,965	
153		Assets Held for Sale	25	
35,000		Short Term Investments	30,000	
6,121		Cash and Cash Equivalents	23,904	
	57,737	Total Current Assets		71,252
		Current Liabilities		
(11,442)		Short-term Borrowing	(33,606)	
(32,882)		Short-term Creditors	(35,549)	
(165)		Capital Grant Receipts in Advance	(146)	
(2,423)		Provisions	(1,410)	
(1,734)		Other Short Term Liabilities	(1,878)	
	(48,646)	Total Current Liabilities		(72,589)
		Long-term Liabilities		
(151,520)		Borrowing Repayable within a Period in Excess of 12 Months	(141,452)	
(78,621)		Other Long-term liabilities	(76,743)	
(101)		Provisions	(89)	
(118,337)		Other Long-term liabilities (Pensions)	(144,738)	
(1,570)		Liabilities in Associates	(2,282)	
	(350,149)	Total Long-term Liabilities		(365,304)
	182,387	Total Assets less Liabilities		167,520

Group Balance Sheet



31 March 2014			31 March 2015	
£'000	£'000		£'000	£'000
56,113		Unusable Reserves		
198,230		- Revaluation Reserve	55,224	
(4,889)		- Capital Adjustment Account	209,599	
(118,337)		- Financial Instruments Adjustment Account	(4,516)	
(4,818)		- Pensions Reserve	(144,738)	
		- Accumulated Absences Account	(5,090)	
	126,299			110,479
		Usable Reserves		
3,460		- Capital Funds	3,742	
1,025		- Repairs and Renewals Funds	669	
44,041		- General Fund Balance	46,120	
	48,526			50,531
	1,056	Group Reserves		314
	6,506	Common Good Reserves		6,196
	182,387	Total Reserves		167,520

The Balance sheet is a snapshot of the value at the 31 March 2015 of the assets and liabilities recognised by the Council and its share of the net assets or liabilities of its associates and Common Good funds. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The net investment or liability in its associates is matched by its share of the reserves of the associates (i.e. its group reserves).

The financial statements were issued on 25 June 2015.

Steve Barrett
Head of Strategic Finance
25 June 2015

Notes to the Group Financial Statements

1. GROUP ACCOUNTING POLICIES

The group accounts are prepared in accordance with the policies set out in Note 1 to the Financial Statements on pages 39 to 51.

- The Strathclyde Partnership for Transport and Strathclyde Concessionary Travel Scheme Joint Committee financial statements have been prepared under the historic cost convention.

2. COMBINING ENTITIES

The Council has an interest in a number of Associate Entities. For the purposes of consolidation and incorporation within the Group Accounts recognition has been made of the Council's significant influence over Joint Boards and other entities.

The Associates which have been incorporated are:

- Dunbartonshire and Argyll & Bute Valuation Joint Board
- Strathclyde Partnership for Transport
- Strathclyde Concessionary Travel Scheme Joint Committee

Under accounting standards, the Council is required to include the results of the above organisations as “associates” because it has “significant influence” over their financial and operating policies. The Council has no shares in or ownership of any of these organisations which are entirely independent of the Council under law and for taxation.

Two of the three Joint Boards (SPT and Concessionary Travel) are included within the Group Accounts under the wider definition of an “associate” although the Council holds less than 20% of voting rights that is normally presumed to confer significant influence. This is in view of the funding arrangements between the constituent Councils and the Joint Boards.

The accounting period for all entities is 31 March 2015.

3. NON MATERIAL INTEREST IN OTHER ENTITIES

The Council has an interest in Scotland Excel. Scotland Excel took up the activities of the Authorities Buying Consortium and similar bodies across the Scottish local authority sector on 1 April 2008. Renfrewshire Council prepare the financial statements for Scotland Excel in its role as lead authority. Scotland Excel is a not-for-profit organisation funded mainly by the 28 participating Scottish local authorities. Argyll and Bute Council contributed £0.066m towards Scotland Excel in the 2014-15 financial year.

The Council also has an interest in the Highlands and Islands Transport Partnership (HITRANS). The Partnership was established as one of the seven Scottish Regional Transport Partnerships. The Transport (Scotland) Act 2005 requires these Partnerships to prepare Transport Strategies for their regions which will enhance economic well-being; promote safety; social inclusion and equal opportunity; plan for a sustainable transport system; and integrate across boundaries with other partnerships.

These entities are part of the Council's group for the purposes of Group Accounts. As such it is recognised that the nature of the relationship with these bodies should be included within these notes. However, it has been decided that the Council's share of the net worth of these entities is not material to a fair understanding of the financial position of the Council, and so they have not been consolidated into the Group Accounts.

Notes to the Group Financial Statements

4. NATURE OF COMBINATION

The Council inherited its interest in these entities following the reorganisation of local government in 1996. An acquisition basis has been used as the basis of consolidation. However, as no consideration was given for this interest there is no goodwill involved in these instances.

5. FINANCIAL IMPACT OF CONSOLIDATION

The effect of inclusion of the Associates and Common Good Funds on the Group Balance Sheet is to increase both reserves and net worth by £6.510. This gives an overall net asset position for the Group of £167.520.

All associates have prepared their accounts on a 'going concern' basis. For Strathclyde Passenger Transport Authority and the Joint Valuation Board funding arrangements between the Scottish Government and constituent authorities remains assured. In common with these public bodies, the Council's Group Accounts have been prepared on a 'going concern' basis as there is no reason to suggest that future funding will not continue.

6. FURTHER DETAILS ON CONSOLIDATION

Due to the significant impact upon the reported figures of the Group Accounts further information in respect of the Associate Entities outlined above can be summarised as follows:

Strathclyde Partnership for Transport

Strathclyde Partnership for Transport was formed on 1 April 2006 as the successor to the Strathclyde Passenger Transport Authority. It is a Joint Committee of all Councils in the West of Scotland plus Dumfries and Galloway Council. In association with the related Structure Planning Committees, the Partnership's remit included the promotion of joint working to set out the policy framework for achieving the most effective management, development and integration of the transport network across boundaries in the medium to longer term through the Joint Transport Strategy. The Council contributed £0.606m or 1.62% of the Board's estimated net running costs during 2014-15 and accounted for £2.528m of the Balance Sheet Assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Partnership for Transport, Consort House, 12 West George Street, Glasgow G2 1HN.

Strathclyde Concessionary Travel Scheme Joint Board

This body comprises the 12 local authorities within the West of Scotland which oversees the operations of the concessionary fares scheme for public transport within its area. The costs of the scheme are met by a combination of funding from the 12 constituent councils and direct grant funding from the Scottish Government. During 2014-15 the Council contributed £0.176m or 4.14% of the net annual running costs and accounted for £0.068m of the Balance Sheet Assets within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Strathclyde Concessionary Travel Scheme, Consort House, 12 West George Street, Glasgow G2 1HN.

Dunbartonshire and Argyll and Bute Valuation Joint Board

This body was formed in October 1995 at local government reorganisation by a Statutory Instrument and is responsible for the maintenance of the electoral, council tax and non-domestic rates registers for Argyll and Bute, West Dunbartonshire and East Dunbartonshire Councils. The Board's running costs are met by the three Councils. During 2014-15 Argyll and Bute Council contributed £1.141m towards estimated running costs and accounted for £2.282m of Balance Sheet Liabilities within the Group Balance Sheet. The accounts of the Board are subject to independent audit and are available from the Treasurer to Dunbartonshire and Argyll and Bute Valuation Joint Board, Council Offices, Garshake Road, Dumbarton G82 3PU.

The following disclosures are also required for Dunbartonshire and Argyll and Bute Valuation Joint Board because the Council's interest exceeds the 25% threshold for accounting purposes:-

Notes to the Group Financial Statements

	2014/15 £'m	2013/14 £'m
Argyll and Bute Council has a 48.1% share of:		
Gross Income	2.931	2.745
Net (Surplus)/Deficit	0.237	0.191
Long Term Assets	0.743	0.847
Current Assets	0.730	0.644
Liabilities due within one year	(0.101)	(0.126)
Liabilities due over one year	-	-
Pension Liability	(6.115)	(4.544)
Capital and Revenue Reserves	(4.744)	(3.178)

7. REPORTING AUTHORITY ADJUSTMENTS

A number of adjustments are required to the Council's Statement of Comprehensive Income and Expenditure (pages 34 to 35) for group accounting purposes. These can be summarised as follows:

- All intra-group transactions have been removed from the Group Accounts as part of the subsidiary consolidation process.
- The Common Good Funds described in note 34 of the Notes to the Financial Statements on pages 90 to 91 have been fully consolidated into the Group Accounts. This adjustment increases the net assets and reserves of Argyll and Bute Council's Group by £6.196m.

8. GROUP CASH FLOW STATEMENT

The impact of the incorporation of the associates has no effect upon the Cash Flow statement for Argyll and Bute Council on page 38. Only the Common Good transactions would have an impact. However, this impact is not material enough for a separate Group Cash Flow Statement to be prepared.

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ARGYLL AND BUTE COUNCIL**Council****CUSTOMER SERVICES****25 June 2015**

COUNCIL DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME 2015

1. EXECUTIVE SUMMARY

- 1.1 The Local Government Pension Scheme (Scotland) Regulations 2014 require the Council to formulate and publish a Policy on Discretions.
- 1.2. The Council's existing discretions policy was approved on 21 January 2010. The Policy now needs to be reviewed to ensure it meets legislative requirements as the new LGPS Career Average Re-valued Earnings (CARE) Scheme came into effect on 1 April 2015.
- 1.3. In addition the LGPS (Scotland) Regulations 2014, No 58 and paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions and Savings) (Scotland) Regulations 2014 stipulate that an employer must include a number of additional policy areas that are detailed in the report.
- 1.4 The policy retains the status quo with regard to compensatory added years, providing a consistent approach to managing the early departure of employees from the organisation. This supports the implementation of the Council's Redundancy Policy, which seeks to minimise compulsory redundancy as far as possible, without incurring significant additional cost.

2. RECOMMENDATIONS

- 2.1. It is recommended that the Council consider the contents of this report and approve the revised Policy attached at Appendix 1.
- 2.2. It is recommended that the application of discretions is monitored by HR and reported to Committee on an annual basis in line with the best practice guidance set out by the Accounts Commission.

ARGYLL AND BUTE COUNCIL

COUNCIL

CUSTOMER SERVICES

25 JUNE 2015

COUNCIL DISCRETIONS UNDER THE LOCAL GOVERNMENT PENSION SCHEME 2015

3. INTRODUCTION

- 3.1. The Local Government Pension Scheme (Scotland) Regulations 2014 require the Council to formulate and publish a Policy on Discretions.
- 3.2. The Council's existing discretions policy was approved on 21 January 2010. The Policy now needs to be reviewed to ensure it meets legislative requirements as the new LGPS Career Average Re-valued Earnings (CARE) Scheme came into effect on 1 April 2015.
- 3.3 The policy retains the status quo with regard to compensatory added years, providing a consistent approach to managing the early departure of employees from the organisation. This supports the implementation of the Council's Redundancy Policy, which seeks to minimise compulsory redundancy as far as possible, without incurring significant additional cost.
- 3.3. The LGPS (Scotland) Regulations 2014, No 58 and paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions and Savings) (Scotland) Regulations 2014 stipulate that an employer must include the following five areas within its Policy stating the position on same.
- Award of additional pension (whole cost by one-off lump sum)
 - Voluntary funding additional pension (Shared Cost Additional Pension Contributions either by regular ongoing contribution or one-off lump sum)
 - Flexible retirement
 - Waiving all or part of any actuarial reduction
 - Switching on the Rule of 85 for members who, with the employer's consent, voluntarily draw benefits on or after age 55 and before age 60. (The Rule of 85 ceased in 2006, however a number of transitional protections were created).

- 3.4 The Pensions Discretions policy has an important role in supporting workforce management across the Council, particularly through the enablement of the Redundancy policy, which seeks to minimise compulsory redundancy as far as possible.

4. RECOMMENDATIONS

- 4.1. It is recommended that the Committee consider the contents of this report and approve the revised Policy attached at Appendix 1.
- 4.2. It is recommended that the application of discretions is monitored by HR and reported to Committee on an annual basis in line with best practice set out by the Accounts Commission.

5. DETAIL

- 4.1. The Council has an obligation to formulate and publish a Policy on how it will apply discretions to both current and deferred members of the Local Government Pension Scheme (LGPS). The current Policy was approved by Committee on 21 January 2010.
- 4.2. The updated Policy on Discretions is attached at Appendix 1. The Policy is set out using the template provided by Strathclyde Pension Fund Office and has followed their recommendation to have a policy statement against all discretions and not just those that are mandatory.
- 4.3. The Council must ensure when exercising discretions that it is transparent, fair and affordable in light of continuing financial pressures. The Policy must also have regard to the extent to which the exercise of its discretionary powers could lead to a loss of confidence in the public service.
- 4.4. The Policy retains the status quo with regard to compensatory added years, providing a consistent approach to managing the early departure of employees from the organisation.
- 4.5. The Policy must meet the principles of good practice recommended by Audit Scotland in the Managing of Early Departures report published in May 2013, in particular the re-employment of an employee who received a redundancy package and calculating the cost of redundancy to include the capitalised cost of compensatory added years (current practice is to include compensatory added years costs for 3 years only.) These are covered in the Policy Statement.

- 4.5. In addition, the LGPS (Scotland) Regulations 2014, No 58 and paragraph 2 (2) of Schedule 2 to the LGPS (Transitional Provisions and Savings) (Scotland) Regulations must include the following 5 areas within its Policy:

4.5.1 Voluntary funding additional pension (Shared Cost Additional Pension Contributions either by regular ongoing contribution or one-off lump sum) – Appendix 1, R16(2)(e) and R16(4)(d).

The Council will not exercise this discretion. This discretion relates to whether an active member wishes to buy extra annual pension, up to a maximum of £6,500 (as at April 2015) by making Additional Pension Contributions (APCs) to (voluntarily) contribute towards the cost of purchasing that extra pension via a Shared Cost APC (SCAPC).

4.5.2 Award of additional pension (whole cost by one-off lump sum) – Appendix 1, R17(1)

The Council will not exercise this discretion but will keep under review.

4.5.3 Flexible retirement –Appendix 1, R29(6) & TP11(2) and R29(8) and TPSch2, para 2(1).

The Council may exercise this discretion. Arrangements and eligibility criteria are set out in the Council's Flexible Retirement Procedure

4.5.4 Switching on the Rule of 85 for members who, with the employer's consent, voluntarily draw benefits on or after age 55 and before age 60. (The Rule of 85 ceased in 2006, however a number of transitional protections were created). Appendix 1, TPSch2, paras 1(2) and 2(1)

This discretion is referred to as the "switching on of Rule of 85" and relates to an employer agreeing to a member drawing benefits on or after age 55 and before age 60 the council would meet the strain costs. There is further discretion in that the Council can "switch off the Rule of 85", ie in cases where the employee does not meet the Rule of 85 and in this case the employee would pay the strain on the fund costs via an actuarial reduction to their pension benefits and there would be no strain cost to the Council.

The Council may exercise this discretion where a sound business case can be made for doing so.

4.5.5 Waiving all or part of any actuarial reduction – see Appendix 1, TP3(1), TPSch2, para 2(1) and B30(5).

The Council will not exercise this discretion. This discretion relates to waiving all or part of any actuarial reduction for pre and post April 2015 membership, members retiring on or after age 55 and before Normal Pension age (NPA) who elect to retire under Reg 29(5) of the LGPS 2014, (with their employers consent if age under 60) to immediately draw benefits and for deferred members, under the same regulations (with their employers consent if under

age 60) draw benefits on or after age 55 and before NPA. These members could have been members of the scheme before and after 2006

4.6. The updated Policy represents the Council's Statement of Policy on Discretions 2015 and once agreed for publication must be provided to Strathclyde Pension Fund within one month of it being revised, but no later than 30 June 2015.

5. CONCLUSION

5.1. The Council is obliged to formulate and publish its Policy on Discretions. The Policy attached at Appendix 1 fulfils this obligation and provides a transparent and comprehensive framework for the application of discretions. This is an important component of the Council's workforce management policy framework.

6. IMPLICATIONS

- | | |
|-----------------|---|
| 6.1 Policy | None |
| 6.2 Financial | There are no immediate financial implications as a result of the review of these discretions. The recommendation is to continue with existing practice in relation to compensatory added years. The decision to consider a discretion will have a financial impact if and when the discretion is applied. Current procedures will be followed. |
| 6.3 Legal | None – the policy meets statutory obligations. |
| 6.4 HR | None – the application of discretions is closely monitored by HR to ensure consistency of approach |
| 6.5. Equalities | Discretions are determined by pension regulations with employers determining whether or not to exercise specific discretions. A number of discretions are age specific and apply to those employees aged 55 (50 for protected members) or over. This is not imposed by the Council but is a requirement of the Regulations. Nevertheless discretions that are age specific may give rise to an adverse impact on account of age. To mitigate this impact, discretions will be applied in a fair, consistent and transparent manner. |

6.6 Risk	The Head of Improvement and HR will monitor the application of the policy to ensure fairness and consistency.
5.7 Customer Services	None

Executive Director of Customer Services – Douglas Hendry

Policy Lead – Councillor Dick Walsh

For further information contact:

Jane Fowler, Head of Improvement and HR (01546 604466: jane.fowler@argyll-bute.gov.uk)

Aileen McCosh, Senior HR Officer
(01546 604749; aileen.mccosh@argyll-bute.gov.uk)

Policy on Statement of Application of Discretions, Local Government Pension Scheme (Scotland) Regulations 2014

ARGYLL AND BUTE COUNCIL STATEMENT OF APPLICATION OF DISCRETIONS

We are aware of our obligations under:

- regulation 58 of SSI 2014 No.164, the LGPS (Scotland) Regulations 2014
- paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions and Savings) (Scotland) Regulations 2014
- regulation 61 of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 (in respect of leavers between 1 April 2009 and 31 March 2015)
- regulation 105 of the Local Government Pension Scheme (Scotland) Regulations 1998 (in respect of leavers between 1 April 1998 and 31 March 2009)

In developing our policy statement, we are aware that the LGPC has produced a document called “Discretions Policies” that contains tips for employers, see: <http://www.lgpsregs.org/index.php/scotland/admin-guides>

Note: * in the following tables beside a regulation denotes the discretions where we are required to have a policy statement under the new regulations or recommended by Strathclyde Pension Fund.

Table 1 details our discretions from 1 April 2015 in relation to post 31 March 2015 active members and post 31 March 2015 leavers.

Table 2 details our discretions in relation to scheme members who ceased active membership on or after 1 April 2009 and before 1 April 2015.

Table 3 details our discretions under the Local Government Pension Scheme (Scotland) Regulations 1998 (as amended) in relation to pre 1 April 2009 scheme leavers.

Table 4 details our discretions under the Local Government Pension Scheme (Scotland) Regulations 1987 (as amended) in relation to pre 1 April 1998 scheme leavers.

Table 5 details our discretions under the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended).

POLICY STATEMENT

The Council is required to publish a policy relating to the exercise of certain discretionary powers within the regulations. In determining its policy, the Council must have regard to public perception and the extent to which decisions in regards to the application of discretions could lead to a serious loss of confidence in the public service. In applying the discretions outlined in the policy, the Council will always seek to ensure a consistent and equitable approach. To ensure transparency and consistency in decision making, HR will monitor the application of discretions and report this to elected members on an annual basis.

All decisions in relation to the use of these discretions will take account of the financial implications and costs contained within departmental budgets and must be approved by the Service Director or the Chief Executive, as appropriate. Members will approve the policy and scrutinise its application via reports submitted to the appropriate Committee. Any one-off or additional costs, ie costs to pension funds which are recharged to the Council (strain on the fund) and capitalised added years costs, where applied, will be repaid from savings within a 3 year period. Where repayment is for longer than 3 years, this would be reported in advance to the Policy and Resources Committee for approval.

In accordance with good practice principles recommended by the Accounts Commission, the Council will not normally re-employ an employee who has accepted a voluntary severance package within 12 months of leaving. It is recognised, however, given the geography of Argyll and Bute, that there may be exceptions to this restriction. Any proposal to re-employ a former employee who has been made voluntarily redundant must be approved by the relevant Executive Director.

POLICY REVIEW

This policy statement will be kept under review and will be revised as and when necessary to reflect any changes in regulations or policy. Any changes to this policy will be advised to the administering authority and scheme members in writing within one month of the change taking effect and will be applicable 1 month after publication.

TABLE 1

The following table details our discretions from 1 April 2015 in relation to post 31 March 2015 active members and post 31 March 2015 leavers, being discretions under:

- the Local Government Pension Scheme (Scotland) Regulations 2014 [prefix **R**]
- the Local Government Pension Scheme (Transitional Provisions and Savings) (Scotland) Regulations 2014 [prefix **TP**]
- the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 [prefix **A**]
- the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008 (as amended) [prefix **B**]
- the Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008 [prefix **T**]
- the Local Government Pension Scheme (Scotland) Regulations 1998 (as amended) [prefix **L**]

Regulation	Discretion	Argyll and Bute Council policy on the exercise of this discretion
R9(1) to R9(4)	Determine the rate of employee's contributions	The Council will exercise this discretion. The Scottish Public Pensions Agency (SPPA) has issued guidance on determining contribution rates which will be followed by the Council. Contribution rates are assessed on 31 March annually in line with updated contribution rate tables.
R9(10)	Determine intervals at which employees' contributions are to be made	The Council will exercise this discretion. The employee's rate of contributions will be determined in accordance with monthly pay cycle.
R16(2)(e)* & R16(4)(d)*	Whether, how much, and in what circumstances to contribute to a shared cost APC scheme	<p>The Council will not exercise this discretion. This discretion relates to whether an active member wishes to buy extra annual pension, up to a maximum of £6,500 (as at April 2015) by making Additional Pension Contributions (APCs) to (voluntarily) contribute towards the cost of purchasing that extra pension via a Shared Cost APC (SCAPC).</p> <p>It should be noted that this discretion does not relate to cases where a member has a period of authorised unpaid leave and elects within 30 days of return to work to pay a SCAPC to cover the pension 'lost as</p>

		employees in this situation have the option under the regulations to do so. Provided the employee elects within 30 days of returning to work, the employee will pay 1/3 rd of the cost and the Council 2/3rds.
R16(16)	Whether to extend 30 day deadline for member to elect for a shared cost APC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, child-related leave or reserve force service leave)	The Council will not exercise this discretion but will keep under review.
R17(1) & definition of SCAVC in RSch 1	Whether, and in what circumstances to contribute to a shared cost AVC scheme.	The Council will not exercise this discretion but will keep under review.
TP15(1)(b) & L65(8) & former L65(9)(b)	Allow late application to convert scheme AVCs into membership credit i.e allow application more than 30 days after cessation of active membership (where AVC arrangement was entered into before 30/6/05)	The Council will not exercise this discretion
R19(2)	No right to a return of contributions due to an offence of a fraudulent character or grave misconduct unless the employer directs a total or partial refund is to be made	The Council will exercise this discretion
R20(1)(b)	Specify in an employee's contract what other payments or benefits, other than those specified in R20(1)(a) and not otherwise precluded by R20(2), are to be pensionable	The Council will exercise this discretion. Elements of pay received by an employee other than those specified in these regulations and not otherwise precluded will only be pensionable if specified as such in the member's contract of employment.
R21(5)*	In determining Assumed Pensionable Pay, whether a lump sum payment made in the previous 12 months is a "regular lump sum"	The Council will exercise this discretion. A lump sum payment made in the previous 12 months will only be used in determining Assumed Pensionable Pay where the Council would determine there is a reasonable expectation that such a payment would be paid on a regular basis and that there is justification to do so. An example of a lump sum

		payment would be a bonus payment or a payment related to performance. (Regulations 21(4)(a)(iv), 21(4)(b) (iv) and 21(5). LGPS (Scotland) Regulations 2014.
R29(5) & (13)	Whether to grant application for early payment of benefits on or after age 55 and before age 60	The Council may exercise this discretion. Argyll and Bute Council will not have a general policy of granting early payment of benefits on or after age 55 and before age 60 but will consider requests on a case by case basis. The Council may exercise this discretion where a sound business case can be made for doing so or where other exceptional circumstances arise that make payment of those benefits justifiable.
R29(6)* & TP11(2)	Whether all or some benefits can be paid if an employee reduces their hours or grade prior to age 60 (flexible retirement)	The Council may exercise this discretion. Arrangements and eligibility criteria are set out in the Council's Flexible Retirement Procedure
R29(8)* and TPSch 2, para 2(1)	Whether to waive, in whole or in part, any actuarial reduction on benefits paid on flexible retirement. Note: any resultant strain cost from the exercise of this discretion will be charged to the employer regardless of the member's age at date of retirement.	The Council may exercise the discretion to waive, in whole or in part, and dependent on financial constraints, any reduction in the employee's benefits.
R29(8)*	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age, other than on the grounds of flexible retirement (where the member only has post 31/3/15 membership)	The Council will not exercise this discretion
TPSch 2, paras 1(2) and 2(1)*	Whether to apply the 85 year rule for a member voluntarily drawing benefits, with employer consent, on or after age 55 and before age 60 (other than on the grounds of flexible retirement).	This discretion is referred to as the "switching on of Rule of 85" and relates to an employer agreeing to a member drawing benefits on or after age 55 and before age 60 the council would meet the strain costs. There is further discretion in that the Council can "switch off the Rule of 85", ie in cases where the employee does not meet the Rule of 85 and in this case the employee would pay the strain on the fund costs via an actuarial

		<p>reduction to their pension benefits and there would be no strain cost to the Council.</p> <p>The Council may exercise this discretion where a sound business case can be made for doing so.</p>
TP3(1), TPSch 2, para 2(1) and B30(5)*	Whether to waive, in whole or in part, any actuarial reduction on pre and post April 2015 benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1/4/15 and post 31/3/15 membership and is subject to the 85 year rule)	The Council will not exercise this discretion. This discretion relates to waiving all or part of any actuarial reduction for pre and post April 2015 membership, members retiring on or after age 55 and before Normal Pension age (NPA) who elect to retire under Reg 29(5) of the LGPS 2014, (with their employers consent if age under 60) to immediately draw benefits and for deferred members, under the same regulations (with their employers consent if under age 60) draw benefits on or after age 55 and before NPA. These members could have been members of the scheme before and after 2006
TP3(1), TPSch 2, para 2(1) and B30(5)*	Whether to waive on compassionate grounds any actuarial reduction on pre April 2015 benefits and to waive, in whole or in part, any actuarial reduction on post April 2015 benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1/4/15 and post 31/3/15 membership and is not subject to the 85 year rule)	The Council may exercise this discretion. Each case will be considered on an individual basis taking into account costs to the Council, impact on service delivery and the particular personal circumstances of the member.
R30*	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £5,000 p.a.)	<p>This refers to the ability of the authority to grant additional pension to an active scheme member. The Council may grant additional pension of up to a maximum of £5,000 per annum (in aggregate) to an employee, which would be payable to them at age 65. If the pension is drawn before or after that age it will be adjusted on account of the fund paying it out for a longer/shorter period.</p> <p>The Council will exercise this discretion in exceptional circumstances where it is deemed to be of specific and particular benefit to the Council.</p>
TP12(4)	Whether to use a certificate produced by an	The Council will use a certificate produced by its contracted Independent

	IRMP under the 2009 Scheme for the purposes of making an ill health determination under the 2015 Scheme.	Registered Medical Practitioner (IRMP) 2009 for the purposes of making an ill health determination under the 2015 Scheme.
R89(1) & (8) R89(4)	Whether to apply to Scottish Ministers for a forfeiture certificate (where a member is convicted of a relevant offence) and subsequently whether to direct that benefits are to be forfeited (other than rights to GMP – but see R92 below)	The Council will exercise this discretion and will apply for a forfeiture certificate where a member is convicted of a relevant offence and, following the issue of the certificate, direct that benefits are to be forfeited.
R90(2)	Whether to recover from the fund any monetary obligation or, if less, the value of the member's benefits (other than transferred in pension rights or AVCs / SCAVCs) where the obligation was as a result of a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left the employment.	The Council may consider exercising this discretion and will seek to recover the amount of loss in cases of criminal negligence or fraudulent act(s) by a member, where there is lawful reason to do so.
R92	Whether, if the member has committed treason or been imprisoned for at least 10 years for one or more offences under the Official Secrets Acts, forfeiture under R89 or recovery of a monetary obligation under R90 should deprive the member or the member's surviving spouse or civil partner of any GMP entitlement	The Council will not exercise this discretion
R96(1)(b)	Agree to bulk transfer payment	This refers to situations where a number of employees are transferring in, or out, of the pension fund due to a change in employer. Rather than several individual calculations on the value of pension benefits for all affected employees, one calculation is done for the group. The Council will exercise this discretion and will consult with SPFO and the fund actuaries in this regard.

R98(6)	Extend normal time limit for acceptance of a transfer value beyond the 12 month time limit from joining the LGPS	The Council will exercise this discretion in accordance with SPFO's Technical Bulletin No 25 or any succeeding update.
TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & B11(2)	Whether to allow a member to select final pay period for fees to be any 3 consecutive years ending in the 10 years prior to leaving and ending on the anniversary of the date of leaving	The Council will exercise this discretion and will allow a member to select final pay for fees to be any three consecutive years ending 31 st March in the 10 years prior to leaving. The Council agree that this will automatically be done by Strathclyde Pension Fund.
TP3(1)(a), A43(5)	Issue a certificate of protection of pension benefits where eligible non-councillor member fails to apply for one (pay cuts / restrictions occurring pre 01 04 15)	The Council will issue a certificate of protection of pension benefits within twelve months of the date of reduction.

TABLE 2

The following table details our discretions in relation to scheme members who ceased active membership on or after 1 April 2009 and before 1 April 2015, being discretions under:

- the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 [prefix **A**]
- the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008 (as amended) [prefix **B**]
- the Local Government Pension Scheme (Transitional Provisions) (Scotland) Regulations 2008 [prefix **T**]
- the Local Government Pension Scheme (Transitional Provisions and Savings) (Scotland) Regulations 2014 [prefix **TP**]
- the Local Government Pension Scheme (Scotland) Regulations 2014 [prefix **R**]
- the Local Government Pension Scheme (Scotland) Regulations 1998 (as amended) [prefix **L**]

Regulation	Discretion	Argyll and Bute Council's Policy on the exercise of this discretion
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B12*	Whether, for a member leaving on the grounds of redundancy or business efficiency on or before 31 st March 2015, to augment membership (by up to 10 years). The resolution to do so would have to be made within 6 months of the date of leaving. Hence this discretion is spent entirely after 30 th September 2015	The Council will not exercise this discretion
A42(2)	No right to a return of contributions due to an offence of a fraudulent character or grave misconduct unless the employer directs a total or partial refund is to be made	The Council will exercise this discretion.
A43(5)	Employer may issue a certificate of protection where an employee fails to apply for one.	The Council will exercise this discretion where the member requests this within 12 months from the date when the reduction was applied.
A45 (1) & (2)	Whether Contribution Equivalent Premium (CEP) in excess of the Certified Amount (CA) recovered from a refund of contributions can be recovered from the Pension Fund	The Council will not exercise this discretion
A66 (2) & (6) A67 (1) & (2)	Whether to apply for a forfeiture certificate (where a member is convicted of a relevant offence) and subsequently whether to direct that benefits are to be forfeited.	The Council will apply for a forfeiture certificate where a member is convicted of a relevant offence and, following the issue of the certificate, direct that benefits are to be forfeited.
A68(2)	Whether to recover from the fund any monetary obligation or, if less, the value of the member's benefits (other than transferred in pension rights or AVCs / SCAVCs) where the obligation was as a result of a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left the employment.	The Council will exercise this discretion. The Council will recover from Strathclyde Pension Fund the amount of loss in cases of criminal, negligence or fraudulent acts by a member.
A70(2) & (3)	Whether to recover from the fund any	The Council will exercise this discretion and will recover from

	financial loss caused by fraudulent offence or grave misconduct of an employee (who has left because of that) or amount of refund if less	Strathclyde Pension Fund the amount of loss caused by fraudulent offence or grave misconduct of a member (who has left employment because of that), or the amount of refund, if less.
B11(2)	Whether to allow a member to select a final pay period for fees to be any three consecutive years ending with 31 st March in the 10 years prior to leaving.	The Council will exercise this discretion and will allow a member to select final pay for fees to be any three consecutive years ending 31 st March in the 10 years prior to leaving. Argyll and Bute Council agree that this will be done automatically by Strathclyde Pension Fund.
B30(2)*	Whether to grant application for early payment of benefits on or after age 50/55 and before age 60	The Council will not have a general policy of granting early payment of benefits on or after age 50/55 and before age 60 but will consider requests on a case by case basis. Argyll and Bute Council may exercise this discretion where a sound business case can be made for doing so or where other exceptional circumstances arise that make payment of those benefits justifiable.

TABLE 3

The following table details our discretions under the Local Government Pension Scheme (Scotland) Regulations 1998 (as amended) in relation to pre 1 April 2009 scheme leavers.

Regulation	Discretion	Argyll and Bute Council's policy on the exercise of this discretion
30(2)*	Grant application from a post 31 March 1998 / pre 1 April 2009 leaver for early payment of benefits on or after age 50 and before age 60	The Council may exercise this discretion. Former employees of the Council aged 55 and above may request early release of their pension benefits. In general the Council will not grant early applications for early payment of benefits from former employees. However, in exceptional circumstances applications may be granted on compassionate grounds.
30 (5)*	Waive, on compassionate grounds, the actuarial reduction applied to benefits paid early for a post 31 03 98 / pre 01 04 09 leaver Note: any resultant strain cost from the exercise of this discretion will be charged to the	The Council will exercise this discretion. Former employees of the Council aged 55 and above may request early release of their pension benefits. In general the Council will not grant early applications for early payment of benefits from former employees. However, in exceptional circumstances, applications may be granted on compassionate grounds

	employer regardless of the member's age at date of retirement	
30 (7A)*	Pre 01 04 09 optants out only to get benefits paid from NRD if employer agrees	The Council will exercise this discretion.
33 (1)(b)	Decide, in the absence from a post 31 03 98 / pre 01 04 09 leaver of an election from the member within 3 months of being able to elect, which benefit is to be paid where the member would be entitled to a pension or retirement grant under 2 or more regulations in respect of the same period of Scheme membership	The Council may exercise this discretion in partnership with Strathclyde Pension Fund Office.
70(7)(a)	Consent to a member's former employer assigning to the new employer rights under any SCAVC life assurance policy	The Council will not exercise this discretion
87 (2)	No right to return of contributions due to offence of a fraudulent character unless employer directs a total or partial refund is to be made (pre 01 04 09 leavers)	The Council will exercise this discretion
91	Contribution Equivalent Premium (CEP) in excess of the Certified Amount (CA) recovered from a refund of contributions can be recovered from the Pension Fund (pre 01 04 09 leavers)	The Council will exercise this discretion

111(2) &(5) 112(1)	Forfeiture of pension rights on issue of Secretary of State's certificate (pre 01 04 09 leavers) Where forfeiture certificate is issued, direct interim payments out of Pension Fund until decision is taken to either apply the certificate or to pay benefits (pre 01 04 09 leavers)	The Council will exercise this discretion and will apply for a forfeiture certificate where a member is convicted of a relevant offence and, following the issue of the certificate, direct that benefits are to be forfeited
113(2)	Recovery from Fund of monetary obligation owed by former employee or, if less, the value of the member's benefits (other than transferred in pension rights) (pre 01 04 09 leavers)	The Council will exercise this discretion and will seek to recover from Strathclyde Pension Fund the amount of loss in cases of criminal negligence or fraudulent act(s) by a former employee.
115(2) & (3)	Recovery from Fund of financial loss caused by employee, or amount of refund if less (pre 01 04 09 leavers)	The Council will exercise this discretion.

TABLE 4

The following table details our discretions under the Local Government Pension Scheme (Scotland) Regulations 1987 (as amended) in relation to pre 1 April 1998 scheme leavers.

Regulation	Discretion	Argyll and Bute Council's policy on the exercise of this discretion
E2(6)(b)	Grant application from a pre 01 04 98 leaver for early payment of benefits on or after age 50 and before age 60	The Council will not exercise this discretion

TABLE 5

The following table details our discretions under the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998 (as amended)

Regulation	Discretion	Argyll and Bute Council's policy on the exercise of this discretion
D 4 (1)	Power to increase statutory redundancy payments above statutory weekly pay limit	The Council may exercise this discretion. Redundancy payments will be based on the employee's actual week's pay.
D 8(1)	Decision on whether to award compensatory added years to an individual on retirement on efficiency / redundancy Grounds	<p>The Council may exercise this discretion in respect of an employee aged over 55 (see transitional protections) whose post is made redundant and has at least 5 years pensionable service and will award the maximum enhancement up to 2 added years. The Council will meet the cost of added years payments as well as the strain on the fund cost. The Council will not exercise its discretion to award compensatory added years to a redundant employee who is not a member of the Pension Scheme.</p> <p>Where an employee leaving on ground of efficiency and has at least 5 years' pensionable service, the Council may exercise its discretion to enhance service by up to 2 years, dependent upon the exigencies of the service and available years up to their Normal Retirement Date.</p>
D 35	Decision to award up to 104 weeks compensation instead of compensatory added years	The Council may exercise this discretion and will award compensation of up to 66 weeks pay in cases of redundancy.

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ARGYLL AND BUTE COUNCIL**COUNCIL****Customer Services****26 June 2015**

**MAXIMUM RECOMMENDED FARESCALE
FOR COUNCIL SUPPORTED BUS SERVICES**

1.0 EXECUTIVE SUMMARY

- 1.1 This report recommends the revision of the maximum fare scale which applies to passenger fares on buses operated on behalf of the Council.
- 1.2 The Council sets a maximum fare which applies only on bus services operated on the Council's behalf, and not on commercially operated services. The scale was last revised with effect from September 2012.
- 1.3 The terms and conditions of the transport contracts state

“On all contracted local services the Contractor shall charge passenger fares at or below the rate or scale set in the Maximum Fare Scale, as agreed by the Council and revised periodically and shall clearly exhibit the relevant fare table in all vehicles for the route or routes on which they operate. Maximum fares scales are as published on the Council's website.”
- 1.4 Consideration of a revised scale has been requested by our principal operator, outwith the Lomond area, to keep pace with inflation. Public transport in the Lomond area falls under the auspices of Strathclyde Partnership for Transport (SPT), and the Maximum Permitted Farescale (Rural) issued by SPT is on average 6.6% higher than the fares proposed in this report.
- 1.5 Should this be implemented it will permit the Council's contractors to maintain a sustainable business model. This could have a positive effect on future tenders and reduce Council subsidy payments, as, when calculating tender prices, operators take into consideration the number of passengers travelling on each journey and the amount of fare income they anticipate. This could keep the cost of tender prices down.
- 1.6 As a consequence of general inflation since the last review, fares would have to rise by 6.296% to keep pace. However, in discussion with the main public transport contractor and operator outside the Lomond Area, a below inflation rise of an average of 5.0% would give them the necessary flexibility to maximise revenue. If implemented this would result in the basic adult single for one and a half miles increasing from £1.20 to £1.25.
- 1.7 It is recommended that members agree to revise the Maximum Fare Scale in line with the table at appendix 1.

ARGYLL AND BUTE COUNCIL

COUNCIL

Customer Services

26 June 2015

**MAXIMUM RECOMMENDED FARESCALE
FOR COUNCIL SUPPORTED BUS SERVICES**

2.0 INTRODUCTION

- 2.1 In accordance with the terms of the Public Transport contracts, the Council sets a maximum fare which applies on bus services operated on the Council's behalf. The scale was last revised with effect from September 2012.
- 2.2 Consideration of a revised scale has been requested by our principal operator, outwith the Lomond area, to keep pace with inflation.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that members agree to revise the Maximum Fare Scale in line with the table at appendix 1.

4.0 DETAIL.

- 4.1 The contract terms and condition of bus services operated on behalf of the Council require that the operators charge no more than the Maximum Fare Scale, which is set by the Council.
- 4.2 The contract terms and conditions state:
- “On all contracted local services the contractor shall charge passenger fares at or below the rate or scale set in the Maximum Fare Scale, as agreed by the Council and revised periodically and shall clearly exhibit the relevant fare table in all vehicles for the route or routes on which they operate. Maximum fares scales are as published on the Council's website.”
- 4.3 Governance and Law has advised that the Council has discretion with regard to the frequency of a Maximum Fare Scale review, however that an operator would expect to have a review more than once during the life of a contract, which as standard is three years.
- 4.4 The scale was last revised with effect from September 2012.

4.5 There are some additional factors which should be taken into consideration:

- Failure by the council to move the maximum permitted farescale in line with inflation may put unnecessary cost pressures on to contractors by restricting their ability to maximise revenue in both fare revenue collected on bus and compensation from Transport Scotland for the carriage of concessionary passengers.
- In areas where commercial services operate without Council support and Council supported services operate on the same route, passengers currently experience two different fare levels.
- Public transport in the Lomond area falls under the auspices of Strathclyde Partnership for Transport (SPT), and the Maximum Permitted Farescale (Rural) issued by SPT is on average 6.6% higher than the fares proposed in this report.
- Many of passengers on services within Argyll and Bute and outwith the SPT area, are adult concessionary passengers who travel free. The Scottish Government's National Entitlement Card card entitles young people to a one third discount on the adult fare and many adults are paying a reduced fare through the use of return or multi journey tickets .

5.0 CONCLUSION

5.1 As a consequence of general inflation since the last review, fares would have to rise by 6.296% just to keep pace. However, in discussion with the main public transport contractor and operator, a below inflation rise of an average of 5.0% would give them the necessary flexibility to maximise revenue. This would result in the basic adult single for one and a half miles increasing from £1.20 to £1.25.

5.2 Consultation with the principal operator has established that an increase is requested to cover additional costs relating to Employment Legislation and Health and Safety Legislation, which must be adhered to, and, in addition, to cover general inflation increases.

5.3 Should this be implemented it will permit the Council's contractors to maintain a sustainable business model. This could have a positive effect on future tenders and reduce Council subsidy payments, as, when calculating tender prices, operators take into consideration the number of passengers travelling on each journey and the amount of fare income they anticipate. This could keep the cost of tender prices down.

6.0 IMPLICATIONS

6.1 Policy - none

6.2 Financial - There are no immediate financial implications but possible long term influence on tender prices by reflecting market trends and encouraging operators to maximise revenue, which they consider when

calculating their costs for tendering.

6.3 Legal - none

6.4 HR - none

6.5 Equalities – An increase in the Council’s Maximum Farescale will bring fares closer to those permitted by SPT to be charged by operator’s in the Lomond area.

6.6 Risk - There is no immediate risk but a possible long term influence on tender prices by reflecting market trends and encouraging operators to maximise revenue which they consider when calculating their costs for tendering.

6.7 Customer Service – possible increase in some fare paying public bus fares.

Executive Director of Customer Services

Policy Lead Councillor Ellen Morton

27 April 2015

For further information contact:

Douglas Blades, Public Transport Officer

01546 604196 douglas.blades@argyll-bute.gov.uk

APPENDICES

- Maximum Fare Scale Table


MAXIMUM PERMITTED FARESCALE

for Subsidised Local Bus Services
With effect from 1st July 2015

Mileage up to and including	September 2012 ADULT SINGLE FARE	July 2015 ADULT SINGLE FARE	July 2015 ADULT RETURN FARE	July 2015 CHILD SINGLE FARE	July 2015 CHILD RETURN FARE	July 2015 10 JOURNEY FARE
0.5	£1.20	£1.25	£2.20	£0.80	£1.20	£10.00
1.0	£1.20	£1.25	£2.20	£0.80	£1.20	£10.00
1.5	£1.20	£1.25	£2.20	£0.80	£1.20	£10.00
2.0	£1.45	£1.50	£2.50	£0.80	£1.20	£12.00
2.5	£1.55	£1.65	£2.75	£0.90	£1.40	£13.20
3.0	£1.55	£1.65	£2.75	£0.90	£1.40	£13.20
3.5	£1.65	£1.75	£2.85	£0.90	£1.40	£14.00
4.0	£1.65	£1.75	£2.85	£0.90	£1.40	£14.00
4.5	£1.80	£1.90	£3.15	£1.00	£1.50	£15.20
5.0	£1.80	£1.90	£3.15	£1.00	£1.50	£15.20
5.5	£1.90	£2.00	£3.25	£1.10	£1.75	£16.00
6.0	£1.90	£2.00	£3.25	£1.10	£1.75	£16.00
6.5	£2.00	£2.10	£3.45	£1.10	£1.75	£16.80
7.0	£2.00	£2.10	£3.45	£1.10	£1.75	£16.80
7.5	£2.40	£2.50	£4.10	£1.30	£2.10	£20.00
8.0	£2.40	£2.50	£4.10	£1.30	£2.10	£20.00
8.5	£2.50	£2.60	£4.30	£1.40	£2.30	£20.80
9.0	£2.50	£2.60	£4.30	£1.40	£2.30	£20.80
9.5	£2.60	£2.75	£4.60	£1.40	£2.30	£22.00
10.0	£2.60	£2.75	£4.60	£1.40	£2.30	£22.00
11.0	£2.60	£2.75	£4.60	£1.40	£2.30	£22.00
12.0	£2.60	£2.75	£4.60	£1.40	£2.30	£22.00
13.0	£2.80	£2.95	£4.95	£1.50	£2.40	£23.60
14.0	£2.80	£2.95	£4.95	£1.50	£2.40	£23.60
15.0	£3.00	£3.15	£5.25	£1.65	£2.60	£25.20
16.0	£3.00	£3.15	£5.25	£1.65	£2.60	£25.20
17.0	£3.30	£3.45	£5.75	£1.90	£2.95	£27.60
18.0	£3.30	£3.45	£5.75	£1.90	£2.95	£27.60
19.0	£3.65	£3.85	£6.30	£2.00	£3.15	£30.80
20.0	£3.65	£3.85	£6.30	£2.00	£3.15	£30.80
21.0	£3.85	£4.05	£6.80	£2.10	£3.25	£32.40
22.0	£3.85	£4.05	£6.80	£2.10	£3.25	£32.40
23.0	£4.40	£4.60	£7.65	£2.40	£3.85	£36.80
24.0	£4.40	£4.60	£7.65	£2.40	£3.85	£36.80
25.0	£4.70	£4.95	£8.20	£2.60	£4.15	£39.60
26.0	£4.70	£4.95	£8.20	£2.60	£4.15	£39.60
27.0	£4.90	£5.15	£8.50	£2.75	£4.40	£41.20
28.0	£4.90	£5.15	£8.50	£2.75	£4.40	£41.20
29.0	£5.20	£5.45	£9.15	£2.85	£4.60	£43.60
30.0 Plus	£5.20	£5.45	£9.15	£2.85	£4.60	£43.60

Director of Customer Services
Argyll and Bute Council
Kilmory
LOCHGILPHEAD
PA31 8RT

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ARGYLL AND BUTE COUNCIL**COUNCIL****Customer Services****25 June 2015**

Campbeltown Common Good Fund

1.0 EXECUTIVE SUMMARY

- 1.1 This report advises of the need for a meeting of the Campbeltown Common Good Fund to determine applications that are time pressured due to a delay in convening a meeting through the lack of a quorum.
- 1.2 It is recommended that the Council agree a temporary delegation to the Executive Director of Customer services to determine applications received by the Campbeltown Common Good Fund in consultation with Ward 1 Members, and that the delegation would expire once all of the Members are available to attend.
- 1.3 It is also proposed that on any future occasion when a Ward 1 member is not available for circumstances beyond their control that the delegation shall operate in respect of any applications that would need to be determined before the next scheduled meeting.

ARGYLL AND BUTE COUNCIL

COUNCIL

Customer Services

25 June 2015

Campbeltown Common Good Fund

2.0 INTRODUCTION

2.1 Campbeltown Common Good Fund requires three trustees to be quorate. Recently, there has been a difficulty in achieving a quorum due to the unavailability of Councillor Donald Kelly.

2.2 This report advises of an urgent need for a meeting of the Campbeltown Common Good Fund to determine applications that are time pressured and sets out a proposal for a temporary delegation to avoid delay in convening a quorum.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Council agree a temporary delegation to the Executive Director of Customer services to determine applications received by the Campbeltown Common Good Fund in consultation with Ward 1 Members, and that the delegation would expire once all of the Members are available to attend.

3.2 It is also proposed that on any future occasion when a Ward 1 member is not available for circumstances beyond their control that the delegation shall operate in respect of any applications that would need to be determined before the next scheduled meeting ,

4.0 DETAIL

4.1 The quorum for a Council meeting is never less than three Members and given that Councillor Kelly is currently unavailable to attend meetings, there is currently no quorum for the Campbeltown Common Good Fund. There are currently 3 applications pending for the Common Good Fund, with 1 of these being for an event taking place in August. The scheduled meeting in June was unable to proceed through lack of a quorum. A meeting has been called for the conclusion of the Council meeting.

5.0 CONCLUSION

5.1 In the interests of ensuring that there will be a determination made on the outstanding applications, it is proposed that a determination of applications be delegated to the Executive Director of Customer Services, in consultation with

Ward 1 Members as a temporary arrangement.

6.0 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

Executive Director of Customer Services

Policy Lead Councillor Dick Walsh

15 June 2015

For further information contact: Shona Barton, Area Committee Manager
Tel: (01436) 657605

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ARGYLL AND BUTE COUNCIL**COUNCIL****CUSTOMER & SUPPORT SERVICES****25 JUNE 2015**

COMMISSION ON LOCAL TAX REFORM

1.0 EXECUTIVE SUMMARY

- 1.1 The Commission on Local Tax Reform is an independent Commission established to look at ways of delivering a fairer system of local taxation in Scotland. The Commission is chaired by Marco Biagi, MSP, Minister for Local Government and Community Empowerment, and Councillor David O'Neill, President of CoSLA. The Commission will present its findings in late 2015. One of their first steps is to issue a call for evidence which closes on Monday 22 June. We have been granted an extension until 30 June to allow discussion at Council. The paper attached provides a draft response to the call for evidence for approval by the Council.

ARGYLL AND BUTE COUNCIL

COUNCIL

CUSTOMER & SUPPORT SERVICES

25 JUNE 2015

COMMISSION ON LOCAL TAX REFORM

2.0 INTRODUCTION

2.1 The Commission on Local Tax Reform is an independent Commission established to look at ways of delivering a fairer system of local taxation in Scotland. The Commission is chaired by Marco Biagi, MSP, Minister for Local Government and Community Empowerment, and Councillor David O'Neill, President of CoSLA. The Commission will present its findings in late 2015. One of their first steps is to issue a call for evidence which closes on Monday 22 June. We have been granted an extension until 30 June to allow the response to be taken to Council. The paper attached provides a draft response to the call for evidence for approval by the Council.

3.0 RECOMMENDATIONS

3.1 Council is asked to approve the draft response attached at Appendix 1.

4.0 DETAIL

4.1 In 2014 the Local Government and Regeneration Committee of the Scottish Parliament produced a report on its inquiry into the Flexibility and Autonomy in Local Government in Scotland. One of the Committee's key recommendations called on the Scottish Government to establish a cross-party commission to examine new ways in which to fund local government in Scotland. This recommendation was subsequently reflected in the Scottish Government's Programme for Government 2014-15 which set out a commitment to "invite our local authority partners to work with us to convene an independent commission to examine alternative to the existing Council Tax system that would deliver a fairer system of local taxation to support the funding of services delivered by local government. We will seek the involvement of all political parties in this commission which will commence in early 2015 and report in the Autumn."

4.2 The Commission is chaired by Marco Biagi, MSP, Minister for Local Government and Community Empowerment, and Councillor David O'Neill, President of CoSLA. The Commission includes party representatives from Scottish Liberal Democrats, Scottish Labour, Scottish Green Party and the Independent Group. The Scottish Conservatives are taking forward their own Low Tax Commission. There are a number of representatives from elsewhere in public life with specialist tax and public finance knowledge. The Commission's remit emphasises the need for it to conduct its work by engaging with stakeholders and communities across Scotland

and as part of this have issued a call for evidence on 5 May with a response deadline of 22 June.

- 4.3 CoSLA's draft response is being considered by the Convention at the end of June. It has been developed by the Fiscal Empowerment Task Group with the support of Directors of Finance, SOLACE, revenue practitioners, property assessors and other relevant expertise. It draws on the six principles of local taxation developed as part of the Local Government Funding Review endorsed by the Convention and published in December 2013. The task group was established in June 2014 and was charged with delivering actions from that review.
- 4.6 The draft response attached at Appendix 1 is very much in line with the Cosla draft response and also largely reflects the views agreed by Council on 17 March 2005 in its response to the Local Government Finance Review Committee Consultation issued in February 2005 which was put together with input from the Policy Development Group – Finance Review which met on 14 February and 3 March 2005.
- 4.7 Sir Peter Burt's report the following year "A Fairer Way: Report by the Local Government Finance Review Committee" recommended a Local Property Tax. It was not progressed. A couple of years later, the Lyons Inquiry final report and recommendations was published on 27 March 2007 and stated "I have also concluded that council tax is not 'broken', but is seen as unfair and has been put under too much pressure." He made a number of recommendations to revalue council tax, and reform the banding structure. None of these recommendations have been taken forward.
- 4.8 Wales is the one part of the United Kingdom to have had a council tax revaluation. This was based on property values as at 1 April 2003. They introduced one extra band and the new band I has a charge 3.5 times Band A charge. This came into effect for the 2005/6 council tax year. England had planned a revaluation by 1 April 2007 but abandoned this plan in October 2005 following the controversy over the Welsh revaluation.
- 4.9 It is recognised that any attempt to change the council tax system will be fraught with difficulties, but it should be possible to create a system which is fairer than the current one which has remained largely unchanged for nearly a quarter of a century.

5.0 CONCLUSIONS

- 5.1 Council is asked to approve the draft response attached at Appendix 1 which is in line with Cosla's draft response and the views expressed by the Council in March 2005 when it previously considered this matter.

6.0 IMPLICATIONS

- 6.1 Policy: In line with Cosla's six principles of local taxation.
- 6.2 Financial: Dependent on what changes to local taxation are enacted.

- 6.3 Legal: New legislation will be required to put any changes into effect.
- 6.4 HR: None.
- 6.5 Equalities: A full impact analysis would be required for any new local taxation policy.
- 6.6 Risk: Any change to local taxation system is subject to risk.
- 6.7 Customer Service: Retaining a modernised council tax system would minimise risk to customers as we have effective systems already in place.

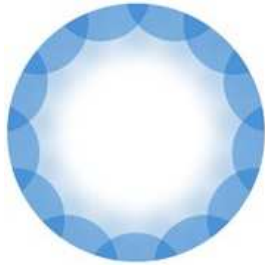
Appendices

1 Draft response to call for evidence

Douglas Hendry
Executive Director Customer Services
15 June 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



THE COMMISSION ON LOCAL TAX REFORM

WHAT'S THE FUTURE OF LOCAL TAXATION IN SCOTLAND?

Tell us what you think

We are an independent Commission that brings together expertise and experience from across Scotland to look at ways of delivering a fairer system of local taxation in Scotland. The Commission is chaired by Marco Biagi MSP, Minister for Local Government and Community Empowerment, and Councillor David O'Neill, President of the Convention of Scottish Local Authorities. The Commission will present its findings in late 2015. You can find out more information about our membership and remit at www.localtaxcommission.scot

We want to begin our work by hearing your views and suggestions about what happens now, and what the future might be.

This call for evidence is only our first step in listening to you. Any information that you give us now will help start the debate, but we also want this to be an ongoing conversation. Over the next few months we will be setting up different ways in which you can meet us or tell us what you think. A good way to find out about these is by signing up to our newsletter by following @localtaxscot on Twitter.

How to Respond

We will use your information to develop our work, and so what you tell us is really important. For that reason, we want to hear from you by **22 JUNE 2015**, or sooner if you can. *However, let us know if you need more time.* Please also feel free to share any other information with us.



You can complete and return this form electronically to:
evidence@localtaxcommission.scot



You can also respond online via our website:
<http://localtaxcommission.scot/initial-call-for-evidence/>



Alternatively you can post a copy of this form to:

The Commission on Local Tax Reform
Verity House
19 Haymarket Yards
Edinburgh, EH12 5BH

If you are responding as an individual we would be grateful if you could also provide some other information at the end of this form. This will help us develop an overall picture of the information we have. This is optional and will be used anonymously and remain strictly confidential.

If you have any queries please contact info@localtaxcommission.scot or call us on 0131 474 9332.

RESPONDENT INFORMATION

To help us make the most of your response, please tell us about yourself and how you want us to use the information you provide. There are some questions marked * and these must be answered by all respondents, unless you are directed past this question.

* I am responding as:	<input type="checkbox"/> An individual
	<input checked="" type="checkbox"/> An organisation/group
Name of Organisation (if appropriate)	<i>Argyll and Bute Council</i>
Forename	<i>Judy</i>
Surname	<i>Orr</i>
Address	<i>Council Offices, Witchburn Road Campbeltown Argyll</i>
Postcode	<i>PA28 6JU</i>
Telephone	<i>01586-555280</i>
Email	<i>judy.orr@argyll-bute.gov.uk</i>
Do you consider yourself or your organisation as from or representing?	
<input checked="" type="checkbox"/> a rural area	<input type="checkbox"/> an urban area
	<input type="checkbox"/> an area with both urban and rural parts
	<input type="checkbox"/> don't know / not applicable
Would you be happy to be approached by the Commission for further discussion about your submission?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If you are responding as an individual:	
* Do you agree to your response being made available to the public on the Commission's web site?	<input type="checkbox"/> Yes <input type="checkbox"/> No
* If you have agreed to your response being made available to the public, please tell us if we may also make your name and address available. (Please select one option only)	
<input checked="" type="checkbox"/>	Yes, make my response, name and address all available
<input type="checkbox"/>	Yes, make my response available, but not my name and address
<input type="checkbox"/>	Yes, make my response and name available, but not my address
<i>If you are responding as an individual we would be grateful if you could provide some additional information at the end of this form. This is absolutely optional but will help us get an overall picture of the information we receive.</i>	
If you are responding as a group or organisation:	
* The name and address of your organisation will be made public on the Commission's web site. Are you content for your response to also be made available?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Which of the following best describes your organisation? (Please select one option only)	
<input type="checkbox"/>	Community Group
<input checked="" type="checkbox"/>	Local Authority
<input type="checkbox"/>	Other public sector organisation
<input type="checkbox"/>	Third Sector organisation
<input type="checkbox"/>	Professional body
<input type="checkbox"/>	A business
<input type="checkbox"/>	A government department or agency
<input type="checkbox"/>	A social enterprise
<input type="checkbox"/>	Other (please specify)
Short description of the main purpose of your organisation:	

Tell us what you think

We have not provided a long list of questions, but we do want to hear what you have to say about some themes. Please respond to as few or as many as you wish. If you would prefer to send us other information, please feel free to do so. However, it would be helpful to keep your response to no more than eight pages.

If you are able to, please provide evidence or examples in support of what you say. This will help us explore your ideas further.

1. SCOTLAND'S CURRENT SYSTEM OF COUNCIL TAX

To what extent does the current system of council tax deliver a fair and effective system of local taxation in Scotland? Are there any features of the current system that you wish to see retained or changed?

You may wish to illustrate your answer with examples from your own experience.

The Council Tax system was introduced in 1993 and replaced the community charge, which in turn replaced domestic rates. The amount that households pay in council tax depends on their band (A to H) which is based on the value of the property in 1991, and is worked out from the Band D rate. Billing authorities decide each year on the level at which band D bills will be set in their area, with bills for all other bands then charged at a fixed proportion of the Band D amount. The band values are nationally set.

Special provisions, including those for single person households, disabled persons and students exist which allow people in those groups a discount on their council tax. In addition to these discounts, people with low incomes may be eligible for assistance through Council Tax Reduction, which is a means tested system, and is administered by local authorities. The Council Tax Reduction Scheme replaced the Council Tax Benefit Scheme in April 2013.

The advantages of the council tax system are that it is well understood, efficient to collect, based on a property and therefore hard to evade, clearly accountable locally, transparent, has a stable and predictable yield, and is inherently buoyant due to increasing numbers of properties. So it is effective, but is it fair? A property based tax can be considered a fair basis for taxation as properties often represent a major proportion of a person's wealth, and there is a strong correlation between the value of property rented or owned, and income.

The 2007 Lyons Inquiry into Local Government in England highlighted that fairness is generally accepted as meaning 'ability to pay' but also highlighted that other important dimensions of 'fairness' include the link between tax and property value, and the perceived benefits of local services to taxpayers. In terms of ability to pay, property values are deemed to be a reasonable reflection of ability to pay. However with the current council tax, households with the lowest incomes are liable to pay a higher amount of tax in relation to their income, i.e. the tax is regressive. This is offset to a significant degree by the Council Tax Reduction Scheme (CTRS) which replaced Council Tax Benefit (CTB). CTRS was designed to ensure that the council tax payer would receive a similar level of assistance to that under the CTB. One of the key principles used to develop the new scheme was ability to pay and it was felt that the reduction scheme, as it is, offered the strong link with ability to pay. Like its benefit predecessor, council tax reductions are available to households on low incomes and may reduce all or part of a household's bill. There are around half a million household recipients of Council Tax Reduction in Scotland, accounting for around 25% of households. Of these, around three quarters receive 100% benefit and therefore have no net council tax bill to pay.

The majority of people on CTRS are in houses in bands A and B. Few people living in houses in bands F and above receive CTRS. This strengthens the assertion that property values are a reasonable reflection of ability to pay. Exceptions may be pensioners who continue to live in large houses despite a decline in their income. Whilst theoretically they could move to smaller, more manageable properties, this may not always be practical or there may be sentimental attachments that prevent moving. Such people, may be able to benefit from equity release schemes. If in greater need, they will be assisted through CTRS which does not take into account the value of the house being lived in.

Council Tax applies to occupiers of properties rather than owners. This relates to the principle that all residents in an area should contribute to the funding of local services. Some argue that Council Tax is not fair as they do not directly use local services and particularly those in single households use less than a household of multiple occupants. The single persons discount was introduced to reduce this concern and there are approximately 15,000 households in Argyll and Bute that receive such a discount.

The current system is effective in that it is easy to understand as the structure is relatively straightforward. Each household is issued with a single bill which reflects both the banded value and the effect of any reduction arrangements. The system has high collection rates of c 96% after 1 year, and this is viewed as an indicator that households are aware of their tax and what they need to pay. There may be a little confusion in the billing process (but not the system) from the fact that councils jointly bill council tax along with water and sewerage charges billed on behalf of Scottish Water. Different increases to the individual elements can cause a problem in perception. For example, the Council Tax rate has been frozen for 8 years whereas water and sewerage charges have increased. Most households will only be aware of the bottom line increase in the overall bill and will be unaware of the Council Tax freeze.

However there are issues with the current system which, if addressed, could improve its fairness, and improve the link to local accountability as follows:

1. The difference between current property values and 1991 prices on which council tax is currently based.

Some taxpayers have difficulty seeing how their council tax liability relates to the current value of the property. The current banding structure is based on 8 bands (A to H) based on the value of the property in 1991. There is no straightforward method of linking the value of the property today to its value in 1991. The housing market has moved on significantly since 1991 and many new houses have been built. Furthermore, when a property is improved, for example by adding an extension, legislation prevents the revaluation of that property until a relevant transaction, normally a sale, has taken place. Once a sale has taken place the Assessor has a statutory power to revalue the property. Hence two houses of quite different values due to the added value of the extension can be paying the same in council tax which creates inequities.

Council Tax regulations do not have a requirement for regular revaluation and therefore positive action is required to introduce this. No revaluation has taken place in Scotland or England. In Wales a revaluation was carried out in 2005, and in Northern Ireland in 2007.

2. The banding structure needs to be reviewed as the range of house prices has broadened since 1991.

The current banding structure of 8 bands was introduced in 1993 and effectively puts a ceiling and floor on the amount of council tax households must pay. In the current era there is a large range of property values even in Band H (£212,001 and over) and therefore, as the correlation between property value and ability to pay is strong there is scope for broadening the bands at the higher end of the range. Properties in band H pay twice the amount of band D only. Additionally there is disproportionately more properties in bands A and B. These issues need to be resolved and could be addressed by introducing an additional band at the lower end and another at the higher end of the banding range and a regular revaluation cycle.

3. The council tax freeze has eroded the link between with democratic accountability.

Local people should decide on levels of local taxation which should relate to the levels of services which they want. The council tax freeze over the last 8 years has broken this link and reduced democratic accountability. In Scotland only c 18% of a council's income is raised locally.

2. REFORM OF LOCAL TAXATION

Are there alternatives to the current system of council tax that you think would help to reform local taxation in Scotland? What are the main features of these, and why do you think they would deliver improvement?

Do you have any examples of why this is the case?

We support the CoSLA principles of local taxation:

Principle 1: Local taxation should be fair and easy to understand.

Principle 2: Local taxation should be administratively efficient and difficult to avoid.

Principle 3: Local taxation should have regard to the ability and buoyancy of the underlying tax base.

Principle 4: Local taxation should be determined locally in order to establish and maintain democratic accountability. This includes the local setting of rates.

Principle 5: Local government should have the discretion to determine whether rates and reliefs are set nationally or locally.

Principle 6: Local taxation should allow for local flexibility, empowering local authorities to raise local funding for local priorities. Specifically, individual local authorities should be empowered to introduce local taxes at their discretion to raise additional resource.

Argyll and Bute Council believes that a property based local taxation system like Council Tax is the best and fairest form of local taxation in Scotland. Fundamentally the current system, with some updating and refinement, is considered effective and fit for purpose. It is a hybrid tax which takes account of both property value (a wealth tax) and personal circumstances, recognising ability to pay.

A wholesale revaluation is required, with a regular revaluation cycle introduced thereafter. This will address many of the issues the current system faces in terms of fairness. The ethos of fairness in property taxation exists by the establishment of a single point in time at which all valuations are set. Any other arrangement such as partial or automatic revaluation would not achieve this. A wholesale revaluation is considered to be the best option for ensuring credibility and integrity in the system in order to improve fairness and ease of understanding. An initial revaluation should be followed by regular revaluations thereafter. These would encourage a better understanding of the value of a property and would lead to more stability in the longer term.

A wholesale revaluation would also enable the introduction of more bands and a restructuring of the bands. The structure of the bands should be re-examined at each revaluation cycle. An extension of the bands at both the lower and upper ends would improve the fairness and integrity of the council tax system. Currently the tax liability of a Band A property is one third of that of a Band H property whereas the property value was only one tenth at 1991 prices. The non-linear nature of the multiplier makes the council tax a greater burden on households with lower property values. An extension of the bands would result in a redistribution of the tax burden with those in higher valued properties paying more and those in the lowest valued properties paying less. Since many of the households in the lowest bands received either full or partial council tax reduction, it could also translate into reduced costs for the Council Tax Reduction Scheme (CTRS). CTRS was devolved to Scotland with a 10% funding reduction from the previous cost administered by DWP and the shortfall is funded jointly by local authorities and the Scottish Government.

We are aware that modelling work has been undertaken to determine the impact of a rebanding exercise. The model was developed in one council area and then tested in 3 others. This initial modelling highlighted that:

- It is difficult to add on extra bands without restructuring the existing band widths.*
- The outcome and impact of the extension and rebanding is dependent on the number and width of bands chosen.*
- The impact will vary between local authority areas depending on the number of properties councils have in each of the bands.*
- It may be the case that an initial survey would be required before setting the bands to determine the desired outcome and impact.*
- The impact on the tax base of individual authorities would also vary across the country and therefore there would need to be some form of equalisation with the settlement.*
- Transitional relief would need to be a consideration.*
- Any revaluation would require a legislative change.*

A revaluation would only require secondary legislation but any changes to the band widths or number would require primary legislation. The revaluation and rebanding could be more smoothly introduced if people know their proposed bands well in advance of the changes being effected through billing.

There is considerable scope to build in desired policy objectives when determining the number and width of bands. In terms of improving the integrity of the system, revaluation and rebanding have been looked at on an income neutral basis so that the same amount of council tax is raised overall, but with the tax burden distributed differently between households. There would be scope to do this on an income generation basis should that be the desired result. This could also be looked at in terms of covering the costs of the system alongside raising additional revenue for local government to spend on services. A greater proportion of income generated through the council tax would also improve the balance of funding between that which is locally raised and the amount provided centrally by government.

Council Tax collection levels are generally high. The majority of council tax arrears occur with properties in bands A and B. It can be difficult to recover Council Tax arrears from taxpayers in these bands especially if they are in receipt of full CTRS but need to pay water and sewerage. In Northern Ireland, the landlord rather than the tenant is liable for domestic rates on properties with a capital value of under £150,000. This improves the recoverability of the charge and a similar provision could be considered for Scotland.

3. LOCAL PRIORITIES

How well do you think that communities' local priorities are accounted for in the way that local taxation operates at the moment? If there is room for improvement, how should things change?

Do you have any ideas or examples about how this could improve people's lives?

The Council believes that local taxation should allow for local flexibility empowering local authorities to raise local funding for local priorities. Specifically, individual local authorities should be empowered to introduce local taxes, at their discretion, to raise additional resource. Individual local authorities should have discretion over the rate and discount and relief arrangements for any such taxes.

The Power to Advance Wellbeing is contained in The Local Government in Scotland Act 2003 and allows a local authority to impose a charge, so long as it is reasonable, in return for services provided. However it does not enable a local authority to raise tax. Section 22(7) specifically prohibits local authorities from levying any tax other than council tax. In order for local authorities to raise discretionary taxes, this section would need to be repealed or amended.

In this context, it is important to note the differences between taxes and charges. A charge is a fee, toll or other type of assessment in exchange for particular goods, services, or use of property. These are generally not considered taxes, as long as they are levied as payment for a direct benefit to the individual who is paying. It is clear therefore that local authorities have several avenues under which they can levy charges. However, this call for evidence is specifically concerned with the ability of local authorities to raise taxes. In practical terms, a tax offers local authorities more discretion than a charge with regard to how it is levied and there need not be a direct link between the revenue raised and how it is spent. Taxation is therefore a more empowering financial lever for local government.

The Council considers that Scottish local authorities should have the power to raise discretionary local taxes to spend on local projects and priorities or to use as deterrant to stop aspects of local behaviour. There are some examples of specific local discretionary taxes from Europe, in particular the concept of a tourist tax. A number of European countries have a tourist tax in place. In each instance there exists a specific piece of legislation enabling the tax to be levied.

Scottish local authorities should be able to levy a local tax without having to ask permission from Scottish Government. Ultimately this would be a political decision taken by elected members locally.

Any local discretionary tax levied should be entirely additional to other forms of taxation. There should be no limit to the number of local taxes that could be levied either at the same time or over a period of time. There

should also be no limitations on what local authorities choose to do with the revenue raised from a local discretionary tax. Unlike revenue raised via a charge, tax revenue does not require to be spent in a prescribed way that is directly related to what is being taxed. Therefore a tax being levied to address a specific local issue could be used as a deterrent to a type of behaviour, or to raise funds for a specific project, or other local need.

The rate of tax would be decided and set at local level. Accordingly, the local authority would also be able to set any related discounts and reliefs. For local discretionary taxation to be a tool of empowerment for local government, they must have complete ownership of the tax. Given this complete ownership, local authorities would choose the area over which a tax was levied, be that the whole area or a defined area, adding another level of local control and affording them the flexibility to target or protect certain groups within their local boundary.

The discretionary tax should be administratively efficient and be difficult to avoid. When imposing and collecting a tax, local government needs to be mindful about the sanctions in place for those who chose not to pay. A key part of the definition of a tax is that failure to pay is punishable by law. There must therefore be a legal framework which ensures that people pay, written into the corresponding legislation.

The administration and collection of local discretionary taxes would obviously have an associated cost. This would be taken into consideration whenever a local discretionary tax was being considered. Councils already deal with the collection of a number of revenue streams such as council tax, water and sewerage charges and non-domestic rates. They have a good track record for high level collection rates for these areas and already have the knowledge and ability to collect levies.

On this basis, it is recommended that:

- Individual Local Authorities have the discretion to raise additional income by levying a tax, in addition to Council Tax and Non-Domestic Rates, on either residents, occupants, property owners, or visitors in the Local Authority or within a discrete area of the Local Authority;*
- The power will enable Local Authorities to introduce tax(es) without the need to seek approval from Scottish Government;*
- The rates and reliefs will be determined locally;*
- The Local Authority will be granted powers to ensure that those on which the tax is levied have a legal obligation to pay;*
- The Local Authority has the discretion to determine how the additional revenue is expended.*

4. FURTHER INFORMATION

We would like to keep the conversation going. Please tell us about any events, networks or other ways in which we could help achieve this.

Engagement with local authorities through CoSLA should continue and involve the Scottish branch of the Institute of Revenues Rating and Valuation. Events for members, officers and the Scottish Government would be of benefit. This has successfully been carried out in the past in terms of the changes in respect of the Council Tax Reduction Scheme and the Scottish Welfare Fund.

Thank you for your submission. If you have any queries about the Call for Evidence please contact us at:

Commission on Local Tax Reform
Verity House
19 Haymarket Yards
Edinburgh EH12 5BH
0131 474 9200
email: info@localtaxcommission.scot
twitter: [@localtaxscot](https://twitter.com/localtaxscot)

ADDITIONAL OPTIONAL INFORMATION IF YOU ARE RESPONDING AS AN INDIVIDUAL

You do not have to provide this information but if you do it will help us build up a picture of the responses that we are receiving. All information that you provide will be used anonymously and will remain strictly confidential. It will not be made available to any other third party.

Are you male or female? Male Female Prefer Not to Say

What was your age at your last birthday? Please select your age

Do you have a physical or mental condition lasting or expected to last 12 months or more? Yes No Prefer Not to Say

Which of the following best describes you? Please select an option
Other

What kind of household do you live in? Please select an option

What is your household's total income from all sources over the last 12 months? *Please select one answer only*
Per week Per Year

Do you own your home, or rent it? Please select an option

If you know it, please tell us the Council Tax Band of this accommodation. Please select an option

What is your ethnic group? Choose one section from A to F, then check one box which best describes your ethnic background or group.

A WHITE

- Scottish
 Other British
 Irish
 Gypsy / Traveller
 Polish
 Other

B MIXED OR MULTIPLE

- Any mixed or multiple ethnic groups (please specify)

C ASIAN, ASIAN SCOTTISH OR ASIAN BRITISH

- Pakistani, Pakistani Scottish, Pakistani British
 Indian, Indian Scottish, Indian British
 Bangladeshi, Bangladeshi Scottish, Bangladeshi British
 Chinese, Chinese Scottish, Chinese English
 Other

D AFRICAN

- African, African Scottish, African British
 Other

E CARIBBEAN OR BLACK

- Caribbean, Caribbean Scottish or Caribbean English
 Black, Black Scottish or Black English
 Other

F OTHER ETHNIC ORIGIN

- Arab, Arab Scottish or Arab English
 Other

This document is available, on request, in easy to read, audio and large print formats, and in community languages. Please contact:

Aby otrzymać niniejszy dokument w innej wersji językowej, na kasecie lub w wersji z powiększonym drukiem, prosimy o kontakt:

اس دستاویز کی مزید کاپیاں آڈیو کیسٹ پر اور بڑے حروف کی چھپائی میں اور کیوٹی کی زبانوں میں طلب کیے جانے پر دستیاب ہیں، برائے مہربانی اس پتے پر رابطہ کریں:

এই ডকুমেন্ট-এর (দলিল) অভিন্নতা কপি, অডিও এবং বড় ছাপার আকারে এবং সম্প্রদায়ের ভাষায় অনুরোধের মাধ্যমে পাওয়া যাবে, অনুগ্রহ করে যোগাযোগ করুন:

Gheibhear lethbhreacan a bharrachd ann an cruth ris an èistear, ann an clò mòr agus ann an cànan coimhearsnachd. Cuir fios gu:

इस दस्तावेज़/कागज़ात की और प्रतियाँ, माँगे जाने पर, ऑडियो टेप पर और बड़े अक्षरों में तथा कम्यूनिटी भाषाओं में मिल सकती हैं, कृपया संपर्क करें:

ਇਸ ਦਸਤਾਵੇਜ਼/ਕਾਗਜ਼ਾਤ ਦੀਆਂ ਹੋਰ ਕਾਪੀਆਂ, ਮੰਗੇ ਜਾਣ 'ਤੇ, ਅਓਡੀਓ ਟੇਪ ਉੱਪਰ ਅਤੇ ਵੱਡੇ ਅੱਖਰਾਂ ਵਿਚ ਅਤੇ ਕੰਮਿਊਨਿਟੀ ਭਾਸ਼ਾਵਾਂ ਦੇ ਵਿਚ ਮਿਲ ਸਕਦੀਆਂ ਹਨ, ਕ੍ਰਿਪਾ ਕਰਕੇ ਸੰਪਰਕ ਕਰੋ:

此文件有更多備份，如果需要，語音版本和大字體版本及少數種族語言版本也可提供，請聯絡：

يمكن أن تطلب النسخ الأخرى من هذا المستند كالتسجيل الصوتي والخط الكبير ونسخ بلغات أخرى، يرجى الإتصال على:

Commission on Local Tax Reform
Verity House
19 Haymarket Yards
Edinburgh EH12 5BH
0131 474 9200
email: info@localtaxcommission.scot
twitter: @localtaxscot

ARGYLL AND BUTE COUNCIL

COUNCIL

COMMUNITY SERVICES

25 JUNE 2015

CHIEF SOCIAL WORK OFFICER

1.0 EXECUTIVE SUMMARY

1.1 This paper sets out the role of the Chief Social Work Officer (CSWO) within Argyll and Bute Council and confirms the appointment of Louise Long, Head of Children and Families as the interim CSWO for the Council.

1.2 This appointment will terminate upon the appointment of the Integrated Head of Children and Families under the Health & Social Care Partnership.

2.0 RECOMMENDATIONS

2.1 It is recommended that Council:
a) note the interim appointment of Louise Long, Head of Children & Families as CSWO for the Council

ARGYLL AND BUTE COUNCIL

COUNCIL

COMMUNITY SERVICES

25 JUNE 2015

CHIEF SOCIAL WORK OFFICER

3.0 INTRODUCTION

- 3.1 The Social Work (Scotland) Act 1968 places a legislative duty on all Scottish Local Authorities to appoint a professionally qualified Chief Social Work Officer (CSWO).
- 3.2 The departure of Jim Robb, Head of Adult Services and CSWO requires the Council to appoint an interim CSWO.

4.0 RECOMMENDATIONS

It is recommended that the Council

- a note the interim appointment of Louise Long, Head of Children & Families as CSWO for the Council

5.0 DETAIL

- 5.1 The overall objective of the CSWO role is to ensure the provision of effective, professional advice to local authorities, elected members and officers, in the discharge of local authorities' statutory social work duties. The CSWO should assist authorities in understanding the complexities of social work service delivery, in particular issues such as mental health services, health and social care integration, corporate parenting, child protection, adult protection and the management of high risk offenders.
- 5.2 The CSWO has a role to play in overall performance improvement and identification and management of corporate risk insofar as they relate to social work services.
- 5.3 The role of the CSWO has been permanently included in the job description of the Integrated Head of Children and Families under the Argyll & Bute Health and Social Care Partnership. This interim appointment will terminate once the permanent appointment to the Integrated Head of Children and Families is made.

6.0 CONCLUSION

6.1 The legislative duty placed on Scottish Local Authorities under the Social Work (Scotland) Act 1968 requires the appointment of a professionally qualified CSWO. In light of the departure of Jim Robb, former Head of Adult Services, Louise Long has been appointed as interim CSWO.

5.0 IMPLICATIONS

5.1	Policy	None
5.2	Financial	None
5.3	Legal	The confirmation of a CSWO is in full compliance with the Social Work (Scotland) Act 1968
5.4	HR	None
5.5	Equalities	None
5.6	Risk	None
5.7	Customer Service	None

Cleland Sneddon
Executive Director of Community Services

Policy Lead for Health and Social Care Integration
Councillor M J Devon
28 May 2015

For further information contact:
Cleland Sneddon, Executive Director Community Services
E-mail – Cleland.sneddon@argyll-bute.gov.uk
Tel: 01546 604112

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ARGYLL AND BUTE COUNCIL**COUNCIL****COMMUNITY SERVICES****25 JUNE 2015**

REZONING REQUEST BY ACHAHOISH PARENT COUNCIL

1.0 EXECUTIVE SUMMARY

The request to rezone the catchment area of Achahoish Primary School was considered at the meeting of MAKI Area committee on the 3 June 2015. The Council's policy on responding to rezoning requests reflects the legislative process as laid out in the Schools (Consultation) (Scotland) Act 2010.

The recommendations in the report are that Council:

Notes the decision at the MAKI Area Committee meeting on 3 June 2015 whereby members agreed:

- To support the proposal to vary the catchment area of Achahoish Primary school;
- To support the recommendation that if the proposal be approved, existing children and younger siblings would not be required to transfer school for the duration of their primary education as a result of the proposal;
- To refer the report to Council on 25 June to request that officers are instructed to carry out a full consultation on the proposed changes as defined in the Schools (Consultation) (Scotland) Act 2010; and
- To note that on completion of the consultation period a report will be presented to Council detailing the results of the consultation for consideration.

Council should consider the request to rezone the catchment area of Achahoish Primary school and to instruct officers if required to carry out a full consultation on the proposed changes as per the Councils policy on rezoning.

ARGYLL AND BUTE COUNCIL

COUNCIL

COMMUNITY SERVICES

25 JUNE 2015

REZONING REQUEST BY ACHAHOISH PARENT COUNCIL

2.0 INTRODUCTION

2.1 A request to rezone the catchment area of Achahoish Primary School was considered at the meeting of MAKI Area committee on the 3 June 2015. The members agreed to support the proposal and refer the report to Council to request that officers are instructed to carry out a full consultation on the proposed change as defined in the Schools (Consultation) (Scotland) Act 2010

2.2 The Council's policy on responding to rezoning requests reflects the legislative process as laid out in the Schools (Consultation) (Scotland) Act 2010. The Council's policy requires a request from the parent council to vary the catchment area to be supported by the parent council of the school impacted by the boundary change. The request from Achahoish Parent Council is supported by Tarbert Parent Council.

3.0 RECOMMENDATIONS

It is recommended that Council:

3.1 Notes the decision at the MAKI Area Committee meeting on 3 June 2015 whereby members agreed:

- To support the proposal to vary the catchment area of Achahoish Primary school;
- To support the recommendation that if the proposal be approved, existing children and younger siblings would not be required to transfer school for the duration of their primary education as a result of the proposal;
- To refer the report to Council on 25 June to request that officers are instructed to carry out a full consultation on the proposed changes as defined in the Schools (Consultation) (Scotland) Act 2010; and
- To note that on completion of the consultation period a report will be presented to Council detailing the results of the consultation for consideration.

3.2 Council should consider the request to rezone the catchment area of Achahoish Primary school and to instruct officers if required to carry out a full consultation on the proposed changes as per the Councils policy on rezoning.

4.0 DETAIL

- 4.1 The proposal from Achahoish Parent Council to increase their catchment area qualifies as a permanent change to a school as defined in the Schools (Consultation) (Scotland) Act 2010.
- 4.2 As detailed in the September 2014 Argyll and Bute School Catchment Area Policy, the proposal to vary the catchment area of a school is a relevant proposal in terms of Schedule 1 of the Schools (Consultation) (Scotland) Act 2010.

Therefore if the Council makes such a proposal it requires

- to prepare an educational benefits statement which demonstrates the educational benefit for children from the area in question attending Achahoish rather than Tarbert Primary. Care is required in framing this requirement to avoid reputational risk to either school.
- prepare and publish a proposal paper
- give notice of the proposal to relevant consultees and invite representations
- to hold and give notice of a public meeting
- to involve Education Scotland

The consultation requires to be run over a period of not less than 6 weeks of school term time (ie the length of the consultation period cannot include holiday periods).

- 4.3 If Council were mindful to agree the changes to the boundary of Achahoish Primary School these changes could be made in time for registration for the 2016/17 academic year.
- 4.4 The appended paper presented to the MAKI Area Committee lays out the request by Achahoish Parent Council and the likely impact of the proposed changes.
- 4.5 Members should note that there will be no expected immediate financial consequences or changes to the existing transport arrangement by accommodating this change due to the needs of existing pupils. The financial consequences shown in the paper attached would be ongoing implications which would apply to future generations of pupils.

5.0 IMPLICATIONS

- 5.1 Policy - if the proposal is adopted it will result change to the defined primary school catchment boundaries
- 5.2 Financial - there will be costs to the service in carrying out a public consultation,

as this will be the first consultation carried out under the new legislation an exact figure cannot be provided at this point. If, following the consultation, the Council agrees a change to the school catchment areas then it is expected that there will be no immediate financial consequences as a result of any change made. However, on an ongoing basis there may be additional costs as highlighted in paragraph 6.4 of the report to the Area Committee.

- 5.3 Legal - as per the Schools (Consultation)(Scotland) Act 2010
- 5.4 HR - there are no HR implications
- 5.5 Equalities – an equalities impact assessment will be carried out as part of the consultation.
- 5.6 Risk – There are potential reputational risks arising from the requirement to draft an education benefits statement demonstrating educational benefits for pupils from the area in question attending Achahoish rather than Tarbert Primary School.

Cleland Sneddon
Executive Director of Community Services

Cllr Rory Colville
Policy Lead – Education

For further information contact:
Kathryn Wilkie
Area Education Officer MAKI
Email Kathryn.wilkie@argyll-bute.gov.uk
Tel: 01631 569171

15 June 2015

Appendices

1: Rezoning Request by Achahoish Parent Council – MAKI Area Committee

ARGYLL & BUTE COUNCIL

ARGYLL AND BUTE COUNCIL

CUSTOMER SERVICES

25 JUNE 2015

**EXTRACT OF MINUTE OF MEETING OF MID ARGYLL, KINTYRE AND THE ISLANDS
AREA COMMITTEE HELD ON 3 JUNE 2015**

7. REZONING REQUEST BY ACHAHOISH PARENT COUNCIL

The Committee considered a report outlining the proposal to vary the catchment area of Achahoish Primary School. Members noted that the proposal was relevant in terms of Schedule 1 of the Schools (Consultation) (Scotland) Act 2010. Discussion took place in respect of the impact the changes will have and the next steps.

Decision

Members agreed:-

1. to support the proposal to vary the catchment area of Achahoish Primary School;
2. to support the recommendation that if the proposal be approved, existing children and younger siblings would not be required to transfer school for the duration of their primary education as a result of the proposal;
3. to refer the report to the Council on 25 June 2015 to request that officers are instructed to carry out a full consultation on the proposed change as defined in the Schools (Consultation) (Scotland) Act 2010; and
4. to note that on completion of the consultation period a report will be presented to Council detailing the results of the consultation for consideration.

(Ref; Report by Executive Director of Community Services, dated 3 June 2015, submitted.)

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ARGYLL AND BUTE COUNCIL

MAKI AREA COMMITTEE

Community Services

3 JUNE 2015

Rezoning Request by Achahoish Parent Council

1. EXECUTIVE SUMMARY

The proposal to vary the catchment area of a school is a relevant proposal in terms of Schedule 1 of the Schools (Consultation) (Scotland) Act 2010.

The 2010 Act has recently been amended by the Children and Young People (Scotland) Act 2014. The amendments which came into force on 1st August 2014 include a requirement for a report from Education Scotland in the case of every proposal requiring consultation. Guidance has been prepared by the Scottish Government to support implementation of the amendments. In September 2014 Argyll and Bute Council Community Services Committee:

- a) Noted the amendments to the Schools (Consultation) (Scotland) Act 2010, the revised timeline and process for the public consultation.
 - b) Approved the process by which future requests to alter the catchment area of a school be considered.
 - c) Agreed that any proposal received from a Parent Council being taken forward to a public consultation would require to have the support all parent councils affected by the proposal.
 - d) Agreed that subsequent requests for altering the catchment area of a school following either a decision to refuse a request to do so or a decision following the publication of the consultation report not to proceed with such an alteration will only be considered if there has been a material change of circumstances from those originally considered.
- 1.1. In May 2014 Achahoish Primary School Parent Council made a formal request to the council to consider rezoning their current catchment area.
 - 1.2. Rezoning requests received since 2010 have not been considered due to the advice from the Scottish Government that the legislation was not fit for purpose and subsequently the report of the Commission for Rural Education which recommended amendments to the legislation.
 - 1.3. The Council administration has made it clear that they have no plans to review the school estate at this time and the recommendations in the report prepared by the Commission for Rural Education are being considered by the Scottish

Government and COSLA, joint commissioners of the report. However, none of the 38 recommendations in the report would prevent us from reviewing school catchment areas at this time

- 1.4. Three requests relating to rezoning of catchment areas have now been received by the Executive Director of Community Services, these being:
- Strone Primary School – Sandbank Primary School
 - Achahoish Primary School – Tarbert Academy (Primary Dept.)
 - North Bute Primary School – Rothesay Joint Campus (Primary Dept.)

This report refers to the second of these three requests.

2. RECOMMENDATIONS

2.1 That the Mid Argyll and Kintyre Area Committee:

- Considers the request of Achahoish Parent Council to increase the catchment area of Achahoish Primary School (PS).
- Supports the recommendation that if the proposal be approved existing children and younger siblings would not be required to transfer school for the duration of their primary education as a result of the proposal.
- Decides whether the report should be presented to the Council in June 2015 to request officers are instructed to carry out a full consultation on the proposed change as defined in the Schools (Consultation) (Scotland) Act 2010.
- Notes that on completion of the consultation period a report will be presented to Council detailing the results of the consultation for consideration.

ARGYLL AND BUTE COUNCIL

MAKI AREA COMMITTEE

Community Services

3 JUNE 2015

Rezoning Request by Achahoish Parent Council

3. INTRODUCTION

The proposal to vary the catchment area of a school is a relevant proposal in terms of Schedule 1 of the Schools (Consultation) (Scotland) Act 2010.

The 2010 Act has recently been amended by the Children and Young People (Scotland) Act 2014. The amendments which came into force on 1st August 2014 include a requirement for a report from Education Scotland in the case of every proposal requiring consultation. Guidance has been prepared by the Scottish Government to support implementation of the amendments. In September 2014 Argyll and Bute Council Community Services Committee:

- a) Noted the amendments to the Schools (Consultation) (Scotland) Act 2010, the revised timeline and process for the public consultation.
 - b) Approved the process by which future requests to alter the catchment area of a school be considered.
 - c) Agreed that any proposal received from a Parent Council being taken forward to a public consultation would require to have the support all parent councils affected by the proposal.
 - d) Agreed that subsequent requests for altering the catchment area of a school following either a decision to refuse a request to do so or a decision following the publication of the consultation report not to proceed with such an alteration will only be considered if there has been a material change of circumstances from those originally considered.
- 3.1. In May 2014 Achahoish Primary School Parent Council made a formal request to the council to consider rezoning their current catchment area.
 - 3.2. Rezoning requests received since 2010 have not been considered due to the advice from the Scottish Government that the legislation was not fit for purpose and subsequently the report of the Commission for Rural Education which recommended amendments to the legislation.
 - 3.3. The Council administration has made it clear that they have no plans to review the school estate at this time and the recommendations in the report prepared by the Commission for Rural Education are being considered by the Scottish

Government and COSLA, joint commissioners of the report. However, none of the 38 recommendations in the report would prevent us from reviewing school catchment areas at this time

- 1.4. Three requests relating to rezoning of catchment areas have now been received by the Executive Director of Community Services, these being:
- Strone Primary School – Sandbank Primary School
 - Achahoish Primary School – Tarbert Academy (Primary Dept.)
 - North Bute Primary School – Rothesay Joint Campus (Primary Dept.)

This report refers to the second of these three requests.

4. RECOMMENDATIONS

4.1 That the Mid Argyll and Kintyre Area Committee:

- a) Considers the request of Achahoish Parent Council to increase the catchment area of Achahoish Primary School (PS).
- b) Supports the recommendation that if the proposal be approved existing children and younger siblings would not be required to transfer school for the duration of their primary education as a result of the proposal.
- c) Decides whether the report should be presented to the Council in June 2015 to request officers are instructed to carry out a full consultation on the proposed change as defined in the Schools (Consultation) (Scotland) Act 2010.
- d) Notes that on completion of the consultation period a report will be presented to Council detailing the results of the consultation for consideration.

5. DETAIL

- 5.1 The existing boundary between the current catchment areas of Achahoish PS and Tarbert Academy Primary is shown in appendix a. The request by Achahoish Parent Council was for the catchment area to be increased. The preferred choice for boundary change is for Achahoish School to Tiretigan Farm, Kilberry – appendix b.
- 5.2 The decision by Council to close Kilberry Primary School in June 1979 resulted in the catchment area of Tarbert Academy PS being extended to incorporate the old catchment area of Kilberry PS. This has resulted in the pupils from Kilberry being expected to attend Tarbert Academy P S.
- 5.3 Achahoish Parent Council, supported by South Knapdale Community Council, feels that this decision was not correct and is now requesting that Achahoish PS catchment area be extended to include some of the old Kilberry PS catchment area.
- 5.4 At a meeting of Achahoish Parent Council on 11th March 2015 the proposal was discussed and a new proposed boundary identified. One councillor attended the meeting and several councillors made representations. The Head Teacher was present.

- 5.5 The proposal by Achahoish Parent Council is supported by Tarbert Academy Parent Council. As stated in the School Rezoning Policy, support for a boundary change is required from both schools' parent council. A letter of support from Tarbert Academy Parent Council has been submitted.

From the new proposed boundary the distance to Achahoish PS is 9.6 miles. The distance to Tarbert Academy is 13.7 miles. All travel in this area is on a single track road with passing places.

- 5.6 The area proposed to be transferred contains 24 properties eligible for Council tax, seven of which are second homes, all seven receive second home council tax reduction.

The authority is aware of 2 children of primary school age living in the area, 2 of whom currently attend Achahoish PS. These two children are on a placing request. The family receive parental mileage to meet the present school bus arrangements. There is another family, whose children will start school in 2017, who have moved away temporarily. The family intend to return when they have built a house within the new proposed catchment area. This family have written a letter explaining their intention.

- 5.8 School transport is currently provided to 5 children between Achahoish School Kilmaluag. This is an existing service bus route. Route Number 421 operated by West Coast Motors, between Kilmaluag, Lochgilphead and Ford. Leaving Kilmaluag 09.00 and arriving at Achahoish Primary School at 09.17. The bus travels on to arrive at Lochgilphead Joint Campus at 08.44 and the final destination at Ford at 10.27. Pupils from Achahoish Primary School are picked up on their homeward journey at 15.35 by the bus which has left Ford at 14.24 arriving at Kilmaluag at 15.47. Two children are then collected by parent transport travelling to Coulaghailtro.

- 5.9 The respective rolls of Achahoish PS and Tarbert Academy PS are given below. The table below shows the census figures for 2000, 2005, 2010 and roll as advised by Achahoish PS and Tarbert Academy PS week beginning 9th March 2015. Achahoish PS has a maximum capacity of 42 pupils and Tarbert Academy PS has a maximum capacity of 163 pupils.

Primary School	2000	2005	2010	2015 (March)
Achahoish	30	13	15	10
Tarbert	135	100	120	81

The roll of Achahoish PS in 2015/16 is expected to be 11, and in 2016/17 is expected to be 10 children.

- 5.10 Achahoish PS has two placing requests travelling in to the school and no children travelling out of the school. These two children live in the new proposed catchment area for Achahoish PS. Tarbert Academy PS has two placing requests travelling in to the school and six children travelling out of the school.

- 5.11 The Single Outcome Agreement seeks to reverse population decline and is supported in this by the Local Development Plan, which identifies and promotes housing development sites. The following evidences future development potential in the area as indicated by allocations for housing in the Adopted Local Development Plan 2015 and planning permissions in the locality of Achahoish. The new Local Development Plan identifies three areas for housing development. One area allocated for ten houses, including 25% affordable (H3004) and two further areas totalling 2.16ha allocated for medium density housing (PDA12/53 and PDA12/55 starting at 17 houses per ha.) There is also possibility of windfall development out with the allocations and potential development areas but in accord with the settlement strategy. The following applications were approved for housing in the Achahoish catchment in the 3 years up to 01/04/2014 but will lapse after 3 years from decision date unless development has commenced.
- 5.12 Achahoish is not included as a priority in the Strategic Housing Investment Plan. No housing pressures or requirements have been identified.

6. Impact of changes

- 6.1 This proposed change affects one family who currently attend Achahoish PS on a placing request. In the future it may mean a family who intend to return to the area will attend Achahoish rather than Tarbert. For the next two years the pupil numbers at Achahoish are expected to remain very similar therefore staffing will not be affected. It will have no impact at present on Tarbert Academy Primary
- 6.2 The family furthest from Achahoish PS, who attend on a placing request travel 7.4 miles to Achahoish PS. The distance to Tarbert Academy PS is 15.6 mile, more than twice the travel distance to Achahoish Primary. All travel in this area is on a single track road with passing places.
- 6.3 The travel time from Coulaghailtro (where the furthest travelled family live) to Kilmaluag and on to Achahoish PS is 25 minutes total. The travel time from Coulaghailtro to Tarbert Academy PS is 49 minutes. Effectively, by moving the Achahoish PS boundary to Tiretigan, travel time is reduced from 49 minutes to 25 minutes, decreasing the daily travel for children significantly.
- 6.4 If the council is minded to approve this boundary change there will be considerable impact on school transport - both method and cost.
- There will be a requirement to purchase a vehicle and employ a driver and escort. This will cost approximately £15k per annum, providing a driver and escort can be employed from the Coulaghailtro area. The cost will rise to £22,500 if the driver and escort are resident in either Tarbert or Lochgilphead, or
 - The local bus service could be extended to Tiretigan – the cost for this would be £23,000.

- 6.5 The proposal will not affect the existing arrangements for pupils going to secondary schools. The boundary change will however create a unique situation in that pupils from Achahoish Primary School who have learned together through primary school will then attend different secondary schools.
- 6.6 The proposal is not anticipated to have any impact on any other school in the area.
- 6.7 The South Knapdale Community Council supports the proposal. They state that this change could encourage young families to remain or even move in to the Kilberry area as children can attend the nearest school safely and with cost free transport over a relatively short distance.
- 6.8 Any transport arrangements that are in place at present or in the future could be affected by families moving in to the area.

7.0 Next Steps

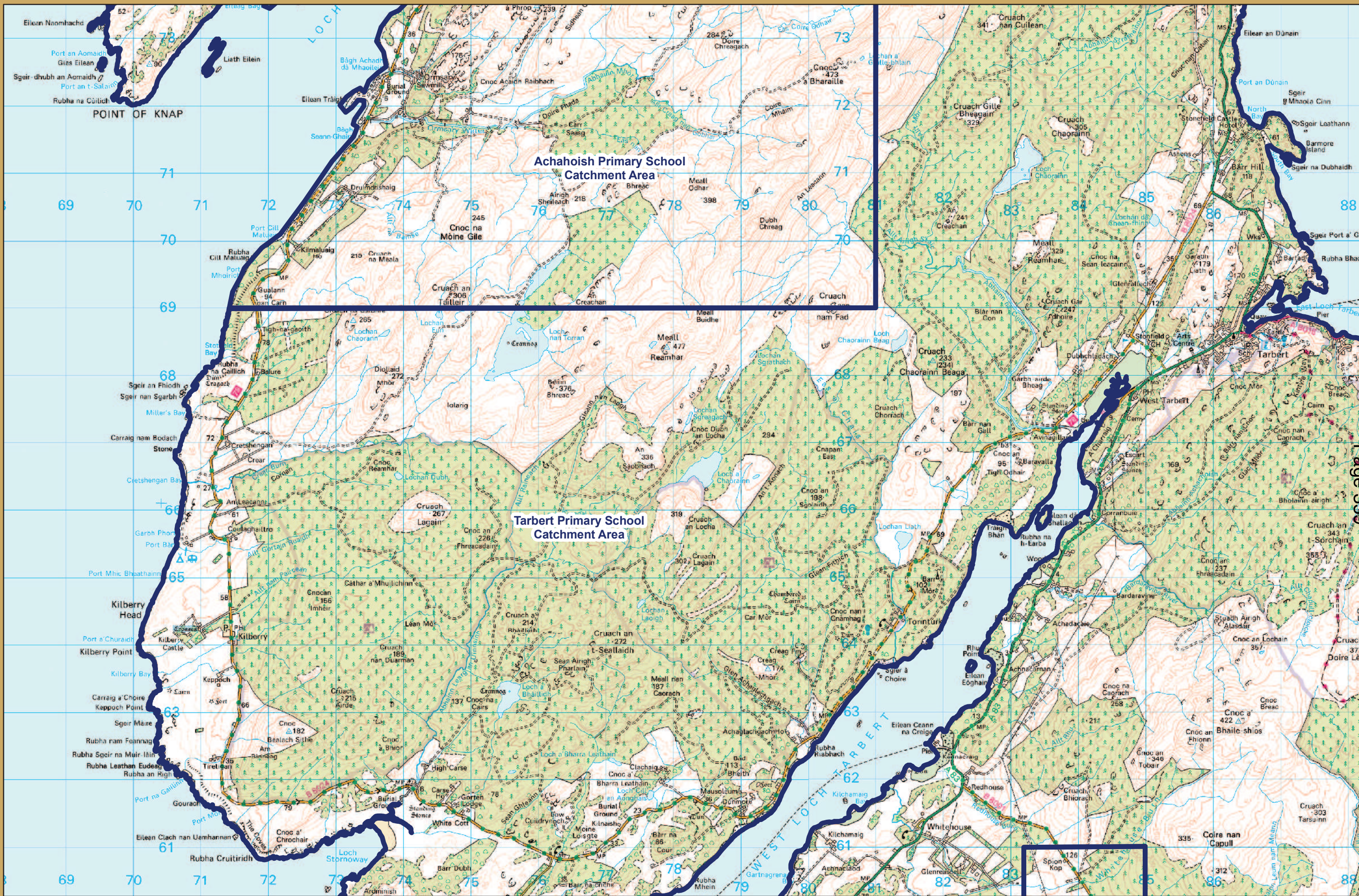
- 7.1 The proposal from Achahoish Parent Council to increase their catchment area qualifies as a permanent change to a school as defined in the Schools (Consultation) (Scotland) Act 2010.
- 7.2 As detailed in the September 2014 Argyll and Bute School Catchment Area Policy, the proposal to vary the catchment area of a school is a relevant proposal in terms of Schedule 1 of the Schools (Consultation) (Scotland) Act 2010.
Therefore if the Council makes such a proposal it requires
- to prepare an educational benefits statement,
 - prepare and publish a proposal paper
 - give notice of the proposal to relevant consultees and invite representations
 - to hold and give notice of a public meeting
 - to involve Education Scotland
- 7.3 If Council were to approve the proposal by Achahoish Parent Council, officers would begin steps 2 to 5. The full consultation report, step 6, would be presented to Council after the summer recess for a decision on the proposal.
- 7.4 Education Scotland has also indicated that it expects councils to properly reflect on their comments prior to finalising their reports
- 7.5 If Council were mindful to agree the changes to the boundary of Achahoish Primary School these changes could be made in time for registration for the 2016/17 academic year.

8.0 IMPLICATIONS

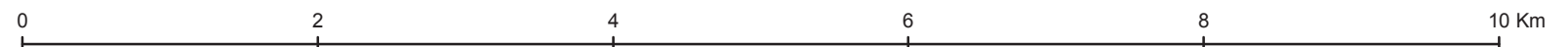
- 8.1 Policy - if the proposal is adopted it will result change to the defined primary school catchment boundaries
- 8.2 Financial - There will a cost to the service in carrying out a public consultation. If a change is approved there will be a requirement to
- Purchase a vehicle and employ a driver and escort. This will cost approximately £15k per annum, providing a driver and escort can be employed from the Coulaghailtro area. The cost will rise to £22,500 if the driver and escort are resident in either Tarbert or Lochgilphead, or,
 - Extend the local bus service to Tiretigan. Due to timetabling constraints this extension would only be possible in the morning. The afternoon run would require to be undertaken by council mini bus from Lochgilphead. The cost for this extension would be £23,000.
- 8.3 Legal - as per the Schools (Consultation)(Scotland) Act 2010
- 8.4 HR - there are no HR implications
- 8.5 Equalities – an equalities impact assessment will be carried out as part of the consultation.
- 8.6 Risk – N/A

Appendices

- a: South Knapdale Primary Catchment Area
b: Achahoish Primary School Proposed Boundary



**Primary School Catchment Boundaries:
Achahoish/Tarbert - August 2013**



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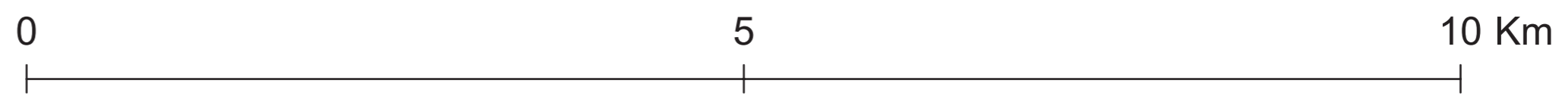


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Argyll and Bute - Proposed modification to Achahoish/Tarbert Primary School catchment boundaries

March 2015



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ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****25 June 2015**

**REPORT ON THE PROPOSED ADOPTION OF THE ARGYLL AND BUTE CORE
PATHS PLAN**

1.0 EXECUTIVE SUMMARY

- 1.1 The Land Reform (Scotland) Act 2003 requires all local authorities to produce a Core Paths Plan. Members will recall that accordingly, the Argyll and Bute draft Core Paths Plan was created through a series of public consultations that allowed members of the public to identify paths in their area that were important to them.
- 1.2 Council approved the Argyll and Bute Draft Finalised Core Paths Plan for formal consultation in 2011. The formal consultation resulted in objections to the Draft Plan that could not be resolved. In 2013 a report on each objection was submitted to the Directorate for Planning and Environmental Appeals (DPEA) who then conducted a Local Inquiry into the Draft Plan.
- 1.3 The purpose of this report is to advise Members of the outcome of the DPEA Local Inquiry into the Draft Plan and that the Scottish Ministers have now 'directed' Argyll and Bute Council to adopt the Core Paths Plan subject to the recommendations made by the DPEA. A summary of the DPEA report on objections to the Draft Plan can be found in Appendix 1. In addition Scottish Ministers directed that Launching Points should not be included as Core Paths in the Core Paths Plan. There is no right of appeal against the Direction either for the Council or for objectors. It is binding on the Council.
- 1.5 On adoption of the Core Paths Plan there will be 1,167 miles of Core Paths within Argyll and Bute. The Core Path network will safeguard and promote both functional and recreational paths through Development Planning and other Council policies. The Core Paths Plan will help to encourage active travel through promoting paths to the local shops, schools and places of work. It will also promote paths that showcase the wonderful scenery and wildlife that Argyll and Bute has to offer and help attract visitors to Argyll and Bute. The Core Path network will provide Argyll and Bute with a resource that should be seen as one of the Councils key assets in helping to deliver on the Single Outcome Agreements. An overview of the Core Paths Network can be seen in Map 1 (Appendix 2).
- 1.6 This was the first core path plan in Argyll and Bute. It has been a large and complex project and has taken a considerable period of five years from 2011 to 2015. The reasons this process has taken so long include:
- We have designated approximately 1,167 miles of Core Path;
 - Because the path designations initiated considerable numbers of representations (853), both for and against, and taking advice from benchmarking authorities, we undertook several rounds of consultation with the public and area committees, in excess of the statutory requirement;

- We have consulted the Local Access Forum for an independent opinion on every objection;
- The Plan has had to undergo a Habitats Regulation Assessment;
- Once submitted to the DPEA for Inquiry we have been required to screen the Plan for the need for Strategic Environmental Assessment; and
- Once the DPEA has completed its report the Plan had to sit with Scottish Ministers for a Direction to be made.

1.7 Despite this lengthy delay, given the intensive and iterative consultation that has been undertaken over a protracted period, and the fairly slow changing nature of most rights of way it is felt that the Core Path Plan is not in any way weakened or made out of date by the slow timing of its delivery.

1.8 The Access Team is engaging with the public and is available to Members to explain any ramifications of the Core Path Plan. The team are also developing an online library of Core Path walking information that can be seen at: <http://www.argyll-bute.gov.uk/planning-and-environment/core-path-mapping>

Recommendation:

It is recommended that the Council adopt the Argyll and Bute Core Paths Plan in line with the Direction issued by the Scottish Ministers.

It is recommended that the Council authorise officers following adoption to:

- Publish a notice giving notice that the Council plans to Adopt the Core Paths Plan following the Local Inquiry
- Publish the Core Paths Plan and associated maps and make it available for the public. This will be done through Local View Maps on the Council's Website. The public will also be able to request paper or electronic copies of excerpts from the plan from the Access Team.
- Send a copy of the plan to the Scottish Ministers

ARGYLL AND BUTE COUNCIL

COUNCIL

DEVELOPMENT AND
INFRASTRUCTURE SERVICES

25 June 2015

**REPORT ON THE PROPOSED ADOPTION OF THE ARGYLL AND BUTE CORE
PATHS PLAN**

2.0 INTRODUCTION

- 2.1 The Land Reform (Scotland) Act 2003 (the Act) requires all local authorities to draw up a plan for a system of paths, known as core paths, that is sufficient for the purpose of giving the public reasonable access throughout their area.
- 2.2 This report outlines the procedure and timeline, as summarised below, which was followed to produce the Core Path Plan and concluded with a Local Inquiry held by the Department for Environment and Appeals (DPEA).

Timeline Summary

Publish Finalised Core Path Plan for Public Consultation	Early 2011
Initiate Second Round of Consultation with Interested Parties	Late 2011
Report Objections to Area Committees	Early-mid 2012
Consult Local Access Forum for Independent View	Late 2012
Submit Core Paths Plan to DPEA for an Inquiry	March 2013
Screening for Strategic Env Assessment Agreed By Scottish Govt Gateway	Aug 2014
Scottish Natural Heritage agree Habitats Regulations Assessment	Oct 2014
DPEA submit Inquiry Report to Scottish Ministers	Dec 2014
Scottish Ministers issue Direction to Adopt Core Path Plan.	April 2015

- 2.3 The report appends a summary of the DPEA findings on the Local Inquiry, and highlights that the Scottish Ministers have directed that Argyll and Bute Council adopt the Core Paths Plan as modified by those findings.
- 2.4 This is the first time that Argyll & Bute has had a Core Paths Plan and it has been a large and complex project which will result in the designation of 1,167 miles of Core Paths across the whole area. The report appends a mapped overview of the Core Path network.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Council adopt the Argyll and Bute Core Paths Plan in line with the Direction issued by the Scottish Ministers

It is recommended that the Council authorize officers following adoption to:

- Publish a notice giving notice that the Council plans to Adopt the Core Paths Plan following the Local Inquiry
- Publish the Core Paths Plan and associated maps and make it available for the public. This will be done through Local View Maps on the Council's Website. The public will also be able to request paper or electronic copies of excerpts from the plan from the Access Team.
- Send a copy of the plan to the Scottish Ministers

4.0 DETAIL

- 4.1 Part 1 of the Land Reform (Scotland) Act 2003 (the Act) requires all local authorities to draw up a plan for a system of paths, known as core paths, that is sufficient for giving the public reasonable access throughout their area. The Act prescribes the procedures required to be undertaken by local authorities before they can adopt the Core Paths Plan. The Act also requires that local authorities regularly review the Core Paths Plan once it is adopted.
- 4.2 Following a series of informal consultations over a number of years including a Consultative Draft of the plan in 2009, on 24 June 2010 the Council approved *The Finalised Draft of the Argyll and Bute Core Paths Plan* for public consultation for a period of 12 weeks between January and April 2011.
- 4.3 The consultation generated 853 representations from 274 individuals and organisations. 248 valid objections were received against 138 elements of the plan. Where an objection could not be resolved Argyll and Bute Council could not adopt the Plan until directed to do so by Scottish Ministers. Unresolved objections to the Draft Plan required that a Local Inquiry into those objections by the Directorate of Planning and Environmental Appeals (DPEA) before the Plan could be adopted.
- 4.4 Following the Public Consultation an update on the Core Paths Plan was presented to the Executive Committee on 29 September 2011 that outlined the need for an additional round of consultation with “Interested Parties”. This allowed landowners and others with an interest to comment on new paths proposed for inclusion in the Plan or where paths were to be deleted. This was required because some local authorities had been instructed to carry out additional consultation by the Reporters before the Local Inquiry Process could begin in similar circumstances.
- 4.5 The Access Team then prepared an Objection Report for each of the 138 paths and Launching Points against which an objection had been received, these incorporated a map, photographs of the route and a summary of the objections as well as all the representations that had been made. Finally the Access Officer made his recommendations on whether or not the path should be included in the Core Paths Plan.
- 4.6 During January to April 2012 a report was presented to each of the four Area Committee Business Days after which Elected Members had an opportunity to discuss and make comments on the Objection Reports.
- 4.7 A final informal consultation with “Interested Parties” was held between April and June 2012. After which the representations received were copied into the Objection Reports.
- 4.8 Between August and December 2012 the Argyll & Bute Local Access Forum, a statutory, independent group of stakeholders, held five meetings at which they gave statutory advice to the Council on each of the 138 Objection Reports. This was then added to the reports along with the Access Officer’s Final Recommendation.

- 4.9 In March 2013 The Council submitted the Core Paths Plan, 138 Objection Reports and supporting documents to the Directorate for Planning and Environmental Appeals (DPEA) for a Local Inquiry. The final version of all the reports was also made available for public inspection on the Council's web page.
- 4.10 As required by the Act the DPEA held a Local Inquiry into the objections lodged against the Plan. The Local Inquiry was dealt with through written submissions and a series of site visits. The Reporters chose not to hold hearings or meet objectors.
- 4.11 August 2014 the Access Team received confirmation from the Scottish Government's Strategic Environmental Appraisal Gateway that the plan did not require an SEA because the proposals would not cause any significant environmental effects.
- 4.12 October 2014 approval was then gained from Scottish Natural Heritage for the Habitats Regulations Appraisal of the Core Paths Plan which had been produced by the Access Team. The approval of this document allowed the Reporters to conclude the Local Inquiry.
- 4.13 December 2014 the DPEA passed the Reporter's report on the Local Inquiry into the Core Paths Plan to Scottish Ministers.
- 4.14 April 2015 Scottish Ministers published their Direction to Adopt the Argyll & Bute Core Paths Plan. This directs Argyll and Bute Council to adopt the Core Paths Plan subject to 74 modifications set out in their report. In addition to the DPEA recommendations Scottish Ministers also directed that Launching Points should not be included as Core Paths in the Core Paths Plan. There is no right of appeal against the Scottish Ministers Direction.
- 4.15 Members were informed by email on 14 April 2015 that the Local Inquiry into the Draft Finalised Core Paths Plan was completed and that the entire DPEA Inquiry Report could be viewed on the DPEA web page <http://www.dpea.scotland.gov.uk/> . A summary of the DPEA findings on each objection can be found in Appendix 1 to this report.
- 4.16 The Adopted Core Paths Plan will have 1,167 miles of Core Paths within Argyll and Bute.
- 4.17 The Core Path network will safeguard and promote both functional and recreational paths through Development Planning and other Council policies. The Core Paths Plan will help to encourage active travel through promoting paths to the local shops, schools and places of work. The Core Paths Plan will also promote paths that showcase the wonderful scenery and wildlife that Argyll and Bute has to offer and help attract visitors to Argyll and Bute. The Core Path network will provide Argyll and Bute with a resource that should be seen as one of the Councils key assets in helping to deliver on the Single Outcome Agreements. An overview of the Core Paths Network can be seen in Map 1 (Appendix 2).

- 4.18 Following the Adoption of the Core Paths Plan Argyll & Bute Council must;
- Publish a notice giving notice that the Council plans to Adopt the Core Paths Plan following the Local Inquiry
 - Publish the Core Paths Plan and associated maps and make it available for the public. This will be done through Local View Maps on the Council's Website. The public will also be able to request paper copies of excerpts from the plan from the Access Team.
 - Send a copy of the plan to the Scottish Ministers
- 4.19 The Act places a duty on the Council to review and amend the Core Paths Plan at such times as considered appropriate or by request of Scottish Ministers. Amendments to the Core Paths Plan may be required on a fairly regular basis due to development that requires a Core Path to be realigned or diverted. This process would be carried out through the creation of an Order under Section 208 of the Town and Country Planning (Scotland) Act 1997. The estimated costs of making such an Order are between £1000 and £1500. All costs associated with making an Order to divert a Core Path should be borne by the developer.
- 4.20 The Access Team is currently working with the Argyll & the Isles Coast and Countryside Trust and community organisations to secure external funding to upgrade Core Paths to ensure that they benefit local people and visitors to the area maximising the economic and health benefits. In addition it is developing an online system to provide walking information for all Core Paths and this can be seen at <http://www.argyll-bute.gov.uk/planning-and-environment/core-path-mapping>
- 4.21 The Access Team is currently engaging with the public, in particular landowners who had objected to paths, to explain the effects of designating Core Paths. If an Elected Member requires any information about a Core Path the Access Team is available to offer assistance. This assistance can include the design and production of signage intended to help manage public access and land management operations. The Access Team can also offer advice on temporary closures to Core Paths as well as publicise any such closures via the Councils web page.

5.0 CONCLUSION

- 5.1 Argyll and Bute Council formally adopt the Argyll and Bute Core Paths Plan in line with the Direction received from Scottish Ministers. This will result in the creation of the first Argyll and Bute Core Paths Plan containing 1,167 miles of Core Paths across Argyll and Bute. The Core Path network will safeguard and promote both functional and recreational paths through Development Planning and other Council policies. The Core Paths Plan will help to encourage active travel through promoting paths to the local shops, schools and places of work. The Core Paths Plan will also promote paths that showcase the wonderful scenery and wildlife that Argyll and Bute has to offer and help attract visitors to Argyll and Bute. The Core Path network will provide Argyll and Bute with a resource that should be seen as one of the Councils key assets in helping to deliver on the Single Outcome Agreements. An overview of the Core Paths Network can be seen in Map 1 (Appendix 2).

6.0 IMPLICATIONS

6.1 Policy

The adopted Core Paths Plan will be included as Supplementary Guidance within the Local Development Plan.

6.2 Financial

There are no financial implications arising directly from this report, however local authorities have a duty to protect Core Paths and keep them open and free from obstruction which could result in legal and/or remedial action being undertaken by the Council. No budgetary provision exists for such actions.

6.3 Legal

Section 17 of the Land Reform (Scotland) Act 2003 places a duty on local authorities to draw up a plan for a system of Core Paths sufficient to provide reasonable public access throughout their areas.

Section 13 of the Land Reform (Scotland) Act 2003 places a duty on local authorities to assert, protect and keep open and free from obstruction or encroachment any route waterway or other means by which access rights may reasonably be exercised.

6.4 HR

None

6.5 Equalities

None

6.6 Risk

None

6.7 Customer Service

None

Appendices

- **Appendix 1** **Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers**
- **Appendix 2** **Map showing the Distribution of Core Paths Plan in Argyll & Bute**

Executive Director of Development & Infrastructure Services – Pippa Milne

Policy Lead – Councillor David Kinniburgh

For further information contact Jolyon Gritten, Access Manager

jolyon.gritten@argyll-bute.gov.uk

Tel: 01546 604 314

Appendix 1: Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers

Extract from the Report of inquiry into the Core Paths Plan for Argyll & Bute

Directorate for Planning and Environmental Appeals

Report to the Scottish Ministers

Land Reform (Scotland) Act 2003 Sections 17 & 18 Core Paths Plan

Case reference: CPP-18

Bute and Cowal

A020 Ardtaraig to Cowal Way East of Garvie, Glendaruel	No recommendation, outwith remit of the examination
A076 Wester Kames link, Isle of Bute	No modification to the CPP
A092 Cairndow to Strachur	No modification to the CPP
A205 Kilmichael Farm to West Island Way, Isle of Bute	No recommendation, outwith remit of examination
A211 Holy Loch coastal path, Sandbank	No recommendation, outwith remit of examination
C207(a) Sandbank to Toward	CPP should be modified to incorporate the alternative route proposed by the Access Authority and illustrated on the plan at page 4 of their report on path C207(a).
C207(b) Sandbank to Toward	No modification to the CPP
C207(c) Sandbank to Toward	No modification to the CPP
C211(a) Ardnadam Heritage Trail Loop	No modification to the CPP
C212 Port Lamont to Ardtariag, Loch Strivan	No modification to the CPP
C223 Dunans loop to Inverreck and LLTNP boundary	No modification to the CPP
C230 Rhubodach Ferry to West Island Way, Bute	The CPP should be modified to accord with the amendment to the route of this path shown at page 2 of the Access Authority's report on path C230, but the section skirting the ruined settlement of Balnakailly should show the path passing to the west of the settlement
C233 Port Bannatyne to Etrick Bay	The CPP should be modified in accordance with amendments A and B proposed by the Access Authority as shown on the plan at page 1 of their report on path C233
C488 Dunloskin Wood, Dunoon	No modification to the CPP

Appendix 1: Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers

Oban Lorne and the Isles

A002 Taynuilt to Tyndrum	No recommendation, outwith remit of the examination
A016 Barguilean to Loch Nant	No recommendation, outwith remit of the examination
A046 Gruline, Mull	No recommendation, outwith remit of the examination
A121 Laggan Burn to C171 Kilmore, Loch Nant	No recommendation, outwith remit of the examination
A124 Glen Forsa to Glen More, Mull	No recommendation, outwith remit of the examination
A200 Polvinster to Pennyfuir Cemetery, Oban	No recommendation, outwith remit of the examination
A209 Breachacha to Arinagour, Isle of Coll	No recommendation, outwith remit of the examination
A226 Auction Mart to Glenview, Dalmally	No recommendation, outwith remit of the examination
A306 Balinoe to Kilmore Route A306 (formerly C489), south of Oban	The CPP should be modified by deleting route C489
C013(a) Feall Bay to Calgary Point, Isle of Coll	The CPP should be modified by deletion of path C013(a)
C019 Sorisdale Bay to Dunes N of Port a'Mhor Mhuil, Isle of Coll	The CPP should be modified by deletion of path C019
C036 Quinish Point Circular, Dervaig	The CPP should be modified by incorporating the amendment proposed by the Access Authority, rerouting the path as shown on page 9 in the Access Authority's report on path C036
C044 North Beach Walk, Iona	The CPP should be modified by rerouting path C044 along the public road past the nunnery, school and heritage centre as shown on the plan at page 6 of the Access Authority's report on path C044 and by terminating the core path at the northern boundary of the grounds of St Mary's Abbey.
C151 Link path, Barcladine	The CPP should be modified by confirming route C151 as a Core Path, but at its northern end for its alignment to be amended as shown dotted red on the plan on (the right hand side of) P3 of the Access Authority's report on path C151.
C152(b) Oban to Appin (National Cycle	No modification to the CPP

Appendix 1: Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers

Oban Lorn & the Isles

Network), Barcaldine	
C152(f) Oban to Appin (National Cycle Network), Benderloch	The CPP should be modified by the route alignment of the path C152(f) between Ferloch Burn and the Scottish Sea Life Centre being now as shown by the dashed blue line on the site plan provided by Sustrans, dated 21 August 2014 and entitled "Oban to Fort William Phase 7A Ferloch Burn to Sealife Sanctuary"
C152(g) Oban to Appin (National Cycle Network), North Ledaig	The CPP should be modified by the deletion of path C152(g)
C156(a) Loch Awe to Glen Etive	The CPP should be modified to confirm C156(a) as a Core Path along an amended route for the section passing across the Bonawe quarry site – as shown on the map on page 1 of the Access Authority Report on path C156(a)
C167 Kerrera to Pulpit Hill, Oban	No modification to the CPP
C168 Pulpit Hill to Drum Mor Mast Oban	The CPP should be modified by not designating C168 as a Core Path at this time
C172(a) Loch Avich to Loch Feochan	The CPP should be modified by amending both the northern and southern end sections route of path C172(a), as shown by the 2 amendments detailed on the maps on pages 1, 4 and 5 of the Access Authority's report on path 172(a)
C177 Black Lochs Kilvaree, Connel	The CPP should be modified by a minor realignment northwards of path C177 in the immediate vicinity of the dwelling known as Lailt – as shown by the dark blue dotted line on the P6 map of the Access Authority's report on this route
C179 Ledaig Beach, Connel	The CPP should be modified by amending the alignment of C179(b) immediately to the south of North Ledaig Caravan Park, as shown by the orange and blue dotted line on the P8 map of the Access Authority's report on this particular route
C188 Oban-Seil Croft, Isle of Seil	No modification to the CPP
C190 Barr Mor, Isle of Seil	No modification to the CPP
C191(b) Shortcut, Seaview Hill, Isle of	The Core Paths Plan should be modified

Appendix 1: Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers

Oban Lorn & the Isles

Seil	by deleting path C191(b)
C437 Kirton School path (amendment), Appin	The Core Paths Plan should be modified by deleting path C437
C481 Sorisdale Bay, Isle of Coll	No modification to the CPP
C483(a) Baile Mohr to Culbuirg Dunes, Iona	No modification to the CPP
C484 Cullbuirg Dunes to Port na Curaich, Iona	No modification to the CPP
C507 Uig, Isle of Coll	The CPP should be modified by deletion of path C507
C520 Loch Nell to Glencruitten, Oban	No modification to the CPP
D035 Killiechronan to Glenaros Farm, Mull	The CPP should be modified by amending the eastern section of D035 as shown in the plan at page 6 of the Access Authority's report on path D035 and combining it with D036 as shown in the plan on page 9 of that report, to form a new Core Path. The remainder of D035 to Glenaros Farm should be deleted
D036 Killiechronan to Salen, Mull	The eastern section of D035 should be amended as shown in the Access Authority's submission and combined with D036, also as amended in that submission, to form a new Core Path. The remainder of D035 to Glenaros Farm should be deleted
L027 Launch Point South of Ossians, North Connel	The Core Paths Plan should be modified by the deletion of Launch Point L027
L031 Launch Point, Tralee Bay	The CPP should be modified by deletion of Launch Point L031
L044 Launch Point, Tralee Bay	The CPP should be modified by deleting Launch Point L044
L165 Launch Point, Traigh Hough, Isle of Tiree	The CPP should be modified by deleting Launch Point L165.
L167 Launch Point, Traigh Bhagh, Crossapol, Isle of Tiree	The CPP should be modified by relocation of Launch Point L167 to the L167(amended) site, as shown on page 1 of the Access Authority report on Launch Point L167
L168 Launch Point, Traigh Shorobaidh, Balemartine, Isle of Tiree	The CPP should be modified by relocation of Launch Point L168 to the amended site as shown on page 1 of the Access Authority report on Launch Point L168

Appendix 1: Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers

Oban Lorn & the Isles

L172 Traigh Chornaig, Cornaigmore, Isle of Tiree	The Core Paths Plan should be modified by deleting Launch Point L172
L179 Toberonochy Harbour North, Isle of Luing	The CPP should be modified by deleting Launch Point L179
L213 Launch Point, Gallanch Road, Oban	The CPP should be modified by deleting Launch Point L213
NP001 Feochan Gardens to Lonan Drive, Oban	The CPP should be modified by designating NP001 as a Core Path as shown on page 1 of the Access Authority report on New Path NP001
NP004 Burnessan Shore Road, Mull	The CPP should be modified by the inclusion of Path NP004 as indicated on the plan at page 1 of 11 of the report on Path NP004
NP006 Erray House to Rairig, Tobermory, Mull	No modification to the CPP
NP012 Grosvenor Crescent, Connel	No modification to the CPP
NP013 C152(c) Portnacraish to National Cycle Network 78 route C152(c)	The CPP should be modified by designating NP013 as a Core Path as shown on the plan at page 1 of the Access Authority report on new path NP013
NP014 C152(c) Portnacraish to National Cycle Network 78 route C152(c)	The CPP should be modified by designating NP014 as a Core Path as shown on the plan at page 1 of the Access Authority report on new path NP014
NP015 Glenview, Dalmally	No modification to the CPP
NP016 Port Beag Slipway, Oban	The CPP should be modified by designating NP016 as a Core Path as shown on the plan at page 1 of the Access Authority's report on new path NP016
NP020 West Highland Way – Forest Lodge, Black Mount	The Core Paths Plan should be modified by designating path NP020 as a Core Path as shown on the plan at page 1 of the Access Authority's report on new path NP020
NP021 Pulpit Hill to Drum Mor ridge, Oban	The CPP should be modified by designating a new Core Path linking directly to the C168 route and proceeding south-west from the Telecommunications Mast on Drum Mor

Appendix 1: Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers

Oban Lorn & the Isles

	to the Glenshellach Road immediately below the Radio Tower as shown as NP021 on the plan at page 1 of the Access Authority report
NP022 New path on the Isle of Kerrera	The CPP should be modified by the designation of path NP022, as shown on the plan at page 1 of the Access Authority report on new path NP022
NP023 Benvoullin Road to Benvoullin Gardens, Oban	The CPP should be modified by designating NP023 as a Core Path, as shown on the plan at page 1 of the Access Authority report on new path NP023
NP024 Feochan Gardens to Colonsay Terrace, Oban	No modification to the CPP

Mid Argyll, Kintyre and the Isles

A015 Du'n na Cuaiche alternative route, Inverary	No modification to the CPP
A035 Frachdale to Erasdale Caves, Oronsay	No recommendation, outwith remit of the examination
A058 Blarbuie to Baddens, Lochgilphead	No modification to the CPP
A086 West Loch Tarbert to Kennacraig	No recommendation, outwith remit of the examination
A096 Kilmory to Aros Hospital (modified)	The CPP should be modified to include as a core path the section of path identified on the plan at page 4 of the Access Authority report on path A096
A123 Lochgair Castle circular, south shore part	No recommendation, outwith remit of the examination
A247 Salachary to Kintraw	No recommendation, outwith remit of the examination
A248 Kilmory to Castleton, Lochgilphead	No modification to the Core Paths Plan
A249 Lochgair to Ardcastle	No recommendation, outwith remit of the examination
C049 Feolin ferry to Cnocbreac Village, Jura	The CPP should be modified by deleting path C049
C086 Machrihanish to West Port, Mull of Kintyre	No modification to the CPP
C090(c) Machrihanish to the Inneans and Southend, Mull of Kintyre	No modification to the CPP

Appendix 1: Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers

Mid Argyll, Kintyre and the Isles

C102(b) Dunskeig circular, Clachan	No modification to the CPP
C110(a+b) Achnabreck to Monydrain Road	No modification to the CPP
C117 Craignish Point, Ardfern	No modification to the CPP
C128 National Cycle network at Brenfield Nr. Ardrishaig	The CPP should be modified by amending path C128 as proposed on the map on page 1 of the Access Authority's report on path C128
C149(a) Bridgend to Ford	No modification to the CPP
C199 (a-e) Furnace to Inverary via Kenmore	No modification to the CPP
C200 Coillie Bhraghad to Queens Drive, Inverary	No modification to the CPP
C303(a) Claonaig to Clachan (Kintyre Way)	No modification to the CPP
C303(b) Claonaig to Clachan (Loch Ciaran to Lochan a'Chreimh section) of The Kintyre Way	No modification to the CPP
C444 Oakfield to Eastfield, Tarbert	The CPP should be modified to amend the route of path C444, deleting the redundant section, as shown on page 1 of the Access Authority's report on path C444
C454 Dalriada Dunamuck section	No modification to the CPP
C455 Dalnada Dalvore- Dunadd section	No modification to the CPP
C458 Dalriada No.9 Lock Crinan Canal – Dunamuck	No modification to the CPP
C461 Dun Skeig, Clachan	No modification to the CPP
C463 Dunskeig Bay, Clachan	No modification to the CPP
C493 Ederline Loch to Ford	The Core Paths Plan should be modified by deleting path C493
C511 Ardnave point, Loch Gruinart, Islay	The CPP should be modified by deleting the eastern coastal route of path C511 and substituting the inland route to the west, in accordance with the Access Authority's amended map as indicated on page 2 of the Access Authority's report for path C511
D001 Dun Skeig Circular, Clachan (formerly part of C102, C461, C462 &	The Core Paths Plan should be modified to reinstate core path designation for path

Appendix 1: Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers

Mid Argyll, Kintyre and the Isles

C463)	D001
D004 Monydrain circular, Lochgilphead	No modification to the CPP
D025 Du'n Na Cuaiche, Inverary	The CPP should be modified by designating path D025 as a core path
D028 Ardskenish, Colonsay	The CPP should be modified by designating path D028 as a core path subject to the amendments shown on the plan on page 2 of the Access Authority's report on path D028
D029 Balnahard Beach, Colonsay	The CPP should be modified to designate path D029 as a core path as shown on the plan at page 1 of the Access Authority's report on path D029
D030 Scalasaig to Beinn Nan Gudairean view point, Colonsay	The CPP should be modified by designating path D030 as a core path as shown on the plan at page 1 of the Access Authority report on path D030
L013 An Lodan jetty, Ford Bay, Torran, Ford	The CPP should be modified by deleting Launch Point L013
L040 Dunaverty boathouse slipway, Southend	The CPP should be modified by deletion of Launch Point L040
L062 Ronachan, by Tayinloan	The CPP should be modified by deleting Launch Point L062
L116 Launch point, Front Street, Inverary	The CPP should be modified by deleting Launch Point L116
L238 MacKenzies Land car park slipway, Inverary	The CPP should be modified by deleting Launch Point L238
L240 Boat House, Kilneuair, Loch Awe	The CPP should be modified by deleting Launch Point L240
NLP001 Inverneill	No modification to the CPP
NP002 Torinturk to Port Ban, Kilberry, Knapdale	No modification to the CPP
NP005 Creag Bhan viewpoint, Gigha	The CPP should be modified by designating path NP005 as a core path as shown on the plan on page 1 of the Access Authority's report on path NP005
NP025 Portnahaven circular (new section)	The CPP should be modified by designating path NP025 as a core path as indicated on the plan at page 1 of the Access Authority's report on path NP025
NP026 Portnahaven circular (new section)	No modification to the CPP

Appendix 1: Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers

Helensburgh and Lomond

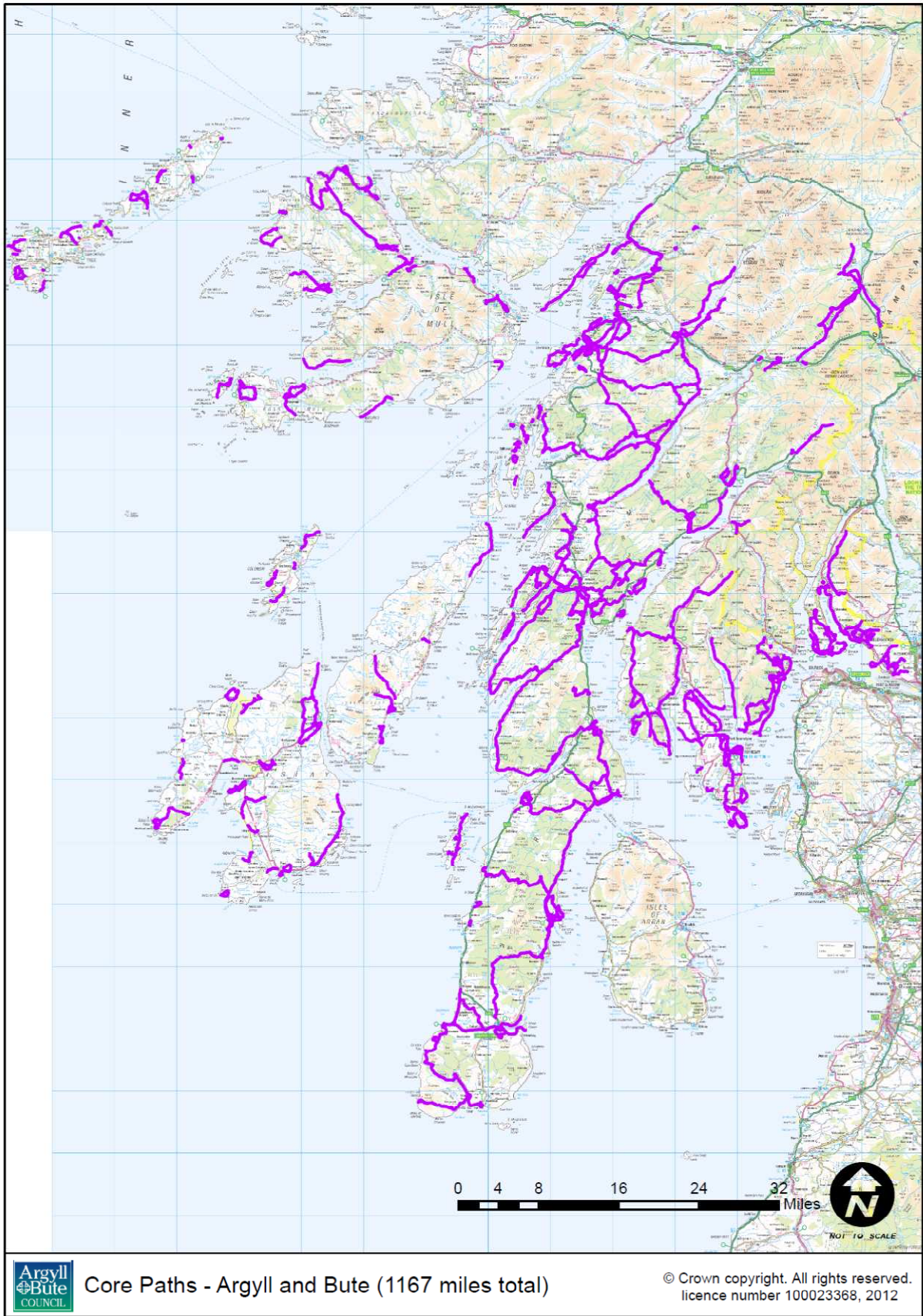
A094 Dumbarton to Helensburgh cycle path	No recommendation, outwith remit of the examination
C263(a) Red Road to Darleith Road, Lyleston to Kirkton	The CPP be modified by deleting path C263(a), as originally proposed, from the point where it leaves the track between West Lodge and Drumhead to turn north and then east via Bayden Farm and the south to the point where it meets the track to the road /C262(b) north of Kirkton. Route C263(c) be designated as a core path as shown in the plan at page 3 of the Access Authority's report on path C263(a)
C266 Cycle path, Helensburgh pier to Arden (ABC boundary)	No modification to the CPP
C267 and NP007 Old Luss Road, Helensburgh	The CPP should be modified by extending path C267 northwards to Luss Road (A818) as shown on the plan at page 3 of the Access Authority's report on path C267
C282(b) Kilcreggan to Peaton Hill (Peninsula path)	The CPP should be modified by designating amended route C282(b) through Bluebell Wood (marked C282(b) amended) and deleting the eastern road section of C282(b) from near Fionn Dun to the junction with the C282(c) at the Barbour Road, as shown on the plan at page 3 of the Access Authority report on path C282(b)
C282(c-f) Kilcreggan to Peaton Hill (Peninsula path)	No modification to the CPP
C284 Clynder High Road to Peninsula path	The CPP should be modified by extending core path C284 to the summit of Clach MacKenny, as indicated on the amended plan shown on page 5 of the Access Authority report on path C284
C290 School Road to Church Road via Fairfield Gardens	No modification to the CPP
C291(a) School Road to Church Road, Kilcreggan	The CPP should be modified by deleting route C291(a)
C319 Barbour Road to Peaton Hill	No modification to the CPP
C468 B833 to Dun Daimh part circular (c) Garelohead	The CPP should be modified by deleting path C468
C469(b) Peaton Hill Nature Reserve (part)	The CPP should be modified by designating path C469(b) as a core path as shown on the plan at page 1 of the Access Authority's report on path C469(b)

Appendix 1: Summary of Changes to the Core Paths Plan Directed by the Scottish Ministers

Helensburgh and Lomond

	Access Authority report on path C284
C290 School Road to Church Road via Fairfield Gardens	No modification to the CPP
C291(a) School Road to Church Road, Kilcreggan	The CPP should be modified by deleting route C291(a)
C319 Barbour Road to Peaton Hill	No modification to the CPP
C468 B833 to Dun Daimh part circular (c) Garelohead	The CPP should be modified by deleting path C468
C469(b) Peaton Hill Nature Reserve (part)	The CPP should be modified by designating path C469(b) as a core path as shown on the plan at page 1 of the Access Authority's report on path C469(b)
C510 Cardross shore path	The CPP should be modified by deleting route C510
C518 Moss road, Cardross	The CPP should be modified by deleting path C518
C 525(a) South Ailey Road, Cove	The CPP should be modified by deleting path C 525(a)
C525(b) Garelohead forest, Cove	The CPP should be modified by deleting path C525(b)
D017 Ardoch to Dumbarton shore path	No modification to the CPP
NP003 Drumfad Wood short cut, Helensburgh	The CPP be modified by designating path NP003 as a core path as shown on the plan at page 1 of the Access Authority report on path NP003
NP009 Abercrombie Court/Golfhill Drive, Helensburgh	The CPP be modified by designating path NP009 as a core path as shown on the plan at page 1 of the Access Authority report on path NP009
NP017 Rosneath to caravan park	No modification to the CPP
NP018 Clachan farm, Rosneath	No modification to the CPP
NP019 Camsail Wood, Rosneath	No modification to the CPP

Appendix 2: Map showing the Distribution of Core Paths Plan in Argyll & Bute



ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****25 June 2015**

Flood Risk Management – National Prioritisation of Actions

1.0 EXECUTIVE SUMMARY

- 1.1 The paper outlines the process that has been used to formulate the Prioritised list of Actions as worked up with SEPA to address flood risk. These will be considered by the National Prioritisation Group and that the output therefrom will be incorporated in the Flood Management Strategies published by SEPA in December 2015 and the Local Flood Risk Management Plans published by the local authorities in June 2016.
- 1.2 The actions that are in Argyll and Bute are listed in sections 4.7 and 4.8, and include works in Campbeltown and studies in Oban, Tarbert, Helensburgh and Lochgilphead in the first six year cycle 2016 - 2022. It also states that Surface Water Management Plans will be drafted for Oban, Campbeltown, Kilcreggan and Dunoon. Non prioritised actions such as land use planning, inspection and maintenance of watercourses and emergency planning also need to be delivered by the Council as part of its ongoing responsibility under the Act to reduce flood risk. The other prioritisation actions around improving understanding and flood warning will be delivered by SEPA. In cycle 2 further studies are expected for Dunoon, Garelochhead, Campbeltown, Rothesay and Cardross.
- 1.3 Funding arrangements have yet to be announced by the Scottish Government but it is anticipated that the Council will need to part finance the proposals.
- 1.4 Members are asked to:-**
- Note the report and that the funding arrangements have yet to be announced by the Scottish Government;
 - Approve that the Prioritised List of Actions represents the Council's preferred order for dealing with flood risk, subject to funding being available.

ARGYLL AND BUTE COUNCIL

COUNCIL

DEVELOPMENT AND
INFRASTRUCTURE SERVICES

25 June 2015

Flood Risk Management – National Prioritisation of Actions

2.0 INTRODUCTION

2.1 The paper outlines the process that has been used to formulate the prioritised list of actions as worked up with SEPA to address flood risk. These will be considered by the National Prioritisation Group and that the output therefrom will be incorporated in the Flood Management Strategies published by the Scottish Government in December 2015 and the Local Flood Risk Management Plans published by the local authorities in June 2016. The actions that are in Argyll and Bute are listed in sections 4.7 and 4.8.

3.0 RECOMMENDATIONS

That the Council:-

- Notes the report and that the funding arrangements have yet to be announced by the Scottish Government;
- Approves that the Prioritised List of Actions represents the Council's preferred order for dealing with flood risk, subject to funding being available.

4.0 DETAILS

- 4.1 The Flood Risk Management (Scotland) Act 2009 introduced a new, more sustainable approach to managing flood risk. It requires all Responsible Authorities to work collaboratively to produce Flood Risk Management Strategies and Local Flood Risk Management Plans. The first step to delivering these was to focus efforts on the areas most vulnerable to flooding and the National Flood Risk Assessment was carried out by SEPA in 2012.
- 4.2 The National Flood Risk Assessment is a strategic tool. It covered flooding from rivers, groundwater and the sea, as well as flooding caused when surface water cannot enter drainage systems or the river network. The likelihood of flooding was considered alongside the estimated impact on people, the economy and the environment. The result provided a national summary of the causes and consequences from all sources of flooding and the effects of climate change.

- 4.3 Based on the National Flood Risk Assessment, SEPA identified areas where the potential impact justified further assessment and appraisal of possible flood risk management actions. This required the setting of a threshold above which the total impact of floods in a given area was considered nationally significant. These areas are based on catchments and referred to as Potentially Vulnerable Areas (PVAs). In Scotland 243 PVAs have been identified, of which 16 are in Argyll & Bute. The initial objectives for each of the Potentially Vulnerable Areas were reported to the Environment Development and Infrastructure Committee on 14 August 2014.
- 4.4 The setting of objectives and actions within the PVAs has formed the basis of the Flood Risk Management Strategies to be published by SEPA in December 2015. The actions are assigned to 6 year cycles with the first cycle commencing in 2016.
- 4.5 The Flood Risk Management Strategies form the basis on which Argyll & Bute Council led by The Highland Council and Glasgow City Council will develop Local Flood Risk Management Plans (LFRMP). Prioritised actions for inclusion in the LFRMP will be determined by the National Prioritisation Group*. The LFRMPs will then set out in detail which actions will be funded and delivered within each six-year planning cycle. The plans will include other non-prioritised actions such as land use planning, assessment of relevant bodies of water, and emergency planning to form part of the ongoing actions reducing overall flood risk. The Plans are to be published in June 2016.
- 4.6 *The National Prioritisation Group will consist of SEPA, Scottish Government, COSLA, Scottish Water and representation from six Lead Local Authorities (Glasgow City and North Ayrshire from SEPA's West Region, Aberdeenshire and Highland from the North and Scottish Borders and Angus from the East) and will meet to consider all the prioritised lists and the allocation of national funding based on the set of rules to be provided by Scottish Government / COSLA. Their approved list will then go forward as final content for the Flood Risk Management Strategies to be announced by the Minister in December 2015.

4.7 For the Argyll and Bute Council area, the following are included in the national prioritised lists that are going forward to the National Prioritisation Group for its consideration:-

Location	Description	Cycle 1 (2016 – 2022)	Cycle 2 (2022 – 2028)
Campbeltown*	Works for flood protection from river flooding	X	
Oban	Study for flood protection from Black Lynn Burn and coastal sources	X	
Tarbert	Study for flood protection from coastal sources	X	
Helensburgh	Study for flood protection from coastal sources	X	
Lochgilphead	Study for Flood Protection from Badden Burn	X	
Dunoon	Study for flood protection from Milton Burn		X
Garelochhead	Study for flood protection from coastal sources		X
Campbeltown	Study for flood protection from coastal sources		X
Rothesay	Study for flood protection from river and coastal sources		X
Cardross	Study for flood protection from river sources		X

* This project is included as works because SEPA is satisfied that the report into flooding in Campbeltown completed in 2008 had sufficient Benefit/Cost information contained within it.

- 4.8 Subject to suitable funding being available, the Council would have responsibility for delivery of the above list and also Surface Water Management Plans during Cycle 1 for Oban, Campbeltown, Kilcreggan and Dunoon. Non prioritised actions such as land use planning, inspection and maintenance of watercourses and emergency planning would also be for delivery by the Council in an ongoing basis. The other prioritisation actions around improving understanding and flood warning will be delivered by SEPA.
- 4.9 Areas that are affected by flooding that were not within a Potentially Vulnerable Area in the run up to Cycle 1 can be reconsidered in the lead up to Cycle 2.
- 4.10 The characterisation and objectives for each Potentially Vulnerable Area were out to public consultation between December 2014 and 2 June. There were 3 responses for the Clyde and Loch Lomond Local Plan District and 8 for the Highland/Argyll district. None of the responses concerned areas within Argyll and Bute.
- 4.11 The Scottish Government have yet to announce how the studies and works will be financed, however it is expected that local authorities will be required to part fund any expenditure proposed. It is expected that the Scottish Government will announce the funding proposals in August 2015 and the Flood Risk Management Strategy in December 2015. The Councils are required to publish their Local Flood Risk Management Plans in June 2016, timetabling when each of the works/studies in the first six year cycle will be undertaken. It is anticipated that a further report will be provided to outline the funding decisions and their impact on the Council.

5.0 CONCLUSION

5.1 The prioritised list of flooding actions has been developed by SEPA and the other Responsible Authorities in accordance with the Flood Risk Management (Scotland) Act 2009 and represents a strategic basis for investment.

6.0 IMPLICATIONS

6.1	Policy	None
6.2	Financial	None at present – Scottish Government yet to announce funding mechanism and it is expected that the Council will need to at least part fund any proposals. Funding for previous flood scheme works has been 20% from Local Authorities.
6.3	Legal	Meets Requirements of Flood Risk Management Act 2009
6.4	HR	Na
6.5	Equalities	Na
6.6	Risk	Sets out how flood risk within Argyll and Bute Council area sits within the national context
6.7	Customer Services	None

Executive Director of Development and Infrastructure – Pippa Milne

Policy Lead Ellen Morton
15 June 2015

For further information please contact:
Arthur McCulloch
01546 604632

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ARGYLL AND BUTE COUNCIL**Full Council****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****25 June 2015**

Short Life Working Group – Argyll Islands Taskforce – Update on progress

1.0 EXECUTIVE SUMMARY

- 1.1 This paper provides an update on the activities of the Argyll Islands Taskforce since the 27 June 2014 Council meeting.
- 1.2 An update on the actions agreed at Council is included in Appendix 1.
- 1.3 The main activities of the Taskforce over the past twelve months have focused on collecting information about our island communities and keeping up to date with the work related to the Our Island Our Future campaign. The Taskforce has also met with both The Highland Council and North Ayrshire Council and has identified a number of priorities which are listed at paragraph 4.4. In order to progress these priorities, it is suggested that the Argyll Islands Taskforce in partnership with North Ayrshire and The Highland Councils seeks to work with both the Scottish and UK Government to enable them to contribute to the strategic discussions regarding island issues.
- 1.4 The Argyll Islands Taskforce has also developed a vision for the islands and is seeking Council approval of this vision.

Recommendations

- 1.5 That Council:
- (i) Notes the priorities for partnership working identified at para 4.4;
 - (ii) Agrees that the Argyll Islands Taskforce works in partnership with North Ayrshire Council and The Highland Council to progress the priorities noted at (i);
 - (iii) Agrees that the Argyll Islands Taskforce works with the Scottish Government and the UK Government to progress the priorities at a strategic level and requests inclusion within the Islands Working Group and other groups as appropriate;
 - (iv) Agrees the vision identified at para 4.7.

ARGYLL AND BUTE COUNCIL

Full Council

DEVELOPMENT AND
INFRASTRUCTURE SERVICES

25 June 2015

Short Life Working Group – Argyll Islands Taskforce – Update on progress

2.1 INTRODUCTION

2.1 On the 23 January 2014 the Council agreed to the setting up of a short life working group to investigate the issues affecting our islands and to develop a vision statement as well as key actions necessary to address the issues. This was against a background of falling populations on many of our islands and an awareness that Orkney, Shetland and the Western Isles Councils were promoting the Our Islands Our Future campaign. A list of actions to be undertaken by the Taskforce was agreed at the Council meeting of 27 June 2014. This paper provides an update on the activities of the Argyll Islands Taskforce since the June 2014 Council meeting.

3.0 RECOMMENDATIONS

3.1 That Council:

- (i) Notes the priorities for partnership working identified at para 4.4;
- (ii) Agrees that the Argyll Islands Taskforce works in partnership with North Ayrshire Council and The Highland Council to progress the priorities noted at (i);
- (iii) Agrees that the Argyll Islands Taskforce works with the Scottish Government and the UK Government to progress the priorities at a strategic level and requests inclusion within the Islands Working Group and other groups as appropriate;
- (iv) Agrees the vision identified at para 4.7.

4.0 DETAILS

4.1 At the Council meeting on 27 June 2014, twelve actions were identified for the Argyll Islands Taskforce to progress. Details of these and the progress made are included in Appendix 1. An additional item was added in August 2014 when issues were raised regarding the lack of GP cover on Mull, this is also included on the action list at Appendix 1. The Taskforce will continue to work on the remaining agreed actions.

4.2 The main activities of the Taskforce over the past twelve months have focused on collecting information about our island communities and keeping up to date with the work related to the Our Island Our Future campaign which has included the publication of the Scottish Governments Empowering Scotland's Island Communities (the Islands Prospectus, June 2014) and the UK Government and The Three Scottish Islands Councils: A Framework for the Islands (August 2014).

- 4.3 The Taskforce has also met with both The Highland Council (March 2015) and North Ayrshire Council (May 2015) and has agreed to work in partnership with both Councils to seek to address those issues which affect island and very isolated rural communities across the three local authority areas. As a group the three authorities have a total of 40 inhabited islands clustered around the west coast of Scotland as well as a number of very isolated rural communities which often experience the same difficulties and issues as island communities.
- 4.4 As a result of the discussions with North Ayrshire Council and The Highland Council the following priorities have been identified:
- To ensure that the future disbursement of powers and income, including income from The Crown Estate, to our island communities is equal to the three island communities.
 - To obtain Scottish Government capital investment in key island infrastructure such as ports, ferry terminals and vessels in order to facilitate the needs of RET and secure the future economic prosperity of our island and isolated rural communities.
 - To secure the integration of essential transport networks including ferries, buses, air and rail connections to minimise journey times to and from our island and isolated rural communities.
 - To lobby for parity for our island and isolated rural communities with regard to mail order delivery surcharges.
 - To lobby for maximum investment in our digital connectivity for our island and isolated rural communities, including superfast broadband, modern mobile phone signal and exploring the possibility of opening up public digital networks to the wider community.
 - To lobby for the removal of water and waste water constraints from our island and isolated rural communities to facilitate economic growth.
 - To lobby for innovative approaches to recruit and retain adequate GP coverage for our island and isolated rural communities.
 - To seek innovative and cost effective affordable housing for our island and isolated rural communities.
 - To address fuel poverty for our island and isolated communities.
 - To work with the three island authorities to identify common economic challenges across our islands and opportunities for joint working to address these.
- 4.5 Many of these issues are discussed within the Islands Prospectus and Framework for the Islands. Both the Scottish and UK Governments have set up working groups which include the three island councils of Orkney, Shetland and the Western Isles. These working groups have helped to inform the documents published to date and it is expected that the three island councils will continue to contribute including through the preparation of an Annual Statement of Collective Priorities which will assist the awareness and understanding of the UK Government in relation to their requirements.
- 4.6 It is therefore proposed that the Argyll Islands Taskforce, in partnership with North Ayrshire and The Highland Councils, seeks a much closer working relationship with both the Scottish and UK Governments so that representatives of the west of Scotland islands are able to contribute to the discussions at this strategic level.
- 4.7 Officers have already approached the Scottish Government regarding representation on the Island Areas Ministerial Working Group and have held discussions with Derek MacKay, Minister for Transport and Islands. Although formal inclusion within the Working Group appears unlikely it was indicated that regular meetings between the partnership councils and the Scottish Government would be acceptable. It is proposed

that a request is also made to the UK Government seeking representation on the Islands Working Group and input to the Annual Statement of Collective Priorities

- 4.8 Alongside the activities of the Argyll Islands Taskforce, the Convention of the Highlands and Islands (COHI) met on 1st June 2015 in Kirkwall. An identified priority for 2015 was to explore how COHI members want to engage with the Scottish Government around island issues, considering whether existing structures were sufficient and ensuring they communicated an island perspective effectively. This will affect the approach taken in relation to the Scottish Government and it may be appropriate for the Taskforce to liaise with the Scottish Government through the mechanism established by COHI in due course.
- 4.9 Convention members also agreed that delivering fast, reliable digital connectivity and tackling transport costs for remote and islands communities needed to be addressed. Action on both of these issues would help to address island concerns within Argyll.
- 4.10 In identifying the above priorities the Argyll Islands Taskforce remains mindful of the Single Outcome Agreement (SOA) overall objective that “Argyll and Bute’s economic success is built on a growing population”. It is felt that improvements in these priority areas will help to make our islands more attractive places for people to live in and to operate businesses from and will therefore contribute to this overall objective. In order to express the Taskforce’s aspirations for the islands, a vision has been developed as follows:

It is recognised that our islands play a vital role in delivering economic growth across our area. We want to see our islands prosper and grow, providing education and employment for our young people, supporting and growing our businesses and communities and benefiting from the communication and transportation infrastructure and services necessary for them to be sustainable and prosper.

It is requested that the vision is agreed by Council.

5.0 CONCLUSION

- 5.1 The Argyll Islands Taskforce, in partnership with other Councils, is now in a position to establish a working relationship with both the Scottish and UK Governments in order to contribute to the strategic discussions about the issues which affect our island communities. The Argyll Islands Taskforce is seeking confirmation from the Council that they can proceed with this work.

6.0 IMPLICATIONS

- | | |
|----------------------|---|
| 6.1 Policy | The development of a vision statement and lobbying for positive policy and resource support for our islands fits with the objectives of the SOA, EDAP and Local Development Plan which seek to deliver sustainable island communities |
| 6.2 Financial | None at this stage |
| 6.3 Legal | None at this stage |
| 6.4 HR | None at this stage. |
| 6.5 Equalities | None at this stage |
| 6.6 Risk | To do nothing may leave our island communities at a disadvantage as they would sit outwith the 3 islands initiative and potentially any benefit that comes from the Our Islands: Our Future campaign |
| 6.7 Customer Service | None at this stage |

Pippa Milne, Executive Director of Development and Infrastructure
Policy Lead – Councillor Scoullar
16 June 2015

For further information contact: Audrey Martin, 01546 604180

APPENDIX 1 – ACTION TASK LIST

Argyll Islands Task Force
Action Sheet

Ref	Action	Lead Person	Time Frame	Additional Information
1	Undertake further analysis of the population census data to determine the demographics relating to each island and what impact that this is having on the islands in regard to their sustainability	Chris Carr	30/09/14	Population statistics report submitted 23/03/15. COMPLETE
2	Gather further information relating to those islands that were not directly part of the SOA consultation to help to fully understand all the issues affecting the future of the Argyll islands. Once these issues have been fully identified they will be used as a basis for discussions with the Scottish and UK governments.	Fergus Murray	Ongoing	Matrix of issues to be kept up to date, all members of taskforce to advice as issues change or new issues arise.
3	Review the recently published Rural Scotland in Focus 2014 report and feed in any relevant information to the island analysis.	Fergus Murray	Anticipated within 6 weeks	Report to 13/11/2014 - Environment, Development and Infrastructure Committee (1) COMPLETE
4	Develop a position/vision statement for Argyll Islands which reflects the important role that our islands play in our economic future and in the delivery of the SOA objectives of economic success and population growth. The position/vision statement will be informed by the current analysis work and will be used to drive forward key actions and to lobby for the Argyll islands.	Audrey Martin	By next taskforce meeting	Draft vision discussed at meeting of 23/03/15, to be updated with member feedback. Vision agreed by Argyll Islands Taskforce – to be put before Council.
5	Give further consideration to the “island proofing” of the SOA and examine all new polices and legislation (EU, UK and Scottish Government) coming forward that have a relevance to and could have an impact on the Argyll islands. Consider the development of a template to inform the “island proofing” and use this in the development of all new council policy.	Audrey Martin	Awaiting Bill	Island proofing is being considered by both the Scottish Government and UK Government as part of their discussion with the Our Islands Our Future campaign, the Taskforce are seeking to engage with bodies. We will monitor both organisations in relation to relevant legislation.

6	Write to the Leader of the Three Islands Council, Western Isles, Orkney and Shetland and invite them to a future meeting of the Group.	Fergus Murray	Following completion of item 8	To be progressed shortly.
7	Maintain a watching brief in regard to the Three Islands Partnership. The Our Islands: Our Future campaign has the potential to change the powers and responsibilities for those islands within the Shetland, Orkneys and Western Isles. It would therefore be appropriate for the Council To maintain a watching brief on the initiative.	Audrey Martin	Ongoing	Report tabled on Empowering Scotland's Island Communities – a Scottish Government response to the Our Islands Our Future campaign and ministerial working groups at meeting in August 2014. The Taskforce is seeking to engage with the Scottish and UK government in these discussions.
8	Meet with Highland Council and North Ayrshire to ascertain if there is an appetite to work collaboratively on areas of common interest. Some of the issues affecting the three island councils will also apply to islands within Argyll and Bute but there may also be other issues that are applicable to our islands. Now that we have commenced work to identify the specific issues relating to our islands it would be helpful to also meet with neighbouring authorities which also have islands to see if there are any shared areas of interest.	Fergus Murray	Not later than 07/10/14, preferably before	Meetings with North Ayrshire and The Highland Councils have taken place COMPLETE.
9	Work with Scottish Islands Federation (SIF) and other partners involved with our islands to ensure that we maximise the opportunities for the Argyll islands from projects such as the Smilegov project The objective of the Smilegov project is to effectively strengthen capacity to support development and implementation of high quality island sustainable action plans and bankable energy projects. www.sustainableislands.eu	Audrey Martin	Ongoing	ABC are already part of Smilegov which has a focus on renewables. COMPLETE SIF to be invited to make a presentation at Council. At the request of the SIF, Councillor Scoullar has written to support their request for funding from the Scottish Government. Work may also be required with HITrans, SPT, CALMAC and CMAL.
10	Maintain a watching brief in regard to new legislation and policy and future EU funding that may have an impact on Argyll islands and make representation on any issues.	Fergus Murray	Ongoing	EDST continue to consider the island perspective.

11	Write to and meet with relevant Scottish and UK Minister(s) to lobby for the Argyll Islands. It is imperative that the specific issues affecting our islands and their resulting needs and actions are raised with the Scottish and UK Government and the necessary support and commitment secured. One of the issues of particular concern at the moment relates to the inequitable phased introduction of RET which is assisting some islands but impacting on others not yet included.	Councillor Scoular	Ongoing	<p>Letter sent to Derek MacKay as the new minister for Transport and Islands updating him on the Argyll Islands Taskforce and inviting him to a meeting. Meeting with Leader and Chief Exec which has taken place.</p> <p>Council representatives have met with the UK Scottish Minister - Need to create links with new Scottish Minister following election.</p> <p>Road Equivalent Tariff (RET) will be rolled out to all of the remaining ferry routes in the Clyde and Hebrides Ferry Services network in October 2015.</p>
12	Work with and support Argyll island communities in the development of their community development plans and in their delivery	Audrey Martin with the support of CPP and HIE	Ongoing	<p>Argyll and Bute Council staff continues to work with the Tiree community.</p> <p>SURF have carried out assessment work on Bute, draft report now prepared, which will be reported back to BC committee.</p> <p>The Community Development Team continue to assist communities, Community Action Planning Training is being delivered in July.</p>
13	Issue arisen regarding out of hours doctor cover on Mull	Councillor Devon, Councillor Scoullar and Fergus Murray	Ongoing	<p>This was a new issue raised in August 2014.</p> <p>Letter sent to NHS Highland, August 2014.</p> <p>Interim solution agreed, with support from locums and existing GPs there will be two cover arrangements (Tobermory/ Salen and Bunessan). Long-term a single cover arrangement for all three practices supported by the appointment of salaried GPs is planned. Options appraisal exercise also being undertaken regarding ambulance service.</p>

ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****25 JUNE 2015**

**AGREEMENT WITH MACC TO FORM A CONSORTIUM TO BID FOR MACHRIHANISH
TO BE A UK SPACEPORT**

1.0 EXECUTIVE SUMMARY

- 1.1 Representatives of Argyll and Bute Council have been working closely with Machrihanish Airbase Community Company (MACC) for a number of years to help the base reach its optimum economic potential in an effort to benefit the people of Kintyre and beyond. A significant opportunity presented itself to the MACC base in 2014 with the announcement by the UK Government, Department of Transport, to identify an UK Spaceport that would have the potential to generate up to 5,000 jobs and billions of pounds of infrastructure investment. The UK Government initially identified eight potential UK sites including Machrihanish.
- 1.2 The council, MACC and HIE jointly prepared a bid document highlighting Machrihanish's many strengths as a potential UK Spaceport. This bid was successful with 5 sites now shortlisted for a permanent base. MACC has subsequently written to the council inviting us to become a consortium partner. The consortium letter of agreement (see Appendix 1) is therefore proposed to be signed by the Leader of the Council, the Chief Executive of the Council, the Chair of MACC Board and the Manager of MACC. Given the lack of clear published criteria for the second round of the bidding process the level of resources being committed by the council to assist with the bid process will be subject to a further report to council.
- 1.3 Agreeing to form a consortium partnership at this early stage of the bidding process will send a strong signal to the UK Government Department of Transport and the Scottish Government that Argyll and Bute wishes to take full advantage of this significant economic opportunity for Kintyre and indeed wider Argyll and Bute.

1.3 RECOMMENDATIONS

That Members note and approve the contents of the attached consortium letter to the Machrihanish Airbase Community Company (MACC) and also approve the council being a consortium partner with MACC and HIE Argyll and the Isles.

ARGYLL AND BUTE COUNCIL

COUNCIL

DEVELOPMENT AND
INFRASTRUCTURE SERVICES

25 JUNE 2015

**AGREEMENT WITH MACC TO FORM A CONSORTIUM TO BID FOR MACHRIHANISH
TO BE A UK SPACEPORT**

2.0 SUMMARY

- 2.1 Representatives of Argyll and Bute Council have been working closely with Machrihanish Airbase Community Company (MACC) for a number of years to help the base reach its optimum economic potential to benefit the people of Kintyre and beyond. A significant opportunity presented itself to the MACC base in 2014 with the announcement by the UK Government, Department of Transport, to identify an UK Spaceport that would have the potential to generate up to 5,000 jobs and billions of pounds of infrastructure investment. The UK Government at that stage identified eight potential UK sites including Machrihanish.
- 2.2 In response to this enormous economic opportunity for Argyll and Bute the council, MACC and HIE (Argyll and the Isles) jointly prepared a bid that was ultimately successful in allowing Machrihanish to pass through to the next stage with 6 sites (1 suitable for temporary use) now identified as being shortlisted. MACC has subsequently written asking Argyll and Bute Council to become consortium partners in order to present the best possible bid for the next stage of the process. MACC has also written to HIE to provide support to the Machrihanish bid and their support for a future bid has been confirmed to MACC by separate letter.
- 2.3 The consortium letter of agreement (see Appendix 1) is proposed to be signed by the Leader of the Council, the Chief Executive of the Council, the Chair of MACC Board and the Manager of MACC. Given the lack of clear published criteria for the second round of the bidding process the level of resources being committed by the council to assist with the bid process will be subject to a further report to council. Agreeing to form a consortium partnership at this early stage of the bidding process will send a strong signal to the UK Government Department of Transport and the Scottish Government that Argyll and Bute wishes to take full advantage of this significant economic opportunity for Kintyre and indeed wider Argyll and Bute.

3.0 RECOMMENDATIONS

- 3.1 That Members note and approve the contents of the attached consortium letter to the Machrihanish Airbase Community Company (MACC) and also approve the council being a consortium partner with MACC and HIE Argyll and the Isles.

4.0 DETAILS

4.1 Background

4.1.1 The Council has been working with MACC on a number of initiatives over recent years in an effort to realise economic opportunities on the former MOD base now in community ownership. The area of the base has been included within the current Argyll and Bute Development Plan as an Area for Action and is included in the Local Development Plan as a Strategic Business Allocation with a recently approved masterplan covering the whole base area.

4.1.2 A further opportunity presented itself in 2014 where 8 shortlisted sites were announced by the UK Government Department of Transport as potential sites for the UK's first spaceport. Machrihanish was one of the identified sites and this led to a bid being jointly prepared by the council, MACC and HIE (Argyll and the Isles). This bid met with success with Machrihanish now included in a shortlist of 6 sites one of which only offers a temporary solution. Machrihanish is considered to have a number of distinct advantages over the other sites that have been shortlisted.

- It is the only candidate site with a 3km runway in place;
- Polar and equatorial type launches are possible, a major benefit to spaceplane operators;
- Machrihanish is remote from major centres of population with flights over the sea rather than land which is the most critical safety element to any potential spaceport;
- There are existing direct flights to Glasgow international airport to allow quick access to the site;
- The airspace above Machrihanish is uncongested;
- Machrihanish is privately (community) owned with no other shortlisted site in private ownership;
- There is on site fuel storage infrastructure in place linked to an underground pipeline from the Oil and Pipelines Agency storage depot in Campbeltown Harbour; ideal for transporting large quantities of fuel safely;
- high voltage, water and sewage infrastructure designed to handle the activities and demands of a population of 4,000 personnel.

3.1.3 Creating a UK spaceport at MACC offers huge potential for both the base and indeed wider Argyll and Bute with a potential for up to 5,000 jobs and a multi-billion pound investment in vital infrastructure with potential transformation benefits for the Argyll and Bute economy and population.

3.1.4 It is considered that by submitting the bid for a UK spaceport this will considerably help raise the profile of Kintyre as a place to do business in given the wide range of potential economic assets that we have together with the high quality of life the area can offer as rural community. The consortium letter is intended to be signed by the

Leader of the Council, the Chief Executive of the Council, the Chair of the MACC Board and the Manager of MACC. Given the criteria for the second round bid has yet to be agreed the consortium letter does not commit the council to a specified level of resource other than officer time. If additional resources are required a further report will be submitted to council for approval.

5.0 CONCLUSION

5.1 This report proposes that a consortium be formed with MACC with additional support from HIE (Argyll and the isles). This partnership agreement will send a strong signal to the UK Government that the Machrihanish has a strong and compelling bid to be the UK's first Spaceport that has the potential to deliver a transformational positive impact on the Kintyre and wider Argyll and Bute economy.

6.0 IMPLICATIONS

6.1	Policy	MACC base is identified as a strategic business site in the Local Development Plan and is covered by a fully approved masterplan
6.2	Financial	None directly arising from this report
6.3	Legal	None
6.4	HR	None
6.5	Equalities	None
6.6	Risk	None
6.7	Customer Services	None

Executive Director of Development and Infrastructure Pippa Milne
Policy Lead Councillor Aileen Morton
2 June 2015

For further information contact: Fergus Murray, Head of Economic Development and Strategic Transportation 01546 604293

Appendix 1 – Letter of Intent to Establish a Consortium Agreement

LETTER OF INTENT TO ESTABLISH A CONSORTIUM AGREEMENT

Institutions: **Argyll and Bute Council (ABC) and Machrihanish Airbase Community Company (MACC)**

Date:

Application Title: **Machrihanish UK Spaceport**

Proposed Project Period: length determined by bidding process and future stages

On behalf of the Argyll and Bute Council (ABC) and the Machrihanish Airbase community Company (MACC), we are pleased to endorse the above referenced proposal and our intention to collaborate as a consortium in the interests of developing a future bid for the UK's first spaceport to be located at Machrihanish, Kintyre, Argyll and Bute.

Background

Argyll and Bute council ("ABC") and the Machrihanish Airbase community Company (MACC) agree that it would be helpful to adopt a Letter of Understanding ("Letter") to set out a basis for future collaboration between both organisations in areas where we may share a common goal in taking forward the Machrihanish Airbase as the UK's first spaceport. The establishment of a UK spaceport has the potential to deliver a transformational change to the future economy of Kintyre and wider Argyll and Bute. The purpose of this Letter is to enable both organisations to use our resources most effectively and strengthen our collective mutual cooperation to prepare the best possible bid, including cooperating with other public and private sector bodies as appropriate, and that are deemed wholly acceptable by both parties.

The commitments in this Letter are not intended to be binding on either party, but serve to signal those key actions we intend to take to improve cooperation between us.

Key Actions

- Efficiency: to undertake all activities in relation to aforementioned task in an efficient, timely and cost effective manner;

- Cooperation: to work together closely and act in a joined-up way, to ensure that key stakeholders have sufficient clarity as to our respective roles in this area;
- Expertise: to share and make best use of our respective expertise in order to prepare the best possible bid including the joint procurement of appropriate expertise;
- Clarity: to be open in our dealings with this matter and seek to achieve consensus in our decision making at all stages of the process;
- Resources: that the commitment of resources from each organisation will be subject to their own decision making process; and further that the resource requirements from both parties are currently unclear and until there is further clarification provided this agreement does not commit either party in terms of the level of resources:

Publicity and Marketing

Bearing in mind at all times the importance of transparency in decision-making:

- to consult with each other on any press release regarding this matter;
- to agree to work together and provide quarterly updates about all activities undertaken in relation to the bid for all key stakeholders including members of the local community and Elected Members.

Review

Argyll and Bute Council and Machrihanish Airbase Community Company (MACC) undertake to review the arrangements set out in this Letter at appropriate intervals, with a view to improving cooperation, to review resources (staff time, finances etc.) committed and identifying further areas where coordinated action could further the interests of the bid.

(Signature) (Date)

Name

Leader of Argyll and Bute Council

(Signature) (Date)

Name

Chair of MACC Board

(Signature) (Date)

Name

Chief Executive of Argyll and Bute Council

(Signature) (Date)

Name

Manager of MACC

ARGYLL AND BUTE COUNCIL**COUNCIL****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****25 JUNE 2015**

GOUROCK-DUNOON FERRY SERVICE FUTURE CONTRACT

1.0 EXECUTIVE SUMMARY

- 1.1 This report provides an update on the Gourock to Dunoon Town Centre ferry contract which is currently operated by Argyll Ferries through a publically subsidised Transport Scotland contract.
- 1.2 A ferry service between Dunoon and Gourock town centres / railway station, a distance of about six kilometres, has operated since at least the nineteenth century. The Gourock-Dunoon route is the busiest ferry crossing in Scotland and the two existing ferry services (Argyll Ferries passenger service and Western Ferries' passenger and vehicle service (commercial service)) provide a key link between Cowal / Dunoon and the central belt.
- 1.3 The stated Scottish Government policy objective is 'that there shall be a safe, reliable, frequent, commuter ferry service between Dunoon town centre and the rail terminal at Gourock. The service must be able to operate reliably throughout the year in the weather and sea conditions experienced on the Firth of Clyde and provide an acceptable level of comfort to meet the reasonable expectations of users including commuters, the elderly and disabled and tourists. It is the wish of Scottish Ministers that the ferry service shall carry both vehicles and passengers.' The Cowal community however consider that the current passenger town centre service is unreliable.

2.0 RECOMMENDATIONS

- 2.1 That the Council notes the report and approves that the preferred position of the Council is to re-instate a regular passenger/vehicle ferry service between Dunoon and Gourock Town Centres
- 2.2 That authority be delegated to the Council's Executive Director of the Development and Infrastructure Department, in consultation with the Council Leader, Depute Leader and Policy Lead for Transportation to develop a response to Transport Scotland in relation to the options for procurement that maximises the chance of a passenger/vehicle town centre ferry service.

ARGYLL AND BUTE COUNCIL

COUNCIL

**DEVELOPMENT AND
INFRASTRUCTURE SERVICES**

25 JUNE 2015

GOUROCK-DUNOON FERRY SERVICE FUTURE CONTRACT

1.0 INTRODUCTION

- 1.1 This report provides an update on the Gourock to Dunoon Town Centre contract and asks members to approve the recommendations as contained within the report to call for the reinstatement of a passenger/vehicle ferry to service this route.

2.0 RECOMMENDATIONS

- 2.1 That the Council notes the report and approves that the preferred position of the Council is to re-instate a regular passenger/vehicle ferry service between Dunoon and Gourock Town Centres and
- 2.2. That authority be delegated to the Council's Executive Director of the council's Development and Infrastructure Department, in consultation with the Council Leader, Depute Leader and Policy Lead for Transportation, to develop a response to Transport Scotland in relation to options for procurement that maximises the chances for a passenger/vehicle town centre ferry service.

3.0 BACKGROUND

- 3.1 A ferry service between Dunoon town centre and Gourock town centre / railway station, a distance of about six kilometres, has operated since at least the nineteenth century. The Gourock-Dunoon route is the busiest ferry crossing in Scotland and the two existing ferry services (Argyll Ferries (subsidised and managed by Transport Scotland) and Western Ferries' passenger and vehicle service (commercial)) provide a key link between Cowal / Dunoon and the central belt.
- 3.2 Since the 1940s this service was operated by a Government owned company (CalMac Ferries Ltd) with increasing dependence on subsidy. The Gourock – Dunoon town centre route was put out to tender as a free-standing route in 2005. Although three companies were invited to tender for the route, no bids were received in the end. In the aftermath of this tendering process, Cowal Ferries (a subsidiary of the David MacBrayne Group Ltd) took over running of the route, and the service continued as before.

- 3.3 Following several complaints about Scottish ferry subsidies, including those paid to Cowal Ferries Ltd, the European Commission decided to undertake a formal and in-depth State aid investigation in April 2008. In November 2009, the European Commission published its Decision which accepted the justification for the continuation of subsidy to the Gourock-Dunoon town centre route (noting the sound economic and social justification for public support for a town centre passenger service) but required that this was (a) tendered by June 2011 and (b) subsidy was provided for passengers only. Following a further open tendering process in 2011 that provided no subsidy for vehicular traffic Argyll Ferries, (a David MacBrayne Ltd subsidiary) has carried foot-passengers only on the Dunoon to Gourock town centre route, the service being provided by two passenger ferries.
- 3.4 The weather related reliability record delivered by the current foot-passenger service provided by Argyll Ferries is considered to be inferior to the level of weather related reliability achieved by the previous Cowal Ferries 'Streaker' vessels and this has been a continued matter of concern locally. In particular, the Dunoon Gourock Ferry Action group consider that the current service is not fit for purpose and the deployment of a larger vessel with the ability to take passenger and vehicles could improve reliability of this important economic route.
- 3.5 The stated Scottish Government policy objective is 'that there shall be a safe, reliable, frequent, commuter ferry service between Dunoon town centre and the rail terminal at Gourock. The service must be able to operate reliably throughout the year in the weather and sea conditions experienced on the Firth of Clyde and provide an acceptable level of comfort to meet the reasonable expectations of users including commuters, the elderly and disabled and tourists. It is the continued wish of Scottish Ministers that the ferry service shall carry both vehicles and passengers.
- 3.6 MVA Consultancy in association with The Maritime Group (International) Limited was appointed by Transport Scotland in November 2012 to undertake a feasibility study into the operation of a passenger and vehicle carrying ferry service between Dunoon and Gourock town centres. The study was led by a steering group which comprised the council, Dunoon Gourock Ferry Action Group (DFAG), Inverclyde Council and Transport Scotland. The study demonstrated that a passenger and vehicle ferry service is feasible.
- 3.7 The European Commission confirmed position is that it considers it is possible in principle to legitimately define a service of general economic interest for passenger transport on the route, including the possibility to carry out commercial activities (SGEI) on the basis of a combined passenger/vehicle vessel. Any commercial bidder will be allowed to provide an unrestricted commercial transport service, subject to appropriate accountancy measures and audit monitoring to prevent any cross subsidisation from passenger service to commercial vehicle service.
- 3.8 Transport Scotland are now seeking views from Argyll and Bute Council, Inverclyde Council and, the Dunoon Gourock Ferry Action Group on a number of procurement approach variables that include:-
- A. Service requirements for the town centre to town centre ferry route
 - B. Service specifications
 - C. Provision and supply of appropriate vessels

- D. Approach to apportionment of public subsidy
- E. Harbour charges in Dunoon and Gourock

4.0 CONCLUSION

4.1 The Gourock to Dunoon ferry crossing is the busiest in Scotland with two ferry services currently operating. A commercial passenger/vehicle service operated by Western Ferries and a Transport Scotland subsidised passenger ferry service currently operated by Argyll Ferries that links Dunoon and Gourock's town centres. The council and the majority of people in Cowal consider that this town centre passenger ferry service is unreliable and needs to be enhanced to improve the local economy. The process to re tender this service is due to commence shortly and Transport Scotland is consulting with stakeholders on tender procurement variables. This report seeks approval to reassert the council's preferred position to reinstate a passenger/vehicle town centre to town centre ferry service; and delegate to the Executive Director of Development and Infrastructure, in consultation with the Council Leader, Depute Leader and Policy Lead for Transportation, authority to develop a response to Transport Scotland to maximise the chance of a passenger/vehicle town centre ferry service being successfully procured and put into operation.

5.0 IMPLICATIONS

- | | | |
|-----|-------------------|---|
| 5.1 | Policy | The provision of a reliable vehicle and passenger service between Dunoon and Gourock would support the objectives of the SOA, in particular improving transport connectivity. |
| 6.2 | Financial | No adverse financial impact. |
| 6.3 | Legal | None |
| 6.4 | HR | None. |
| 6.5 | Equalities | None. |
| 6.6 | Risk | The provision of future ferries do not meet the expectations of the local population |
| 6.7 | Customer Services | Transport Scotland's decision to tender for a passenger/vehicle town centre ferry service could positively impact on the Cowal community. |

Executive Director of Development and Infrastructure: Pippa Milne

Policy Lead: Councillor Alistair MacDougall

For further information contact: Fergus Murray, Head of Economic Development and Strategic Transportation (01546604293)

ARGYLL AND BUTE COUNCIL

Council

CUSTOMER SERVICES/
DEVELOPMENT AND
INFRASTRUCTURE SERVICES

25th June 2015

Dunoon Pier: Bute and Cowal Area Committee - Proposed Sub-Committee

1.0 EXECUTIVE SUMMARY

- 1.1 The Bute and Cowal Area Committee passed the following motion at its meeting on 7th April 2015: *The Bute and Cowal Area Committee wishes to work in partnership with the Dunoon Pier Community Trust (DPCT) to ensure that the historic Dunoon Pier is refurbished and brought back into use in a manner that reflects the community's views on what the pier should be used for.*

The Bute and Cowal area committee recommends to the full council that a new sub-committee of the area committee is created for this purpose.

The sub-committee will have responsibility for the refurbishment and future use of the pier and officers will report to this sub-committee. The sub-committee will in turn report to the area committee. The proposal is that the sub-committee comprises 3 elected members from the Dunoon and Cowal wards and 3 members of the board of Dunoon Pier Community Trust.

The 3 elected members from these 2 wards will be determined by a decision of the area committee for Bute and Cowal. The 3 members of the SCIO [Scottish Charitable Incorporated Organisation] board will be determined by that board. The sub-committee will elect a chair and vice chair at its first meeting if the creation of the sub-committee is agreed by the full council.'

- 1.2 Dunoon Pier is an A listed Structure which is recorded in Historic Scotland's Buildings at Risk Register as *the best surviving example of a timber ferry/steamer pier in Scotland.*
- 1.3 The Dunoon Pier Project forms part of the Council's wider Dunoon Waterfront Project. Works are currently ongoing in relation to Phase 1 of the redevelopment programme. There is currently no future funding identified for Phase 2.
- 1.4 The DPCT intend to register as a Scottish Charitable Incorporated Organisation. They have not done so as yet and therefore they do not currently exist as a separate legal entity. It is understood however, from a discussion with the solicitor acting on behalf of the proposed Trust that the necessary paperwork will be submitted to the Scottish Charity Regulator (OSCR) shortly.

- 1.5 The pier is a significant Council asset and a focal point for its plans to regenerate Dunoon's waterfront and Town Centre.
- 1.6 The Council, with assistance from the Scottish Government's Regeneration Capital Grant Fund (RCGF), has currently allocated some **£2.83 million** to undertake the Phase 1A Structural Repairs and Phase 1B building Refurbishment at Dunoon Pier. These works will see: the southern arm of the pier and the western aspect of the central pier head structurally repaired; the waiting room building significantly refurbished internally and externally; and the harbour master's building refurbished externally and redecorated internally.
- 1.7 Phase 2, for which there is currently no budget or identified funding, would need to focus on the structural repairs to the remainder of the pier head, a total refurbishment of the signal tower building and the refurbishment of the northern arm of the pier (the vehicular access). Whilst no detailed designs/costs are currently available for this next phase, it is reasonable to assume, given the structural condition of the pier overall; and that the pier head on its eastern aspect has been most exposed to the elements, that Phase 2 will require a similar level of investment, if not significantly more. Additionally, there will be the on-going routine maintenance costs and the more significant cyclical maintenance/refurbishment.

As part of their Phase 1 commission, our consultants, Capita, are to bring forward a Management and Maintenance Plan, which will enable the Council to more accurately forecast the on-going financial commitment in terms of maintenance of the pier.

- 1.8 The Council does not currently consider the wooden pier in Dunoon 'surplus' to its requirements and therefore is not currently considering any form of third sector asset transfer.
- 1.9 This report sets out the detail and conclusions in relation to the proposal put forward in the motion.

Recommendations

- 1.10 It is recommended that Members note the terms of the motion agreed at the Bute and Cowal Area Committee on 7th April 2015; and
- 1.11 It is recommended that Members consider, given the advice expressed in this report whether to create a sub-committee of the Bute and Cowal Area Committee for the purposes set out in the motion noted at 2.1 in this report.
- 1.12 It is recommended that should it be determined that a sub-committee be created, Members might wish to consider a name for the committee, the committee's terms of reference, appointments to the committee, to whom it reports, what powers if any it should have and which officers should be delegated to provide support for it.

ARGYLL AND BUTE COUNCIL

Council

CUSTOMER SERVICES/
DEVELOPMENT AND
INFRASTRUCTURE SERVICES

25th June 2015

Dunoon Pier: Bute and Cowal Area Committee - Proposed Sub Committee

2.0 INTRODUCTION

- 2.1 The Bute and Cowal Area Committee passed the following motion at its meeting on 7th April 2015: *The Bute and Cowal Area Committee wishes to work in partnership with the Dunoon Pier Community Trust (DPCT) to ensure that the historic Dunoon Pier is refurbished and brought back into use in a manner that reflects the community's views on what the pier should be used for.*

The Bute and Cowal area committee recommends to the full council that a new sub-committee of the area committee is created for this purpose.

The sub-committee will have responsibility for the refurbishment and future use of the pier and officers will report to this sub-committee. The sub-committee will in turn report to the area committee. The proposal is that the sub-committee comprises 3 elected members from the Dunoon and Cowal wards and 3 members of the board of Dunoon Pier Community Trust.

The 3 elected members from these 2 wards will be determined by a decision of the area committee for Bute and Cowal. The 3 members of the SCIO [Scottish Charitable Incorporated Organisation] board will be determined by that board. The sub-committee will elect a chair and vice chair at its first meeting if the creation of the sub-committee is agreed by the full council.'

- 2.2 Dunoon Pier is an A listed Structure which is recorded in Historic Scotland's Buildings at Risk Register as *the best surviving example of a timber ferry/steamer pier in Scotland.*
- 2.3 The Dunoon Pier Project forms part of the Council's wider Dunoon Waterfront Project. Works are currently ongoing in relation to Phase 1 on the redevelopment programme. There is currently no future funding identified for Phase 2.
- 2.4 The DPCT intend to register as a Scottish Charitable Incorporated Organisation. They have not done so as yet and therefore they do not currently exist as a separate legal entity. It is understood however, from a discussion with the solicitor acting on behalf of the proposed Trust that the necessary paperwork will be submitted to the Scottish Charity Regulator (OSCR) shortly.

- 2.5 The pier is a significant Council asset and a focal point for its plans to regenerate Dunoon's waterfront and Town Centre.
- 2.6 The Council, with assistance from the Scottish Government's Regeneration Capital Grant Fund (RCGF), has currently allocated some **£2.83 million** to undertake the Phase 1A Structural Repairs and Phase 1B building Refurbishment. These works will see: the southern arm of the pier and the western aspect of the central pier head structurally repaired; the waiting room building significantly refurbished; and the harbour masters building refurbished externally and redecorated internally.
- 2.7 Phase 2, for which there is currently no budget or funding, would be expected to focus on the structural repairs to the remainder of the pier head, a total refurbishment of the signal tower building and the refurbishment of the northern arm of the pier (the vehicular access). Whilst no detailed designs/costs are currently available for this next phase it is reasonable, given: the structural condition of the pier overall; and that the pier head on its eastern aspect has been most exposed to the elements, that Phase 2 will require a similar level of investment, if not significantly more. Additionally there will be the on-going maintenance costs associated with the minor day-to-day and more significant cyclical maintenance/refurbishment. As part of their Phase 1 commission our consultants, Capita, will produce a Management and Maintenance Plan, which will enable the Council to more accurately forecast the on-going financial commitment in terms of maintenance.
- 2.8 The Council does not currently consider the wooden pier in Dunoon to be 'surplus' to its requirements and therefore is not currently considering any form of third sector asset transfer. The Dunoon wooden pier is not currently listed on the Council's surplus property list.
- 2.9 This report sets out the detail and conclusions in relation to the proposal put forward in the motion.

3. Recommendations

- 3.1 It is recommended that Members note the terms of the motion agreed at the Bute and Cowal Area Committee on 7th April 2015; and
- 3.2 It is recommended that Members consider, given the advice expressed in this report whether to create a sub-committee of the Bute and Cowal Area Committee for the purposes set out in the motion noted at 2.1 in this report.
- 3.3 It is recommended that should it be determined that a sub-committee be created, Members might wish to consider a name for the committee, the committee's terms of reference, appointments to the committee, to whom it reports, what powers if any it should have and which officers should be delegated to provide support for it.

4.0 DETAIL

- 4.1 Dunoon Pier is an A listed Structure which is recorded in Historic Scotland's Buildings at Risk Register as *the best surviving example of a timber ferry /steamer pier in Scotland. Now extremely rare, these piers played a key role in the economic and social development of coastal and Island communities in the west of Scotland in the 19th and 20th centuries. Substantially retaining its character following its late 19th century programme of enlargement, the pier and it's key buildings contribute significantly to the architectural and historic interest of Dunoon and to the wider maritime and heritage of the west coast.*
- 4.2 The proposed redevelopment of Dunoon Pier Project forms part of the wider Dunoon Waterfront Project.
- 4.3 Argyll and Bute Council at its meeting on 27th November 2008 agreed to commit a total of £30m of capital expenditure in Argyll and Bute communities as defined through the CHORD programme. Within Dunoon, funds were allocated specifically to the Queens Hall redevelopment, Public Realm works adjacent to the Hall and a sum allocated for development of the Harbour Master's Office. The Council, with assistance from the Scottish Government's Regeneration Capital Grant Fund (RCGF), has currently allocated some £2.83 million to undertake the Phase 1A Structural Repairs and Phase 1B building Refurbishment at Dunoon Pier.
- 4.4 Phase 1 is defined as – Phase 1A urgent repair works to strengthen the structure of the pier's southern arm and western pier head (north and central) and; Phase 1B - works to refurbish the pier's decking, handrails and balustrades, lighting on the northern and southern arms and the western pier head (north and central), Harbour Master's building and Waiting Room. The Policy and Resources Committee approved the Interim Business Case at their meeting on 19th March 2015 which facilitated drawdown of the remaining budget and the award of Phase 1A and Phase 1B contracts.
- 4.5 The proposals for Phase 2 are defined in the *Project Initiation Document Dunoon – Wooden Pier: Phase 2A Appraisal of Sustainable End Uses and Associated 3rd Party Funding*. The document defines the scope of Phase 2 as: Phase 2A - the appraisal of the most economically sustainable end uses for the pier and it's buildings, the identification of external funding and the most efficient business model for the future operation and maintenance of the pier; and Phase 2B - the repair and refurbishment works to strengthen the structure of the western pier head (south); eastern pier head (north, centre and south); to refurbish the remainder of the piers decking, handrails and balustrades, and lighting; and to refurbish the Signal Tower Building.
- 4.6 There is currently no business case, budget or implementation programme for the Phase 2 works. Officers are currently pursuing external support and exploring the potential funding for these works at a national level through parties such as Historic Scotland Grants and Heritage Lottery Fund. Consideration will also be given as to whether Phase 2 is delivered as a standalone project or whether it is best delivered as part of a wider CARs Project. It should be noted,

that there is no CARS project at present. However, officers are reviewing the current conservation area in case there is a future opportunity to bid for CARS funding.

- 4.7 The delivery of the project to refurbish Dunoon Pier is consistent with the Council's corporate plan, the Single Outcome Agreement and the approved Development Plan.
- 4.8 The Bute and Cowal Area committee passed the following motion relating to Phase 2 of works at Dunoon pier of at its meeting on the 7th April 2015: *'The Bute and Cowal Area Committee wishes to work in partnership with the Dunoon Pier Community Trust to ensure that the historic Dunoon Pier is refurbished and brought back into use in a manner that reflects the community's views on what the pier should be used for.'*

The Bute and Cowal area committee recommends to the full council that a new sub-committee of the area committee is created for this purpose.

The sub-committee will have responsibility for the refurbishment and future use of the pier and officers will report to this sub-committee. The sub-committee will in turn report to the area committee. The proposal is that the sub-committee comprises 3 elected members from the Dunoon and Cowal wards and 3 members of the board of Dunoon Community Pier Trust.

The 3 elected members from these 2 wards will be determined by a decision of the area committee for Bute and Cowal. The 3 members of the SCIO [Scottish Charitable Incorporated Organisation] board will be determined by that board. The sub-committee will elect a chair and vice chair at its first meeting if the creation of the sub-committee is agreed by the full council.'

- 4.9 The Scottish Charitable Incorporated Organisation [SCIO] is a legal form unique to Scottish charities in so far as it is able to enter into contracts, employ staff, incur debts, own property, sue and be sued. It also provides a high degree of protection against liability. An SCIO becomes a legal entity only when it is registered with the Office of the Scottish Charity Regulator (OSCR). Similarly, an SCIO entity will cease to exist if removed from the register. The DPCT is not currently registered with OSCR and therefore does not currently exist as a separate legal entity. It is understood, however, that an application for registration will be submitted to OSCR in the near future.
- 4.10 The purposes and powers of the DPCT are set out in its Constitution attached as appendix 1 as follows:-

4. *The organisation's purposes are:*

- 4.1 *To preserve, reconstruct, enhance and maintain the structure of Dunoon Pier (hereinafter referred to as "the Pier") as a building and structure of special architectural and historical importance*

- 4.2 *To promote the use of the Pier for recreational purposes and as a community and heritage building for the general use and benefit of all the inhabitants of and visitors to the town of Dunoon and the surrounding area.*
- 4.3 *To promote the operation of the Pier structure in whatever way as a viable, sustainable and vibrant addition to the economic future of Dunoon and Cowal*
- 4.4 *To operate the Pier as part of the tourism infrastructure of the town of Dunoon and surrounding area.*
- 4.5 *To develop safe access to the pier and to the sea from the pier for everyone*
- 4.6 *To promote high standards of planning and architecture including environmental and ecological considerations in the Pier.'*
5. *The organisation has power to do anything which is calculated to further its purposes or is conducive or incidental to doing so.*
- 4.11 The proposed DPCT will comprise members with prior experience of other regeneration projects within the area including the Dunoon Burgh Hall Trust. The Constitution also provides that membership of the Trust will be open to any individual over 16 years of age or a corporate body who has an interest in the restoration and heritage of the pier. It is understood that the signatories of the DPCT will be Jim MacLean, General Manager for the Dunoon Observer, Dinah MacDonald, the Proprietor of Book Point and Elspeth Black, Solicitor partner at Corrigan Black. It is understood that once the organisation is constituted, anyone with an interest in Dunoon pier will then be able to join the Trust and that the Trust will be actively seeking members.
- 4.12 The pier is a significant Council asset and a focal point for its plans to regenerate Dunoon's waterfront and Town Centre. The pier is not an asset which could be considered surplus to requirements in terms of any potential 3rd Sector Asset Transfer.
- 4.13 *The Project Initiation Document Dunoon – Wooden Pier: Phase 2A Appraisal of Sustainable End Uses and Associated 3rd Party Funding* Communication Plan attached as appendix 2 sets out a process for wider stakeholder engagement which is integral to the successful delivery of the Dunoon Pier Phase 2 project.

The plan states that there will be a significant amount of community engagement in order to gain their input to the final designs taken forward by the Bute and Cowal Area Committee. It is proposed that, subject to agreement by the Area Committee, there will be consultation with key stakeholders and key groups within the business and community sector.

Key stakeholders include residents, local retailers, businesses, visitors, the Dunoon CHORD Project Team, potential funders, those making decisions about

the project and those with a direct interest/input into the development of the projects. It is intended that the framework set out in the community engagement strategy "*Improving Community Engagement in Argyll and Bute*" will be used.

- 4.14 The current remit of the Bute and Cowal Area Committee includes the requirement for it to act as the Project Board for the regeneration project currently taking place in Dunoon, including the pier. It is envisaged that officers would be accountable to the sub-committee which in turn would report to the Area Committee, providing recommendations in respect of preferred options for Phase 2 redevelopment.
- 4.15 In terms of the Council's Constitution at 2.1.3 and 2.1.5, the Area Committee have no power to incur expenditure or commit the Council to expenditure not in accordance with a framework or criteria already approved by the Council. The Constitution states at 2.1.5(3) that *the powers and duties of an Area Committee will be exercised subject to the powers and duties of the Council and any resolution of an Area Committee will be of no effect in the event that the Council directs that the matter which was the subject of the resolution is referred to it or to the Council for consideration, and no step will be taken to give effect to any such resolution of an Area Committee while the implementation of the resolution is suspended in consequence of such a direction.*

5.0 CONCLUSION

- 5.1 It should be noted that while it is within the full Council's remit to create the proposed sub-committee, should it wish to do so, there is currently no SCIO or other form of constituted body known as the Dunoon Pier Community Trust to nominate representatives to participate in the proposed sub-committee. Therefore it may be considered premature at this stage to form a sub-committee.
- 5.2 The operation of any sub-committee and any decisions to be taken by the Bute and Cowal Area Committee in respect of the matter must be in accordance with the relevant terms of the Council's constitution. In addition, any external members appointed to such a sub-committee should be required to agree to be bound by the principles of the National Code of Conduct and provide a voluntary registration of interests in accordance with the principles prior to participating in the work of the sub-committee.
- 5.3 Given the proposed set up of the sub-committee and its stated aims, there exists the possibility that any sub-committee may give rise to conflicts of interest with the Area Committee in its role as the Project Board and the Policy and Resources Committee in relation to any future expenditure.
- 5.4 It was clarified at the April meeting of the Bute and Cowal Area Committee that the motion relates to Phase 2 only. Phase 1 contracts have been awarded and work has commenced, to be overseen by the Area Committee as the Project Board and the Policy and Resources Committee as the Programme Board. In respect of subsequent phases, there is no funding identified, business case or

implementation programme for Phase 2. Therefore, there is limited scope upon which the proposed sub-committee could take action. In addition there is a risk that the proposed sub-committee could overstep its remit and involve itself with the operational activities related to Phase 1.

- 5.5 The DPCT's constitution infers that there is an expectation that ownership of the pier would be transferred from the Council to the DPCT at some point in the future. The pier is a significant Council asset and a focal point for its plans to regenerate Dunoon's waterfront and Town Centre. The pier is not an asset which could be considered surplus to requirements in terms of any potential 3rd Sector Asset Transfer.
- 5.6 The creation of the proposed sub-committee is not consistent with the Communication Plan set out in the Phase 2 *the Project Initiation Document Dunoon – Wooden Pier: Phase 2A Appraisal of Sustainable End Uses and Associated 3rd Party Funding*. There is a clear intention to consult with a wide range of stakeholders in the development of the Phase 2 project. Consideration should be given to the extent to which this group can be seen to represent the views of the wider Dunoon community. It is intended that the DPCT will involve individuals who are already involved with other development activities in Dunoon, such as the Dunoon Burgh Hall Trust. Members may wish to consider whether similar sub-committees should, if a Dunoon Wooden Pier sub-committee is constituted, be constituted for other regeneration projects across the Council area.
- 5.7 There is a risk that, should the Council pass the motion, the DPCT view this as an indication of intent on the Council's part to transfer the asset. It is considered that an adoption of the motion could result in the DPCT moving to register as an SCIO in anticipation of a 3rd sector asset transfer which is not appropriate under the circumstances for the reasons stated above. It should be noted that participation in the sub-committee might be sufficient for the purposes of those involved to enable a submission of an Asset Transfer Request once the Community Empowerment (Scotland) Bill is enacted and in effect. Members may wish to consider however that at present, the DPCT's current draft constitution does not contain the relevant provisions which would allow it to be a community body able to register an interest in land under the Land Reform (Scotland) Act 2003 as amended by the Community Empowerment (Scotland) Act once it is enacted and in effect.
- 5.8 Given that the DPCT has previously expressed an interest in a possible third sector asset transfer of Dunoon Pier in the future, it is recommended that members consider whether there is potential for a conflict of interest in the event that members of the DPCT are appointed to a sub-committee which has the responsibility for appraising such an application. Members are asked to consider whether the DPCT's position on such a sub-committee would give rise to an unfair advantage over any other third sector organisation with a legitimate interest in the pier.
- 5.9 The Policy and Resources Committee agreed at their meeting on 18th December 2014 to the establishment of a single Harbour Authority as a sub-

committee of the existing Environment, Development and Infrastructure Committee for all Council owned ports and harbours which should have regard to relevant area representation. Given that Dunoon Pier would fall under the remit of the new Harbour Authority, there is the possibility of potential conflicts of interest with the proposed sub-committee.

6.0 IMPLICATIONS

- | | | |
|-----|------------------|--|
| 6.1 | Policy - | The proposed governance model would require a change in policy subject to ratification by full Council. |
| 6.2 | Financial | There is currently no funding available for phase 2 redevelopment. |
| 6.3 | Legal | The DPCT intend to register as a Scottish Charitable Incorporated Organisation. They have not done so as yet and therefore they do not currently exist as a separate legal entity. It is understood, however, that the necessary paperwork will be submitted to the Scottish Charity Regulator (OSCR) shortly. |
| 6.4 | HR | None |
| 6.5 | Equalities | None |
| 6.6 | Risk | None |
| 6.7 | Customer Service | None |

**Executive Director of Development and Infrastructure Services
Executive Director of Customer Services**

18th June 2015

For further information contact: Michael Nicol, 01546 604468

APPENDICES

Appendix 1 Dunoon Pier Community Trust Draft Constitution
Sections 1-15

Appendix 2 Project Initiation Document Dunoon – Wooden Pier: Phase 2A
Appraisal of Sustainable End Uses and Associated 3rd Party
Funding – Communication Plan

APPENDIX 1: Dunoon Pier Community Trust Constitution (Draft)

CONSTITUTION OF DUNOON PIER COMMUNITY TRUST SCIO

CONSTITUTION
of
DUNOON PIER COMMUNITY TRUST [SCIO]

CONTENTS		
GENERAL	type of organisation, Scottish principal office, name, purposes , powers, liability, general structure	clauses 1- 10
MEMBERS	qualifications for membership, application, subscription, register of members, withdrawal, transfer, re- registration, expulsion	clauses 11 - 25
DECISION-MAKING BY THE MEMBERS	members' meetings, power to request members' meeting, notice, procedure at members' meetings, voting at members' meetings, written resolutions, minutes	clauses 26 - 52
BOARD (CHARITY TRUSTEES)	number, eligibility , election/ retiral/re-election, termination of office , register of charity trustees, office bearers, powers, general duties, code of conduct	clauses 53 - 80
DECISION-MAKING BY THE CHARITY TRUSTEES	notice, procedure at board meetings, minutes	clauses 81 - 96
ADMINISTRATION	sub-committees, operation of accounts, accounting records and annual accounts	clauses 97 - 105
MISCELLANEOUS	winding up, alterations to the constitution , interpretation	clauses 106 - 111

GENERAL

Type of organisation

1 The organisation will, upon registration, be a Scottish Charitable Incorporated Organisation (SCIO).

Scottish principal office

2 The principal office of the organisation will be (WHAT ADDRESS??)(in Scotland and must remain in Scotland).

Name

3 The name of the organisation is "DUNOON PIER COMMUNITY TRUST [SCIO]".

Purposes

4 The organisation's purposes are:

4.1 To preserve, reconstruct, enhance and maintain the structure of Dunoon Pier (hereinafter referred to as "the Pier") as a building and structure of special architectural and historical importance

4.2 To promote the use of the Pier for recreational purposes and as a community and heritage building for the general use and benefit of all the inhabitants of and visitors to the town of Dunoon and the surrounding area.

4.3 To promote the operation of the Pier structure in whatever way as a viable, sustainable and vibrant addition to the economic future of Dunoon and Cowal

4.4 To operate the Pier as part of the tourism infrastructure of the town of Dunoon and surrounding area.

4.5 To develop safe access to the pier and to the sea from the pier for everyone

4.6 To promote high standards of planning and architecture including environmental and ecological considerations in the Pier.

Powers

5 The organisation has power to do anything which is calculated to further its purposes or is conducive or incidental to doing so.

- 6 No part of the income or property of the organisation may be paid or transferred (directly or indirectly) to the members- either in the course of the organisation's existence or on dissolution -except where this is done in direct furtherance of the organisation's charitable purposes.

Liability of members

- 7 The members of the organisation have no liability to pay any sums to help to meet the debts (or other liabilities) of the organisation if it is wound up; accordingly, if the organisation is unable to meet its debts, the members will not be held responsible.
- 8 The members and charity trustees have certain legal duties under the Charities and Trustee Investment (Scotland) Act 2005; and clause 7 does not exclude (or limit) any personal liabilities they might incur if they are in breach of those duties or in breach of other legal obligations or duties that apply to them personally.

General structure

- 9 The structure of the organisation consists of:-
- 9.1 the MEMBERS - who have the right to attend members' meetings (including any annual general meeting) and have important powers under the constitution; in particular, the members appoint people to serve on the board and take decisions on changes to the constitution itself;
- 9.2 the BOARD - who hold regular meetings, and generally control the activities of the organisation; for example, the board is responsible for monitoring and controlling the financial position of the organisation.
- 10 The people serving on the board are referred to in this constitution as CHARITY TRUSTEES.

MEMBERS

Qualifications for membership

- 11 Membership is open to any individual aged 16 or over who, or a Corporate body which, has an interest in the restoration and heritage of the Pier.
- 12 Employees of the organisation are not eligible for membership.

Application for membership

- 13 Any person or body who or which wishes to become a member must sign a written application for membership; the application will then be considered by the board at its next board meeting.

14 The board may, at its discretion, refuse to admit any person or corporate body to membership.

15 The board must notify each applicant promptly (in writing or by e-mail) of its decision on whether or not to admit him/her/it to membership.

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Dunoon Pier – Phase 2

Appendix 4

Date: 25 September 2014

COMMUNICATION PLAN

1. Purpose

The purpose of this document is to identify those parties interested in the Dunoon Pier – Phase 2 project – which seeks to secure the future of this important national structure and create a vibrant and attractive waterfront focal point for Dunoon. The Plan will detail the means and frequency of communication with them about the projects, their progress and outputs.

This Plan should be read in conjunction with the CHORD Communication Plan which sets out the communication process at the CHORD Programme level, including outlining the general communication activities to be undertaken at the Project level.

The activities set out in this plan are integral to the successful delivery of the Dunoon Pier – Phase 2 project and will require to be kept up to date as situations alter. This is the responsibility of the Project Manager.

2. Key Groups of stakeholders

Stakeholders will be both internal and external to the Council and although they can be categorised in many different ways, there are five key groups to consider:

- the beneficiaries of the project – residents, local retailers and businesses and visitors;
- those implementing the project – the Dunoon CHORD Project Team ;
- those assisting with funding the project;
- those making decisions about the project – the Bute and Cowal Area Committee (Project Board), the CHORD Programme Board, the Council's Executive etc.
- those who will have a direct interest/input into the development of the projects – the Local Area Community Planning Group, Historic Scotland, Heritage Lottery Fund, Crown Estate, etc

3. Key messages

Key messages should be promoted to the various stakeholders irrespective of the method of communication used.

<i>Stakeholder group</i>	<i>Key Message</i>
<ul style="list-style-type: none"> • the beneficiaries of the project 	<ul style="list-style-type: none"> • Argyll and Bute: Leading Rural Area. • Creating an attractive, well connected and modern environment that will help stimulate economic growth. • Benefits and Outcomes of the project – will enhance people's perception of the town as a good place to live, work and visit; will raise the competitiveness of the local service economy, and will enhance developer

<i>Stakeholder group</i>	<i>Key Message</i>
	interest in Dunoon as a place to invest. Ultimately the town will attract more visitors; more retail spend and more investment. <ul style="list-style-type: none"> • How to engage with the project.
<ul style="list-style-type: none"> • those implementing the project 	<ul style="list-style-type: none"> • Projects' progress. • Benefits and Outcomes of the projects Partnership working – listening and acting on their concerns and issues.
<ul style="list-style-type: none"> • those assisting with funding the project 	<ul style="list-style-type: none"> • Argyll and Bute: Leading Rural Area. • Creating an attractive, well connected and modern environment that will help stimulate economic growth. • Partnership working – listening and acting on their concerns and issues. • Benefits and Outcomes of the projects
<ul style="list-style-type: none"> • those making decisions about the projects 	<ul style="list-style-type: none"> • Projects' progress. • Benefits and Outcomes of the projects – see benefits listed above. • Wider contribution towards achieving the Regeneration of the waterfront of Dunoon.
<ul style="list-style-type: none"> • those with a direct interest in the design and delivery of the projects 	<ul style="list-style-type: none"> • Partnership working • Benefits and Outcomes of the projects' progress

4. Action Plan

The following action plan details the means and frequency of communication with key stakeholders about the projects progress and its outputs.

4.1 Bute and Cowal Area Committee (acting its capacity as the Project Board) meetings

Purpose	<ul style="list-style-type: none"> • To discuss and monitor Project's progress against the Project Plan, Risk Register and Resource Schedule; • To produce recommendations on actions to progress projects; • To identify any issue(s) which require to be raised with the Programme Office/Programme Board
Attendees	<ul style="list-style-type: none"> • Project Sponsor • Area Committee Members • Project Manager • Plus additional personnel as necessary
Location	<ul style="list-style-type: none"> • Castle House, Dunoon or Eaglesham House Rothesay (alternates on a monthly basis)
Information required	<ul style="list-style-type: none"> • Highlight / Progress report – including details of progress made versus plan, changed risks and budgetary matters. • Presentation Pack (if required)
Information provider	Project Manager
Frequency of	The Bute and Cowal Area Committee meets on a

communication	<p>scheduled monthly basis. However CHORD Projects are being managed in a PRINCE2 framework and therefore reporting is by exception. The Project Manager will report to the Area Committee on at least a quarterly basis. Reporting to the Project Board outwith this basis will be triggered when it is necessary to produce a Highlight / Progress report i.e. Project Plan = +/- 15 working days and/or Project Budget - resources allocation to progress to FBC = +/- 10% or £10,000 whichever is greater.</p> <p>Calls for a meeting out with the agreed schedule of Area Committee meetings will only be considered in exceptional circumstances..</p>	
Method of communication	Written report, verbal discussion, written minutes.	
<p>These meetings are governed by the Council's Standing Orders and are organised by the Area Corporate Services Manager – Agendas and minutes can be viewed via the Council's website. Meetings will normally be open to the public, who may be excluded in the circumstances that would enable the Council to exclude the public from a meeting of the Council.</p>		
Action following meeting / decisions taken	Responsibility	
Minutes identifying actions and decisions	Area Corporate Services Manager/Project Manager	
Follow up on recommended actions	Project Manager	
Prepare press release if necessary	Area Committee Chair / Project Manager / Comms Team	
Local radio update if necessary	Area Committee Chair / Project Manager	
Update CHORD website if necessary	Project Manager / Comms Team	
Prepare report to Programme Management Board if necessary	Project Manager	

4.2 Design Team meetings

Purpose	<ul style="list-style-type: none"> • To discuss and monitor project's progress against project plan; • To review any design issue or concerns; • To review any technical issues or concerns; • To review costs against budget • To review any change control requests • To develop reports to assist decision making; • To review any implementation issues or concerns
Attendees	<ul style="list-style-type: none"> • A&BC Project Manager • Design Team Members • Plus additional personnel as necessary e.g. Officers from Argyll & Bute Council
Location	<ul style="list-style-type: none"> • As agreed
Information required	<ul style="list-style-type: none"> • Agenda and minutes from previous meeting • Project Plan, risk register, resource allocation schedule. • Other project material such as drawings, reports, etc.
Information provider	Design Team
Frequency of	Design Team meetings will take place on a monthly basis

communication	
Method of communication	Discussion to review the “information required”, written minutes.
The Design Team will be responsible for organising Design Team meetings and recording an action point minute which should be distributed to the team and others as necessary as soon as possible after the meeting.	
Action following meeting / decisions taken	Responsibility
Minutes identifying actions and decisions	Design Team
Follow up on recommended actions	Design Team and A&BC Project Manager
Email update to Programme Manager	Project Manager
Prepare report to Area Committee if necessary	Project Manager

4.3 Area Committee engagement with the Local Area Community Planning Group

Purpose	<ul style="list-style-type: none"> To update the LACPG on the progress of the Dunoon Pier – Phase 2 project. To follow up any requests raised by the Community Planning Group.
Attendees	<ul style="list-style-type: none"> Members of the LACPG
Location	<ul style="list-style-type: none"> As agreed by attendees
Information required	<ul style="list-style-type: none"> Benefits and Outcomes of the project Project delivery method. Project information – including progress Partnership working. Engagement process and output.
Information provider	Area Committee Chair/Project Manager
Frequency of communication	Quarterly or Bi-annually to full CPP meeting. To be agreed with Area Committee Chair and LACPG Chair.
Method of communication	Verbal/written update at LACPG committee. The Project Chair will engage with the Chair of the LACPG to determine the preferred method of keeping members up to date with their projects.
Action following meeting / decisions taken	Responsibility
Ensure any follow up requested from CPG members	Area Committee Chair/Project Manager
Email update of meeting to Programme Manager	Project Manager

4.4 Community engagement

A significant amount of consultation was undertaken as part of the development of the OBC for the Dunoon Waterfront project and in the development of options. In taking forward the agreed components for the FBC there will be consultation with key stakeholders and key groups within the business and community sector including the Chamber of Commerce and PA23 (BID Team) however this should only be undertaken following discussion and agreement with the Bute and Cowal Area Committee. The following table outlines the general approach and mechanisms that the Design Team/Project Manager will adopt to engage with the Community.

Purpose	<ul style="list-style-type: none"> To gain community input to the final designs taken forward by the Bute and Cowal Area Committee
Information required	<ul style="list-style-type: none"> Overall progress on the project.

	<ul style="list-style-type: none"> • Benefits and Outcomes of the project. • Project information. • Engagement process and output.
Information provider	Design Team / Project Manager
Frequency of communication	At key consultation points of the project and then ensuring that information is disseminated throughout the process.
Method of communication	Workshops / information sessions / open days / press releases / radio interviews / website / local newsletters
The framework set out in the community engagement strategy "Improving Community Engagement in Argyll and Bute" will be used.	
Action following meeting / decisions taken	Responsibility
Ensure any follow up is carried out, especially with regard to feedback on the consultation process.	Design Team / Project Manager

4.5 Historic Scotland and other key stakeholders

It will be important to ensure that key stakeholders such as Historic Scotland, Crown Estate are fully aware of the project and that they understand the main objectives in relation to the existing pier which is a listed structure.

Purpose	<ul style="list-style-type: none"> • To ensure, wherever practical, the development of the FBC has taken into account the advice and needs of the above groups.
Information required	<ul style="list-style-type: none"> • Overall progress on the project. • Benefits and Outcomes of the projects. • Project information. • Engagement process and output.
Information provider	Design Team / Project Manager
Frequency of communication	At key consultation points of the project and then ensuring that information is disseminated throughout the process.
Method of communication	Information sessions/meetings
Action following meeting / decisions taken	Responsibility
Ensure FBC preferences/requirements are identified. Ensure any follow up is carried out, especially with regard to feedback on the consultation process.	Design Team / Project Manager

5. Communication Protocol

In line with best practice in effective communication, it is essential that all press releases are signed off by the CHORD Programme Office and the Council's Press Office before being issued. This will ensure the press release does not inadvertently conflict with other press releases, key messages/ statements issued by the Council. Similarly, the aforementioned should be advised of any planned or requested interviews with local or national newspapers or radio broadcasters.

6. Key Contacts

The project manager is to compile and maintain a list of key contacts and stakeholders in the project.

ARGYLL & BUTE COUNCIL

COUNCIL

CUSTOMER SERVICES

25 JUNE 2015

EXTRACT OF MINUTE OF BUTE AND COWAL AREA COMMITTEE HELD ON 7 APRIL 2015

5. NOTICE OF MOTION UNDER STANDING ORDER 13 (AGENDA ITEM 15)

The Bute and Cowal Area Committee wishes to work in partnership with the Dunoon Community Pier Trust to ensure that the historic Dunoon Pier is refurbished and brought back into use in a manner that reflects the community's views on what the pier should be used for.

The Bute and Cowal area committee recommends to the full council that a new sub-committee of the area committee is created for this purpose. The sub-committee will have responsibility for the refurbishment and future use of the pier and officers will report to this sub-committee. The sub-committee will in turn report to the area committee. The proposal is that the sub-committee comprises 3 elected members from the Dunoon and Cowal wards and 3 members of the board of Dunoon Community Pier Trust.

The 3 elected members from these 2 wards will be determined by a decision of the area committee for Bute and Cowal. The 3 members of the SCIO board will be determined by that board. The sub-committee will elect a chair and vice chair at its first meeting if the creation of the sub-committee is agreed by the full council.

Proposer Cllr Michael Breslin
Secunder Cllr Bruce Marshall

Minutes:

The Bute and Cowal Area Committee wishes to work in partnership with the Dunoon Community Pier Trust to ensure that the historic Dunoon Pier is refurbished and brought back into use in a manner that reflects the community's views on what the pier should be used for. The Bute and Cowal area committee recommends to the full council that a new subcommittee of the area committee is created for this purpose. The sub-committee will have responsibility for the refurbishment and future use of the pier and officers will report to this sub-committee. The sub-committee will in turn report to the area committee. The proposal is that the sub-committee comprises 3 elected members from the Dunoon and Cowal wards and 3 members of the board of Dunoon Community Pier Trust. The 3 elected members from these 2 wards will be determined by a decision of the area committee for Bute and Cowal. The 3 members of the SCIO board will be determined by that board. The sub-committee will elect a chair and vice chair at its first meeting if the creation of the sub-committee is agreed by the full council.

Proposer Cllr Michael Breslin

Secunder Cllr Bruce Marshall

Amendment

That the Bute and Cowal Area Committee does not agree to recommend to the full Council the establishment of a sub-committee for the purposes as set down in the Notice of Motion.

The Bute and Cowal Area Committee instead agrees to recommend the establishment of a partnership arrangement between the Area Committee and the Board of Dunoon Community Pier Trust supported by appropriate Council Officers.

The purpose of the partnership is to consider the future use of the pier and it's buildings and how additional funds can be generated that can be used to enhance the structure and add value to

the current works proposed by the Council.

The minute of the partnership meetings will be presented to the Bute and Cowal Area Committee.

Proposer Cllr Dick Walsh

Seconder Cllr James McQueen

Decision

On a show of hands vote, the motion was carried by 5 votes to 4 and the Committee resolved accordingly.

(Ref: Notice of Motion by Councillor Michael Breslin and Seconded by Councillor Bruce Marshall, submitted)

(Ref: Notice of Amendment by Councillor Dick Walsh and Seconded by Councillor James McQueen, submitted)

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