

EXECUTIVE SUMMARY AND INTRODUCTORY REPORT - FINANCIAL REPORT MONITORING PACK – DECEMBER 2014

1. INTRODUCTION

- 1.1 This report introduces the full package of papers included in the financial reports monitoring pack. There are seven reports included within the financial report monitoring pack as follows:
- Revenue Budget Monitoring Report as at 31 December 2014
 - Monitoring of 1% Savings for 2014-15 and 2015-16
 - Update to 2015-16 Budget as at 31 December 2014
 - Monitoring of Financial Risks
 - Reserves and Balances
 - Capital Plan Monitoring Report as at 31 December 2014
 - Treasury Monitoring Report as at 31 December 2014
- 1.2 Revenue Budget Monitoring Report – this report provides a summary of the current revenue budget monitoring position to ensure net expenditure is contained within budget. It provides corporate and departmental information with comparisons on a forecast outturn and a year to date basis. The projected year end outturn at 31 December 2014 is an overall underspend of £0.202m. There are overspends in respect of adult care, leisure central repairs, refuse collection and coastal protection works, shortfall in car parking income, unrecoverable costs for dangerous buildings and additional holiday pay costs. These overspends are offset by savings within school and public transport, a significant saving in respect of utility costs, an underspend within early years and over recovery of vacancy savings.
- 1.3 Monitoring of 1% Savings for 2014-15 and 2015-16 – this report provides a summary of the progress towards the savings target for 2014-15 and 2015-16. The budget savings required for 2014-15 based on 1% savings are £1.822m and savings of £1.802m (98.9%) have already been secured and £0.020m (1.1%) are being implemented all with no policy implications.
- 1.4 Update to 2015-16 Budget – this report provides an update on any of the changes to the budget assumptions used when preparing the 2015-16 budget and an assessment of the impact. The main change to the budget update is the reduction in grant funding of £2.557m due to updating the finance settlement indicators rather than the flat cash approach. There are further funding adjustments of £1.244m relating to Children and Young Persons (Scotland) Act, transfer of the A83, Council Tax Reduction Scheme Administration, Self-Directed Support as well as a number of small funding

changes. There are adjustments to the base budget of £1.209m, employee cost changes which give a net increase of £0.902m, reduction of £0.857m within inflation an additional £1.445m cost and demand pressures and a reduction to fees and charges income of £0.055m. The overall impact is a projected surplus for 2015-16 of £0.154m.

- 1.5 Monitoring of Financial Risks - this report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks. Whilst a total of 59 financial risk areas have been identified only 11 are classed as likely with a potential impact of £2.761m. These will continue to be monitored throughout the year and action taken to mitigate or manage these risks.
- 1.6 Reserves and Balances – this report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves. The Council has usable reserves of £48.526m. Most of these are earmarked for specific purposes. The General Fund contingency level remains at 1.5% of net expenditure. There is currently an estimated surplus over contingency of £9.811m and this is being directed towards the delivery of the Single Outcome Agreement.
- 1.7 Capital Plan Monitoring Report – this report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance. Year to date expenditure is ahead of budget by £2.119m. The forecast outturn for the year is additional expenditure of £3.102m as a result of additional income and funding transferred from leasing. There are 10 projects classed as off track.
- 1.8 Treasury Monitoring – this report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments. There have been no significant new borrowings or repayments in the period to December. Borrowing is estimated to be around £14.0m below the capital financing requirement by 31 March 2015. Investments at 31 December were £51.6m with a return for the last quarter of 0.725% compared to the average 7 day rate of 0.355%.

2. RECOMMENDATIONS

- 2.1 Members to note the revenue budget monitoring report as at 31 December 2014.
- 2.2 Members to note the progress towards the 1% savings target for 2014-15 and 2015-16.
- 2.3 Members to note the updates to the 2015-16 budget as at 31 December 2014.

- 2.4 Members to note the current assessment of the Council's financial risks.
- 2.5 Members to note the overall level of reserves and balances and note the monitoring of the earmarked reserves. Members to note the change in profiles as noted in paragraphs 3.3.6 to 3.3.9 in the reserves and balances report.
- 2.6 Members to note the capital plan monitoring report as at 31 December 2014.
- 2.7 Members to note the treasury monitoring report as at 31 December 2014.

3. IMPLICATIONS

- 3.1 Policy – None.
- 3.2 Financial - Outlines the revenue and capital monitoring for 2014-15 as at 31 December 2014. Summarises the changes to the assumptions for 2015-16 and the estimated impact. Good progress is being made in respect of the 1% savings target.
- 3.3 Legal - None.
- 3.4 HR - Individual savings may have human resource implications and these would have been discussed with the Trade Unions.
- 3.5 Equalities - Individual savings may have equality implications and equality impact assessments would have been carried out where required.
- 3.6 Risk - Details of financial risks are included within the report.
- 3.7 Customer Service - None.

Bruce West
Head of Strategic Finance
27 January 2015

REVENUE BUDGET MONITORING – DECEMBER 2014

This report is included within the Budget Pack at Section D

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

1. EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the progress towards the saving target for 2014-15 and 2015-16.
- 1.2 The budget for 2014-15 and 2015-16 included a requirement to make 1% savings within both 2014-15 and 2015-16. This equates to savings of £1.822m in 2014-15, rising to £3.644m in 2015-16.
- 1.3 Within 2014-15, savings of £1.802m (98.9%) have already been secured and £0.020m (1.1%) are being implemented all with no policy implications.

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

2. INTRODUCTION

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

3. DETAIL

3.1 Background

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

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

3.2 Summary of Savings Identified

- 3.2.1 The efficiency savings for 2014-15 have been classified into already secured, being implemented, being developed and still to identify. At this stage it is only the recurring 2014-15 savings that have been identified for 2015-16. The overall Council position is summarised within the table below.

Savings	2014-15 £000	2014-15 % of Target	2015-16 £000	2015-16 % of target
1% Target	1,822		3,644	
Already Secured	1,802	98.9%	1,502	41.3%
Being Implemented	20	1.1%	20	0.5%
Being Developed:				
• Policy measures under development	0	0.0%	0	0.0%
• Non-Policy measures under development	0	0.0%	0	0.0%
Still to Identify	0	0.0%	2,122	58.2%
TOTAL	1,822	100.0%	3,644	100.0%

3.2.2 The savings for 2014-15 have all been identified and have been classified into already secured, being implemented and being developed. £1.802m of savings are already secured and £0.020m being implemented, all with no policy implications. The saving currently being implemented is noted below:

- CUST011 – Water Charges £20,000

3.2.3 The majority of the 2014-15 savings identified are recurring into 2015-16, with the exception of a saving within Education, reference EDUC02.

3.2.4 Services have started to identifying savings for 2015-16 and these will be reported at a future Policy and Resources Committee.

3.2.5 Appendices are attached that provide a summary per department.

3.3 Changes to Savings since last P&R Report

3.3.1 There are no changes to the previous report.

4. CONCLUSION

4.1 Within 2014-15 all savings have been identified with £1.802m already secured and £0.020m currently being implemented.

5. IMPLICATIONS

5.1 Policy - None.

5.2 Financial - The Council is making good progress towards its savings target.

5.3 Legal - None.

5.4 HR - Individual savings may have human resource implications and these would have been discussed with the Trade Unions.

5.5 Equalities - Individual savings may have equality implications and equality impact assessments would have been carried out where required.

5.6 Risk - None.

5.7 Customer Service - Individual savings may have customer service implications.

Bruce West
Head of Strategic Finance
27 January 2015

APPENDICES:

Appendix 1 – Chief Executive’s Unit Summary of Savings Proposals

Appendix 2 – Community Services Summary of Savings Proposals

Appendix 3 – Customer Services Summary of Savings Proposals

Appendix 4 – Development and Infrastructure Summary of Savings Proposals

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

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

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

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

COMMUNITY SERVICES - 1% SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
1% Target	1,318,554		2,637,108	
Already Secured	1,318,554	100.0%	1,002,251	38.0%
Being Implemented	0	0.0%	0	0.0%
Being Developed				0.0%
Policy	0	0.0%	0	0.0%
Non-Policy	0	0.0%	0	0.0%
Still to Identify	0	0.0%	1,634,857	62.0%
TOTAL 1% SAVINGS TARGET	1,318,554	100.0%	2,637,108	100.0%

COMMUNITY SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being)	Savings Ref	Description of Saving		Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy
			2014-15	2015-16						
Adult Care	Already Secured	AC01	428,437	428,437	<p>The options being considered are:</p> <p>(1) Care Home Placements, Older People: By continuing to implement the existing policy of favouring care at home as against care in residential care, efficiencies will be created as care at home is on average more cost effective than residential care home placements - £366,072</p> <p>(2) Delayed Discharge: reduction in flexible revenue held locally and deployed by Area Managers for commissioning of services to facilitate discharge or avoid admission to hospital care. Refocus spend on services that evidence clear strategic outcomes with revenue removed from those which don't - £5,204</p> <p>(3) Day Services, Older People: Review of service at Oasis, Garelohead in line with existing policy of promoting flexible day service opportunities within the community rather than the traditional dependence of service users attending a building with the associated costs that go with that model of care. - £8,517</p> <p>(4) Development & Flexibility Budget: reduction in short term, non-recurring pieces of work that do not evidence clear strategic outcomes - £1,174</p> <p>(5) Jura Progressive Care Centre: efficiency improvements in the delivery of the service to residents at Jura Progressive Care Centre - £16,000</p> <p>(6) Cowal Integrated Care Team – more efficient use of resources produced through the transfer of work to the homecare service at a lower annual cost - £31,470</p>	As per performance and implications.	<p>(1) Equivalent to a reduction of 15 average 52 week placements per annum. However, expected that the efficiency will not see any cuts in service and will be achieved as noted with greater emphasis on care at home and those residents who are admitted are for reasons of high dependency and end of life care where the length of stay is shorter and the bed days purchased reduced.</p> <p>(2) The delayed discharge budget is a flexible revenue budget with high turnover and the efficiencies will not impact in terms of cuts in service as the efficiency will be achieved via routine turnover in services and a focus on services that evidence strategic outcomes to the exclusion of services that fail to do so.</p> <p>(3) Review of service provided by Cross reach in Garelohead. Focus is moving to greater flexibility around day away from attending formal day units which is more person centred and cost effective. The proposal is that the unit itself will be used more flexibly across a range of clients effectively becoming an Adult care service for the Rosneath peninsula which will provide greater financial sustainability for the future and efficiencies against the present budget without any reduction in day services to older people.</p> <p>(4) Budget used in wide variety of issues from supporting individual care packages on a short term basis. Budget will re-focus on those achieving strategic outcomes to the elimination of those that fail to do so. Given the short term nature of the activity and relatively high turnover of service users, it is envisaged that the efficiency will be made without any cuts in service.</p> <p>(5) Cost efficiencies which have been made at Jura Progressive Care Centre which will not impact on the level of service provided.</p> <p>(6) Transfer of some work previously undertaken by the Integrated Care Team to the Homecare service which has allowed for a reduction in the size of the team without affecting the overall level of service provided to clients.</p>	No		
Adult Care	Already Secured	AC02	2,770	2,770	<p>Reduction in the equipment expenditure budget within the Integrated Equipment Service</p>	None	None	Reduction in budget achieved by more efficient spend via the PECOS system and council budget being supplemented by resource release funding. Net impact is no reduction in service delivery	No	
Community and Culture	Already Secured	CC01	24,615	24,615	<p>Efficiency and Management savings from CLD services. All operational aspects of the Community Learning and Development services will be scrutinised in detail to achieve efficiencies in the delivery of courses, community capacity building activities, travelling and training. The need and value of all vacant posts will be assessed and reviewed.</p>	None	None	Not possible to provide specific details on activity numbers at this time but the review work will be undertaken to ensure very marginal impact on front line service delivery	No	

COMMUNITY SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being already secured)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non- Recurring	HR Implications	Performance and Service Implications	Are there Policy
				2014-15	2015-16				
Community and Culture	Already Secured	CC02	Housing and Homelessness: Funding for Nurse Co-ordinator for Homeless, Gypsy Travellers and Looked After Children. Cessation of financial support to NHS Highland in relation to a Homelessness nurse post which was originally funded through the Rough Sleepers Initiative and which has been renewed on an annual basis for several years through general Homelessness budget. Also, a minor adjustment to staffing establishment as a result of previous year service review	66,911	66,911	Recurring	None	This financial year there have been intervention in 5 new homeless cases; 2 gypsy travellers; 28 looked after children. There is ongoing involvement with a range of clients within the three client groups who have particular health related issues. Provision has been made within health to cover this specialist work and mainstream health services will also be utilised to a greater degree	No
Community and Culture	Already Secured	CC03	Community Learning and Development – Youth Services. Reduction in Youth Services training and operational budget	10,000	10,000	Recurring	none	This saving mainly applies to the staff training element of Youth Services. It has become apparent that many training opportunities can be provided within the Council or through external funding or partnership arrangements. This saving will not impact staff development or service delivery	No
Children and Families	Already Secured	CF02	Looked after children. Reduction to throughcare budget to meet the expected level of demand.	32,293	32,293	Recurring	none	Minimal impact on current service however future demands on throughcare could see increased demands in the future	No
Children and Families	Already Secured	CF03	Children with a Disability- reduction to respite budget.	25,000	25,000	Recurring	none	The number of children and young people with disability supported in the community has reduced over the last 3 years. Current demand suggests a reduction can be accommodated however this will leave no room for flexibility, should demand (outwith service control) increase	No
Children and Families	Already Secured	CF04	Service wide. In year efficiencies	3,602	3,602	Recurring	none	It is not possible to provide specific details however the review will ensure there is minimal impact on front line service delivery	No
Children and Families	Already Secured	CF05	Reduction in fostering budget to meet the expected level of demand.	50,000	50,000	Recurring	none	Minimum impact on service. No impact on fostering rates, however future increased demands may impact on the budget.	No
Children and Families	Already Secured	CF06	Reduction to Community Support Budget	50,000	50,000	Recurring	None	There will be limited impact as private providers have difficulty recruiting and retaining social care staff to provide this support in the community.	No
Education	Already Secured	EDUC01	HQ and QIO support budgets. Review and removal, where appropriate of 2014/15 budget with a moratorium put in place for centrally-held budgets	133,623	133,623	Recurring	None	Reduced capacity to support Learning and Teaching and development within Service. This will include the removal of QIO consultancy budget (£21k), removal of Professional and Technical publications budget (£3k). A moratorium will be put in place during 14/15 for any discretionary expenditure with approval to be sought via Education Management Team. Education non school budgets will be reviewed and realigned to the agreed Education Management structure. As part of this realignment it is intended to top slice budgets where appropriate to meet the efficiency target	No
Education	Already Secured	EDUC02	Budget reductions would be taken directly from existing unspent balances. Schools are advised that they cannot carry forward a previously agreed carry-forward and monies must be utilised during initial carry-forward year.	316,303	0	Non-recurring	None	Schools will have reduced capacity to support adhoc / discretionary appointments. The proposed option is the top slicing of previous year underspend which is partly generated as a result of planned management (HT) action however is most as a result of vacancy / turnover / recruitment cycle. Devolved management of resource regulations allow schools flexibility.	No
Education	Already Secured	EDUC04	External Residential Schools - A reduction in the number of pupils with additional support needs placed out with Argyll in Residential Schools.	175,000	175,000	Recurring	None	The availability of funding for placements in residential schools will be reduced but it is anticipated that, overall, there will be minimal impact as vulnerable children and young people will be supported in their local schools instead of placed in residential schools away from their families and friends.	No
TOTAL	Still to identify			1,318,554	1,634,857				
					2,637,108				

CUSTOMER SERVICES - 1% SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
1% Target	241,427		482,854	
Already Secured	221,427	91.7%	221,427	45.9%
Being Implemented	20,000	8.3%	20,000	4.1%
Being Developed:				
Policy	0	0.0%	0	0.0%
Non-Policy	0	0.0%	0	0.0%
Still to Identify	0	0.0%	241,427	50.0%
TOTAL 1% SAVINGS TARGET	241,427	100.0%	482,854	100.0%

CUSTOMER SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non-Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Executive Director of Customer Services	Already Secured	CUST001	Vacancy Savings - Increase to Departmental Target	5,212	5,212	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST001	Vacancy Savings - Increase to Departmental Target	6,301	6,301	Recurring	None	None	No
Improvement and HR	Already Secured	CUST001	Vacancy Savings - Increase to Departmental Target	5,500	5,500	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST002	Scottish Water Agency Income - Additional agency income from Scottish Water for collecting water charges as per recently announced order which runs from 1 April 2014 to 31 March 2018. This saving will increase in 2015-16 as a result of the full year impact of the additional income.	36,138	36,138	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST003	Travel Budgets - Reduction to staff travel budgets across the service.	28,000	28,000	Recurring	None	None	No
Customer and Support Services	Already Secured	CUST004	Council Tax Advertising	1,500	1,500	Recurring	None	None	No
Governance and Law	Already Secured	CUST005	Licensing Income - income achieved for previous years has been in excess of budget. Property Services Sundries - Budget created in 2012-13 as a result of excess savings from service review.	16,515	16,515	Recurring	None	None	No
Facility Services	Already Secured	CUST006	Income from Investment Properties - increase based on current rental levels	6,796	6,796	Recurring	None	None	No
Facility Services	Already Secured	CUST007		13,770	13,770	Recurring	None	None	No
Facility Services	Already Secured	CUST008	Rural Community Transport Initiative - payment previously paid to a provider that has folded, monies are uncommitted	13,500	13,500	Recurring	None	None	No
Facility Services	Already Secured	CUST009	Pupil Transport - Parent Transport	15,000	15,000	Recurring	None	None	No
Facility Services	Already Secured	CUST010	Cleaning HQ - Reduction to cleaning equipment budget	10,000	10,000	Recurring	None	None	No
Facility Services	Being Implemented	CUST011	Water Charges - savings to be achieved over and above Property Services Service Review saving	20,000	20,000	Recurring	None	None	No
Facility Services	Already Secured	CUST012	Training Budgets across Facility Services	5,000	5,000	Recurring	None	None	No
Facility Services	Already Secured	CUST013	Pool Cars - Fuel Costs	5,000	5,000	Recurring	None	None	No

CUSTOMER SERVICES - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non- Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Facility Services	Already Secured	CUST014	Facility Services - supplies and services and travel and subsistence budgets	25,389	25,389	Recurring	None	None	No
Improvement and HR	Already Secured	CUST015	Overtime Budget - removal of 100% of overtime budget allocation	9,384	9,384	Recurring	None	None	No
Improvement and HR	Already Secured	CUST017	Social Work Training - Photocopier and Coffee machine leases	12,000	12,000	Recurring	None	None	No
Improvement and HR	Already Secured	CUST018	HR - Reduction to Supplies and Services budgets	6,422	6,422	Recurring	None	None	No
TOTAL				241,427	241,427				
					482,854				

DEVELOPMENT AND INFRASTRUCTURE - 1% SAVINGS - OVERALL SUMMARY

Efficiency Savings	2014-15 £	2014-15 % of Target	2015-16 £	2015-16 % of target
1% Target	224,480		448,960	
Already Secured	224,480	100.0%	224,480	50.0%
Being Implemented	0	0.0%	0	0.0%
Being Developed:				
Policy	0	0.0%	0	0.0%
Non-Policy	0	0.0%	0	0.0%
Still to Identify	0	0.0%	224,480	50.0%
TOTAL 1% SAVINGS TARGET	224,480	100.0%	448,960	100.0%

DEVELOPMENT AND INFRASTRUCTURE - 1% SAVINGS - FURTHER DETAIL

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

DEVELOPMENT AND INFRASTRUCTURE - 1% SAVINGS - FURTHER DETAIL

Service	Progress of Saving (already secured, being implemented, being developed)	Savings Ref	Description of Saving	Saving Profile		Recurring or Non- Recurring	HR Implications	Performance and Service Implications	Are there Policy Implications? (yes/no)
				2014-15	2015-16				
Planning and Regulatory Services	Already Secured	PRS3	Proposed deletion of vacant post within the Development Management structure. The post is a 'Planning Systems Support Assistant' based in Whitegates, Lochgillhead which has been vacant since December 2013. The previous post holder has been promoted within DJS to newly created position of Process and Productivity Improvement Manager. Some of the roles and duties of the Systems Support Assistant post have been transferred to the new post as part of a Business Process Review (BPR) that is underway for Development Management. This includes work-streams to deliver efficiencies and best practice within the service. The post of Systems Support Assistant was originally created in 2009 to roll out and administer the delivery of E-Planning. The majority of outcomes of E-Planning have now been achieved and are bedded into normal working practices now.	14,500	14,500	Recurring	1 vacant post is being removed from structure so there is no loss or change in circumstances to an individual. Other staff within the CVT have already absorbed majority of duties from vacant post with others being transferred to BPR project	Impact on service shall be minimal due to around 70% of the activities of the post being transferred to the new Process and Productivity Improvement Manager or BPR project. Other duties that have not been transferred have been integrated into the wider Central Validation Team (CVT) between June and December 2013 as part of a phased transition. Duties include update of performance data (training of 2 staff still on-going), deleting documents in CIVICA, data management and responding to queries from Planning Officers on systems matters. Whilst the majority of duties from the post have been redistributed the loss of a member of staff within the CVT has marginally reduced resilience during times of unplanned absence or increased workload (unexpected increase in planning applications). A review shall take place in late February to review the resources and demand pressures within the CVT with a view to increase resilience whilst carrying out the duties of the Systems Support Assistant. Further reviews will take place in the medium and long term within the CVT once efficiencies and improvements identified as part of the BPR Process are realised or achieved.	No
Roads and Amenity Services	Already Secured	RAMS1	<ul style="list-style-type: none"> Fuel savings due to rescheduled routes Reduced reliance on hired in plant – close down hires more timely Increase in income streams where possible Restructure resulting in a number of vacant posts being removed from the establishment 	148,524	148,524	Recurring	Staffing will be via the removal of vacant posts.	There will be a greater requirement to prioritise roads maintenance revenue works based upon safety priorities and risk assessment with a reduced ability to undertake sustainable asset management as identified through the Roads Asset Management Plan. Reduction in the scale and/or standard of amenity services may impact upon the presentation of community spaces in towns and villages which may impact adversely upon tourism and business interests and the quality of life of communities.	no
TOTAL	Still to Identify			224,480	448,960				

This report is included within the Budget Pack at Section B

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

This report is included within the Budget Pack at Section E

RESERVES AND BALANCES – UPDATE AS AT 31 DECEMBER 2014

This report is included within the Budget Pack at Section F

CAPITAL BUDGET MONITORING REPORT – 31 December 2014

1 EXECUTIVE SUMMARY

1.1 This provides an update on the position of the capital budget as at 31 December 2014. The report provides information on the financial position in respect of the capital plan and also the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Current Year to Date** – actual expenditure to date is £28,669k compared to a budget for the year to date of £26,550k giving rise to an over spend for the year to date of £2,119k (-8.0%).
- **Forecast Outturn for 2014-15** – forecast expenditure for the full financial year is £42,362k compared to an annual budget of £39,260k giving rise to forecast over spend for the year of £3,102k (-7.9%).
- **Total Capital Plan** – the forecast total project costs on the total capital plan is £215,946k compared to a total budget for all projects of £212,201k giving rise to a forecast over spend for the overall capital plan of £3,745k (-1.8%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 167 projects there are 150 projects (90%) on track, 13 projects (8%) off track and recoverable and 4 projects (2%) off track.
- **Service Development** - Out of 41 projects there are 20 projects (49%) on track, 18 projects (44%) off track but recoverable and 3 projects off track (7%).
- **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 December 2014

2 INTRODUCTION

2.1 This provides an update on the position of the capital budget as at 31 December 2014. 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:

- **Current Year to Date** – actual expenditure to date is £28,669k compared to a budget for the year to date of £26,550k giving rise to an over spend for the year to date of £2,119k (-8.0%).
- **Forecast Outturn for 2014-15** – forecast expenditure for the full financial year is £42,362k compared to an annual budget of £39,260k giving rise to forecast over spend for the year of £3,102k (-7.9%).
- **Total Capital Plan** – the forecast total project costs on the total capital plan is £215,946k compared to a total budget for all projects of £212,201k giving rise to a forecast over spend for the overall capital plan of £3,745k (-1.8%).

2.3 Project Delivery:

- **Asset Sustainability** – Out of 167 projects there are 150 projects (90%) on track, 13 projects (8%) off track and recoverable and 4 projects (2%) off track.
- **Service Development** - Out of 41 projects there are 20 projects (49%) on track, 18 projects (44%) off track but recoverable and 3 projects off track (7%).
- **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, specifically noting or approving the following:

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

4 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

Actual expenditure to date is £28,669k compared to a budget for the year to date of £26,550k giving rise to an over spend for the year to date of £2,119k (-8.0%).

4.2 Project/Department Position

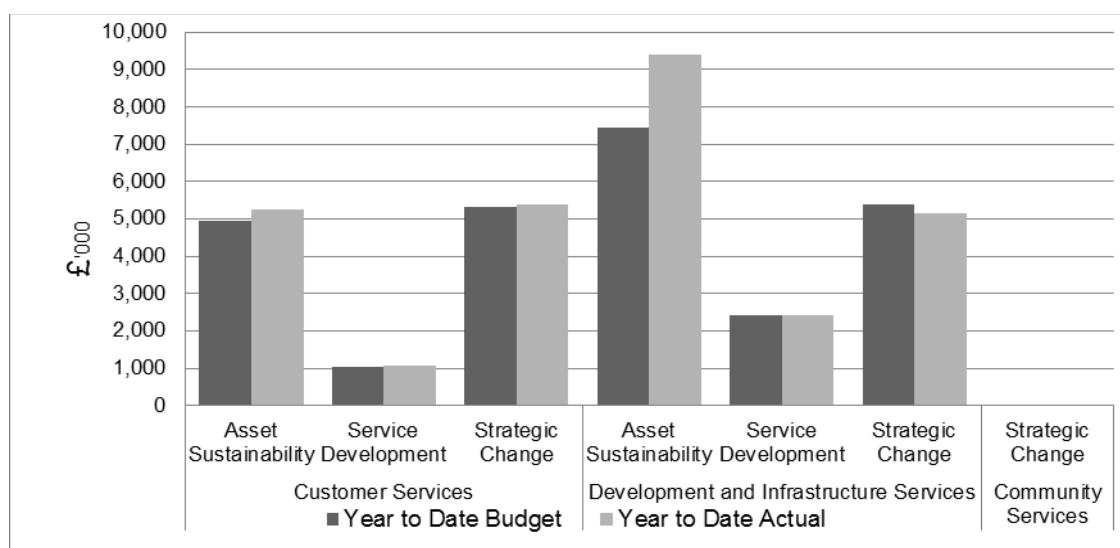
The table below shows the year to date expenditure against the year to date budget by project type and department:

Project Type:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Asset Sustainability	12,379	14,639	(2,260)
Service Development	3,442	3,502	(60)
Strategic Change	10,729	10,528	201
Total	26,550	28,669	(2,119)
Department:			
Customer Services	11,310	11,688	(378)
Development and Infrastructure Services	15,240	16,981	(1,741)
Community Services	0	0	0
Total	26,550	28,669	(2,119)

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

4.3 Chart of YTD Variances

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



5 FORECAST OUTTURN 2014-15

5.1 Overall Position

Forecast expenditure for the full financial year is £42,362k compared to an annual budget of £39,260k giving rise to a forecast over spend for the year of £3,102k (-7.9%).

5.2 Project/Department Position

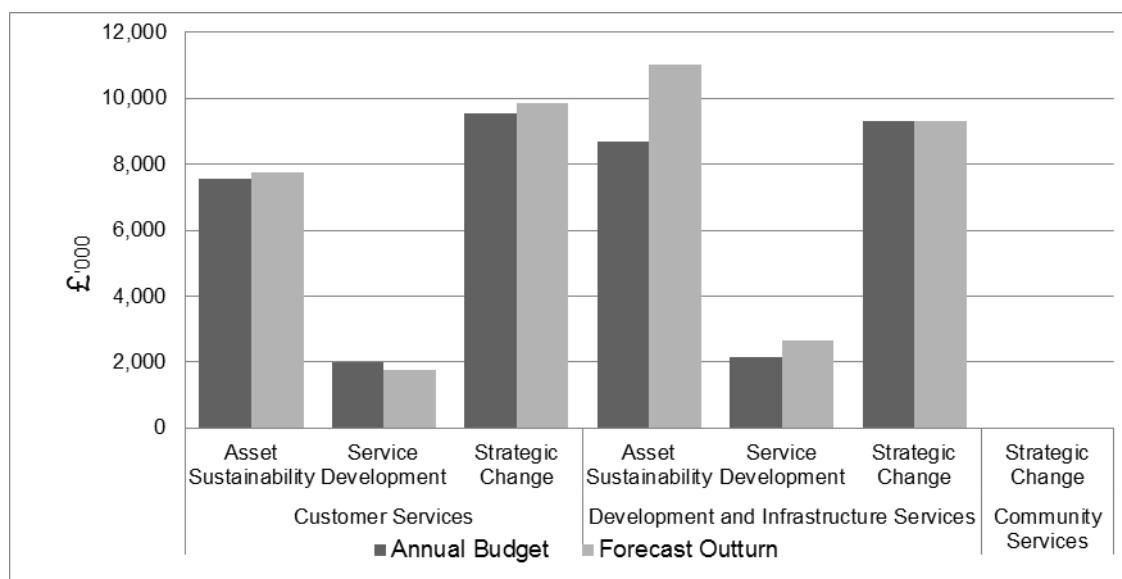
The table shows the forecast expenditure and budget for the year by project type and department:

Project Type:	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Asset Sustainability	16,251	18,776	(2,525)
Service Development	4,156	4,428	(272)
Strategic Change	18,853	19,158	(305)
Total	39,260	42,362	(3,102)
Department:			
Customer Services	19,095	19,375	(280)
Development and Infrastructure Services	20,165	22,987	(2,822)
Community Services	0	0	0
Total	39,260	42,362	(3,102)

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

5.3 Chart of Forecast Outturn

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



6 TOTAL PROJECT COSTS

6.1 Overall Position

The forecast total project cost on the total capital plan is £215,946k compared to a total budget for all projects of £212,201k giving rise to a forecast over spend for the overall capital plan of £3,745k (-1.8%).

6.2 Project/Department Position

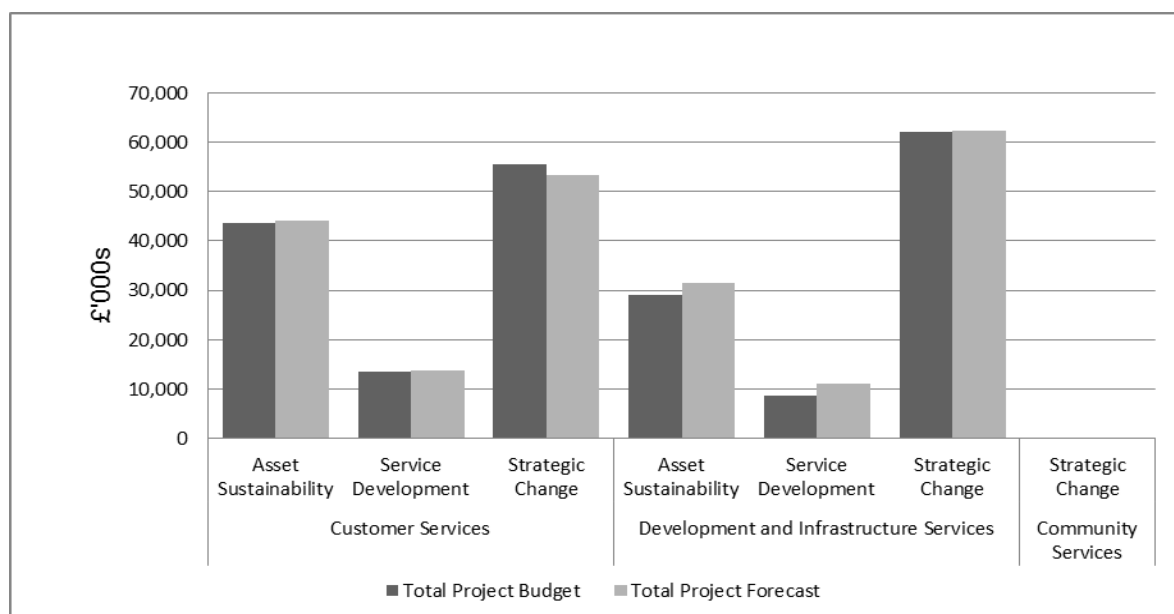
This table shows the forecast total project cost and the budget for total project costs by project type and department:

Project Type:	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000
Asset Sustainability	72,575	75,589	(3,014)
Service Development	22,116	24,799	(2,683)
Strategic Change	117,510	115,558	1,952
Total	212,201	215,946	(3,745)
Department:			
Customer Services	112,658	111,238	1,420
Development and Infrastructure Services	99,543	104,708	(5,165)
Community Services	0	0	0
Total	212,201	215,946	(3,745)

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

6.3 Chart of Total Project Costs

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



7 CAPITAL FUNDING ESTIMATES

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

Year	£'000
2014-15	51,581
2015-16	45,958
2016-17	17,833

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

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

Funding	Current Year (2014-15)			2015-16			2016-17		
	Approved Capital Funding £'000	Changes £'000	Updated Capital Funding Available £'000	Estimated Capital Funding £'000	Changes £'000	Updated Capital Funding Available £'000	Estimated Capital Funding £'000	Changes £'000	Updated Capital Funding Available £'000
General Capital Grant	15,464	0	15,464	14,686	0	14,686	11,000	0	11,000
Transfer to Revenue for Private Sector Housing Grant (PSHG)	(1,321)	0	(1,321)	(1,321)	0	(1,321)	(1,000)	0	(1,000)
Ring Fenced Capital Grant	140	0	140	131	0	131	140	0	140
Grants from Other Bodies	1,310	15	1,325	626	0	626	0	0	0
Capital Receipts	1,334	0	1,334	4,390	0	4,390	7,693	(450)	7,243
Revenue Contributions	1,155	5	1,160	286	0	286	0	0	0
Reserve Funding Dunoon & Campbeltown Schools	3,000	0	3,000	0	0	0	0	0	0
Prudential Borrowing	966	595	1,561	30	0	30	0	0	0
Unsupported Borrowing	29,533	(14,315)	15,218	27,130	(431)	26,699	0	2,890	2,890
Capital Funding	51,581	(13,700)	37,881	45,958	(431)	45,527	17,833	2,440	20,273
Opening Capital Expenditure Budget			39,260			43,928			15,421
Recommended Changes to Capital Plan (Financial Impact - Appendix 8)			(1,379)			1,599			4,852
Revised Capital Expenditure Budget			37,881			45,527			20,273
Capital Expenditure Forecast			42,362			43,928			15,421
Updated Projected (Over)/Underspend			(4,481)			1,599			4,852

8 TOTAL PROJECT PERFORMANCE

8.1 Overall Position

There are 235 projects within the Capital Plan, 188 are Complete or On Target, 37 are Off Target and Recoverable and 10 are Off Target and a Problem.

8.2 Project Position

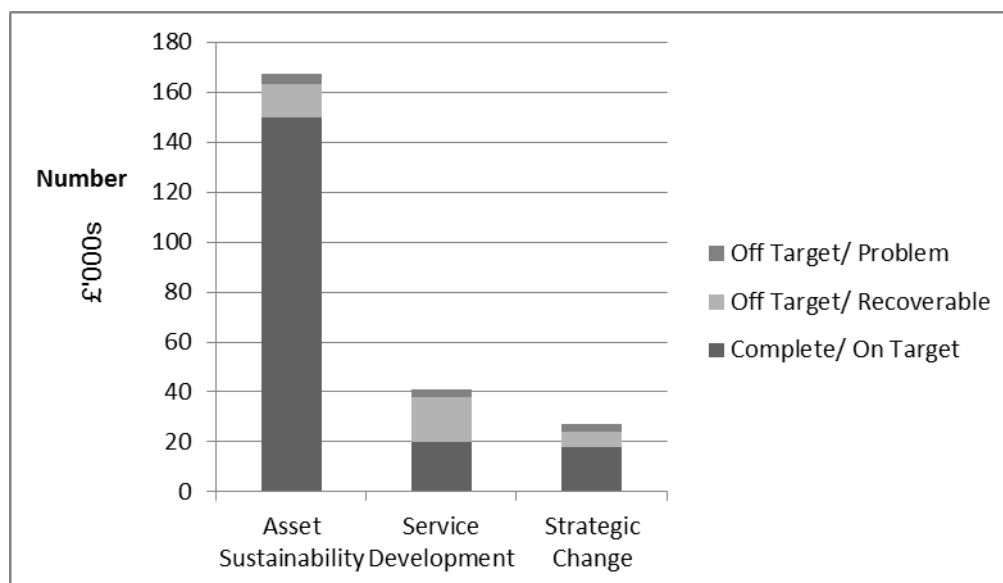
The table below shows the Performance Status of the Projects in the Capital Plan:

Project Type:	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Asset Sustainability	150	13	4	167
Service Development	20	18	3	41
Strategic Change	18	6	3	27
Total	188	37	10	235
Department:				
Customer Services	160	24	5	189
Development and Infrastructure Services	28	13	5	46
Total	188	37	10	235

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

8.3 Chart of Performance Status

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



9 OFF TRACK PROJECTS

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

Project Type	Project	What is Off Track?	Explanation	Action
Asset Sustainability	MS Exchange & Doc Sharing	Current Year Expenditure and Project Timescale	A project to replace the email archive system has slipped and the £63k contribution has been significantly delayed.	Business case for the project has been approved by ICT Steering Board in November 2014 and tender process is underway.
Asset Sustainability	Corporate GIS Portal Rollout	Current Year Expenditure and Project Timescale	No demand has been identified for capital investment within the current financial year. This is a recurring pattern.	Uncommitted budget should be used to cover overspends elsewhere and remainder offered as saving.
Asset Sustainability	IT Education	Current Year Expenditure and Project Timescale	Education cannot support a business case for Lync 2013 without a broader pilot.	Other areas have been identified to test this further which will better explore the opportunities and service improvements.
Service Development	IT Enablement Process for Change	Current Year Expenditure and Project Timescale	Business case has only recently been approved by the ICT Steering Board therefore significant delays.	Tender will be issued in the new year and budget will now be spent in 2015/16 instead.
Asset Sustainability	Whitegates	Project Total Expenditure	Significant additional works to prevent leaks and deal with rot.	Review overall spend in Service division.
Service Development	A83 South of Muasdale	Current Year Expenditure	Developer has not submitted a programme for completing snagging. Reimbursement to Greenpower now likely to be in 2015/16.	Meetings have been held with Greenpower and they have to review their approved RCC and obtain agreement for a revised Consent.

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	Helensburgh Depot Rationalisation	Current Year Expenditure and Project Total Expenditure	Contaminated soil was found on the site and required to be treated	Project Manager and Head of Service need to meet to consider where additional budget can be sourced from.
Strategic Change	CHORD – Campbeltown	Current Year Expenditure and Project Total Expenditure	Project cost has increased by circa £400k following return of tender.	Request for additional funding to be put to Council in November 2014.
Strategic Change	OBC for Dunoon Pier	Current Year Expenditure, Project Total Expenditure and Project Timescale	Expenditure incorrectly paid through revenue and increased scope of works due to revised design.	Expenditure will be moved to capital and cash flow/programme will be updated to reflect delays.

10 CHANGES TO CAPITAL PLAN

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

Department	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Explanation
Asset Sustainability	(369)	360			(9)	Overall cost change (£9k), Slippages & Accelerations (£360k)
Service Development	(310)	319			9	Overall cost change £9k, Slippages (£282)
Customer & Support Services	(679)	679	0	0	0	
Asset Sustainability	26	(26)			0	Overall cost change £15k, Slippages & Accelerations £11k
Service Development	(16)	16			0	Slippages
Strategic Change	263	(320)	5,184	(5,127)	0	Slippages & Accelerations
Facility - Education	273	(330)	5,184	(5,127)	0	
Asset Sustainability	(5)	5			0	Slippage
Service Development	(55)	55			0	Slippages
Strategic Change					0	
Facility - Non Education	(60)	60	0	0	0	
Asset Sustainability	(45)	45			0	Slippages
Service Development					0	
Strategic Change					0	
Facility - Dunoon	(45)	45	0	0	0	
Asset Sustainability	(84)	84			0	Slippages
Service Development	(520)	514			0	Overall cost change (£6k), Slippages £514
Strategic Change	6				0	Overall cost change £6k
Roads and Amenity Services	(598)	598	0	0	0	
Service Development					0	
Strategic Change	(270)	547	(332)	55	0	Slippages & Accelerations
Economic Development	(270)	547	(332)	55	0	
TOTAL	(1,379)	1,599	4,852	(5,072)	0	

11 APPENDICES

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

Bruce West
Head of Strategic Finance
7th January 2015

APPENDIX 1 - Year to Date Finance Variance Explanations

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

Project	YTD Budget £'000	YTD Actual £'000	Variance £'000	Explanation
Bowmore Primary School	0	71	(71)	Additional costs incurred in last 2 years during rewiring, re-roofing, works to the hall and related fees/on costs. Proposal to vire £40k budget from underspends elsewhere within service.
Small Isles Primary School	22	110	(88)	Additional works required that were not anticipated due to discovery of rot in roof structure. Proposal to vire £35 budget from underspends elsewhere within service.
Tobermory High School	120	205	(85)	Overspend as a result of the high costs of rewiring, plumbing, and upgrades to the toilets and common areas. Proposal to vire £40k budget from underspends elsewhere within service.
Roads Reconstruction	6,647	6,964	(317)	Funded by income from Forestry and SSE.
Fleet Management	120	1,788	(1,668)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential Borrowing until year end when lease drawdown will also be considered.
CHORD – Campbelltown	350	207	143	Delays in procuring contractor for berthing work resulted in extended timescales. Propose to slip £143k from 2014/15 to future years.
CHORD – Dunoon	583	528	55	Delays in acquisitions. Of the remaining 2, one is on track and the other is dependent on CPO outcome. Propose to slip £55k from 14/15 to future years.
CHORD – Oban	337	279	58	Delays starting on site due to procurement process taking longer than anticipated. Propose to slip £58k to future years.
Other Variances			(146)	Total value of non-material variances less than +/-£50k
Total			(2,119)	

APPENDIX 2 - Forecast Outturn Variance Explanations

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

Project	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Explanation
Unified Communications and Video Conferencing	228	174	54	Delays due to difficulties identifying suitable venues in Dunoon and Campbeltown. Propose to slip £54k from 2014/15 into future years.
IT Education	389	60	329	Business case has not yet been prepared as the trial period has to be extended to justify usefulness. Propose to slip £329k from 2014/15 to future years.
IT Enablement Process for Change	156	12	144	Business case has only recently been approved by the ICT Steering Board and a tender will be issued in the new year, hence the budget will not be required until 2015/16. Propose to slip £144k from 2014/15 to future years.
Applications Projects	450	318	132	Progress is being made but delays due to various factors/complexities and some residual budget remains for which proposals have not yet been presented to the ICT Steering Board. Propose to slip £132k from 2014/15 to future years.
Bowmore Primary School	(13)	71	(84)	Additional costs incurred in last 2 years during rewiring, re-roofing, works to the hall and related fees/on costs. Proposal to vire £40k budget from underspends elsewhere within service.
Cardross Primary School	268	170	98	Rewire contract now complete. Proposal to slip £40k from 14/15 to future years for further works and remainder of budget to be used to fund other overspends within service.
Garelochhead Primary School	(49)	5	(54)	Extra work in previous years in relation to health and safety and extent of upgraded toilets. Propose to accelerate £55k from 2015/16 to 2014/15.
Small Isles Primary School	22	110	(88)	Additional works required that were not anticipated due to discovery of rot in roof structure. Proposal to vire £35k from underspends elsewhere within service.
St Andrews Primary	190	140	50	Costs came in substantially below budget. Excess budget to be used to fund other overspends within service.
Strath of Appin Primary School	(40)	20	(60)	Overspends in previous years regarding rewiring and improvements to internal services. Proposal to vire £25k from underspends elsewhere within service.
Tiree High School	(55)	5	(60)	Result of overspend in previous year regarding rewiring and other works required to bring the school up to a reasonable standard in addition to the high costs of construction in Tiree. Project Manager will consider where this negative budget can be funded from.
Tobermory High School	128	205	(77)	Overspend as a result of the high costs of rewiring, plumbing, and upgrades to the toilets and common areas. Proposal to vire £40k from underspends elsewhere within service.

School Houses – Housing Quality Standard	222	100	122	Tender for Helensburgh area package to be issued prior to end of year and expenditure now likely to take place in 2015/16. Propose to slip £122k from 2014/15 to future years.
St Joseph's Pre 5 Parenting Facilities	(43)	16	(59)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Campbeltown Schools Redevelopment	37	214	(177)	Spend occurring earlier than originally anticipated. Propose to accelerate £177k from future years.
Replacement of Oban High School	274	346	(72)	Spend occurring earlier than originally anticipated. Propose to accelerate £72k from future years.
Rothesay Library	(60)	1	(61)	Additional works required to alarm system and extensive repairs to roof/windows. Project Manager will consider where this negative budget can be funded from.
Whitegates	(76)	14	(90)	Significant additional works to prevent leaks and deal with rot in roof. Project Manager will consider where this negative budget can be funded from.
Roads Reconstruction	6,697	7,527	(830)	Funded by extra income from Forestry and SSE.
Fleet Management	150	1,788	(1,638)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential borrowing until year end when lease drawdown will also be considered.
A83 South of Muasdale	518	2	516	Developer has still not submitted programme for completing snagging or amended Road Construction Consent. Forecast reimbursement to Greenpower now likely to be in 2015/16. Proposal to slip £510k into 2015/16 and vire £6k to overspends elsewhere within service.
Cycleways – H&L	219	30	189	Road Services can only work on packages of construction work as land becomes available hence the underspend. Will slip budget into future years if no change in circumstances in coming months.
Helensburgh Depot Rationalisation	(95)	145	(240)	Contaminated soil found on site resulted in higher than expected costs. Project Manager and Head of Service to meet to identify where additional budget can be sourced from once the Final Account has been agreed.
SPT	88	200	(112)	Funded by forecast income.
CWSS – South Islay Distilleries Path	(4)	250	(254)	Funded by forecast income.
CWSS – Kilmichael Glassary	1	240	(269)	Funded by forecast income.
Dunoon Esplanade Upgrade	0	250	(250)	Funded by forecast income.
Scotrail Upgrades	0	140	(140)	Funded by forecast income.
Kilchrenan School Footway	0	50	(50)	Funded by forecast income.
CHORD – Campbeltown	1,263	1,120	143	Delays in procuring contractor for berthing work resulted in extended timescales. Propose to slip £143k from 2014/15 to future years.
CHORD – Dunoon	741	686	55	Delays in acquisitions. Of the remaining 2, one is on track and the other is dependent on CPO outcome. Propose to slip £55k from 14/15 to future years.

CHORD – Oban	700	642	58	Delays starting on site due to procurement process taking longer than anticipated. Propose to slip £58k to future years.
Other variances			(327)	Total value of non-material variances less than +/-£50k
Total			(3,102)	

APPENDIX 3 - Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	Capital Plan Variance £'000	Explanation
Bowmore Primary School	328	412	(84)	Additional costs incurred in last 2 years during rewiring, re-roofing, works to the hall and related fees/on costs. Proposal to vire £40k budget from underspends elsewhere within service.
Cardross Primary School	845	787	58	Rewire contract now complete. Propose to use budget no longer required to fund other overspends within service.
Small Isles Primary School	253	343	(90)	Additional work required due to discovery of rot in roof structure. Proposal to vire £35k from underspends elsewhere within service.
St Andrews Primary School	376	326	50	Cost of works came under budget. Propose to use budget no longer required to fund other overspends within service.
Strath of Appin Primary School	315	375	(60)	Overspends in previous years regarding rewiring and improvements to internal services. Proposal to vire £25k from underspends elsewhere within service.
Tiree High School	899	959	(60)	Result of overspend in previous year regarding rewiring and other works required to bring the school up to a reasonable standard in addition to the high costs of construction in Tiree. Project Manager will consider where this negative budget can be funded from.
Tobermory High School	681	758	(77)	Overspend as a result of the high costs of rewiring, plumbing, and upgrades to the toilets and common areas. Proposal to vire £40k from underspends elsewhere within service.
St Joseph's Pre 5 Parenting Facilities	75	134	(59)	Overspends in previous years. Project Manager will consider where this negative budget can be funded from.
Campbeltown Schools Redevelopment	7,653	8,030	(377)	Construction costs have risen since the costs of the new school were agreed. The Council's contribution will have to be managed in line with its budget over the next 3 years.
Dunoon Primary School	6,834	3,921	2,913	A decision is expected soon on the funding of Dunoon Primary School and this will clarify the forecast expenditure plans.
Replacement of Oban High School	11,272	11,544	(272)	Construction costs have risen since the costs of the new school were agreed, the council's contribution will have to be managed in line with its budget over the next 3 years.

Rothsay Library	202	263	(61)	Additional works to alarm system and extensive repairs to roof/windows. Project Manager will consider where this negative budget can be funded from.
Whitegates	112	202	(90)	Significant additional works to prevent leaks and deal with rot in roof. Project Manager will consider where this negative budget can be funded from.
Roads Reconstruction	18,672	19,502	(830)	Funded by income.
Fleet Management	3,387	5,025	(1,638)	Expenditure as per approved business cases. Fleet funding is recognised as Prudential borrowing until year end when lease drawdown will also be considered.
Cycleways – H&L	2,536	2,622	(86)	Estates and Infrastructure have been asked to widen the scope of land acquisitions.
Helensburgh Depot Rationalisation	1,050	1,290	(240)	Contaminated soil found on site resulted in higher than expected costs. Project Manager and Head of Service need to meet to identify where additional budget can be sourced from following agreement on final account.
SPT	307	619	(312)	Met by forecast income.
CWSS – South Islay Distilleries Path	110	614	(504)	£364k met by forecast income
CWSS – Kilmichael Glassary	10	549	(539)	£258k met by forecast income
Dunoon Esplanade Upgrade	0	500	(500)	£250k met by forecast income
Scotrail Upgrades	0	280	(280)	£140k met by forecast income
Kilchrenan School Footway	0	100	(100)	£50k met by forecast income
Appin School Link	0	80	(80)	£40k met by forecast income
Other variances			(427)	Total value of non-material variances less than +/-£50k
Total			(3,745)	

APPENDIX 4 – Changes to Capital Funding

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

Funding Type	2014-15 Change Amount £'000	2015-16 Change Amount £'000	2016-17 Change Amount £'000	Explanation for Change(s)
General Capital Grant	0	0	0	No Change
Transfer to Revenue for Private Sector Housing Grant (PSHG)	0	0	0	No Change
Ring Fenced Grant	0	0	0	No Change
Grants from Other Bodies	15	0	0	Salen Gaelic Extension - grant to be recognised as Pre Paid and will be drawn down as expenditure takes place. Work and SPT funding for the Bus Turning Circle on the Rest and be Thankful will take place in 2014-15.
Capital Receipts (Asset Sales)	0	0	(450)	£450k reduction in expected receipt in relation to sale of Castle Toward in 2016-17.
Revenue Contributions	5	0	0	Expenditure against Kilmory Biomass slipping to 2014-15.
Reserve Funding Dunoon & Campbelltown Schools	0	0	0	No Change
Prudential Borrowing	595	0	0	Expenditure against Kilmory Biomass slipping to 2014-15.
Unsupported Borrowing	(14,315)	(431)	2,890	Changes in unsupported borrowing forecasts to reflect changes within the Plan.
Total	(13,700)	(431)	2,440	

APPENDIX 5 – Asset Sustainability Project Performance

There are 167 Projects recognised as Asset Sustainability Projects, 150 are Complete or On Target, 13 are Off Target and Recoverable, 4 projects are Off Target and a Problem.

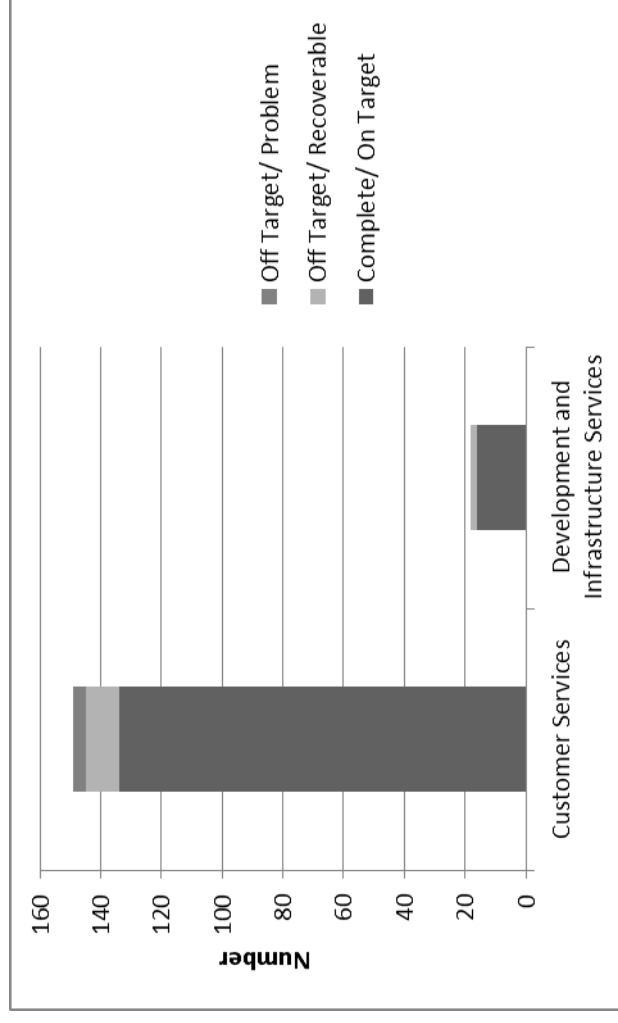
Department Position:

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

Asset Sustainability	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	134	11	4	149
Development and Infrastructure Services	16	2	0	18
Total	150	13	4	167

Chart of Asset Sustainability Performance Status

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



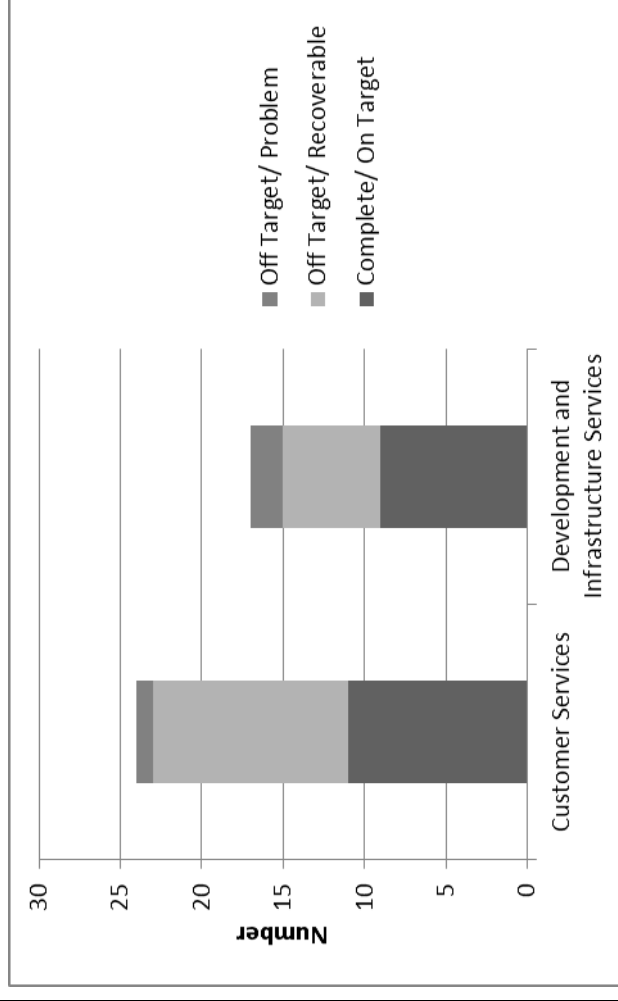
APPENDIX 6 – Service Development Project Performance

There are 41 Projects recognised as Service Development Projects, 20 are Complete or On Target, 18 are Off Target and Recoverable, 3 projects are Off Track and a Problem.

Chart of Service Development Performance Status

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

Service Development	Complete/ On Target	Off Target/ Recoverable	Off Target/ Problem	Total
Customer Services	11	12	1	24
Development and Infrastructure Services	9	6	2	17
Total	20	18	3	41



APPENDIX 7 – 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.

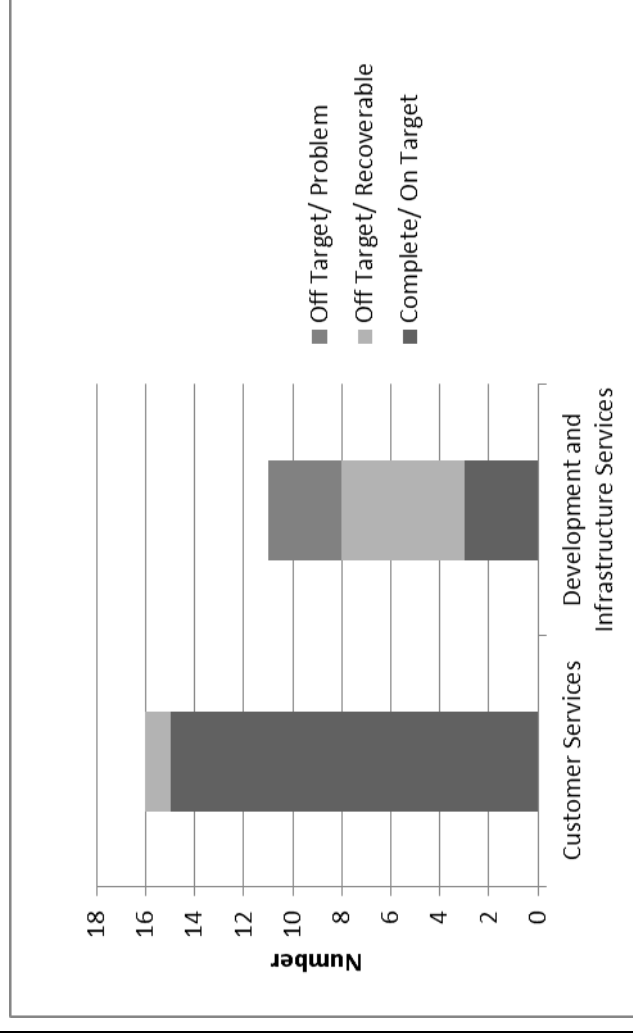
Department Position:

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	15	1	0	16
Development and Infrastructure Services	3	5	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:



APPENDIX 8 – Changes to Capital Plan and Financial Impact

OVERALL COST CHANGES

Project	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
GWITC	(3)				(3)	Move budget to Education Domain Extension project to offset overspend.	Project is complete therefore remaining budget is no longer required for this project.
Education Domain Extension	10				10	Transfer budget from GWITC (£3k), Property Management System (£6k) and GIS (£1k)	Overspend of £10k can be funded by underspends elsewhere within ICT.
Property Management System	(6)				(6)	Move budget to cover work overspend in Education Domain Extension Project.	Savings made in this project therefore excess budget can be used to fund overspend elsewhere within ICT.
Lync 2013	3				3	Transfer budget from Corporate GIS Portal Rollout.	Reduced levels of spend required for GIS, therefore excess budget can be used to fund overspends elsewhere within ICT.
Corporate GIS Portal Rollout	(9)				(9)	Transfer budget to Lync 2013 (£3k), Education Domain Extension (£1k) and Council Chambers VC (£5k).	Reduced levels of spend required for GIS, therefore excess budget can be used to fund overspends elsewhere within ICT.
Council Chambers Video Conferencing	5				5	Transfer budget from Corporate GIS Portal Rollout.	Reduced levels of spend required for GIS, therefore excess budget can be used to fund overspends elsewhere within ICT.
Flexi System HRS Integration	(37)				(37)	Transfer budget to cover requirement within Application Projects.	As agreed at the ICT Strategy Meeting, this budget will now contribute to Resourcelink 4 Project.
Application Projects		37			37	Transfer budget from Flexi System HRS Integration.	As agreed at the ICT Strategy Meeting, this budget will contribute to Resourcelink 4 Project.
Ardchattan Primary School	(10)	(15)			(25)	Transfer budget to Strath of Appin Primary School	Archattan PS is currently mothballed and no costs have been incurred this year. This will still leave £10k available for any H&S works in Ardchattan in 2015/16.
Strath of Appin Primary School	25				25	Transfer budget from Ardchattan Primary School	Rewiring and improvement works in previous years were in excess of budget and these funds are no longer required in Archattan PS.

Campbeltown Grammar School	(25)						Transfer budget to Dalintober PS (£7k), Dalmally PS (£8k) and Glenbarr PS (£10k)	Only minor costs have been incurred this year. This will still leave £25k available for any H&S works in CGS in 2015/16.
Dalintober Primary School	7						Transferred from excess budget allocated to Campbeltown Grammar School	Budget no longer required in CGS will clear overspend in Dalintober PS.
Dalmally Primary School	8						Transferred from excess budget allocated to Campbeltown Grammar School	Budget no longer required in CGS will clear overspend in Dalmally PS.
Glenbarr Primary School	10						Transferred from excess budget allocated to Campbeltown Grammar School	Budget no longer required in CGS will reduce overspend in Glenbarr PS.
Castlehill Primary School	(35)						Transfer budget to Small Isles Primary School	Cost of disabled parking was much lower than originally anticipated therefore excess budget.
Small Isles Primary School	35						Transferred from excess budget in Castlehill Primary School	Cost of roofing work was considerably over budget due to extent of rotting timbers. This will reduce the overspend.
Cardross Primary School	(40)						Transfer budget to Bowmore Primary School	Rewiring completed below budget so can be used to cover overspends elsewhere.
Bowmore Primary School	40						Transferred from excess budget in Cardross Primary School.	Bowmore has been reroofed and rewired with the addition of external resurfacing. This transfer will substantially reduce the overspend.
Kilmodan Primary School	(40)						Transfer budget to Tobermory High School.	The costs of upgrading the heating system at Kilmodan came in well below budget. This can be used to fund overspends elsewhere.
Tobermory High School	40						Transferred from excess budget in Kilmodan Primary School	Costs of rewiring and replacement pipework have been extensive. This transfer will substantially reduce the overspend.
St Andrews Primary School	(50)						Transfer budget to Ardrishaig Primary School	St Andrews PS was rewired at well below budget. This can be used to fund overspends elsewhere.
Ardrishaig Primary School	50						Transferred from excess budget in St Andrews Primary School.	Extent of work at Ardrishaig to toilets and finishes will require this additional budget.
Ellis Lodge	(15)						Transfer budget to Woodlands (£8k) and Lochgilphead Resource Centre (£7k)	Work completed under budget. This can be used to fund overspends elsewhere.

Woodlands/ Greenwood	8					8	Transferred from excess budget in Ellis Lodge	Cost of replacing windows was higher than originally estimated.
Lochgilphead Resource Centre	19					19	Transferred from excess budget in Ellis Lodge (£7k) and Lorne Resource Centre (£12k)	Extent of work at Lochgilphead Resource Centre requires additional budget.
Lorne Resource Centre	(30)					(30)	Transfer budget to Lochgilphead Resource Centre (£12k) and Health & Safety (£18k)	Work completed under budget. This can be used to fund overspends elsewhere.
Health & Safety	18					18	Transferred from excess budget in Lorne Resource Centre	Various projects identified which require additional budget.
Municipal Buildings, Oban			(41)			(41)	Transfer budget to Burnett Building, Campbelltown.	Re-roofing works originally budgeted for no longer required as detailed inspection has found roof to be in good condition.
Burnett Building, Campbeltown			41			41	Transferred from excess budget in Municipal Buildings, Oban.	Works to the Turret are more complex and access more difficult than originally thought therefore additional funding required to address this.
Capital Property Works	12					12	Transfer £21k to Inveraray CARS. Transferred £10k from Argyll House, Dunoon and £23k from Castle House, Dunoon.	Council are required to make contribution to Inveraray CARS in respect of the Council owned property in Front St, Inveraray. Funds from Argyll House and Castle House to be used as a general contingency for emergent works.
Inveraray CARS	21					21	Transferred from Capital Property Works	Council are required to make contribution to Inveraray CARS in respect of the Council owned property in Front St, Inveraray
Argyll House, Dunoon	(10)					(10)	Transfer budget to Capital Property Works.	Legionella works to Argyll House completed at lower cost than anticipated.
Castle House, Dunoon	(23)					(23)	Transfer budget to Capital Property Works.	Heating upgrade works at Castle House completed at lower cost than anticipated.
Environmental – Rose Garden	(16)					(16)	Transfer budget to Environmental Unallocated	Project complete therefore remaining budget not required
Environmental – Cill Andreas Pitch Improvements	(7)					(7)	Transfer budget to Environmental Unallocated	Project complete therefore remaining budget not required

	(23)					(23)	Transfer budget to Environmental Unallocated	Project complete therefore remaining budget not required
Barone Cemetery Internal Road							Transferred from Rose Garden, Cil Andreas Pitch Improvements and Barone Cemetery.	Budget required for business cases that have been completed for spend to save initiatives.
Environmental Unallocated	46					46		
A83 South Muasdale	(6)					(6)	Transfer to Rothesay Harbour Ferry Improvements	Snagging works to be completed on project but £6k no longer required.
Rothesay Harbour Ferry Improvements	7					7	Transferred from A83 South Muasdale (£6k) and Port Askaig Pier (£1k)	Consultant had not kept Council up to date with expenditure therefore extra budget required.
Port Askaig Pier	(1)					1	Transfer to Rothesay Harbour Ferry Improvements	Project complete therefore remaining budget not required
Total Cost Changes	(22)	22	0	0	0	0		

SLIPPAGES AND ACCELERATIONS

Project	2014-15 £'000	2015-16 £'000	2016-17 £'000	Future Years £'000	Total Capital Plan £'000	Recommendation	Explanation
PC Replacement	20	(20)			0	Accelerate £20k from 2015/16 to 2014/15	Forward spend planned.
Computer Network Security	3	(3)			0	Accelerate £3k from 2015/16 to 2015/15	Forward spend planned.
Unified Comms and Video Conferencing	(54)	54			0	Slip £54k from 2014/15 to 2015/16	Delays due to difficulties identifying suitable venues in Dunoon and Campbelltown.
IT Education	(329)	329			0	Slip £329k from 2014/15 to 2015/16	Business case has not yet been prepared as the trial period has to be extended to justify usefulness.
Property Management System	(6)	6			0	Slip £6k from 2014/15 to 2015/16	Proposed slippage to reflect actual spend.
IT Enablement Process for Change	(144)	144			0	Slip £144k from 2014/15 to 2015/16	Business case has recently been approved by ICT Steering Board and tender will be issued in 2015, hence budget not required until 2015/16.
Applications Projects	(132)	132			0	Slip £132k from 2014/15 to 2015/16	Delays due to various factors/complexities and some residual budget remains for which proposals have not yet been presented to the ICT Steering Board.

Aringour Primary School	2	(2)				0	Accelerate £2k from 2015/16 to 2014/15	Not required in 2015/16 and will eliminate negative budget in current year.
Cardross Primary School	(40)	40				0	Slip £40k from 2014/15 to 2015/16	Proposed slippage to reflect actual spend. Additional work in earlier phases of the project therefore accelerate budget to reflect actual spend.
Colgrain Primary School	15	(15)				0	Accelerate £15k from 2015/16 to 2014/15	Additional work in earlier phases of the project therefore accelerate budget to reflect actual spend.
Garelochhead Primary School	55	(55)				0	Accelerate £55k from 2015/16 to 2014/15	Proposed acceleration to reflect actual spend.
Kichrenan Primary School	1	(1)				0	Accelerate £1k from 2015/16 to 2014/15	To cover costs of work to playground occurring in 14/15 and no longer required in 2015/16.
Lismore Primary School	6	(6)				0	Accelerate £6k from 2015/16 to 2014/15	Proposed acceleration to reflect actual spend.
Lochgoilhead Primary School	20	(20)				0	Accelerate £20k from 2015/16 to 2014/15	Proposed acceleration to reflect actual spend.
Oban High School	15	(15)				0	Accelerate £15k from 2015/16 to 2014/15	Proposed acceleration to reflect actual spend.
Port Charlotte Primary School	10	(10)				0	Accelerate £10k from 2015/16 to 2014/15	Proposed acceleration to reflect actual spend.
Rosneath Primary School	6	(6)				0	Accelerate £6k from 2015/16 to 2014/15	Proposed acceleration to reflect actual spend.
School Houses HQS	(122)	122				0	Slip £122k from 2014/15 to 2015/16	Tender for Helensburgh area to be issued by end of year but expenditure now unlikely to take place until 2015/16.
Capital Property Works	43	(43)				0	Accelerate £43k from 2015/16 to 2014/15	Significant projects underway in 2014/15. Proposed acceleration to reflect this spend.
Ardishaig Primary School Pre Five	(16)	16				0	Slip £16k from 2014/15 to 2015/16	Work well underway but some slippage into 2015/16.
Campbeltown Schools Redevelopment	177	313		(490)		0	Accelerate £490k from 2017/18 to 2014/15 (£177k) and 2015/16 (£313k)	Proposed acceleration to reflect actual spend.
Dunoon Primary School	14	(2,969)	2,033	922		0	Accelerate £14k from 2015/16 to 2014/15. Slip £2,955k from 2015/16 to 2016/17 (£2,033k) and 2017/18 (£922k)	Proposed acceleration to reflect actual spend.

Oban High School	72	1,343		(1,415)	0	Accelerate £1,415k from 2017/18 to 2014/15 (£72k) and 2015/16 (£1,343k)	Proposed acceleration to reflect actual spend.
Kirn Primary School		993	3,151	(4,144)	0	Accelerate £4,144k from 2017/18 to 2015/16 (£993k) and 2016/17 (£3,151)	Proposed acceleration to reflect actual spend.
Ellis Lodge	(5)	5			0	Slip £5k from 2014/15 to 2015/16	Slight slippage of budget to 2015/16
Riverside Leisure Centre Refurbishment	(25)	25			0	Slip £25k from 2014/15 to 2015/16	Contractor on site 2015/16 so major expenditure expected then.
Dunclutha Childrens Home	(30)	30			0	Slip £30k from 2014/15 to 2015/16	Business case now complete but majority of expenditure expected in 2015/16.
Kilarrow House	(24)	24			0	Slip £24k from 2014/15 to 2015/16	Proposed slippage to reflect actual spend.
Lorn House, Oban	(21)	21			0	Slip £21k from 2014/15 to 2015/16	Proposed slippage to reflect actual spend.
Flood Prevention	(29)	29				Slip £29k from 2014/15 to 2015/16	Slippage due to reduced staff resources available.
Bridge Stregthening	(40)	40				Slip £40k from 2014/15 to 2015/16	Slippage due to reduced staff resources available.
Traffic Management	(15)	15				Slip £15k from 2014/15 to 2015/16	Savings in 2014/15 therefore move to 2015/16 for other prioritised works.
A83 South of Muasdale	(510)	510				Slip £510k from 2014/15 to 2015/16	Forecast reimbursement to Greenpower now likely to be in 2015/16.
A849 Pennyghael Bridge	(4)	4				Slip £4k from 2014/15 to 2015/16	Slight slippage of budget to 2015/16
CHORD – Campbelltown	(143)	143				Slip £143k from 2014/15 to 2015/16	Delay in procuring contractor for berthing works.
CHORD – Dunoon	(55)			55		Slip £55k from 2014/15 to 2015/16	Delays in acquisitions.
CHORD – Oban	(58)	390	(332)			Slip £58k from 2014/15 to 2015/16 and accelerate £332k from 2016/17 to 2015/16.	Procurement process taking longer than expected.
OBC for Dunoon Pier	(14)	14				Slip £14k from 2014/15 to 2015/16	Increase in scope of works requires reprogramming of works.
Total Slippages and Accelerations	(1,357)	1,577	4,852	(5,072)	0		
Net Impact of Changes	(1,379)	1,599	4,852	(5,072)	0		

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

**Appendix 9
31 December 2014**

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s	Budget £000s	Forecast £000s	Variance £000s
Archives - Asset Sustainability	19	19	0	87	77	10	128	118	10
Area Committee Expenditure - Asset Sustainability	0	0	0	44	0	44	69	25	44
Asset Sustainability Projects									
Customer Services	4,926	5,230	(304)	7,430	7,671	(241)	43,389	44,035	(646)
Development & Infrastructure Services	7,434	9,390	(1,956)	8,690	11,028	(2,338)	28,989	31,411	(2,422)
Asset Sustainability Total	12,360	14,620	(2,260)	16,120	18,699	(2,579)	72,378	75,446	(3,068)
Service Development Projects									
Customer Services	1,028	1,065	(37)	1,997	1,761	236	13,551	13,737	(186)
Development & Infrastructure Services	2,414	2,437	(23)	2,159	2,667	(508)	8,565	11,062	(2,497)
Service Development Total	3,442	3,502	(60)	4,156	4,428	(272)	22,116	24,799	(2,683)
Strategic Change Projects									
Campbeltown Schools Redevelopment	9	9	0	37	214	(177)	7,653	8,030	(377)
Dunoon Primary	20	18	2	36	50	(14)	6,834	3,921	2,913
Replacement of Oban High	40	39	1	274	346	(72)	11,272	11,544	(272)
Kilm Primary School	0	0	0	176	176	0	6,500	6,500	0
Carbon Management Business Cases	0	0	0	75	75	0	261	261	0
NPDO Schools Solar PV Panel Installations	0	0	0	944	944	0	944	944	0
Non NPDO Schools Solar PV Panel Installations	381	379	2	488	488	0	488	488	0
Carbon Management Fuel Conversions	0	0	0	38	38	0	145	145	0
Islay HS/Bowmore PS Carbon Management	12	12	0	29	48	(19)	726	745	(19)
Kilmory Biomass Carbon Management	609	609	0	760	760	0	1,033	1,033	0
Oil to Gas Heating Conversions	0	0	0	28	28	0	209	209	0
Campbeltown and Rothesay Rationalisation	0	0	0	8	8	0	35	35	0
Helensburgh Office Rationalisation	4,168	4,163	5	6,521	6,521	0	11,489	11,489	0
Mid Argyll Offices Reorganisation	98	145	(47)	98	145	(47)	270	317	(47)
New Helensburgh Swimming Pool	0	0	0	15	15	0	7,652	7,652	0
Tiree Shared Offices	0	0	0	10	10	0	10	10	0
Kintyre Renewables Hub	1,118	1,112	6	3,010	3,010	0	12,115	12,115	0
Port Askaig Pier	0	0	0	1	0	1	13,818	13,817	1
Rothesay Harbour Ferry Improvements	0	0	0	(7)	0	(7)	0	7	(7)
CHORD - Helensburgh	2,919	2,919	0	(95)	145	(240)	1,050	1,290	(240)
CHORD - Campbeltown	350	207	143	3,450	3,450	0	7,330	7,330	0
CHORD - Dunoon	583	528	55	1,263	1,120	143	4,786	4,786	0
CHORD - Oban	337	279	58	741	686	55	8,625	8,625	0
CHORD - Rothesay	0	0	0	700	642	58	6,560	6,560	0
Helensburgh Pier Flood Defences	6	6	0	0	0	0	2,400	2,400	0
OBC for Dunoon Pier	79	65	14	203	189	14	2,175	2,175	0
Pier Upgrades	0	0	0	30	30	0	2,830	2,830	0
Strategic Change Total	10,729	10,528	201	18,853	19,158	(305)	117,510	115,558	1,952
TOTAL	26,550	28,669	(2,119)	39,260	42,362	(3,102)	212,201	215,946	(3,745)

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT

FINANCIAL SUMMARY GROSS EXPENDITURE - DEVELOPMENT AND INFRASTRUCTURE SERVICES

Appendix 9
31 December 2014

	Current Financial Year To Date		Full Year This Financial Year		Total Project Costs	
	Budget £000s	Actual £000s	Budget £000s	Variance £000s	Budget £000s	Variance £000s
Asset Sustainability Projects						
Flood Prevention	42	44	99	70	533	533
Bridge Strengthening	223	220	400	360	1,930	1,930
Traffic Management	30	30	100	85	368	368
Roads Reconstruction	6,647	6,964	6,697	7,527	18,672	19,502
Lighting	120	195	507	507	1,703	1,703
Fleet	30	1,788	150	1,788	3,387	5,025
Environmental	30	0	311	265	594	548
Roads	49	49	285	285	1,251	1,251
Waste	73	75	98	98	403	403
Recreation and Sport	0	0	0	0	0	0
Crematoria and Burial Grounds	25	25	43	43	148	148
Pier	0	0	0	0	0	0
Asset Sustainability Total	7,434	9,390	8,690	11,028	28,989	31,411
Service Development Projects						
A83 South of Muasdale	1	1	518	2	590	584
A849 Pennyghael Bridge Mull	0	0	4	4	131	131
Preliminary design for Regional Transport projects	0	45	(21)	63	227	311
Milton Burn	1	1	1	1	2,527	2,527
Campbeltown Old Quay	2,303	2,264	1,190	1,190	1,424	1,424
Helensburgh Cycleways	18	17	219	30	2,536	2,622
Vehicle Tracking System	41	38	41	41	217	217
Safe Streets, Walking and Cycling	30	4	149	140	289	280
SPTT	20	7	88	200	307	619
CWSS Jubilee Bridge (£93 200) (Lom)	0	0	0	0	99	99
CWSS - South Islay Distilleries Path	0	40	(4)	250	110	614
CWSS - Kilmichael Glassary - Bridgend Link	0	0	1	270	10	549
CWSS - Kintyre Schools Route Development	0	0	0	0	0	0
CWSS - Duncolmie - Ganavan	0	0	0	0	0	0
CWSS - Connel Station Path	0	0	(28)	0	76	104
CWSS - South Shian Link	0	0	0	0	0	0
CWSS - Machrihanish Path	0	0	0	0	0	0
CWSS - Morydrain to Achmabreac	0	0	0	0	0	0
CWSS - Portnacroish Footway	0	0	0	0	0	0
CWSS - Cycle Parking 2013-14	0	20	1	0	22	21
Dunoon Esplanade Upgrade	0	0	0	250	0	500
Scotrail Upgrades	0	0	0	140	0	280
Kilchrenan School Footway	0	0	0	50	0	100
Appin School Link	0	0	0	40	0	80
Service Development Total	2,414	2,437	2,159	2,667	8,565	11,062
Strategic Change Projects						
Kintyre Renewables Hub	1,118	1,112	3,010	3,010	12,115	12,115
Port Askaig Pier	0	0	1	1	13,817	13,817
Rothesay Harbour Ferry Improvements	0	0	(7)	0	7	(7)
Helensburgh Depot Rationalisation	0	44	(95)	145	1,050	1,290
CHORD - Helensburgh	2,919	2,919	3,450	3,450	7,330	7,330
CHORD - Campbeltown	350	207	1,263	1,120	4,786	4,786
CHORD - Dunoon	583	528	741	686	8,625	8,625
CHORD - Oban	337	279	700	642	6,560	6,560
CHORD - Rothesay	0	0	0	0	2,400	2,400
Helensburgh Pier Flood Defences	6	0	20	20	2,175	2,175
OBC For Dunoon Pier	79	65	203	189	2,830	2,830
Pier Upgrades	0	0	30	30	300	300
Strategic Change Total	5,392	5,154	9,316	9,292	61,989	62,235
Departmental Total Expenditure	15,240	16,981	20,165	22,987	99,543	104,708
				(2,822)		(5,165)

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

		Current Financial Year To Date				Full Year This Financial Year				31 December 2014			
		Budget	Actual	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance	Budget	Forecast	Variance
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability													
Education		2,606	2,896	(290)	3,044	3,625	(581)	26,986	27,562	(576)			
Community and Culture		778	765	13	1,152	1,185	(33)	3,285	3,320	(35)			
Adult Care		253	256	(3)	601	537	64	3,378	3,319	59			
Children and Families		120	128	(8)	185	231	(46)	532	578	(46)			
Facility Services		92	129	(37)	553	571	(18)	2,607	2,668	(61)			
Customer and Support Services		1,077	1,056	21	1,895	1,522	373	6,601	6,588	13			
Asset Sustainability Total		4,926	5,230	(304)	7,430	7,671	(241)	43,389	44,035	(646)			
Service Development Projects													
Graham Williamson IT Centre		0	0	0	3	0	3	499	496	3			
Property Management System		2	2	0	14	2	12	90	84	6			
Education Domain Extension		0	1	(1)	(9)	1	(10)	433	443	(10)			
Consolidated Server Replacement		0	0	0	43	43	0	1,052	1,052	0			
IT Enablement Process for Change		5	5	0	156	12	144	1,054	1,054	0			
Applications Projects		99	99	0	450	318	132	937	974	(37)			
Flexi System HRS Integration		0	0	0	37	0	37	37	0	37			
Council Chamber Video Conferencing		0	4	(4)	(1)	4	(5)	116	116	(5)			
Lync 2013		0	0	0	0	3	(3)	129	129	(3)			
Ardishaig Primary School - Pre 5 Unit		174	156	18	387	361	26	411	401	10			
Hermitage Primary Annex Replacement		42	61	(19)	81	100	(19)	765	784	(19)			
Lochnell Primary School - Pre Five Unit		0	25	(25)	(9)	30	(39)	249	249	(39)			
Park Primary Extension/Pre Fives Unit		0	1	(1)	24	24	0	355	355	0			
Salen Primary School - Gaelic Pre School		0	17	(17)	20	20	0	150	150	0			
St Joseph's Pre Five Parenting Facilities		0	10	(10)	(43)	16	(59)	134	134	(59)			
Strachur Primary School - Pre Five Unit		32	21	11	37	21	16	315	299	16			
Taynuilt Primary Additional Classroom		330	340	(10)	(11)	1	(11)	131	142	(11)			
Tawallich Primary School - Pre 5 Unit		319	319	0	400	400	0	2,668	2,668	0			
Early Learning and Childcare		0	0	0	5	0	5	60	55	5			
Video Conferencing Upgrade		0	0	0	7	7	0	772	765	7			
Mull & Iona Progressive Care Centre		0	0	0	(47)	0	(47)	917	964	(47)			
Campbelltown All Weather Pitch		0	0	0	29	35	(6)	650	646	4			
Riverside Leisure Centre Refurbishment		25	2	23	60	30	30	750	750	0			
Dunclutha Childrens Home		0	0	0	(4)	0	(4)	55	59	(4)			
Dunoon Family Mediation Centre		0	0	0	2	0	2	496	496	0			
Residential Respite Care Facility		0	0	0	2	0	2	0	0	0			
Service Development Total		1,028	1,065	(37)	1,997	1,761	236	13,551	13,737	(186)			
Strategic Change Projects													
Campbelltown Schools Redevelopment		9	18	(9)	37	214	(177)	7,653	8,030	(377)			
Dunoon Primary		20	39	(19)	36	50	(14)	6,884	3,921	2,913			
Replacement of Oban High		40	0	40	274	346	(72)	11,272	11,544	(272)			
Kirn Primary School		0	0	0	176	176	0	6,500	6,500	0			
Aqualitium - residual payments		0	0	0	0	0	0	0	0	0			
Carbon Management Business Cases		0	0	0	75	75	0	261	261	0			
NPDO Schools Solar PV Panel Installations		0	0	0	944	944	0	944	944	0			
Non NPDO Schools Solar PV Panel Installations		381	379	2	488	488	0	488	488	0			
Carbon Management Fuel Conversions		12	12	0	38	0	38	145	145	0			
Islay HS/Bowmore PS Carbon Management		609	609	0	29	48	(19)	726	745	(19)			
Kilmory Biomass Carbon Management		0	0	0	760	760	0	1,033	1,033	0			
Oil to Gas Heating Conversions		0	0	0	28	28	0	209	209	0			
Campbelltown and Rothesay Rationalisation		0	0	0	8	8	0	35	35	0			
Helensburgh Office Rationalisation		4,168	4,163	5	6,521	6,521	0	11,489	11,489	0			
Mid Argyll Offices Reorganisation		98	145	(47)	98	145	(47)	270	317	(47)			
New Helensburgh Swimming Pool		0	0	0	15	15	0	7,652	7,652	0			
Tree Shared Offices		0	0	0	10	10	0	10	10	0			
Strategic Change Total		5,337	5,374	(37)	9,537	9,866	(329)	55,521	53,323	2,198			
Departmental Total		11,291	11,669	(378)	18,964	19,298	(334)	112,461	111,095	1,366			

OFF TRACK PROJECT

Appendix 10

Department: Customer Services (Customer and Support Services (ICT))

Project Name: MSeXchange and Document Sharing

First Added to Capital Plan: Programme added 2010/11

Project Manager: Douglas Bailey

How is this project funded? Asset Sustainability Capital

Why is the project classified as off target?

A project to replace the out of life Email archive System has slipped and the 63k contribution has been significantly delayed against the profiled spend.

What has caused the issue outlined above?

An outline business case was required to be developed prior to tender and which had not been planned for sufficiently.

What action will be taken to rectify this issue?

The business case for the Email archive project has been approved by the ICT Steering Board in November 2014 and the tender process is underway. 63k will be spent by the end of the financial year on tangible equipment as part of the overall solution.

What are the implications of the action proposed?

No financial implications for the project. Reprofile of spend 63k required by the end of March 2015.

OFF TRACK PROJECT

Appendix 10

Department: Customer Services (Customer and Support Services (ICT))

Project Name: GIS

First Added to Capital Plan: Programme added 2010/11

Project Manager: Craig Welsh

How is this project funded? Asset Sustainability Capital

Why is the project classified as off target?

This budget was established to support a programme of investment in technology to support GIS related developments. No more than 7k of the current budget of 20k will be spent this year.

What has caused the issue outlined above?

A business case presented at the ICT Steering Board in August 2014 did not identify significant demand for capital investment within the current financial year. It appears that this is a pattern that has been emerging for some time.

What action will be taken to rectify this issue?

The uncommitted 13k budget should be presented as a saving in 2014/15. 9k of this saving should be used this year to meet overspend in other areas of the capital programme. A virement request has been made for this purpose.

What are the implications of the action proposed?

9k to be made available for other capital projects as a saving in 2014/15, leaving an overall saving of 4k.

Appendix 10
OFF TRACK PROJECT
Department: Customer Services (Customer and Support Services (ICT))
Project Name: Education IT Provision
First Added to Capital Plan: Programme added 2010/11
Project Manager: John McVey
How is this project funded? Asset Sustainability Capital
Why is the project classified as off target?
A pilot is underway at Tarbert Academy for the introduction of LYNC 2013 for the Education Service with the view to a broader roll out of LYNC across the Education Service. Available budget within the IT Education budget has been identified for this purpose. As yet the fuller business case has not been developed and therefore the funding remains unspent. In addition a project to replace the out of life Email archive System has slipped and the 32k contribution will not be spent this year.
What has caused the issue outlined above?
It was envisaged that a business case for the broader roll out would follow consultation with all secondary Head Teachers who have been asked to contribute and consider how LYNC could develop significant educational benefits. It had been hoped that the outline business case would be available for consideration by the ICT Steering Board on 26th November 2014. Following initial consultation with the Head of Service and senior managers, it was established that the Education Service cannot support a business case for LYNC 2013 at this stage without a broader pilot. It is felt that at present, and without an extended trial to an additional 2 schools and to really see what 3 cooperative schools could do together, it would be difficult to justify LYNC beyond being just a replacement phone system. With regards to the Email Archive project, an outline business case required to be developed prior to tender which had not been planned for sufficiently.
What action will be taken to rectify this issue?
Lochgilphed has been identified to work with Tarbert to establish 3 or 4 subjects to work collaboratively within. Also Gigha students across 9 families that frequently experience being island bound during bad weather are being considered for trial with Tarbert and the use of LYNC for attending classes they would otherwise miss. This extension of the pilot will help the service to better explore the opportunities for efficiencies and service improvements on which a future business case would be based. On completion of the business case, the existing funding would need to be available with 2015/16. The business case for the Email archive project has been approved and the tender process is almost underway.
What are the implications of the action proposed?
£387k to be slipped to financial year 2015/16 to be available on completion and approval of the business case and contribution to the Email Archive purchase.

OFF TRACK PROJECT

Appendix 10

Department: Customer Services (Customer and Support Services (ICT))

Project Name: Process For Change (Residual Spend)

First Added to Capital Plan: Programme added 2010/11

Project Manager: Bob Miller

How is this project funded? Service Development Capital

Why is the project classified as off target?

This budget was established to support a programme of investment in technology to support corporate service improvements and efficiency gains likely to arise through changes in the way the Council operates. Following the introduction of technologies primarily to support flexible working, residual budget has been used to support further initiatives opportunities for service improvements through the use of ICT. It was expected that the residual budget (now 144k) in 2014/15 would be spent by the end of March 2015. This will not now be possible.

What has caused the issue outlined above?

A business case has only recently been approved by the ICT Steering Board to replace Lagan, the Councils current CRM (Customer Service Management System), with a solution that will better support the Council in delivering services to customers in accordance with the Council's Digital First objectives. It has been agreed that the residual Process for Change budget will fund this initiative.

What action will be taken to rectify this issue?

A tender will be issued in the new year. The 144k of funding available 2014/15 will therefore not be spent this financial year. This budget requires to slip to 2015/16

What are the implications of the action proposed?

A total of 220k has been sought and approved by the ICT Steering Board, SMT and Asset Management Board for the CRM Project. In addition to the 144k to be slipped to 2015/16, and additional 76k will be spent during 2015/16 from existing the same source capital budget in 2015/16.

OFF TRACK PROJECT

Appendix 10

Department:	Facility Services
Project Name:	Whitegates – roofing upgrade
First Added to Capital Plan:	2013/14
Project Manager:	Craig Houston
How is this project funded?	<i>Capital</i>
Why is the project classified as off target?	The project expenditure is greater than budget with a total forecast spend of £202k compared to a budget of £112k, resulting in a total project overspend of £90k.
What has caused the issue outlined above?	Extensive work required to replace new gutters and downpipes, treating rotten timber below roof finish.
What action will be taken to rectify this issue?	This project was transferred to Facility Services, however a review of overall spend in the appropriate service division will take place.
What are the implications of the action proposed?	Possible impact on spend on other buildings to be managed.

OFF TRACK PROJECT

Appendix 10

Department: Development and Infrastructure

Project Name: A83 South of Muasdale

First Added to Capital Plan: 2010-11

Project Manager: Arthur McCulloch

How is this project funded? Capital Programme

Why is the project classified as off target?

The project is classed as off target for expenditure in 2014-15 year with slippage of over £500k into 2015-16.

What has caused the issue outlined above?

The Council signed an agreement with Greenpower who were developing a windfarm site near Taynult. As part of their enabling works, approximately £2m of earthworks were required on the A83 south of Muasdale to permit the wind turbine kit to be transported to the windfarm site. The Council agreed to fund £500k towards the cost of the Muasdale works as the road in the vicinity of the works was showing signs of distress and was causing some concern for its reliability. Greenpower's contractor has not built the works in accordance with the agreed Roads Construction Consent (RCC) and therefore the Council has not released payment to Greenpower.

What action will be taken to rectify this issue?

Meetings have been held with Greenpower and they have to review their approved RCC and obtain agreement for a revised Consent.

What are the implications of the action proposed?

Slippage of expenditure into 2015-16.

Noting that:-

- 1 The Council has had use of the road since the works were done in 2012;
- 2 The Council has a Sundry Debtor account with Greenpower for over £40k for damage repairs to the public road near the windfarm site. If Greenpower do not settle this account, then the value will be taken off the £500k due as part of the enabling works at Muasdale;
- 3 It is proposed to vire £6k from the project to Rothesay Harbour Ferry Improvement project.

OFF TRACK PROJECT

Appendix 10

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

OFF TRACK PROJECT

Appendix 10

Department: Development and Infrastructure

Project Name: Helensburgh Depot Rationalisation

First Added to Capital Plan: 2012-13

Project Manager: Helen Ford

How is this project funded? Spend to Save Project

Why is the project classified as off target?

The project is classed as off target as total project is overspent by £240k. Budget £1,050k, Final account £1,290k. This is based on a final account figure for phase 2 works to be agreed by Head of Service..

What has caused the issue outlined above?

The main reason for the projected overspend is due to contaminated soil found on site which required to be treated. This in turn led to extension of time claims.

Building complete and occupied.

What action will be taken to rectify this issue?

None.

What are the implications of the action proposed?

Project Manager and Head of Service will meet to identify where additional budget can be sourced from following agreement on Final Account.

OFF TRACK PROJECT

Appendix 10

Department: Development and Infrastructure

Project Name: Campbeltown Berthing Facility

First Added to Capital Plan: 2009/10

Project Manager: Helen Ford

How is this project funded? Prudential Borrowings

Why is the project classified as off target?

The project is classed as off target as the project cost has increased by circa 400k following tender return i.e. £1,263 to £1,672. As a result there has been an in month spend variance of (£173k). The total year spend variance is (£143k).

What has caused the issue outlined above?

Tender price above budget allowance.

What action will be taken to rectify this issue?

Increased budget allocation from the overall Campbeltown CHORD budget supported by MAKI Special AC in November, and approved by Council in November.

What are the implications of the action proposed?

Funds available in overall Campbeltown CHORD allocation to absorb increase, however to mitigate increase HIE have agreed to contribute £120k, awaiting award letter.

OFF TRACK PROJECT

Appendix 10

Department:	Development and Infrastructure
Project Name:	CHORD – Dunoon – Wooden Pier Refurbishment
First Added to Capital Plan:	2012-13
Project Manager:	John Gordon
How is this project funded?	Argyll & Bute Capital Budget (£2,480,000) and Scottish Government Regeneration Capital Grant Funding (£350,000)
Why is the project classified as off target?	<ol style="list-style-type: none">1. Original full year forecast (FYF) spend was £1.903 million, the Report for October highlighted slippage of £1.7 million.2. Full year forecast spend is now £189,256 against revised budget of £203,000.
What has caused the issue outlined above?	<ol style="list-style-type: none">1. The structural survey, undertaken 20–22 May 2014, identified significant deterioration in key structural elements when compared with the findings of the previous survey in 2008. This required the Project Team, in consultation with key officers in Marine Operations and Planning along with representatives from Historic Scotland to reconsider the scope, specification and programme for the works necessary to enable the pier to be brought back in to regular public use. The implementation phase for the project has been delayed until FY15/16.2. YTD variance of £14k is as a consequence of delays to the design process whilst awaiting the results of the trialling of an epoxy encapsulation system for the piers wooden columns.
What action will be taken to rectify this issue?	None – the projects programme and cashflow forecast has had to be revised in light of the significant changes to scope and specification
What are the implications of the action proposed?	Cashflow has been re-profiled and now reports that the majority of the funds will be drawn down in FY15/16.

Department	Head of Service	Previous Years				2016-17			Total
		£000	£000	£000	£000	£000	£000	£000	
Community Services	Adult Care	2,020	585	285	0	0	0	2,890	
	Children and Families	823	231	799	0	0	0	1,853	
	Community and Culture	2,339	1,252	1,410	0	0	0	5,001	
	Education	23,175	5,019	13,555	6,567	16,431	0	64,747	
Community Services Total		28,357	7,087	16,049	6,567	16,431	0	74,491	
Customer Services	Customer and Support Services	4,819	1,909	2,850	0	0	0	9,578	
	Facility Services	7,014	9,544	5,032	4,258	0	0	25,848	
Customer Services Total		11,833	11,453	7,882	4,258	0	0	35,426	
Development and Infrastructure	Economic Development	5,568	6,344	13,233	9,378	1,328	0	35,851	
	Roads and Amenity Services	20,331	12,953	8,363	70	0	0	41,717	
Development and Infrastructure Total		25,899	19,297	21,596	9,448	1,328	0	77,568	
Area Committees	Area Committee	25	44	0	0	0	0	69	
Area Committees Total		25	44	0	0	0	0	69	
Overall Total		66,114	37,881	45,527	20,273	17,759	0	187,554	

Head of Service	Category	Project	Previous			2016-17			Total
			Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	£000s	
Adult Care	Asset Sustainability	Aids and Adaptations	26	24	25	0	0	75	
		Asbestos Removal/Control Works	0	10	10	0	0	20	
		Eadar Glinn	19	206	20	0	0	245	
		Ellis Lodge	47	12	5	0	0	64	
		Health and Safety	864	53	50	0	0	967	
		Legionella Control Works	0	20	20	0	0	40	
		Lochgiphead Resource Centre	49	30	145	0	0	224	
		Lorn Resource Centre	0	75	10	0	0	85	
		Social Work Office Rothesay	41	34	0	0	0	75	
		Struan Lodge Boiler	12	28	0	0	0	40	
		Thomson Home Rothesay	111	36	0	0	0	147	
		Upgrading Older Peoples Homes	0	25	0	0	0	25	
		Woodlands/Greenwood	86	25	0	0	0	111	
		Asset Sustainability Total		1,255	578	285	0	0	2,118
		Service Development		765	7	0	0	0	772
		Service Development Total		765	7	0	0	0	772
Adult Care Total		2,020	585	285	0	0	2,890		
Overall Total		2,020	585	285	0	0	2,890		

Head of Service	Category	Project	Previous				Future		Total	
			Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Years £000s	£000s		
Children and Families	Asset Sustainability	Asbestos Removal/Control Works	0	10	10	0	0	0	20	
		Dunclutha Children's Home	31	-6	0	0	0	0	25	
		Dunoon Hostel	128	87	0	0	0	0	215	
		East King St Children's Home	0	2	0	0	0	0	2	
		Glencruitten Hostel	94	26	0	0	0	0	120	
		Health and Safety	5	63	50	0	0	0	118	
		Legionella Control Works	0	20	20	0	0	0	40	
		Shellach View	9	1	0	0	0	0	10	
		Asset Sustainability Total		267	203	80	0	0	0	550
		Service Development	Dunclutha Childrens Home	1	30	719	0	0	0	750
Dunoon Family Mediation Centre	59		-4	0	0	0	0	55		
Residential Respite Care Facility	496		2	0	0	0	0	498		
Service Development Total	556		28	719	0	0	0	1,303		
Children and Families Total		823	231	799	0	0	0	1,853		
Overall Total		823	231	799	0	0	0	1,853		

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	Total £000s
Community and Culture	Asset Sustainability	Aqualibrium	0	35	0	0	0	35
		Asbestos Removal/Control Works	0	30	20	0	0	50
		Bute Community Education Centre	6	4	0	0	0	10
		Campbeltown Museum - Burnet Bldg	79	2	0	0	0	81
		Community Centres General - Options Appraisal	0	15	0	0	0	15
		Corran Halls, Oban	220	105	100	0	0	425
		Dunoon Community Education Centre	152	5	20	0	0	177
		Gaelic Centre - Corran Halls (FG)	173	-3	0	0	0	170
		Health & Safety	55	138	57	0	0	250
		Helensburgh Library	0	25	0	0	0	25
		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
		Lochgilthead Community Ed Centre	5	2	245	0	0	252
		Oban Library (Leased Property)	0	0	20	0	0	20
		Ramsay Memorial Hall	79	15	80	0	0	174
		Replacement of Gym Equipment	0	0	100	0	0	100
		Rhu Community Ed Centre	5	119	5	0	0	129
		Rothesay Library	262	-60	0	0	0	202
		Rothesay Swimming Pool	0	131	3	0	0	134
		Sandbank Library HQ	0	22	3	0	0	25
		Tarbert Library	3	45	2	0	0	50
		Victoria Halls, Campbeltown	126	349	50	0	0	525
Victoria Halls, Helensburgh	41	156	85	0	0	282		
Asset Sustainability Total			1,323	1,173	810	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	1,252	1,410	0	0	5,001	
Overall Total		2,339	1,252	1,410	0	0	5,001	

Head of Service	Category	Project	Previous Years			Future Years			Total
			£'000	£000's	£000s	£000s	£000s	£000s	
Education	Asset Sustainability	Achaleven Primary School	0	0	100	0	0	100	
		Ardchattan Primary School	0	0	10	0	0	10	
		Ardrisaig Primary School	164	40	0	0	0	204	
		Atinagour Primary School	83	0	48	0	0	131	
		Arrochar Primary School	1,152	2	0	0	0	1,154	
		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	122	170	0	0	834	
		Cardross Primary School	352	188	265	0	0	805	
		Carradale Primary School	19	12	150	0	0	181	
		Castletill Primary School	146	10	50	0	0	206	
		Glachan 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	5	0	0	0	5	
		Drumlembie Primary School	128	86	0	0	0	214	
		Dunbeg Primary School	403	31	0	0	0	434	
		Dunoon Primary School	95	-10	25	0	0	110	
		Ferry Houses - Housing Quality Standard	0	38	38	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	6	45	0	0	362	
		Glassary Primary School	38	32	65	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	25	25	0	0	50	
		Innellan Primary School	79	6	25	0	0	110	
		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	90	0	0	0	311			
Kilmartin Primary School	0	20	0	0	0	20			
Kilmodan Primary School	24	81	90	0	0	195			
Kilninver Primary School	81	12	0	0	0	93			
Kim Primary School	44	22	20	0	0	86			
Legionella Control Works	0	65	75	0	0	140			
Lismore Primary School	41	6	14	0	0	61			
Lochdonhead Primary School	152	-17	0	0	0	135			
Lochgilhead Primary School	55	-13	40	0	0	82			
Luing Primary School	74	16	0	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	241	0	0	0	371			
Oban High Gaelic Media Studio (FG)	93	-2	0	0	0	91			

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	Total £000s		
Education	Asset Sustainability	Oban High School	629	-13	10	0	0	626		
		Park Primary School	229	260	10	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		
		Rhunaharine Primary	14	73	0	0	0	87		
		Rosneath Primary School	258	21	371	0	0	650		
		Sandbank Primary School	478	5	0	0	0	483		
		School Houses - Housing Quality Standard	1	100	345	0	0	446		
		Skipness Primary School	0	15	0	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		
		Strome 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		
		Tighnabruich 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	19	0	0	0	90		
		Asset Sustainability Total			20,761	3,027	3,130	0	0	26,918
		Service Development		Adrishraig Primary School - Pre Five Unit	10	371	30	0	0	411
				Early Learning and Childcare	0	400	1,200	1,068	0	2,668
				Hermitage Primary Annexe Replacement	684	81	0	0	0	765
				Lochnell Primary School - Pre Five Unit	219	-9	0	0	0	210
				Park Primary Extension and Pre Fives Unit	331	24	0	0	0	355
				Salen Primary School - Gaelic Pre School Extension (FG)	0	20	130	0	0	150
				St Joseph's Pre 5 Parenting Facilities	118	-43	0	0	0	75
Strachur Primary School - Pre Five Unit	278			37	0	0	0	315		
Taynuilt PS Adrnl 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	1,206	1,364	1,068	0	5,570	
Strategic Change				Campbelltown Schools Redevelopment	177	214	1,142	100	6,020	7,653
				Dunoon Primary School	233	50	3,581	2,048	922	6,834
				Kilm Primary School	0	176	1,536	3,251	1,537	6,500
		Replacement of Oban High School	72	346	2,802	100	7,952	11,272		
Strategic Change Total		482	786	9,061	5,499	16,431	32,259			
Education Total		23,175	5,019	13,555	6,567	16,431	64,747			
Overall Total		23,175	5,019	13,555	6,567	16,431	64,747			

Head of Service	Category	Project	Previous Years				Future Years		Total
			2014-15 £000's	2015-16 £000s	2016-17 £000s	2016-17 £000s	2016-17 £000s	2016-17 £000s	
Customer and Support Services	Asset Sustainability	Computer Network Security	494	73	69	0	0	636	
		Corporate GIS Portal Rollout	104	11	112	0	0	227	
		Internet / Online Access	90	125	123	0	0	338	
		IT Education	42	60	719	0	0	821	
		MS Exchange & Doc Sharing	228	69	25	0	0	322	
		PC Replacement	17	886	834	0	0	1,737	
		Server Capacity Growth	0	80	80	0	0	160	
		Telecomms Network	645	48	54	0	0	747	
		Unified Communications and Video Conferencing	466	174	98	0	0	738	
		Asset Sustainability Total	2,086	1,526	2,114	0	0	5,726	
		Service Development	Applications Projects	254	318	402	0	0	974
			Consolidated Server Replacement	1,009	43	0	0	0	1,052
			Council Chamber Video Conferencing	112	4	0	0	0	116
Education Domain Extension	442		1	0	0	0	443		
IT Enablement Process for Change	714		12	328	0	0	1,054		
LYNC 2013	126		3	0	0	0	129		
Property Management System	76		2	6	0	0	84		
Service Development Total	2,733	383	736	0	0	3,852			
Customer and Support Services Total	4,819	1,909	2,850	0	0	9,578			
Overall Total	4,819	1,909	2,850	0	0	9,578			

Head of Service	Category	Project	Previous		2014-15			2015-16			2016-17			Future		Total
			Years	£'000	£000's	£000s	£000s	£000s	£000s	£000s	Years	£000s	£000s			
Facility Services	Asset Sustainability	Aquilibrium	23	0	5	0	0	0	0	0	0	0	0	0	28	
		Argyll House, Dunoon	13	0	0	1	0	0	0	0	0	0	0	0	14	
		Asbestos Capital Property Works	36	14	0	0	0	0	0	0	0	0	0	0	50	
		Block Allocation to address building fabric upgrades	0	0	588	0	588	0	0	0	0	0	0	0	588	
		Bowmore Area Office	4	14	2	0	0	0	0	0	0	0	0	0	20	
		Burnett Building	0	39	42	0	0	0	0	0	0	0	0	0	81	
		Capital Property Works	239	113	-43	0	0	0	0	0	0	0	0	0	309	
		Castle House, Dunoon	26	0	1	0	0	0	0	0	0	0	0	0	27	
		Dalriada House	7	1	0	0	0	0	0	0	0	0	0	0	8	
		Dunoon Office Rationalisation	1	3	219	0	0	0	0	0	0	0	0	0	230	
		Eaglesham House, Rothesay	26	9	0	0	0	0	0	0	0	0	0	0	35	
		Finance Office, Witchburn Rd	10	86	3	0	0	0	0	0	0	0	0	0	99	
		Fire Risk Assessment Works	13	1	0	0	0	0	0	0	0	0	0	0	14	
		Hill Street Dunoon Rewire	2	32	1	0	0	0	0	0	0	0	0	0	35	
		Jura Service Point	0	10	0	0	0	0	0	0	0	0	0	0	10	
		Kilarrow House	1	63	59	1	0	0	0	0	0	0	0	0	124	
		Kilmory Castle	80	69	25	0	0	0	0	0	0	0	0	0	174	
		Kilmory Castle 2012-13	137	6	0	0	0	0	0	0	0	0	0	0	143	
		Lorn House, Oban	0	55	23	0	0	0	0	0	0	0	0	0	78	
		Manse Brae Roads Office	0	15	0	0	0	0	0	0	0	0	0	0	15	
		Oban Municipal Buildings	226	18	0	0	0	0	0	0	0	0	0	0	244	
		Oban Office Rationalisation	0	3	0	0	0	0	0	0	0	0	0	0	3	
		Rothesay Pavilion	20	1	0	0	0	0	0	0	0	0	0	0	21	
		Tobermory Area Office	0	29	1	0	0	0	0	0	0	0	0	0	30	
		Union Street, Rothesay	74	1	0	0	0	0	0	0	0	0	0	0	75	
		Whitegates	188	-76	0	0	0	0	0	0	0	0	0	0	112	
		Whitegates Office, Lochgilphead	0	19	0	0	0	0	0	0	0	0	0	0	19	
Asset Sustainability Total			1,126	530	922	8	0	2,586	0	0	0	0	0	2,586		
Strategic Change		Campbeltown & Rothesay Rationalisation	27	8	0	0	0	0	0	0	0	0	0	0	35	
		Carbon Management Business Cases (FPB)	128	75	58	0	0	0	0	0	0	0	0	0	261	
		Carbon Management Fuel Conversions (FPB)	107	38	0	0	0	0	0	0	0	0	0	0	145	
		Helensburgh Office Rationalisation (FPB,REC)	4,179	6,521	789	0	0	0	0	0	0	0	0	0	11,489	
		Islay HS/Bowmore PS (FPB)	697	29	0	0	0	0	0	0	0	0	0	0	726	
		Kilmory Biomass Project OBC (FPB,REV)	243	760	30	0	0	0	0	0	0	0	0	0	1,033	
		Mid Argyll Offices Reorganisation	164	98	8	0	0	0	0	0	0	0	0	0	270	
		New Helensburgh Swimming Pool	162	15	3,225	4,250	0	0	0	0	0	0	0	0	7,652	
		Non-NPDO Schools PV Panel Installations	0	488	0	0	0	0	0	0	0	0	0	0	488	
		NPDO Schools Solar PV Panel Installations	0	944	0	0	0	0	0	0	0	0	0	0	944	
		Oil to Gas Heating Conversions (FPB)	181	28	0	0	0	0	0	0	0	0	0	0	209	
		Three Shared Offices	0	10	0	0	0	0	0	0	0	0	0	0	10	
		Strategic Change Total			5,888	9,014	4,110	4,250	0	23,262	0	0	0	0	0	23,262
		Facility Services Total			7,014	9,544	5,032	4,258	0	25,848	0	0	0	0	0	25,848
		Overall Total			7,014	9,544	5,032	4,258	0	25,848	0	0	0	0	0	25,848

PROPOSED CAPITAL PLAN 2014-15
DEVELOPMENT AND INFRASTRUCTURE SERVICES

APPENDIX 11

Head of Service	Category	Project	Previous Years £'000	2014-15 £000's	2015-16 £000s	2016-17 £000s	Future Years £000s	Total £000s		
Economic Development	Service Development	CWSS - Connel Station Path	132	-28	0	0	0	104		
		CWSS - Cycle Parking 2013-14	20	1	0	0	0	21		
		CWSS - Kilmichael Glassary - Bridgend Link	9	1	0	0	0	10		
		CWSS - South Islay Distilleries Path	118	-4	0	0	0	114		
		Safe Streets, Walking and Cycling (CWSS) SPT	0	149	140	0	0	289		
			219	88	0	0	307			
Service Development Total			498	207	140	0	0	845		
Economic Development	Strategic Change	CHORD - Campbelltown	1,836	1,120	1,830	0	0	4,786		
		CHORD - Dunoon	8	686	3,397	4,006	528	8,625		
		CHORD - Helensburgh -Public Realm Imprv	2,949	3,450	931	0	0	7,330		
		CHORD - Oban	251	642	3,550	2,117	0	6,560		
		CHORD - Rothesay	0	0	0	1,600	800	2,400		
		Helensburgh Pier Flood Defences	10	20	500	1,645	0	2,175		
		OBC for Dunoon Pier	16	189	2,625	0	0	2,830		
		Pier Upgrades	0	30	260	10	0	300		
		Strategic Change Total			5,070	6,137	13,093	9,378	1,328	35,006
		Economic Development Total			5,568	6,344	13,233	9,378	1,328	35,851
Overall Total			5,568	6,344	13,233	9,378	1,328	35,851		

PROPOSED CAPITAL PLAN 2014-15
DEVELOPMENT AND INFRASTRUCTURE SERVICES

APPENDIX 11

Head of Service	Category	Project	Previous Years				Future		Total
			2014-15 £000's	2015-16 £000s	2016-17 £000s	Years £000s	Years £000s		
Roads and Amenity Services	Asset Sustainability	Bridge Strengthening	133	360	987	50	0	1,530	
		Cemetery Houses	7	43	0	0	0	50	
		Environmental - Unallocated	0	246	100	0	0	346	
		Fleet Management	2,641	150	596	0	0	3,387	
		Flood Prevention	-33	70	377	20	0	434	
		HITRANS	966	285	0	0	0	1,251	
		Lighting	39	507	650	0	0	1,196	
		Public Convenience Upgrades	0	65	1	0	0	66	
		Roads Reconstruction	912	6,697	4,366	0	0	11,975	
		Traffic Management	-31	85	214	0	0	268	
		Waste Management Sites	36	64	0	0	0	100	
		Zero Waste Fund	269	34	0	0	0	303	
		Asset Sustainability Total	4,939	8,606	7,291	70	0	20,906	
	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	1,190	73	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	1,432	913	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			20,331	12,953	8,363	70	0	41,717	
Overall Total			20,331	12,953	8,363	70	0	41,717	

TREASURY MANAGEMENT MONITORING REPORT 31 DECEMBER 2014

1. EXECUTIVE SUMMARY

- 1.1 This report is for noting its sets out the Council's treasury management position for the period 1 November 2014 to 31 December 2014 and includes information on:
- Overall Borrowing Position
 - Borrowing Activity
 - Investment Activity
 - Economic Background
 - Interest Rate Forecast
 - Prudential Indicators.
- 1.2 The Council has made one repayment of long term debt of £505k to PWLB during the period. Due to a reduced Capital Financing Requirement (CFR) of £256m at 31 March 2014 and a reduction of £12.8m in the forecast capital expenditure the estimated CFR for 31 March 2015 has reduced from £275m to £260m from that predicted in the budget at February 2014.
- 1.3 In respect of investment activity the level of investments have decreased by £1.9m from £53.5m at 31 October 2014 to £51.6m at 31 December 2014. The rate of return achieved was 0.725% which compares favourably with the target of 7 day LIBID which was 0.355%.
- 1.4 As part of a policy of increasing the diversification of investments during the period the Council opened two Money Market Funds:
- Insight Liquidity fund (Class3)
 - Invesco AIM Short term investment
- 1.5 During the period the Council reduced its investments held in Handelsbanken by £5m, placed two tranches of £2.56m with Santander on a 95 Days deposit rate of bank+10bps (0.60%) Santander has a short term rating of A-1 and a long terms rating of A.
- 1.6 As the Council was closed over the festive period the limit on the amount of money which could be held with the Clydesdale Bank was temporarily increased to £10m due to the fact that the Council would receive Revenue Support Grant and Council Tax income. The balance on the Clydesdale Bank at the 4th of January 2015 was £8.48m this was reduced to £1.25m on the 5th of January when the limit reverted to £5m.

TREASURY MANAGEMENT MONITORING REPORT 31 DECEMBER 2014

2. INTRODUCTION

2.1 This report summarises the monitoring as at 31 December 2014 of the Council's:

- Overall Borrowing Position
- Borrowing Activity
- Investment Activity
- Economic Background
- Interest Rate Forecast
- Prudential Indicators.

3. RECOMMENDATIONS

3.1 The treasury management monitoring report is noted.

4. DETAIL**Overall Borrowing Position**

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

	Forecast 2014/15 £000's	Budget 2014/15 £000's	Forecast 2015/16 £000's	Forecast 2016/17 £000's
CFR at 1 April	256,463	258,871	254,823	269,746
Net Capital Expenditure	16,801	34,809	26,707	2,440
Less Loans Fund Principal Repayments	(18,441)	(18,441)	(11,784)	(10,784)
Estimated CFR 31 March	254,823	275,239	269,746	261,402
Less Funded by NPDO	(79,603)	(79,603)	(78,055)	(76,507)
Estimated Net CFR 31 March	175,220	195,636	191,691	184,895
Estimated External Borrowing at 31 March	161,235	161,315	169,315	177,315
Gap	13,985	34,321	22,376	7,580

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

significantly the position will be reviewed to ensure the Council locks in funding at low interest rates.

- 4.3 The Council's estimated net capital financing requirement at the 31 December 2014 is £180.445m. The table below shows how this has been financed. Whilst borrowing is less than the CFR there are substantial internal balances (mainly the General Fund) of which £51.6m is currently invested.

	Position at 31/10/2014 £000's	Position at 31/12/2014 £000's
Loans	161,236	161,242
Internal Balances	72,729	72,729
Less Investments & Deposits	(53,520)	(51,605)
Total	180,445	182,366

Borrowing Activity

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

	Actual £000's
External Loans Repaid 1st November 2014 to 31st December 2014	505
Borrowing undertaken 1st November 2014 to 31st December 2014	511
Net Movement in External Borrowing	6

- 4.5 No Local Bonds were repaid in the period 1 November 2014 to 31 December 2014.

- 4.6 One new local bond was taken out in the period 1 November 2014 to 31 December 2014.

- 4.7 The table below summarises the movement in level and rate of temporary borrowing at the start and end of the period. Owing to the levels of internal balances and surplus cash temporary borrowing has been minimal.

	£000s	% Rate
Temp borrowing at 31st October 2014	1,365	0.30%
Temp borrowing at 31st December 2014	1,358	0.30%

Investment Activity

- 4.8 The average rate of return achieved on the Council's investments to 31st December 2014 was 0.725% compared to the average LIBID rate for the same period of 0.355% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At the 31 December 2014 the Council had

£51.6m of short term investment at an average rate of 0.757%. The table below details the counterparties that the investments were placed with, the maturity date, the interest rate and the credit rating applicable for each of the counterparties.

Counterparty	Maturity	Amount £000s	Interest Rate	Rating
Bank of Scotland	Instant Access	50	0.40%	Short Term A-1, Long Term A
Bank of Scotland	07/01/2015	5,000	0.95%	
Bank of Scotland	23/01/2015	5,000	0.95%	
Bank of Scotland	31/10/2015	5,000	1.00%	
Royal Bank of Scotland	Instant Access	50	0.25%	Short Term A-2, Long Term A-
Clydesdale Bank	Instant Access	5,005	0.50%	Short Term A-2, Long Term BBB+
Goldman Sachs	05/02/2015	5,000	0.745%	Short Term A-1, Long Term A
Handelsbanken	35 Day Notice	5,000	0.65%	Short Term A-1+, Long Term AA-
Santander	Instant Access	50	0.40%	Short Term A-1, Long Term A
DZ Bank	14/09/2015	5,000	0.92%	Short Term A-1+, Long Term AA-
Deutsche Bank	65 Day Notice	5,000	0.633%	Short Term A-1, Long Term A
Santander	95 Day Notice	2,500	0.600%	Short Term A-1, Long Term A
Santander	96 Day Notice	2,500	0.600%	Short Term A-1, Long Term A
MMF - BNP Paribas	Instant Access	1,500	0.457%	AAA
MMF - Federated	Instant Access	0	0.448%	AAA
MMF - Ignis	Instant Access	5,000	0.471%	AAA
Total		51,655		

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

information available in respect of counterparties.

- 4.10 As part of a policy of increasing the diversification of investments during the period the Council opened two Money Market Funds:
- Insight Liquidity fund (Class3)
 - Invesco AIM Short term investment
- 4.11 On 11th November the Council placed £2.5m with Santander in a 95 Day Notice (no partial withdrawals) account at a rate of 0.60% (base+10bpts). Santander has a short term rating of A-1 and long term rating of A
- 4.12 On 13th November the Council placed a second £2.5m with Santander in a 95 Day Notice (no partial withdrawals) account at a rate of 0.60% (base+10bpts). Santander has a short term rating of A-1 and long term rating of A
- 4.13 The current market conditions have made investment decisions more difficult as the number of counterparties which meet the Council's parameters has reduced making it harder to achieve reasonable returns while limiting the exposure to any one institution.
- 4.14 In response to the low investment returns available in the market and the reduced likelihood of increases in base rate it has been decided to place fixed deposits with the part nationalised and highly rated banks for periods up to 12 months to increase returns without significantly increasing the risks associated with the investments.
- 4.15 As the Council was closed over the festive period the limit on the amount of money which could be held with the Clydesdale Bank was temporarily increased to £10m due to the fact that the Council would receive Revenue Support Grant and Council Tax income. The balance on the Clydesdale Bank at the 4th of January 2015 was £8.48m this was reduced to £1.25m on the 5th of January when the limit reverted to £5m.

Economic and Interest Rate Forecasts

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

Prudential Indicators

- 4.17 The prudential indicators for 2013-14 are attached in appendix 3.

5. CONCLUSION

- 5.1 The Council has taken new long term borrowing of £511k and made repayments of £505k during the two months to 31 December 2014. The investment returns were 0.725% which is above the target of 0.355%.
- 5.2 During the period the Council further diversified its investments by opening two Money Market Funds and placing funds with Santander.

6. IMPLICATIONS

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

Bruce West, Head of Strategic Finance

Dick Walsh Council Leader and Policy Lead for Strategic Finance

For further information please contact Bruce West, Head of Strategic Finance
01546-604151.

Appendix 1 – Economic Background

Appendix 2 – Interest Rate Forecast

Appendix 3 – Prudential Indicators

Appendix 1

Economic background:

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

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

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

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

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

Interest Rate Forecast:

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

Change in market sentiment and outlook

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

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

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

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

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

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

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

CAPITA ASSET SERVICES FORWARD VIEW

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

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

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

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

Downside risks currently include:

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

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

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

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

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

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

APPENDIX 3 : PRUDENTIAL INDICATORS

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

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

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