

FINANCIAL REPORTS MONITORING PACK – 30 JUNE 2023

1. INTRODUCTION

1.1 This report provides a summary of the financial monitoring reports as at the end of June 2023. There are five detailed reports, setting out the position as at 30 June 2023, which are summarised in this Executive Summary:

- Revenue Budget Monitoring Report
- Monitoring of Financial Risks
- Capital Plan Monitoring Report
- Treasury Monitoring Report
- Reserves and Balances

2. DETAIL**2.1 Revenue Budget Monitoring Report**

2.1.1 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.

2.1.2 There is a forecast underspend of £0.319m as at the end of June 2023. This forecast relates entirely to Social Work and is due to a combination of the over-recovery of vacancy savings and income from fees, charges and recharges. This is offsetting financial pressures due to high demand for services and the use of agency staff to fill staffing recruitment and retention gaps across Adult Services.

2.1.3 There is a year to date overspend of £1.273m. More focus is on the forecast outturn position, hence why sometimes the year to date position is not updated. The year to date variances mainly relate to the timing of income and expenditure and recharging of costs to capital.

2.1.4 With regard to the ongoing financial impact of COVID-19, there are £5.512m of reserves committed to manage the impact of the pandemic. The detail behind these commitments is contained within Appendix 2 of the Reserves and Balances report.

2.1.5 Total policy savings relevant to 2023-24 financial year amount to £6.953m. The table below outlines their progress as at 30 June 2023.

Category	No. of Options	2023-24 £000	2023-24 FTE	2024-25 £000	2024-25 FTE	Future Years £000	Future Years FTE
Delivered	9	1,012.5	(0.7)	1,030.0	(0.7)	1,030.0	(0.7)
On Track to be Delivered	5	5,487.0	9.4	5,490.0	11.9	5,588.0	12.4
Still to be Implemented	1	0.5	0.0	0.5	0.0	0.5	0.0
Being Developed	0	0.0	0.0	0.0	0.0	0.0	0.0
Will not be achieved	2	248.5	0.0	248.5	0.0	248.5	0.0
Potential Shortfall	2	180.0	0.0	180.0	0.0	180.0	0.0
Delayed	1	24.0	0.0	24.0	0.0	24.0	0.0
TOTAL	20	6,952.5	8.7	6,973.0	11.2	7,071.0	11.7

2.1.6 There are two savings marked as not going to be achieved and a cost pressure will be input for 2024-25 budget to remove these savings targets. Two further savings are categorised as having a shortfall and one is currently delayed.

Health and Social Care Partnership (HSCP) – Financial Update

2.1.7 The forecast outturn position at the end of June is an estimated overspend of £0.631m for 2023-24 (underspend of £0.319m for Social Work and overspend of £0.950m for Health). The HSCP may use the social work underspend to help address the deficit in NHS or transfer all or part of the social work underspend to the IJB reserves. The HSCP's financial position will continue to be monitored and Financial Services staff will engage with the HSCP Chief Financial Officer to ensure that mitigation actions are in place to address the deficit and ensure that no additional funding is required from the Council.

2.2 Monitoring of Financial Risks

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

2.2.2 There are 6 Council wide revenue risks identified for 2023-24 currently amounting to £3.661m.

2.2.3 There are currently 39 departmental risks totalling £4.800m. Of the 39 departmental risks, 4 are categorised as likely. These will continue to be monitored and action taken to mitigate or manage these risks.

2.2.4 The top three risks in terms of the financial impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	750
Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	3	365
Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	3	345

2.2.5 There have been 5 changes to the departmental risks since the report as presented to the Council on 23 February 2023. These are outlined in paragraph 3.4.1 of the Financial Risks Report.

2.3 Capital Plan Monitoring Report

- 2.3.1 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.
- 2.3.2 In recent years, the Council has agreed additional funding for the capital programme totalling £10.803m to address specific costs related to dealing with COVID, inflationary pressures arising as a consequence of the factors detailed in paragraph 2.3.3 below and other cost pressures on the capital plan. To date, £8.1m has been allocated to projects leaving a balance of £2.703m available for allocation as required.
- 2.3.3 The impact of the pandemic along with the UK exit from the European Union, the Russian invasion of Ukraine and sanctions on Russian owned entities has seen significant price increases as well as disruptions to the supply chain and longer lead

in times. The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply. As a result of this it should be noted that there are likely to be other significant financial impacts which are not quantifiable at this stage.

- 2.3.4 Actual net expenditure to date is £6.965m compared to a budget for the year to date of £6.985m giving rise to an underspend for the year to date of £0.020m (0.29%).
- 2.3.5 The forecast outturn for 2023-24 is a forecast net expenditure of £44.660m compared to an annual budget of £44.976m giving rise to a forecast underspend for the year of £0.316m (0.70%).
- 2.3.6 The forecast total net projects costs on the capital plan are £213.649m compared to a total budget for all projects of £213.599m giving rise to a forecast overspend for the overall capital plan of £0.050m (0.02%).
- 2.3.7 In respect of total project performance, there are 155 projects within the capital plan, 153 are complete or on target, 1 is off target and recoverable and 1 project is off track.

2.4 Treasury Monitoring Report

- 2.4.1 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.
- 2.4.2 The net movement in external borrowing for the period 1 April 2023 to 30 June 2023 was a decrease of £10.072m.
- 2.4.3 Borrowing is below the Capital Financing Requirement for the period to 30 June 2023, at this stage in the financial year capital expenditure is below target. Capital expenditure continued to be lower than anticipated over the last twelve months however there is an expectation this will increase back up again over 2023-24 which will continue to be monitored closely
- 2.4.4 The levels of investments were £90.502m at 30 June 2023. The average rate of return achieved was 4.437% which is below the target SONIA (Sterling Overnight Index Average) rate for the same period of 4.578%.

2.5 Reserves and Balances

- 2.5.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.
- 2.5.2 The Council has a total of £666.354m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 2.5.3 At 31 March 2023, the Council had a total of £93.828m of usable reserves. Of this:

- £2.916m relates to the Repairs and Renewals Fund
- £4.503m relates to Capital Funds
- £86.409m was held in the General Fund, with £79.466m of this balance earmarked for specific purposes.

2.5.4 Of the earmarked balance of £79.466m:

- £37.305m is invested or committed for major initiatives/capital projects
- £29.842m is still to be drawn down in 2023-24
- £12.319m is planned to be spent in future years

2.5.5 The table below summarises the position of the unallocated General Fund balance. Further explanation of the figures can be found at Section 3.4 of the Reserves and Balances report.

Heading	Detail	£000
Unallocated General Fund as at 31 March 2023	This is the balance that is unallocated over and above the 2% contingency, which amounts to £5.691m	1,252
Budgeted allocation to General Fund for 2023-24 Budget	Per the Budget Motion at Council on 23 February 2023	19
Current Forecast Outturn for 2023-24 as at 30 June 2023	This is from Social Work as other departments have not yet reported variances	319
Social Work outturn adjustment	Social Work would expect to transfer their surplus to internal reserves	(319)
Estimated Unallocated balance as at 31 March 2024		1,271

2.5.6 It can be seen that, after taking into consideration the Budget Motion, the current forecast outturn for 2023-24, the expected adjustment in relation to the Social Work outturn, the Council is forecast to have a £1.271m surplus over contingency.

2.6 VIREMENTS OVER £0.200m (Revenue)

2.6.1 Virement is the process of transferring budget between cost centres, services or departments or between capital projects. The Council's constitution notes that virements over £0.200m require approval by Council. This section of the report will be used to outline revenue virements in the period that require approval. Capital virements are included within the capital monitoring report.

2.6.2 For the period April to June, there are 4 virements requiring authorisation:

- £0.325m within Social Work for the declaration of savings
- £0.296m harvested within Executive Director Kirsty Flanagan against the vacancy savings target for the period April to June
- £0.322m harvested within Social Work against the vacancy savings target for the period April to June
- £0.374m between Head of Education and Head of Legal and Regulatory Support in relation to NPDO FM recharges

2.6.3 There are also two virements relating to 2022-23 that require authorisation. These virements were completed late in the year end process therefore did not appear on the report to Council on 29 June 2023 for authorisation. They are:

- £0.360m from Roads and Infrastructure to the Loans Fund to fund the Harbour Investment Programme prudential borrowing repayments from the increased fees and charges income
- £0.417m to Roads and Infrastructure from the Loans Fund to cover an overspend in vehicle repairs. A delay in the Fleet Replacement Capital Programme resulted in an underspend within the Loans Fund which was transferred to offset this.

3. RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee:

- a) Consider the revenue budget monitoring report as at 30 June 2023
- b) Note the financial risks for 2023-24
- c) Note the capital plan monitoring report as at 30 June 2023 and approve the proposed changes to the capital plan outlined in Appendix 4 of that report.
- d) Note the treasury monitoring report as at 30 June 2023
- e) Consider the reserves and balances report as at 30 June 2023
- f) Recommend to Council that the revenue virements over £0.200m during April to June 2023 are approved
- g) Recommend to Council that the revenue virements over £0.200m outstanding from 2022-23 year are approved, per paragraph 2.6.3

4. IMPLICATIONS

4.1	Policy –	None.
4.2	Financial -	Outlines the revenue and capital monitoring for 2023-24 as at 30 June 2023
4.3	Legal -	None.
4.4	HR -	None.
4.5	Fairer Scotland Duty -	None.
4.5.1	Equalities – protected characteristics -	None.
4.5.2	Socio-economic Duty -	None.
4.5.3	Islands -	None.
4.6	Climate Change -	None.
4.7	Risk -	Risks are included in financial risks report.
4.8	Customer Service -	None.

Kirsty Flanagan
Executive Director /Section 95 Officer
7 July 2023

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

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

2023-24 Overall Position:

There is a forecast underspend of £0.319m as at the end of June 2023. This forecast relates entirely to Social Work and is due to a combination of the over-recovery of vacancy savings and income from fees, charges and recharges. This is offsetting financial pressures due to high demand for services and the use of agency staff to fill staffing recruitment and retention gaps across Adult Services.

There is a year to date overspend of £1.273m. The year to date variances within the departments tend to relate to the timing of income and expenditure and costs to capital not recharged yet.

Key Highlights as at June 2023:

- The projection currently being reported is an underspend from the Social Work service. This will not impact the Council's general fund as the IJB is able to hold reserves.

Key Financial Successes:

Performance against budget for 2022-23 was an overall net favourable position of £3.326m underspend after adjusting for year-end earmarking. This breaks down as:

- £0.347m net underspend in relation to Council service departmental expenditure
- £6.937m net underspend in relation to other central costs largely due to a one-off treasury gain as a result of a discount on the early repayment of loans
- £0.652m over-recovery of Council Tax income
- £4.610m of unspent budget earmarkings

Key Financial Challenges:

Addressing the long-term impact of the COVID pandemic on service demand and the increasing challenges facing departments across the Council in relation to the recruitment and retention of suitably qualified and experienced staff.

Achieving a favourable year-end position and achieving savings targets in light of council wide risks to expenditure.

Monitoring Social Work expenditure and more widely the IJB position as any overspend will transfer back to partner bodies in the first instance.

Proposed Actions to address Financial Challenges:

Engagement and monitoring of both issues with departments to assess how these challenges are affecting service capacity and capability, staff attendance, utilisation of agency staff and costs. Collaboration with services and other back-office teams to consider and develop mitigating actions.

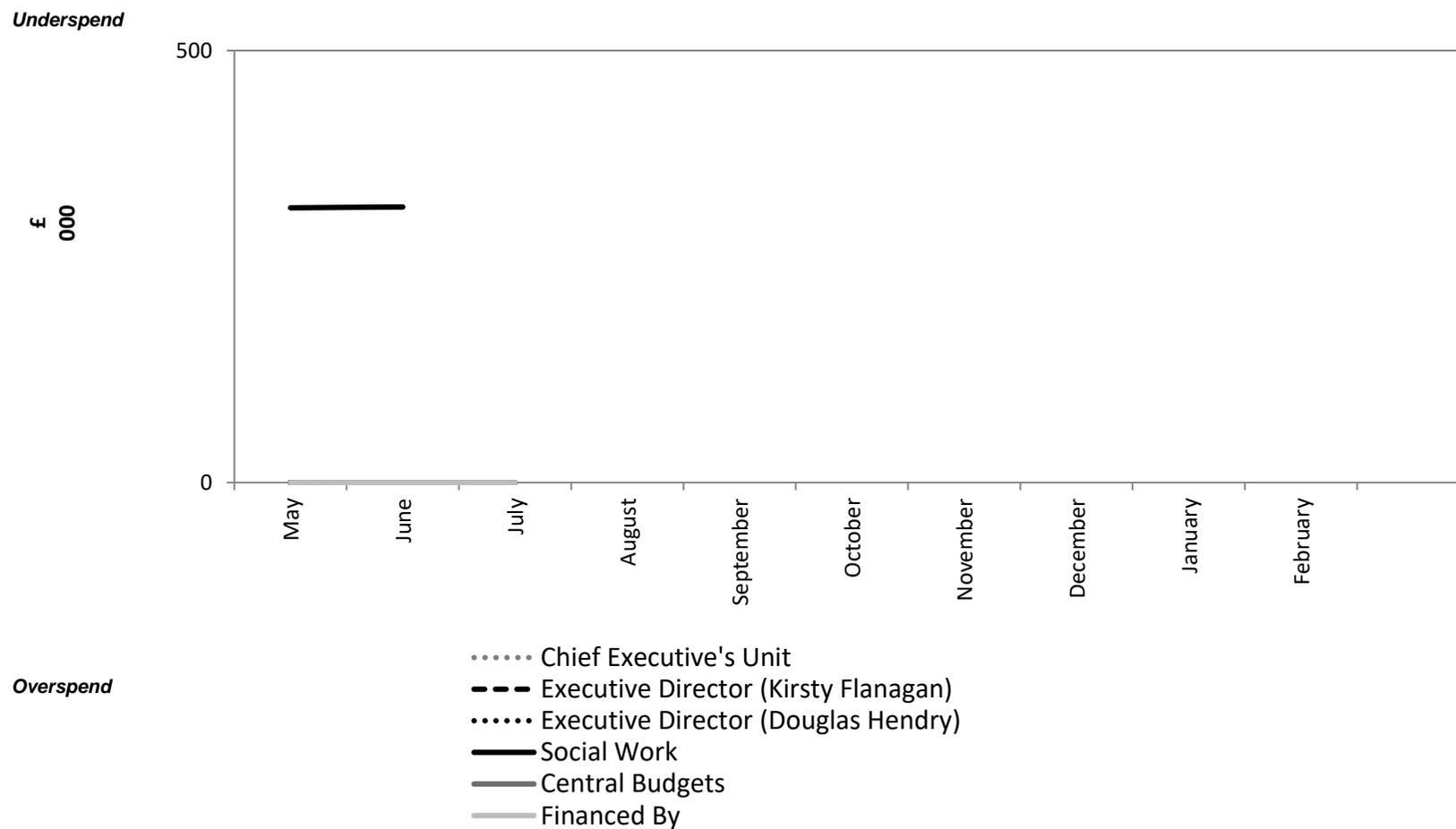
Robust monitoring of the financial position and delivery of savings to ensure budget issues inform the budget monitoring process.

Continue to work closely with the CFO of the IJB to ensure that early indication of any potential adverse financial outturn is known and corrective action is agreed as appropriate to reduce the risk to the Council.

Identifying further savings and delivering services more efficiently with less resources, as whilst a balanced 2023-24 budget was agreed in February 2023 there are still budget gaps in future years.	The Council will continue to progress savings options identified that require further development and seek to identify further savings through themed reviews and business process reviews.
Maintaining or improving the level of service income recovered, for example planning, building standards and car parking.	Actively monitor income recovery and ensure Council fees and charges policies are regularly reviewed.
Managing spend in service areas which are demand led and, to some extent, outwith service control, for example Winter Maintenance.	Use risk based approach to budget monitoring to focus additional attention on these areas.
Ongoing requirement to fund unavoidable inflationary increases in areas like utility costs, fuel, food etc. This is impacted further by the availability of supply as a result of the COVID-19 pandemic, UK exit from the European Union, Russia's invasion of Ukraine and sanctions on Russian owned entities to name a few influencing factors.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.
Cost of living crisis impacting on pay inflation negotiations which could result in pay awards above what is deemed affordable.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.
<p>Forecast Outturn Position</p> <p>There is a forecast underspend of £0.319m for 2023-24 as at the end of June 2023</p>	

Department	Annual Budget £'000	Forecast Outturn £'000	Current Forecast Variance £'000	Previous Forecast Variance £000	Change £000	Explanation
Chief Executive's Unit	920	920	0	0	0	
Executive Director (Douglas Hendry)	129,376	129,376	0	0	0	
Executive Director (Kirsty Flanagan)	54,247	54,247	0	0	0	
Social Work	76,118	75,799	319	0	319	Underspend due to a combination of the over-recovery of vacancy savings and income from fees, charges and recharges. This is offsetting financial pressures due to high demand for services and the use of agency staff to fill staffing recruitment and retention gaps across Adult Services.
Central Budgets	26,371	26,371	0	0	0	
Financed By	(287,032)	(287,032)	0	0	0	
Total	0	(319)	319	0	319	

Forecast outturn position for each Department from the start of the financial year

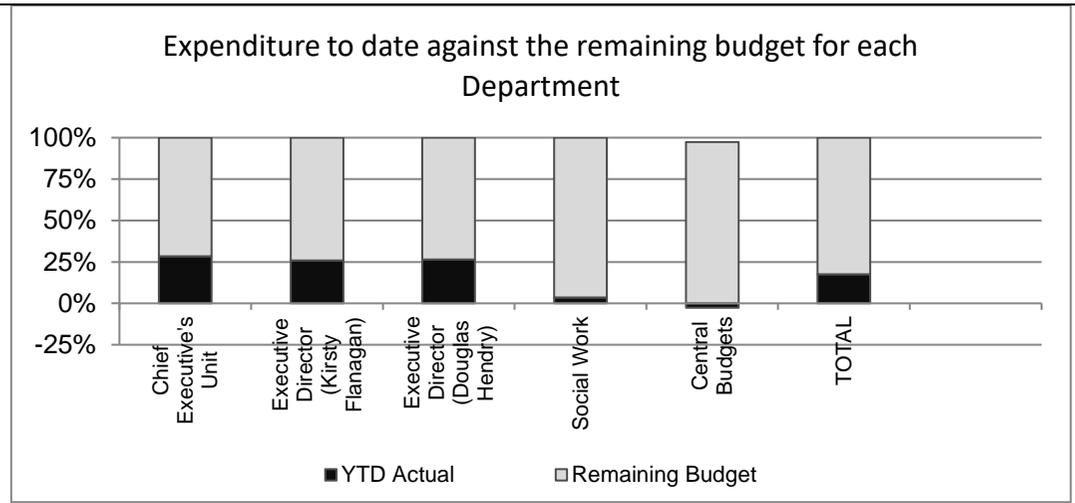


Further information on the departmental forecast variances is included later on in the report.

Year to Date Position

The year to date position as at the end of June 2023 is an overspend of £1.273m and the main variances are noted below.

Department	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Explanation
Chief Executive's Unit	261	240	(21)	The year to date variance is largely due to profiling of budgets as opposed to genuine under or overspends. This will be rectified in the coming weeks.
Executive Director (Douglas Hendry)	34,194	33,608	(586)	
Executive Director (Kirsty Flanagan)	14,032	10,807	(3,225)	
Social Work	2,742	3,351	609	
Central Budgets	(721)	1,229	1,950	
Funding	(71,641)	(71,641)	0	
Total Net Expenditure	(21,133)	(22,406)	(1,273)	



Further information on the departmental year to date variances is included later on in the report.

OBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2023

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual	YTD Budget	YTD Variance	Variance	Annual Budget	Forecast Outturn	Forecast Variance	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%
<u>Departmental Budgets</u>								
Chief Executive's Unit	261	240	(21)	(8.8%)	920	920	0	0.0%
Executive Director (Douglas Hendry)	34,194	33,608	(586)	(1.7%)	129,376	129,376	0	0.0%
Executive Director (Kirsty Flanagan)	14,032	10,807	(3,225)	(29.8%)	54,247	54,247	0	0.0%
Social Work	2,742	3,351	609	18.2%	76,118	75,799	319	0.4%
Total Departmental Budgets	51,229	48,006	(3,223)	(6.7%)	260,661	260,342	319	0.1%
<u>Central Budgets</u>								
Other Operating Income and Expenditure	(1,936)	315	2,251	714.6%	3,656	3,656	0	0.0%
Joint Boards	313	374	61	16.3%	1,496	1,496	0	0.0%
Non-Controllable Costs	902	540	(362)	(67.0%)	21,219	21,219	0	0.0%
Total Central Budgets	(721)	1,229	1,950	158.7%	26,371	26,371	0	0.0%
TOTAL NET EXPENDITURE	50,508	49,235	(1,273)	(2.6%)	287,032	286,713	319	0.1%
<u>Financed By</u>								
Aggregate External Finance	(53,082)	(53,082)	0	0.0%	(226,213)	(226,213)	0	0.0%
Local Tax Requirement	(18,559)	(18,559)	0	0.0%	(59,301)	(59,301)	0	0.0%
Contributions to General Fund	0	0	0	0.0%	(1,518)	(1,518)	0	0.0%
Earmarked Reserves	0	0	0	0.0%	0	0	0	0.0%
Total Funding	(71,641)	(71,641)	0	0.0%	(287,032)	(287,032)	0	0.0%
(Deficit)/Surplus for Period	(21,133)	(22,406)	(1,273)		0	(319)	319	

SUBJECTIVE SUMMARY – OVERALL COUNCIL POSITION AS AT 30 JUNE 2023

	YEAR TO DATE POSITION				CURRENT PROJECTED FINAL OUTTURN			
	YTD Actual £'000	YTD Budget £'000	YTD Variance £'000	Variance %	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000	Variance %
Subjective Category								
Employee Expenses	40,285	40,462	177	0.4%	186,282	186,645	(363)	(0.2%)
Premises Related Expenditure	2,458	2,678	220	8.2%	18,745	18,808	(63)	(0.3%)
Supplies and Services	6,230	6,245	15	0.2%	23,471	23,439	32	0.1%
Transport Related Expenditure	3,314	3,070	(244)	(8.0%)	17,489	17,429	60	0.3%
Third Party Payments	33,749	34,540	791	2.3%	168,739	168,846	(107)	(0.1%)
Capital Financing	(147)	0	147		14,523	14,523	0	0.0%
TOTAL EXPENDITURE	85,889	86,995	1,106	1.3%	429,249	429,690	(441)	(0.1%)
Income	(107,022)	(109,401)	(2,379)	2.2%	(429,249)	(430,009)	760	(0.2%)
(Deficit)/Surplus for Period	(21,133)	(22,406)	(1,273)		0	(319)	319	

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – AS AT 30 JUNE 2023

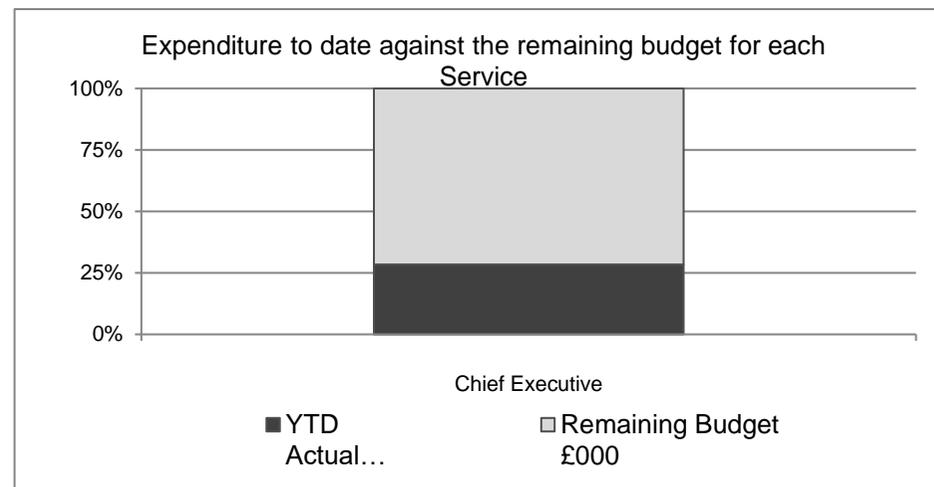
The department is currently forecasting spend in line with budget.

The department has a year to date overspend of £0.021m which can be attributed to profiling issues.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Executive	920	920	0	0	0
Totals	920	920	0	0	0

Year to Date Position



Key Financial Successes:

- All savings options have been delivered.
- The department's 2022-23 outturn position was an underspend of £0.017m. This resulted from an overall underspend of £0.087m offset by earmarking of £0.070m due to auto-carry forwards including unspent grants and third party contributions.

Key Financial Challenges:

To continue to deliver a high-quality service to support community engagement and participation.

To continue to deliver a high quality support service function to community organisations and community planning partners during a time of challenge arising from continuing reductions in funding.

Proposed Actions to address Financial Challenges:

Regular monitoring, reflection and improvement cycle on service provision to ensure most efficient use of staffing and financial resources to meet national and local policy requirements for quality engagement.

Seek to work in partnership with third sector organisations such as the TSI in Argyll and Bute to efficiently deliver full package of support to community organisations. Within the partnership working of the

	CPP we seek to establish working groups and collate resources within this to deliver high quality solutions to identified needs.
Demands for funding from community applications to the Supporting Communities Fund higher than available annual funds by about 40%.	Continue to monitor fund criteria adapting this to align with priority outcomes for Argyll & Bute and continue to support groups to seek alternative sources of funding from our database of funding providers.

CHIEF EXECUTIVE'S UNIT – OBJECTIVE SUMMARY AS AT 30 JUNE 2023

Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Executive	88	70	(18)	(25.7%)	328	328	0	0.0%	Post funded from earmarked reserves - drawdown will be actioned in July.
Community Planning & Development	173	170	(3)	(1.8%)	592	592	0	0.0%	Outwith Reporting Criteria
	261	240	(21)	(8.8%)	920	920	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – SUBJECTIVE SUMMARY AS AT 30 JUNE 2023

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	189	157	(32)	(20.4%)	770	770	0	0.0%	Overspend caused by posts funded from earmarkings/other budgets - will be rectified in July
Supplies and Services	3	3	0	0.0%	12	12	0	0.0%	Outwith Reporting Criteria
Transport	2	4	2	50.0%	14	14	0	0.0%	Underspend on staff travel budgets.
Third Party	67	79	12	15.2%	141	141	0	0.0%	Profiling issues, will be rectified in July
Income	0	(3)	(3)	100.0%	(17)	(17)	0	0.0%	Profiling issues, will be rectified in July
Totals	261	240	(21)	(8.8%)	920	920	0	0.0%	

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

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

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

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

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

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

CHIEF EXECUTIVE'S UNIT – RED VARIANCES AS AT 30 JUNE 2023

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
			0	0.0%	

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – AS AT 30 JUNE 2023

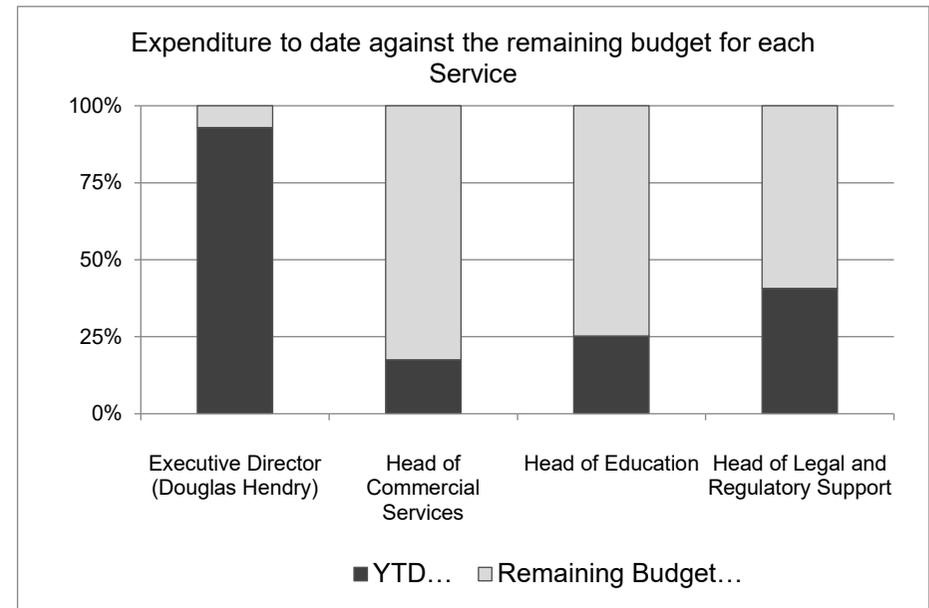
The department is currently forecasting spend in line with budget.

The department has a year to date (YTD) overspend of £0.586m (1.7%). The year to date overspend position is mainly due to the current budget profile which will be refined through July.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Douglas Hendry)	85	85	0	0	0
Head of Commercial Services	11,639	11,639	0	0	0
Head of Education	102,030	102,030	0	0	0
Head of Legal and Regulatory Support	15,622	15,622	0	0	0
Totals	129,376	129,376	0	0	0

Year to Date Position



Key Financial Successes:

The 2022-23 year-end consolidated outturn position was an under spend of £2.202m after adjusting for automatic earmarking. Contributing factors included:

- Effective contract management of NPDO and Hub School contracts, including a lower-than-expected insurance premium as a result of the annual renegotiation of insurance costs.
- Successful negotiations with utility suppliers achieved both historic water charge refunds and ongoing reductions to water rates.
- Implementation of NDEEF project resulting in recurring annual saving in utilities and a significant contribution to meeting Net Zero targets.
- Income generation within Early Years.
- Increased rental income within One Council Property.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
The legacy impact of COVID-19 on our young learners has led to an increased demand on the additional support need functions of the Education Service in response to the growing health and wellbeing needs of our young people and their families.	Analysis and review of delivery models, robust costings of any service redesign required and continual monitoring of associated budgets
Impact of the current cost of living crisis on the cost of the school day for learners and their families.	Work with schools to ensure effective use of PEF to close the poverty related attainment gap and identify other funding sources to ensure equity of experience for all children.
Impact of the current cost of living crisis on uptake in demand led service areas like catering, design services and licensing.	Continually refine/develop systems to accurately forecast outturns and the impact on the future financial outlook. Strategies in place to redesign services in line with future demand.
Ensure that Catering and Cleaning Services remain efficient and effective given the requirement to increase free school meal provision for P6/7 and Early Years, the impact of high inflation on produce and a requirement to adhere to the Statutory Guidance supporting Nutritional Requirements for Food and Drink in Schools (Scotland) Regulations 2020.	Support a longer-term service re-design project, including collaborative working with partners and cross department support with implementation of revised service delivery models. Continual monitoring and review of costs and budgets, ensuring that any efficiencies and savings are secured for the Council
Manage delivery of legislative/policy requirements that may not be fully funded by Scottish Government therefore placing additional burdens on the Council, for example, expansion of Universal Free School Meals for P6 and 7s.	Analysis of new obligations and whether they incur additional costs not met through increased funding allocations. Work will be designed and implemented in the most effective way within resource availability.
The Council has a requirement to deliver 1140 hours of Early Learning and Childcare (ELC). The ring-fenced grant was reduced in 2022-23 and again this year, reducing funding by £1.478m.	Robust service costings, financial monitoring and timely reporting to ensure the service can be delivered within the financial resources available. Medium term forecasting on population to shape ongoing service redesign. Analysis of potential to extend income generation using “spare” capacity to trial paid care for under 2’s
Impact of high inflationary uplifts within the NPDO/HUB School contracts.	Ensuring continued effective contract management of NPDO/HUB Schools to minimise the impact of high inflationary uplifts.

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – OBJECTIVE SUMMARY AS AT 30 JUNE 2023

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Executive Director (Douglas Hendry)	Central/Management Costs	79	83	4	4.8%	85	85	0	0.0%	Outwith Reporting Criteria
		79	83	4	4.8%	85	85	0	0.0%	
Head of Commercial Services	Catering	89	100	11	11.0%	1,302	1,302	0	0.0%	The YTD underspend is due to the timing of income and expenditure.
Head of Commercial Services	Central/Management Costs	328	285	(43)	(15.1%)	1,676	1,676	0	0.0%	The YTD overspend is due to payment of the annual maintenance costs for the catering management system and miscoding of catering equipment. The coding error will be rectified in the July monitoring period.
Head of Commercial Services	CHORD	53	6	(47)	(783.3%)	35	35	0	0.0%	The YTD overspend is due to a delay in processing recharge of expenditure, this will be processed in July.
Head of Commercial Services	Cleaning	(66)	50	116	232.0%	599	599	0	0.0%	The YTD underspend is due to the income budget profile which will be refined through July and the reduced use of bank staff.
Head of Commercial Services	Culture, Heritage, Recreation & Sport	1,374	1,398	24	1.7%	5,915	5,915	0	0.0%	Outwith Reporting Criteria
Head of Commercial Services	Events & Commercial Catering	42	8	(34)	(425.0%)	123	123	0	0.0%	The YTD overspend is due to under recovery of income and high staff costs within Commercial Café's. Finance assisting the Service to look at cashflows, pricing, menus and staffing to recover current position.
Head of Commercial Services	Property Portfolio	(99)	(78)	21	(26.9%)	(191)	(191)	0	0.0%	The YTD underspend is due to the timing of income and expenditure.
Head of Commercial Services	Property Services	47	73	26	35.6%	673	673	0	0.0%	The YTD underspend is due to receipt of historic water refunds

										offset by income accruals not yet received for renewable energy.
Head of Commercial Services	Shared Offices	274	263	(11)	(4.2%)	1,507	1,507	0	0.0%	Outwith Reporting Criteria
		2,042	2,105	63	3.0%	11,639	11,639	0	0.0%	
Head of Education	Additional Support for Learning	2,492	2,526	34	1.4%	11,082	11,082	0	0.0%	Outwith Reporting Criteria
Head of Education	Central/Management Costs	581	463	(118)	(25.5%)	1,695	1,695	0	0.0%	The YTD overspend is due to the current budget profile in computer licenses and rental income which will be refined through July. Earmarked reserves require to be drawn down to cover additional temporary staffing costs.
Head of Education	Community Learning & Development	(5)	1	6	600.0%	13	13	0	0.0%	The YTD underspend is due to accrued expenditure still outstanding.
Head of Education	COVID	7	0	(7)	#DIV/0!	0	0	0	0.0%	Funds to be drawn from Covid earmarkings to match expenditure which will eliminate adverse variance.
Head of Education	Early Learning & Childcare	3,661	3,519	(142)	(4.0%)	9,115	9,115	0	0.0%	The YTD variance is due to the current budget profile which will be refined through July eliminating the adverse variance.
Head of Education	Primary Education	9,509	9,306	(203)	(2.2%)	37,786	37,786	0	0.0%	The YTD overspend is due to late coding of Gaelic income and profile related overspends which will be refined through July and will remove the adverse variance.
Head of Education	Pupil Support	375	417	42	10.1%	2,324	2,324	0	0.0%	The YTD underspend is due to the current budget profile which will be refined through July. This will change the YTD variance to a £75k overspend in Schools Residential Accommodation due to a higher demand for service than budget allows.
Head of Education	Schools - Central Services	706	369	(337)	(91.3%)	2,452	2,452	0	0.0%	The YTD overspend is due to an overspend within Northern Alliance that will be rectified through income due to cover, earmarked

										funds require to be drawn from reserves to cover an overspend in ERASMUS French and Spanish training with the remaining overspend being profile related which will be refined through July eliminating the adverse variance.
Head of Education	Secondary Education	8,393	8,421	28	0.3%	37,563	37,563	0	0.0%	Outwith Reporting Criteria
		25,719	25,022	(697)	(2.8%)	102,030	102,030	0	0.0%	
Head of Legal & Regulatory Support	Central/Management Costs	51	56	5	8.9%	272	272	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Community Safety	56	35	(21)	(60.0%)	167	167	0	0.0%	The YTD overspend is due to the timing of income and expenditure.
Head of Legal & Regulatory Support	Elections	0	7	7	100.0%	36	36	0	0.0%	The YTD underspend is due to the timing of income and expenditure.
Head of Legal & Regulatory Support	Governance	151	165	14	8.5%	799	799	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Governance, Risk & Safety	106	119	13	10.9%	577	577	0	0.0%	The YTD underspend is due to delays in recruitment of staff.
Head of Legal & Regulatory Support	Legal Services	157	141	(16)	(11.4%)	750	750	0	0.0%	The YTD overspend is due to the timing of licensing income partially offset by underspends in staffing due to delays in recruitment.
Head of Legal & Regulatory Support	NPDO and Hub Schools	5,471	5,495	24	0.4%	11,167	11,167	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Procurement, Commercial and Contract Management	226	249	23	9.2%	1,216	1,216	0	0.0%	Outwith Reporting Criteria
Head of Legal & Regulatory Support	Trading Standards & Advice Services	136	131	(5)	(3.8%)	638	638	0	0.0%	Outwith Reporting Criteria
		6,354	6,398	44	0.7%	15,622	15,622	0	0.0%	
		34,194	33,608	(586)	(1.7%)	129,376	129,376	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – SUBJECTIVE SUMMARY AS AT 30 JUNE 2023

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	23,593	23,882	289	1.2%	103,459	103,459	0	0.0%	Non Education: The YTD underspend of £180k is made up of a £67k underspend in Legal and Regulatory Support due to delays in recruitment and a £113k underspend in Commercial Services due to delays in recruitment and lower than anticipated use of bank budgets in catering and cleaning. Education: £109k underspend is largely due delays in recruitment in schools and learning centres. Under the Scheme of Devolved School Management (DSM) schools are permitted flexibility at yearend, therefore no forecast variance has been processed in relation to this
Premises	1,615	1,643	28	1.7%	7,604	7,604	0	0.0%	Outwith Reporting Criteria
Supplies and Services	2,887	2,894	7	0.2%	12,282	12,282	0	0.0%	Outwith Reporting Criteria
Transport	82	74	(8)	(10.8%)	296	296	0	0.0%	Non Education: There is a YTD underspend of £6k due to more flexible ways of working and use of technology for meetings reducing the need to travel. Education: YTD overspend of £14k within Primary and Secondary schools is due to the timing of expenditure and will continue to be monitored.
Third Party	8,612	8,646	34	0.4%	39,986	39,986	0	0.0%	Outwith Reporting Criteria
Income	(2,595)	(3,531)	(936)	26.5%	(34,251)	(34,251)	0	0.0%	Non Education: The under recovery of Income within Commercial Services of £233k is due to profiling of internal fees which will be refined during July and £94k within renewable energy due to profiling and an income accrual not yet received. Within Legal and Regulatory Services the profile for licensing fees requires refining which will be done during July. Education: The £643k under recovery of income is due to late coding of £355k Gaelic funding and the remainder is budget profile that will be refined during July which will eliminate the adverse variance.
Totals	34,194	33,608	(586)	(1.7%)	129,376	129,376	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (DOUGLAS HENDRY) – RED VARIANCES AS AT 30 JUNE 2023

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – AS AT 30 JUNE 2023

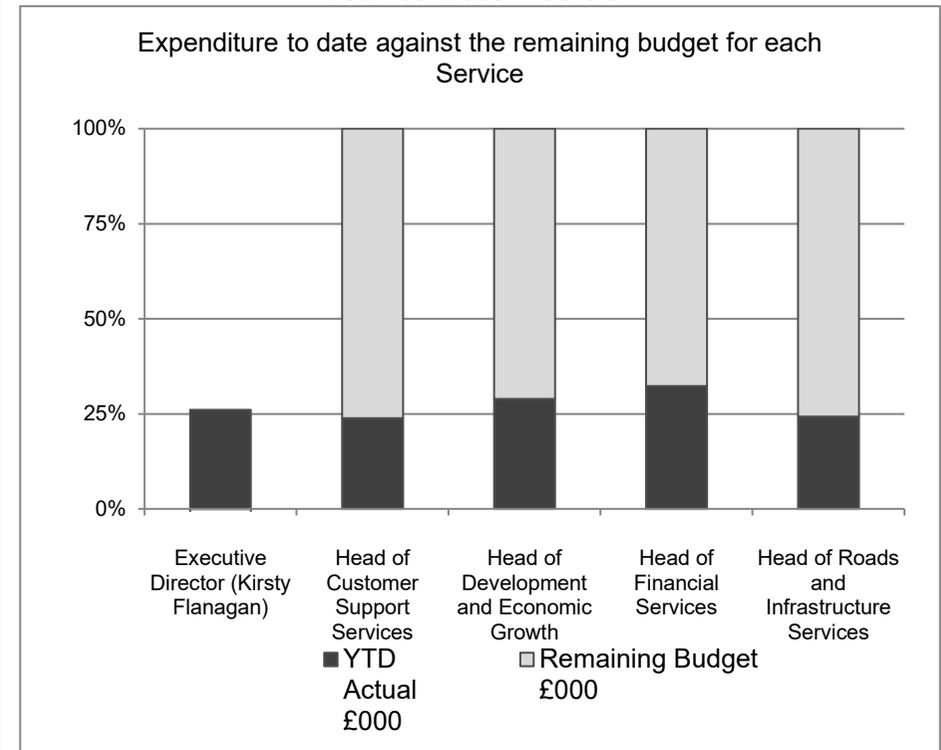
The department is currently forecasting spend in line with budget.

The department has a year to date overspend of £3.225m (29.8%). This is mainly due to income being behind profile in the Roads Operational Holding Account due to Capital project timing and the profile of grant income in Piers and Harbours. Budget profiles will be analysed and updated for the next reporting period.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Executive Director (Kirsty Flanagan)	(114)	(114)	0	0	0
Head of Customer Support Services	8,947	8,947	0	0	0
Head of Development and Economic Growth	7,790	7,790	0	0	0
Head of Financial Services	5,677	5,677	0	0	0
Head of Roads and Infrastructure Services	31,947	31,947	0	0	0
Totals	54,247	54,247	0	0	0

Year to Date Position



Key Financial Successes:

During 2022-23 the department had an over-recovery of Planning Fee and Building Warrant income, an over-recovery of NDR commission due to a successful debt recovery campaign during the year focusing on high level debts plus an over recovery of vacancy savings.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Ensuring that services spend to budget and do not overspend after the department had an overspend of £1.5m after automatic earmarkings in 2022-23.	Detailed monitoring in the key areas overspent in 2022-23 to flag up concerns early and mitigate before becoming an overspend.
Department / Service ongoing ability to meet future savings / efficiency requirements.	Monitoring of trends / expenditure levels / service configuration and the Service Packages Policy Options savings process.
Rising cost of materials, software and consultancy services across the service will result in a reduction in activity or overspends.	Costs are monitored regularly and contained as much as possible, with any unavoidable overspends highlighted as soon as known.
Financial Services to continue to deliver a high-quality support service function during a time of substantial uncertainty and challenge arising from continuing reductions in funding whilst costs are increasing due to ongoing high levels of inflation and service demand caused by world events.	<p>Ensure the team is operating as efficiently and effectively as possible by building resilience across the team and working collaboratively with other services of the Council to support evidence based decision making.</p> <p>Carry out the improvements identified during the Revenue and Benefits Business Process Review to maximise income generation and deliver efficiencies in service provision.</p>
Winter Maintenance costs are difficult to estimate as they are very much dependant on the weather.	Close monitoring of Winter Maintenance activity and reporting of the financial implications through the budget monitoring process. The Council agreed the winter policy, setting out the intervention level and locations to be treated. The number of treatments is determined by weather conditions. The current budget provision provides for 58 full equivalent runs. There is a sophisticated weather monitoring system in place consisting of several weather stations, this is supported by a forecasting and meteorological service which is collaboratively procured by West of Scotland local authorities.
Dangerous buildings costs as there is no budget for this expenditure and the council has no control over the demand for the service.	Building Standards, Legal Services and Financial Services are working closely to manage debt recovery and to consider other options to minimise corporate risk exposure.

Due to the nature of the various components of Waste Management there are ongoing challenges with:

- The introduction of the Deposit Return Scheme
- Uncertainty with recycling income/ gate fee costs due to the volatility of the market
- Challenges in the legislative changes around the disposal of Biodegradable Municipal Waste

To closely monitor all service components of Waste Management and review the Waste Strategy in conjunction with our contractual partner Renewi (previously Shanks).

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – OBJECTIVE SUMMARY AS AT 30 JUNE 2023

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Executive Director (Kirsty Flanagan)	Central/Management Costs	62	63	1	1.6%	(114)	(114)	0	0.0%	Outwith Reporting Criteria.
		62	63	1	1.6%	(114)	(114)	0	0.0%	
Head of Customer Support Services	Central/Management Costs	31	32	1	3.1%	174	174	0	0.0%	Outwith Reporting Criteria.
Head of Customer Support Services	Communications	50	67	17	25.4%	325	325	0	0.0%	Underspend in employee costs due to vacancy which will be used to cover future consultancy costs.
Head of Customer Support Services	Customer Service Centres	292	273	(19)	(7.0%)	1,502	1,502	0	0.0%	Outwith Reporting Criteria.
Head of Customer Support Services	HR	571	623	52	8.4%	2,593	2,593	0	0.0%	Underspend in employee costs due to vacancies which will be used to offset employee overspends elsewhere plus unbudgeted grant income received but not yet spent.
Head of Customer Support Services	ICT	1,221	1,254	33	2.6%	4,297	4,297	0	0.0%	Outwith Reporting Criteria.
Head of Customer Support Services	Registrars	(32)	(5)	27	(540.0%)	56	56	0	0.0%	Underspend in employee costs due to vacancies which will be used to offset employee overspends elsewhere.
		2,133	2,244	111	5.0%	8,947	8,947	0	0.0%	
Head of Development & Economic Growth	Airports	249	270	21	7.8%	1,210	1,210	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Building Control	(135)	205	340	165.9%	(84)	(84)	0	0.0%	Profile of income budget out of alignment with actual income received - will be kept under review and adjusted if the variance becomes material to the Department's overall position.

Head of Development & Economic Growth	Central/Management Costs	127	110	(17)	(15.5%)	583	583	0	0.0%	Overspend in software costs in GIS in comparison to profiling of budget and will be rectified over the financial year.
Head of Development & Economic Growth	Culture & Heritage	27	47	20	42.6%	228	228	0	0.0%	Underspend in Rothesay Pavilion due to not being operational.
Head of Development & Economic Growth	Development Management	(249)	(77)	172	(223.4%)	(16)	(16)	0	0.0%	Variance is due to the timing of receipts for planning income received. Schedule of expected Planning Applications to be reviewed to determine any potential over-recovery.
Head of Development & Economic Growth	Development Policy	83	81	(2)	(2.5%)	395	395	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Economic Development	(41)	328	369	112.5%	1,092	1,092	0	0.0%	Grant income for Placed Based Investment and Scottish Govt Islands Programme received in advance of expenditure.
Head of Development & Economic Growth	Environmental Health	170	188	18	9.6%	1,281	1,281	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Environmental Initiatives	24	24	0	0.0%	120	120	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Housing	1,176	881	(295)	(33.5%)	2,745	2,745	0	0.0%	Expenditure for HEEPS incurred in advance of grant claim.
Head of Development & Economic Growth	Private Landlords	(26)	0	26	0.0%	0	0	0	0.0%	Outwith Reporting Criteria.
Head of Development & Economic Growth	Transportation Policy	850	52	(798)	(1534.6%)	236	236	0	0.0%	Expenditure for SUSTRANS, CWSS and SCSP incurred in advance of grant claim.
		2,255	2,109	(146)	(6.9%)	7,790	7,790	0	0.0%	
Head of Financial Services	Accounting & Budgeting	502	569	67	11.8%	2,668	2,668	0	0.0%	Underspend due to the timing of cash flows in comparison to

										profiling of budget and will be rectified over the financial year
Head of Financial Services	Internal Audit & Fraud	64	75	11	14.7%	353	353	0	0.0%	Underspend caused by temporary slippage on a vacant post.
Head of Financial Services	Revenues & Benefits	1,260	1,327	67	5.1%	2,102	2,102	0	0.0%	Underspend due to the timing of cash flows in comparison to profiling of budget and will be rectified over the financial year
Head of Financial Services	Scottish Welfare Fund	10	(117)	(127)	108.6%	554	554	0	0.0%	Earmarkings requiring to be drawn down against third party payments paid out - this will be rectified in next reporting period.
		1,836	1,854	18	1.0%	5,677	5,677	0	0.0%	
Head of Roads & Infrastructure Services	Amenity	891	790	(101)	(12.8%)	3,139	3,139	0	0.0%	Income budget profile out of alignment with actual expected income for Cemeteries and Crematoria. Overspend in Parks due to CRA works and reduction in Public Convenience income due to delays in door charging mechanisms.
Head of Roads & Infrastructure Services	Car Parking	(84)	(167)	(83)	49.7%	(571)	(571)	0	0.0%	Electric Vehicle Charger electricity costs paid in advance of income received. Overspend in DPE due to the timing of cash flows in comparison to profiling of budget and will be rectified over the financial year.
Head of Roads & Infrastructure Services	Central/Management Costs	688	655	(33)	(5.0%)	3,060	3,060	0	0.0%	Outwith Reporting Criteria.
Head of Roads & Infrastructure Services	Depots	67	(138)	(205)	148.6%	(429)	(429)	0	0.0%	Overspend due to profile of income budget - profile to be updated for next reporting period.
Head of Roads & Infrastructure Services	Fleet & Transport	2,224	2,078	(146)	(7.0%)	8,685	8,685	0	0.0%	Overspend in Pupil Transport due to additional employees and profile of income budget which will be rectified over the financial year.
Head of Roads & Infrastructure Services	Infrastructure	124	146	22	15.1%	763	763	0	0.0%	Small underspend due to timing of works.

Head of Roads & Infrastructure Services	Marine	(315)	(995)	(680)	68.3%	(4,215)	(4,215)	0	0.0%	Underspend due to budget profile for grant income - profile to be updated for next reporting period.
Head of Roads & Infrastructure Services	Network & Traffic Management	62	17	(45)	(264.7%)	182	182	0	0.0%	Overspend due to timing of income in comparison to profiling of budget and will be rectified over the financial year.
Head of Roads & Infrastructure Services	Road Safety	23	26	3	11.5%	123	123	0	0.0%	Small underspend due to timing of PPE purchases.
Head of Roads & Infrastructure Services	Roads & Lighting	2,721	944	(1,777)	(188.2%)	7,089	7,089	0	0.0%	Overspend due to timing of income from Capital recharges in comparison to profiling of budget - profile will be updated for next reporting period.
Head of Roads & Infrastructure Services	Waste	1,345	1,181	(164)	(13.9%)	14,121	14,121	0	0.0%	Overspend due to timing of commercial refuse collection income in comparison to profiling of budget and will be rectified over the financial year.
		7,746	4,537	(3,209)	(70.7%)	31,947	31,947	0	0.0%	
		14,032	10,807	(3,225)	(29.8%)	54,247	54,247	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – SUBJECTIVE SUMMARY AS AT 30 JUNE 2023

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	8,514	8,703	189	2.2%	43,504	43,504	0	0.0%	Underspend due to vacant posts in HR, which will be used to offset overspends elsewhere in the service, and the Roads Operational Holding Account and Infrastructure Design Teams, which will be offset against expenditure elsewhere and reduced income from recharges.
Premises	511	629	118	18.8%	3,337	3,337	0	0.0%	Underspend due to profile of Street Lighting Electricity and will be rectified over the financial year.
Supplies and Services	2,788	2,511	(277)	(11.0%)	8,827	8,827	0	0.0%	Overspend due to heavy purchase of materials in Roads for the Capital programme - these costs will be offset against additional income when recharges are processed.
Transport	3,125	2,812	(313)	(11.1%)	16,144	16,144	0	0.0%	Overspend for vehicle repairs in Fleet which is offset against additional income for recharges to the services.
Third Party	13,671	13,574	(97)	(0.7%)	62,945	62,945	0	0.0%	Overspend in Housing for HEEPS payments made against a zero budget, which will be offset against the grant income later in the year. This overspend is partially offset with an underspend in Roads due to outstanding invoices which should be received in due course.
Capital Financing	0	0	0	0.0%	2,398	2,398	0	0.0%	Outwith Reporting Criteria.
Income	(14,577)	(17,422)	(2,845)	16.3%	(82,908)	(82,908)	0	0.0%	Under-recovery of income in Roads due to timing of recharges to capital which is partially offset against grant income received with zero budget for Placed Based Investment and Scottish Govt Islands Programme, this grant income will be offset against expenditure incurred later in the year.
Totals	14,032	10,807	(3,225)	(29.8%)	54,247	54,247	0	0.0%	

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

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

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

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

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

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

EXECUTIVE DIRECTOR (KIRSTY FLANAGAN) – RED VARIANCES AS AT 30 JUNE 2023

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation

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

SOCIAL WORK – AS AT 30 JUNE 2023

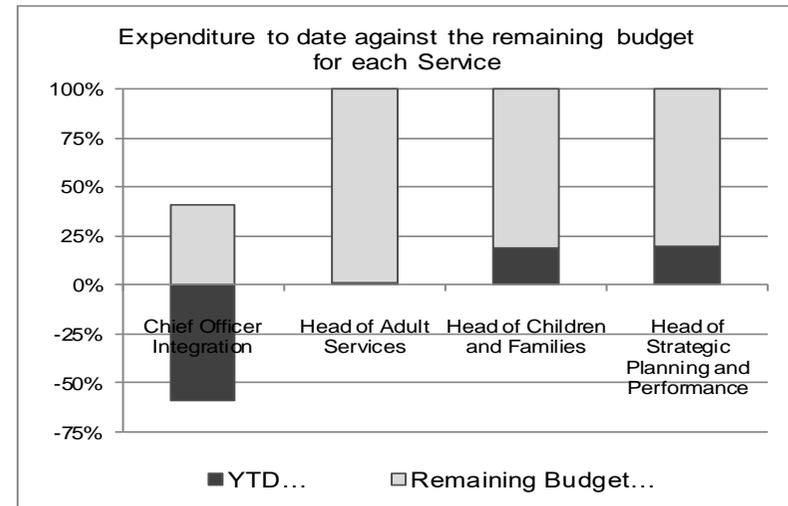
The department is currently forecasting an underspend of £0.319m (0.4%) which is due to the combination of the over-recovery of vacancy savings and income from fees, charges and recharges. This is offsetting financial pressures due to high demand for services and the use of agency staff to fill staffing recruitment and retention gaps across Adult Services.

The department has a year to date underspend of £0.609m (18.2%) which is mainly due to the timing of payments, budget profiling across services, the YTD over-recovery of vacancy savings and demand for purchased Children’s Services. This is partially offset by staffing pressures, including the use of agency staff across Homecare and Older People Residential Units.

Forecast Outturn Position

Service	Annual Budget £000	Forecast Outturn £000	Current Forecast Variance £000	Previous Forecast Variance £000	Change £000
Chief Officer Integration	(342)	(519)	177	0	177
Head of Strategic Planning and Performance	499	492	7	0	7
Head of Health and Community Care	39,205	39,107	98	0	98
Head of Acute and Complex Care	20,082	20,165	(83)	0	(83)
Head of Children and Families	16,674	16,554	120	0	120
Totals	76,118	75,799	319	0	319

Year to Date Position



Key Financial Successes:

Delivered an underspend of £3.556m at the end of 2022/23 after automatic earmarkings of £1.078m. The total underspend of £4.634m has been transferred to IJB reserves and should allow for future investment and transformation across Social Work.

Key Financial Challenges:	Proposed Actions to address Financial Challenges:
Deliver the outstanding savings total for 2023/24 of £0.956m (as at June 2023).	Maintain a close working relationship with the HSCP Service Improvement Team in order to quickly and efficiently identify and assess options for delivering the outstanding savings.
Development and delivery of future service redesigns which will be necessary to contain service expenditure within the allocated resource, noting that in year savings still need to be identified for 23/24 to cover 23/24 budget gap, as well as budget gaps in future years.	Support from finance to assist strategic managers to develop and identify further savings and to look beyond the short term to identify and plan the changes which will be needed to address the expected ongoing budget challenge over the current, and future, years.
Use of agency staff to support service delivery across Social Work, but particularly in Older People services, due to recruitment and retention challenges within the service. Year to date spend at June 2023 of £0.656m; with a forecast spend of £0.868m by the end of the year.	Close working relationship with the HSCP to support the costing of a plan to stabilise the service and ensure it is operationally and financially sustainable. This includes an exit plan from the reliance on agency staff.
Cost of living crisis affecting pay inflation negotiations and financial sustainability of service providers, which could affect affordability, and sustainability of service delivery.	Ensure emerging issues are highlighted as soon as possible so that the financial impact can be reported through the budget monitoring and preparation processes.

SOCIAL WORK – OBJECTIVE SUMMARY AS AT 30 JUNE 2023

Service	Service Area	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Chief Officer Integration	Integration Headquarters	54	134	80	59.7%	569	579	(10)	(1.8%)	The YTD position is due to payroll underspends and outstanding 22/23 accruals. The forecast variance is outwith reporting criteria.
Chief Officer Integration	Social Work Central Support	(1,146)	(1,076)	70	(6.5%)	(911)	(1,098)	187	(20.5%)	The YTD variance is due to over-recovery on vacancy savings, combined with underspends on centrally held funds and payroll underspends. This is further impacted by profiling of the central repairs budget which is showing a YTD underspend. The forecast underspend is due to an over-recovery on vacancy savings combined with underspends on centrally held funds.
		(1,092)	(942)	150	53.2%	(342)	(519)	177	(22.3%)	
Head of Strategic Planning & Performance	Management & Central Costs	92	88	(4)	(4.6%)	465	468	(3)	(0.6%)	Outwith reporting criteria.
Head of Strategic Planning & Performance	Service Development	9	13	4	30.8%	34	24	10	29.4%	The YTD and forecast variance are due to staff vacancies giving both a payroll underspend and an under-recovery on Charges to Health Boards.
		101	101	0	26.2%	499	492	7	28.8%	
Head of Health and Community Care	Management & Central Costs	45	90	45	50.0%	571	570	1	0.2%	The YTD variance is as a result of timing of payments to third parties. The forecast variance is outwith reporting criteria.
Head of Health and Community Care	Older People	2,315	2,468	153	6.2%	38,634	38,537	97	0.3%	The YTD variance reflects the over-recovery on income as well as timing of payments to third parties. This is partially offset by YTD overspends on employee costs due to use of agency staff. The forecast underspend is due to the forecast over-recovery of income from charges to clients for residential care combined with underspends in Homecare as a result of capacity issues which have reduced the volume of service provided. This is all partially offset by overspends on residential

										placements for the same reasons; reflecting a temporary shift in the balance of care.
		2,360	2,558	198	7.7%	39,205	39,107	98	0.2%	
Head of Acute and Complex Care	Learning Disabilities	(1,777)	(1,763)	14	(0.8%)	14,355	14,366	(11)	(0.1%)	Outwith reporting criteria.
Head of Acute and Complex Care	Management & Central Costs	18	29	11	37.9%	130	127	3	2.3%	The YTD variance is as a result of the timing of payments to third parties. The forecast variance is outwith reporting criteria.
Head of Acute and Complex Care	Mental Health	(189)	(112)	77	(68.8%)	2,768	2,896	(128)	(4.6%)	The YTD variance is as a result of staffing vacancies which have not yet been transferred to vacancy savings combined with timing of payments to third parties. The forecast overspend reflects higher than budgeted demand for services in Supported Living and Residential Placements combined with overspends on staff costs due to the use agency staff.
Head of Acute and Complex Care	Physical Disability	140	131	(9)	(6.9%)	2,829	2,776	53	1.9%	The YTD variance is outwith reporting criteria. The forecast underspend reflects known demand for Residential Placements partially offset by overspends on Supported Living and Respite due to demand.
		(1,808)	(1,715)	93	(38.5%)	20,082	20,165	(83)	(0.5%)	
Head of Children & Families	Child Protection	613	720	107	14.9%	3,703	3,597	106	2.9%	The YTD variance is as a result of staffing vacancies which have not yet been transferred to vacancy savings combined with timing of income receipt. The forecast underspend is as a result of demand for contact and welfare services as well as forecast underspends in the Area Teams on payments to other bodies, travel and subsistence.
Head of Children & Families	Children with a Disability	141	224	83	37.1%	986	967	19	1.9%	The YTD variance is as a result of budget profiling and invoice timing for payments to other bodies. The forecast variance is outwith reporting criteria.
Head of Children & Families	Criminal Justice	82	14	(68)	(485.7%)	224	204	20	8.9%	The YTD variance is as a result of budget profiling for income receipt. Scottish Government grant income has been received slower than anticipated. This is partially offset by staffing underspends due to turnover and

										vacancies. The forecast variance is outwith reporting criteria.
Head of Children & Families	Looked After Children	1,668	1,664	(4)	(0.2%)	7,894	7,938	(44)	(0.6%)	Outwith reporting criteria.
Head of Children & Families	Management & Central Costs	677	727	50	6.9%	3,867	3,848	19	0.5%	The YTD variance is due to the timing of receipt of grant income - in advance of anticipated expenditure - combined with budget profiling and timing of receipt of invoices for rental costs. The forecast variance is outwith reporting criteria.
		3,181	3,349	168	5.0%	16,674	16,554	120	0.7%	
GRAND TOTAL		2,742	3,351	609	18.2%	76,118	75,799	319	0.4%	

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

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

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

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

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

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

SOCIAL WORK – SUBJECTIVE SUMMARY AS AT 30 JUNE 2023

Subjective Category	YTD Actual £000	YTD Budget £000	YTD Variance £000	% Variance	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Employee	7,263	7,040	(223)	(3.2%)	34,642	35,005	(363)	(1.1%)	The YTD and forecast overspend is due to the use of agency staff across the HSCP (£648k YTD; £860k forecast). This is partially offset by over-recovery on vacancy savings and payroll underspends due to vacancies.
Premises	391	405	14	3.5%	1,536	1,599	(63)	(4.1%)	The YTD underspend is outwith reporting criteria. The forecast overspend is due to anticipated overspends on utilities as well as on safety and property maintenance in the residential units and day services.
Supplies & Services	516	545	29	5.3%	1,037	1,005	32	3.1%	The YTD and forecast underspends are outwith reporting criteria.
Transport	99	171	72	42.1%	678	618	60	8.9%	The YTD and forecast underspend is due to various travel underspends across the whole department following changes to working practices post Covid-19 and the number of staff vacancies.
Third Party	10,989	11,724	735	6.3%	62,187	62,294	(107)	(0.2%)	The YTD underspend is largely due to budget profiling and timing of payments to third parties. The Forecast overspend is due to demand for purchased care services across Adult Services.
Income	(16,516)	(16,534)	(18)	0.1%	(23,962)	(24,722)	760	(3.2%)	The YTD under-recovery of income is outwith reporting criteria. The forecast over recovery of income is mainly due to increased income from fees, charges and recharges.
Totals	2,742	3,351	609	18.2%	76,118	75,799	319	0.4%	

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

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

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

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

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

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

SOCIAL WORK – RED VARIANCES AS AT 30 JUNE 2023

Service Area	Annual Budget £000	Forecast Outturn £000	Forecast Variance £000	% Variance	Explanation
Social Work Central Support	(911)	(1,098)	187	(20.5%)	The forecast underspend is due to an over-recovery on vacancy savings combined with underspends on centrally held funds.
Older People	38,634	38,537	97	0.3%	The forecast underspend is due to forecast over-recovery of income from charges to clients for residential care combined with underspends in Homecare as a result of capacity issues which have reduced the volume of service provided. This is all partially offset by overspends on residential placements for the same reasons; reflecting a temporary shift in the balance of care.
Mental Health	2,768	2,896	(128)	(4.6%)	The forecast overspend reflects higher than budgeted demand for services in Supported Living and Residential Placements combined with overspends on staff costs due to agency.
Physical Disability	2,829	2,776	53	1.9%	The forecast underspend reflects known demand for Residential Placements partially offset by overspends on Supported Living and Respite due to demand.
Child Protection	3,703	3,597	106	2.9%	The forecast underspend is as a result of demand for contact and welfare services as well as forecast underspends in the Area Teams on payments to other bodies, travel and subsistence.

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

MONITORING OF SAVINGS – AS AT 30 JUNE 2023

New policy savings were identified for the three year period 2023-24 to 2025-26 and these were agreed by Council in February 2023. Council agreed to policy savings of £6.145m in 2023-24 rising to £6.260m by 2025-26.

The position of historical policy saving options is as follows:

- 2022/23 – those not delivered or that have further increases in value in 2023-24 onwards total £0.187m
- 2021/22 – those not delivered or that have further increase in value in 2023-24 onwards total £0.195m
- 2020/21 – those not delivered total £0.050m
- 2019/20 – all delivered
- 2018/19 - those not delivered total £0.376m

The 2023-24 savings have been removed from departmental budgets, however, it is important to monitor whether the saving has actually been delivered to ensure that costs are not continuing resulting in an overspend by the end of the year. It is also important to ensure that any preparatory work required to deliver savings in future years is on track.

There are two savings where the department has indicated they will not be achieved, two are categorised as having a potential shortfall and one is currently delayed as summarised below:

Saving	Saving Agreed	Status	Detail	Shortfall/ Delayed Value
TB07 – Depots	Feb-18	Will not be achieved	<p>Savings to date via the Oban project, tidying up NDR costs from previous disposals and removing security costs.</p> <p>The remainder of the outstanding saving is based on removing the smallest depot budget from each town but we cannot do this without the capital investment to create fit for purpose single depot facilities. Working through possible alternative delivery model and updated business case for Lochgilphead – there is a shortfall between possible capital costs and likely income from vacated sites.</p> <p>This saving will not be achieved and a cost pressure has been put through for this for 2024-25. Work will be ongoing on the depot rationalisation across the area and future savings will be brought once known.</p>	£107,500

R&I17 - Public transport fare scale increase	Feb-21	Will not be achieved	Fare increase did not offset the saving advised by the Stantec review. This saving will not be achieved and a cost pressure has been put through for this for 2024-25.	£29,000
TB13b Roads and Amenity Services charging (non-statutory services)	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	The original proposal was to introduce charges for providing lighting design and increase charges by 20% for road construction consents, skips, scaffolds, hoarding, permits and licences. Whilst some additional income has been generated through third party works, opportunities are expected to be limited over the foreseeable future due to staff shortages and other competing demands.	£150,000
TB12b Stadiums	Feb-18	Potential Shortfall - there is a risk that the original saving will not be achieved in full.	Discussions had stalled with partners in the Oban and Lorn area with regard to Mossfield stadium to create a sports Hub, attract external funding to improve facilities and therefore attract additional events to the arena. The users group has now reconvened and will be reporting to the steering group. It should be noted there is generally a downturn in usage of pitches partly due to more clubs booking all weather pitches at high schools and the loss of a well established club disbanding which will result in the loss of income. The Mossfield Sport Group have highlighted that certain clubs along with the Shinty Associations have expressed concerns with regards to the condition of the Pavilion and changing facilities and this is likely to impact on income. East King Street bookings have reduced due to the condition of the changing facilities and clubs having to play their fixtures elsewhere.	£30,000
TB09 – Public Conveniences	Feb-18	Delayed - The full saving will not be achieved in line with the original estimated timescale.	Door access control project has an indicative start date of July for installs. This should see the system being in place across the busy summer months. We have no way to accurately predict income levels but the system allows for regular reporting and itemisation so we will quickly be in a position to profile future income.	£24,000

All policy saving options previously agreed are noted in the table below for information.

Template Ref	Saving Agreed	Service	Savings Option	2023-24	2023-24	Status of Implementation
				£000	FTE	
Executive Director Douglas Hendry						
CS01	Feb-22	Commercial Services	Climate Change & Resource Efficiency	63.0	0.00	On Track to be Delivered
CS03	Feb-22	Commercial Services	Stretch Targets for One Council Income & Events	20.0	0.00	Delivered
EDU2324-001	Feb-23	Education	Estimated saving due to change in pupil numbers	700.00	0.0	Delivered
EDU2324-002	Feb-23	Education	Removal of non-statutory Cultural Coordinator post.	15.00	0.8	Delivered
Executive Director Kirsty Flanagan						
DEG05(a)	Feb-20	Development and Economic Growth	Raise additional fees by adopting the current Building Cost Information Service (BCIS) guide for the cost of building work. Regular service users have been informed of this change.	50.00	0.0	Delivered
DEG07	Feb-21	Development and Economic Growth	Additional income through fees and charges for s64 Non-Material Amendment Submissions, non e-planning application submissions and property history searches	28.00	0.0	Delivered
DEG01	Feb-22	Development and Economic Growth	Crown Estate Administration Contribution to Project Delivery	104.0	0.00	Delivered
DEG2324-002	Feb-23	Development and Economic Growth	Reduce discretionary budget to minimum. Retain budget to pay memberships to SCDI, SLAED & HOPS but remove remainder of discretionary budget.	21.50	0.0	Delivered
DEG2324-001	Feb-23	Development and Economic Growth	Long-term vacant 0.5FTE building standards surveyors post that arose through an employee reducing their working hours is no longer requires in structure.	24.00	0.5	Delivered
FIS2324-001	Feb-23	Financial Services	Service Concessions - Alteration to accounting treatment to align the repayment of borrowing relating to new schools over their asset life. Guidance from Scottish Government now permits this change of accounting treatment. Further detail will be provided to Council in due course.	4,831.00	0.0	On Track to be Delivered
FIS2324-002	Feb-23	Financial Services	The Service has identified savings through rightsizing of budgets, an organisational restructure with investment in modern apprenticeships and temporary staff designed to boost income from the billing of additional local taxes and the recovery of associated debt. In addition efficiency savings from increased productivity, increased levels of process automation and moving more customers to transact with the service over the internet will allow previously outsourced review works to be carried out internally.	493.00	0.0	On Track to be Delivered
TB07	Feb-18	Roads and Infrastructure Services	Create one main depot in key areas to reduce costs	172.50	0.0	Will not be achieved
TB13b	Feb-18	Roads and Infrastructure Services	Roads & Amenity Services charging (non-statutory services)	150.0	0.00	Potential Shortfall
TB12b	Feb-18	Roads and Infrastructure Services	Review charges for stadiums to enable improvement work	30.00	0.0	Potential Shortfall
TB09	Feb-18	Roads and Infrastructure Services	Public Conveniences - Progress sustainable models including turnstiles and franchising; establish simpler asset transfer process	24.00	0.0	Delayed
R&I17	Feb-21	Roads and Infrastructure Services	Public transport fare scale increase	76.00	0.0	Will not be achieved
R&I05	Feb-21	Roads and Infrastructure Services	Design service fees - bringing in line with industry standards and reduce cost of consultancy. Two posts created as a spend to save	50.00	-2.0	Delivered
R&I09	Feb-21	Roads and Infrastructure Services	Road inspections find and fix - reduce reactive work by proactivity. Moving to AI technology as technology develops	40.00	1.0	On Track to be Delivered
R&I15	Feb-21	Roads and Infrastructure Services	Emergency services support and fuel provision from our fuel supplies	0.50	0.0	Still to be Implemented
RIS2324-001	Feb-23	Roads and Infrastructure Services	Support Communities to move to different approaches to delivering School Crossing Patrols through engagement with Parent Council and Communities.	60.00	8.4	On Track to be Delivered
TOTAL				6,952.5	8.7	

FINANCIAL RISKS ANALYSIS 2023-24

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to provide a summary of the key financial risks facing the Council.
- 1.2 A number of Council wide risks, both revenue and capital, have been identified along with risks for each department and service of the Council. For each departmental risk the financial impact has been quantified and the likelihood assessed based on the standard risk matrix.
- 1.3 There are 6 Council wide revenue risks identified for 2023-24 currently amounting to £3.661m.
- 1.4 There are currently 39 departmental risks totalling £4.800m. Of the 39 departmental risks, 4 are categorised as likely.
- 1.5 The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

FINANCIAL RISKS ANALYSIS 2023-24

2. INTRODUCTION

- 2.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides a note of the current assessment of financial risks for 2023-24.

3 DETAIL

3.1 Introduction

- 3.1.1 The Council is currently in a period of significant financial challenge. In developing its budget to address both restricted resources and cost and demand pressures there are a number of financial risks the Council needs to consider and manage.

- 3.1.2 There are a number of risks that affect the income or expenditure across the whole council and these have been identified. Financial risks have been considered by each department and service of the Council.

- 3.1.3 For each risk, the financial impact has been quantified and the likelihood assessed based on the standard risk matrix as follows:

- 1 – Remote
- 2 – Unlikely
- 3 – Possible
- 4 – Likely
- 5 – Almost Certain

- 3.1.4 The Argyll and Bute Integrated Joint Board (IJB) with responsibility for Social Work and a range of Health services was established and came into effect on 1 April 2016. The IJB is responsible for financial and strategic oversight of these services. It is the responsibility of the IJB to consider the individual financial risks associated with Integration Services and they are therefore not contained within this report. A Council wide risk has been included in respect of the IJB being unable to deliver the social care service within the budget allocated.

3.2 Council Wide Risks

Revenue

- 3.2.1 Utility costs remain a volatile area and it is difficult to accurately predict how the prices could vary. The outturn in respect of utilities for 2022-23 was an overspend of £0.597m which was due to the unprecedented inflationary uplifts within the

energy market although forward purchasing sheltered the Council from the full impact. With the volatility of utilities pricing it is very difficult to predict the impact going forward but a financial risk based on a 20% variation in utility costs amounts to £0.827m.

- 3.2.2 The 2023-24 budget includes a 3.5% pay award assumption for SJC and Chief Officer staff groups. Negotiations on the 2023-24 award are in progress and due to the high level of inflation, it is increasingly likely that the Trade Unions will be looking to negotiate a deal at more than 3.5%. However, the affordability for Local Government has to be considered and based on future estimates, anything above a 3.5% pay award is deemed to be unaffordable, hence why the budget outlook has been based on 3.5%. This is a situation that will be kept under close review as the pay negotiations advance during the year and the assumption will be adjusted as required. For each 1% more than the 3.5% built in, there would be an additional cost of around £0.826m. The financial risk is recognised at £0.826m at this stage. It should be noted that the Teachers pay award for 2023-24 is already settled and built into the budget.
- 3.2.2 At the budget meeting on 24 February 2023, the Council agreed 6 new policy savings options that would deliver savings over the period 2023-24 to 2025-26. The savings to be delivered in 2023-24 amount to £6.145m. Whilst the Council have a good track record in delivering savings, a 10% shortfall on this savings target would amount to £0.615m.
- 3.2.3 The estimated level of council tax income is based on current and forecast Band D equivalents and non-payment rates. This reflects our most recent experience in terms of the council tax base and likely collection rates. A 1% variation in council tax income amounts to approximately £0.593m.
- 3.2.4 In respect of the Health and Social Care Partnership, it is the responsibility of the Chief Officer and Chief Financial Officer to manage the HSCP financial position. If an overspend is forecast, a budget recovery plan will be prepared and submitted to the IJB, the Council and NHS Highland. Where recovery plans are unsuccessful and an overspend occurs at the financial year end, and the HSCP has insufficient reserves to meet the overspend, then the partners will be required to make additional payments to the HSCP. Whilst any additional payments by the Council and NHS Highland will be deducted from future years funding, there is still a financial risk that the Council may have to pay out additional monies in year. As at 30 June 2023, the net HSCP outturn in 2023-24 is estimated to be a £0.631m overspend (underspend of £0.319m from Social Work and an overspend of £0.950m from Health). As Social Work are currently projecting an underspend and the IJB holds significant financial reserves, there is a nil value on the risk.
- 3.2.5 There is an ongoing requirement to fund unavoidable inflationary cost increases in areas like fuel, food etc. This has been predominantly caused by the lack of availability of supply of labour and materials as a result of the COVID-19 pandemic, the UK exit from the European Union, Russia's invasion of Ukraine and sanctions on Russian owned entities. Inflation has begun to fall and the Bank of England estimates that it should continue to fall this year. We will continue to closely monitor the situation and update our financial forecasts using the best

information available to us. A 1% general inflation increase has been included with a financial impact of £0.800m.

3.2.6 The Council wide risks are noted within the table below.

Description	Likelihood	Assessed Financial Impact £000
Energy costs increase by 20% greater than anticipated	3	827
Pay award exceeding 3.5%	3	826
10% shortfall on Savings Options	2	615
1% variation in Council Tax Income	2	593
IJB refer to Council for additional funding to deliver social work services	1	0
1% variation of General Inflation Risk	4	800
Total		3,661

Capital

- 3.2.7 The finance settlement announcement on 20 December 2022 provided details of the Local Government funding for 2022-23 and there is therefore certainty as to what our funding is in respect of the General Capital Grant and the specific capital grants already distributed.
- 3.2.8 The capital plan for 2023-24 includes an estimate of £1.195m in respect of capital receipts. This is based on an assessment provided by the Special Projects Team in January 2023. A 10% variation equates to £0.120m and this would require to be managed across the capital programme.
- 3.2.9 General feedback from Scotland Excel and the Project Managers indicates that price increases and uncertainty continue to be experienced as well as disruptions to the supply chain and longer lead times, particularly in relation to the construction sector and material availability. This can be attributed to a number of factors such as the COVID-19 pandemic, UK exit from the European Union, Russia's invasion of Ukraine and sanctions on Russian owned entities, to name a few.
- 3.2.10 The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply.
- 3.2.11 While it has been possible to estimate the impact of these pressures on some projects, and therefore either include those projections within the capital monitoring report or adjust the capital programme accordingly, for others it is more difficult and no forecast has been projected at this stage but there are likely to be further significant financial impacts not yet reported.

3.3 Departmental/Service Risks

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

Department	1 - Remote		2 - Unlikely		3 - Possible		4 - Likely		5 - Almost Certain		Total	
	No	£000	No	£000	No	£000	No	£000	No	£000	No	£000
Chief Executive's Unit	0	0	0	0	0	0	0	0	0	0	0	0
Executive Director Douglas Hendry	2	20	6	560	9	720	3	430	0	0	20	1,730
Executive Director Kirsty Flanagan	5	335	2	230	11	2,405	1	100	0	0	19	3,070
Total	7	355	8	790	20	3,125	4	530	0	0	39	4,800

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

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	3	750
Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	3	365
Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year-end bad debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	3	345

3.3.3 The risks which are likely are noted below:

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Council Wide - Commercial Services	Council Wide Central Repairs	Increased demands on central repair budgets (CRA) as a result of a decrease in Capital funding, increase in statutory and emergency repairs and increases in supplier/contractor charges. This impacts on all departments of the Council with a Central Repairs Budget.	4	300
Legal and Regulatory Support	Contract RPI for NPDO and Hub Schools	Increase in RPI would result in higher costs.	4	100
Roads and Infrastructure Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	4	100
Legal and Regulatory Support	Licensing	Reduced numbers of licensing applications leading to reduced income.	4	30

3.4 Changes to Financial Risks since last report

3.4.1 There have been 5 changes to the departmental risks since the financial risks report was presented to the Council on 23 February 2023, as follows:

- The risk in relation to catering costs due to changes in food and drink standards in schools has been removed as it is now covered within the Catering Purchases risk.
- The risk in relation to Education central repairs has been removed as it is covered within the risk 'Council Wide Central Repairs'.
- A new risk in relation to reduced levels of car parking income has been added to recognise the possibility that reduced income levels seen in 2022-23 continue into 2023-24 due to reduced visitors.
- The risk in relation to ASN support has been increased from 100 to 200 in recognition of increased applications at August. The amount being recognised matches the demand pressure being put forward for 2024-25.
- The risk relating to catering purchase inflation has been reduced from 'Likely' to 'Unlikely' because the budget has been right sized through inflationary uplifts.

3.5 Monitoring of Financial Risks

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

3.6 Potential Future Risks

- 3.6.1 Scottish Government are, over the next 2 years, proposing to extend funded childcare to all 1 and 2 year olds across Scotland. This brings significant financial and qualitative risks to the service. The needs and legislative requirements for this age range would mean significant capital work across our estate and in many settings there is not the space so extensions would be required. Having this age range in the same play space as 3/4 year olds seriously impacts on the ability of practitioners to effectively support age appropriate learning and play. It is uncertain when this risk will arise.

4 CONCLUSION

- 4.1 This report summarises the key financial risks facing the Council. There are six Council wide risks and 39 departmental risks identified with 4 categorised as likely. The financial risks are monitored routinely and actions put in place to continue to mitigate the risks.

5 IMPLICATIONS

- | | | |
|-------|--|---|
| 5.1 | Policy - | None. |
| 5.2 | Financial - | The financial value of each risk is included within the appendix. |
| 5.3 | Legal - | None. |
| 5.4 | HR - | None. |
| 5.5 | Fairer Scotland Duty - | None. |
| 5.5.1 | Equalities – protected characteristics - | None. |
| 5.5.2 | Socio-economic Duty - | None. |
| 5.5.3 | Islands - | None. |
| 5.6 | Climate Change - | None. |
| 5.7 | Risk - | Financial risks are detailed within the appendix. |
| 5.8 | Customer Service - | None. |

Kirsty Flanagan
Executive Director/Section 95 Officer
7 July 2023

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

APPENDICES

Appendix 1 – Detail of Department/Service financial risks
For further information contact Anne Blue, Head of Financial Services
anne.blue@argyll-bute.gov.uk

APPENDIX 1

DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2023

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2023 (Budget Setting)		As at 30 June 2023	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Commercial Services	Catering Costs - Provision of Meals to Early Years Children	The Children and Young People (Scotland) Act placed duties on Councils to provide meals in an Early Years setting to entitled children where sessions span over lunch time. The total quantum of grant funding is reducing and may not be sufficient to fund the additional costs depending on uptake and the additional costs to support the meal provision in partner provider settings.	Joint strategy with procurement colleagues to reduce potential impact of supplier charges. Control food wastage/portion controls.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Catering Purchases	Increased supplier charges and higher than average inflation on food costs. In addition to this the Scottish Government reviewed the regulations that govern the food and drinks provided in schools and implemented revised regulations. The revised standards focus on reducing sugar, reducing red processed meat and increasing fibre. Thus far, there has been an increase in costs in produce and a reduction in demand for school meals.	Joint strategy with procurement colleagues to reduce potential impact of supplier charges. Control food wastage/portion controls; introduction of online ordering to help manage food waste. Analysis and regular review of menu choices.	4	100	2	100
Executive Director Douglas Hendry	Commercial Services	Catering - Implementation of Universal Free School Meals in Primary Schools for P6 and P7 pupils	The Scottish Government may not give the local authority adequate funds to support the policy to expand free school meals in primary schools to include P6 and P7 pupils (the scheme has already been implemented for P1 to P5 pupils). Although expansion paused for full implementation for P6&7, FSM expanded through entitlement to Scottish Child Payment.	Senior Manager connected into the National Operational Delivery Group. This enables the Council's viewpoint to be considered.	2	100	2	100
Executive Director Douglas Hendry	Commercial Services	Rental Income from Properties	Due to current economic climate there may be reduced ability to recover rental income from leased properties or place suitable tenants in properties as leases come to an end.	Management of leasehold properties by Estates team, any issues with debt recovery being dealt with in line with Council debt recovery policy.	2	60	2	60
Executive Director Douglas Hendry	Commercial Services	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, in addition, as Our Modern Workspace Project gains traction more properties will become surplus to operational requirements. There are residual running costs associated with all surplus properties.	One Council property team in place who will monitor market conditions and work with prospective tenants/ purchasers to let/sell surplus properties.	3	50	3	50
Executive Director Douglas Hendry	Commercial Services	Leisure Service Level Agreements	Increase in RPI and/or other running costs (eg utilities, payroll etc) resulting in requests for additional funding.	Monitoring annual alteration to contract RPI rate, communication with service providers and mitigation through financial forecasting and review of existing budget.	3	50	3	50

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DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2023

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2023 (Budget Setting)		As at 30 June 2023	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Council Wide - Commercial Services	Council Wide Central Repairs	Increased demands on central repair budgets (CRA) as a result of a decrease in Capital funding, increase in statutory and emergency repairs and increases in supplier/contractor charges. This impacts on all departments of the Council with a Central Repairs Budget..	Joint strategy with procurement colleagues to reduce potential impact of supplier/contractor charges. Close monitoring of central repairs budgets and commitments and instructing only statutory tests/inspections and essential repairs.	4	300	4	300
Executive Director Douglas Hendry	Education	ASN Support	Demand for ASN support continues to increase, Scottish Government statistics suggest a 3% year on year increase, resulting in an additional resource requirement. Particularly where gaps in our enhanced provision exist. The medium term detriments on the development of young children which occurred as a consequence of service closures during the COVID pandemic have increased demands on the service as children require additional support to catch up. The Additional Support for Learning National Implementation plan continues to inform our strategic direction in line with the Angela Morgan Review.	Service is currently looking at alternative options for service delivery to mitigate the inescapable pressures. Continuing to ensure robust assessment of needs, monthly monitoring of budget, any delays in recruitment factored into projections to enable informed decision making on allocation of funding for new/amended /additional support packages.	3	100	3	200
Executive Director Douglas Hendry	Education	Pre-Five Units - retention of partner providers	Failure in the commissioning or retention of pre-five partner provider units to deliver 1140 hours would result in an increased pressure on the Council to deliver the service.	Annual financial appraisal; Support network; Short-term cash injections.	3	100	3	100
Executive Director Douglas Hendry	Education	Legislative Requirements - Children and Young People (Scotland) Act - ELC 1140 hours	The Council has been required to deliver 1140 hours of Early Learning and Childcare since August 2021. The Scottish Government has committed to funding this and the Council has revised its service model to align it to the Scottish Government's reduced funding profile. A risk remains that actual costs of delivery exceed the Government Grant in any given year. For example, if child numbers are higher than estimated, this may require additional staffing which has not been built into the staffing model funded by Scottish Government.	Continuous monitoring and review of the service model, usage and resources.	3	100	3	100
Executive Director Douglas Hendry	Education	Legislative Requirements - Education (Scotland) Act	The Education (Scotland) Act 2000 requires Councils to carry out assessments of the need for the provision of Gaelic Medium Primary Education (GMPE) and the duty to support and promote Gaelic Education. This may lead to additional staffing requirements depending upon the demand for Gaelic from parents.	Continuous monitoring and review of the service model and resources available within budget.	3	50	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Hub DBDA/DBFM Schools - Litigation	Increased risk of the requirement to litigate to conclude final capital contract payments due.	Monitoring claims and mitigation through robust challenge of any additional claims.	2	150	2	150

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DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2023

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2023 (Budget Setting)		As at 30 June 2023	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Douglas Hendry	Legal and Regulatory Support	Contract RPI for NPDO and Hub Schools	Increase in RPI would result in higher costs.	Monitoring annual alteration to contract RPI rate and mitigation through financial forecasting and review of existing budget.	4	100	4	100
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO - Reduction in insurance savings within NPDO Schools	Increase in insurance costs as a result of the long term effects of Covid-19 on the insurance market and flood claims.	Monitoring annual alteration to contract insurance rate and mitigation through financial forecasting and review of existing budget.	3	75	3	75
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services - Litigation	Increased number of litigation cases.	Ensure Legal Services are gateway to access all legal advice and that advice is sought at earliest opportunity.	3	50	3	50
Executive Director Douglas Hendry	Legal and Regulatory Support	NPDO/Hub DBFM contract management efficiencies	Reduction in ability to generate contract management efficiencies.	Monitoring annual efficiencies generated and mitigation through robust contract management and application of contract specifications/requirements.	2	50	2	50
Executive Director Douglas Hendry	Legal and Regulatory Support	Elections	More than 1 by-election required outwith standard election cycle.	Outwith direct management control.	3	45	3	45
Executive Director Douglas Hendry	Legal and Regulatory Support	Licensing	Reduced numbers of licensing applications leading to reduced income.	Monitoring of trends and reporting the financial impact in the budget monitoring.	4	30	4	30
Executive Director Douglas Hendry	Legal and Regulatory Support	Children's Panel	Increased number of referrals increasing costs through increases in the running costs.	Maximise the use of council facilities/resources for panel session in the first instance.	1	10	1	10
Executive Director Douglas Hendry	Legal and Regulatory Support	Legal Services	Failure to minimise Council wide use of external legal advice.	Ensure legal services are gateway to access all legal advice.	1	10	1	10
Executive Director Kirsty Flanagan	Customer Support Services	Software Licences	Potential risk of being under licensed for software which will be identified via software audits which would incur additional costs.	ICT security and compliance officer in post and duties include review of systems to ensure fully licenced.	2	100	2	100
Executive Director Kirsty Flanagan	Customer Support Services	Additional Bandwidth for Education	Additional costs required to be incurred in relation to additional bandwidth required to deliver the Education Digital Strategy due to a more digitalised learning curriculum.	Work closely with Education on Digital Devices for All strategy to ensure necessary IT is in place.	3	50	3	50
Executive Director Kirsty Flanagan	Development and Economic Growth	Environmental Health- export certificates	Downturn in requests for export certificates as a result of UK withdrawal from EU, changes to international trading agreements or business economy. Reduction in demand creates a budget pressure on environmental health budget.	Monitor income and resources required for export health certificates / attestations required to support the export market. Continue with food safety regulation activities associated and support at 3rd country audits. Pursue debt rigorously with key customers through seeking regular payments.	2	130	2	130
Executive Director Kirsty Flanagan	Development and Economic Growth	Dangerous Buildings interventions	Building Standards having to deal with an increasing level of dangerous building work which has significant financial implications for Council.	Monitor activity and seek to recover costs from the owner.	3	100	3	100

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DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2023

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2023 (Budget Setting)		As at 30 June 2023	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning fees reduced by Scottish Government	Potential that the Scottish Government may reduce planning fees due to poor performance by the Planning Authority. The Scottish Government has recently appointed a national Planning Performance Champion however the detail of how this role intends to incentivise improved/penalise poor performance at a local authority level remains unclear at this time	Maintain high levels of performance as articulated by performance markers detailed in Planning Performance Framework annual report.	1	100	1	100
Executive Director Kirsty Flanagan	Development and Economic Growth	Planning fee shortfalls	Due to downturn in economic / building activity, in particular renewable energy development and other major developments could lead to planning fee income shortfalls leading to revenue budget pressures.	Current income levels are looking more positive, however, we are dependent on some high value applications coming in which if don't materialise, will impact the overall position. Will continue to monitor Development Management income and expenditure tightly and investigate further income generation streams.	1	50	1	50
Executive Director Kirsty Flanagan	Development and Economic Growth	Building Warrant fee shortfalls	Due to loss of commercial income and downturn in economic / building activity, building warrant fee income shortfalls leading to revenue budget pressures.	Continue to monitor Building Standards income and expenditure tightly and investigate further income generation streams.	1	50	1	50
Executive Director Kirsty Flanagan	Development and Economic Growth	Homelessness Temporary Accommodation Income	Unpredictable number of Homeless applications. Inability to recover rent. Increase costs of property maintenance and tenancy change over.	Provision of Housing Options information and advice service to minimise number of applicants proceeding to full homeless application. Implementation of Rapid Rehousing Plan.	3	50	3	50
Executive Director Kirsty Flanagan	Development and Economic Growth	Animal Health	Carrying out livestock seizure to protect welfare of the animals	Monitor activity and seek to recover costs from the disposal of the animals.	1	10	1	10
Executive Director Kirsty Flanagan	Financial Services	Council Tax Debt Collection Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate. This is in relation to historical debt that has accumulated over many years therefore any adverse collection rates will impact on the year end debt provision as opposed to the in-year financial position, hence no forecast variance has been reported within the current year.	Robust monitoring of arrangements with debt collection agency and performance against target collection rates.	3	345	3	345
Executive Director Kirsty Flanagan	Financial Services	Housing Benefit Subsidy	Loss of Housing Benefit Subsidy due to exceeding LA error threshold.	Processes in place for handling of claims accurately and efficiently.	1	125	1	125
Executive Director Kirsty Flanagan	Financial Services	Sundry Debt Recovery	Recovery of debt becomes more difficult to pursue in the current economic climate.	Additional staff are being put in place in the Sundry Debt Team who will work jointly with Legal Services to enhance the robustness of the Council's debt recovery processes.	3	85	3	85

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DEPARTMENT/SERVICE FINANCIAL RISKS AS AT 30 JUNE 2023

DEPARTMENT	SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	MITIGATING ACTIONS IN PLACE	As at February 2023 (Budget Setting)		As at 30 June 2023	
					LIKELIHOOD	FINANCIAL IMPACT £000	LIKELIHOOD	FINANCIAL IMPACT £000
Executive Director Kirsty Flanagan	Financial Services	Non-Domestic Rates Relief	Risk of demand changing due to legislative changes outwith our control for charitable relief for Arms Length External Organisations (ALEO).	Outwith direct management control.	3	30	3	30
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Bridges, Culverts & Sea Defences	Extreme localised weather may result in loss of bridge, culvert, road or sea defence.	Routine inspections to deal with potential weak areas - based on a stitch in time repair regime.	3	750	3	750
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	Monitor weather conditions and apply gritting policy to minimise costs.	3	365	3	365
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Roads Maintenance - Roads Network	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	3	230	3	230
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Car Parking Income	Reduced number of visitors to the area and use of council owned car parks resulting in a reduction in income.	Closely monitor income levels throughout the year, especially in high visitor seasons.			3	200
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Ferry Services - income	Changes to ferry services resulting in reduced berthing and passenger income.	Closely monitor passenger number information coming from CalMac to identify any emerging trends with reducing passenger numbers.	3	200	3	200
Executive Director Kirsty Flanagan	Roads and Infrastructure Services	Street Lighting	Age of lighting stock requires greater maintenance as health and safety becomes a consideration.	Manage maintenance budgets to ensure that spend is prioritised to deal with safety defects.	4	100	4	100
					38	4,500	39	4,800

CAPITAL BUDGET MONITORING REPORT – 30 JUNE 2023

1.0 EXECUTIVE SUMMARY

1.1 This report provides an update on the position of the capital budget as at 30 June 2023. The report provides information on the financial position in respect of the capital plan and the performance in terms of delivery of capital plan projects.

1.2 Financial Position:

- **Current Year to Date** – actual net expenditure to date is £6,965k compared to a budget for the year to date of £6,985k giving rise to an underspend for the year to date of £20k (0.29%).
- **Forecast Outturn for 2023-24** – forecast net expenditure for the full financial year is £44,660k compared to an annual budget of £44,976k giving rise to a forecast underspend for the year of £316k (0.70%).
- **Total Capital Plan** – forecast total net project costs on the total capital plan are £213,649k compared to a total budget for all projects of £213,599k giving rise to a forecast overspend for the overall capital plan of £50k (0.02%).

1.3 Project Delivery:

- **Asset Sustainability** – Out of 83 projects there are 83 projects (100%) on track, 0 projects (0%) off track but recoverable and 0 projects off track (0%).
- **Service Development** - Out of 42 projects there are 40 projects (95%) on track, 1 project (2.5%) off track but recoverable and 1 project (2.5%) off track.
- **Strategic Change** – Out of 30 projects there are 30 projects (100%) on track, 0 projects (0%) are off track but recoverable and 0 projects (0%) off track.

1.4 The Capital Programme is funded by various income streams as detailed in Appendix 5. Additional funding allocated since the last report has come from SPT & Rural Growth Deal.

1.5 Capital receipts of £160,000 have been received so far in 2023-24. The estimated level of receipts will be kept under review as market conditions change, as will values following due diligence undertaken by prospective purchasers on the condition of asset.

CAPITAL BUDGET MONITORING REPORT – 30 JUNE 2023

2.0 INTRODUCTION

- 2.1 This report provides an update on the position of the capital budget as at 30 June 2023. The report provides information on the financial position in respect of the capital plan and the performance in terms of delivery of capital plan projects.
- 2.2 Following the decision at Policy and Resources Committee on 9 December 2021, the Rothesay Pavilion project was put on pause whilst potential funding options were being considered. At the budget meeting in February 2023 additional funding was allocated to this project which will allow the project to progress towards success by supporting completion of certain work stages. The financial information included within this report now includes historical spend plus amounts relating to Stage 1 of the Rothesay Pavilion project. There is also a further report later in the Policy & Resources Committee agenda relating to this project.
- 2.3 A £1m cost pressure was identified during 2021-22 in relation to repairs to the A884 Ardbeg Sea Wall, where severe storm damage resulted in failure of the sea wall on Bute. Emergency works were carried out and a permanent solution is currently being developed. Additional funding of £1m was allocated for this purpose at the Council meeting on 24 February 2022 however there remains a risk that costs will exceed this.
- 2.4 The impact of the pandemic along with the UK exit from the European Union, the Russian invasion of Ukraine and sanctions on Russian owned entities has seen significant price increases as well as disruptions to the supply chain and longer lead in times. The increased rate of inflation impacts costs such as energy prices, labour, packaging and transport. These all have an effect on the overall contract price and make it extremely challenging to manage expenditure and the availability of supply.

As a result of this it should be noted that there are likely to be other significant financial impacts which are not quantifiable at this stage, as follows:

- Rothesay Pavilion – despite additional funding being awarded there remains a funding gap to allow full completion of the original intended works.
 - Harbour Investment Programme – likely to be contractual cost increases in future years (expected to be funded from increased fees and charges).
 - Universal Free School Meals – delayed roll out to P6 and P7 and uncertain capital funding levels available from the Scottish Government. Distributions of 2023-24 funding have not yet been announced.
 - Other general construction inflationary increases.
- 2.5 Although the direct impact of COVID on most local services has reduced or even ceased altogether over the last 12 months, COVID-19 in conjunction with the UK exit from the European Union and the Russian invasion of Ukraine, continues to affect worldwide supply chains.

In recent years additional funding of £10.803m has been allocated to the capital programme for this purpose which has mitigated the impact to date however, as detailed in the table below, only £2.703m remains unallocated to projects facing inflationary pressures.

Funding for Capital Inflationary Pressures	£m
COVID-19 Funding	0.257
February 2021 Budget Meeting - Capital Cost Pressures	4.646
February 2022 Budget Meeting - Capital Cost Pressures	3.900
February 2023 Budget Meeting – Capital Projects Inflation Pressures	2.000
Total Additional Funding Allocated to Capital	10.803
Allocated to Projects within Capital Programme	(5.779)
Committed for future years	(2.321)
Balance Remaining	2.703

3.0 RECOMMENDATIONS

3.1 Note the contents of this report and the financial summaries as detailed in Appendix 8 and approve the proposed changes to the capital plan detailed in Appendix 4.

4.0 CURRENT YEAR TO DATE FINANCIAL POSITION

4.1 Overall Position

Actual net expenditure to date is £6,965k compared to a budget for the year to date of £6,985k giving rise to an underspend for the year to date of £20k (0.29%).

4.2 Project/Department Position

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

Project Type:	Year to Date Budget £'000	Year to Date Actual £'000	Variance £'000
Asset Sustainability	1,465	1,467	(2)
Service Development	1,354	1,327	27
Strategic Change	4,166	4,171	(5)
Total	6,985	6,965	20
Service:			
ICT	253	253	0
Education	435	435	0
Live Argyll	295	295	0
Health & Social Care Partnership	188	188	0
Shared Offices	116	118	(2)
Roads & Infrastructure	4,748	4,721	27
Development & Economic Growth	452	452	0
CHORD	498	503	(5)
Total	6,985	6,965	20

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

5.0 FORECAST OUTTURN 2023-24

5.1 Overall Position

Forecast net expenditure for the full financial year is £44,660k compared to an annual budget of £44,976k giving rise to a forecast underspend for the year of £316k (0.70%).

5.2 Project/Department Position

The table below shows the forecast expenditure and budget for the year by project type and service.

	Annual Budget £'000	Forecast Outturn £'000	Forecast Variance £'000
Project Type:			
Asset Sustainability	26,198	26,200	(2)
Service Development	224	272	(48)
Strategic Change	18,554	18,188	366
Total	44,976	44,660	316
Service:			
ICT	1,091	1,091	0
Education	7,814	7,814	0
Live Argyll	1,291	1,291	0
Health & Social Care Partnership	2,201	2,201	0
Shared Offices	2,270	1,906	364
Roads & Infrastructure	24,904	24,942	(38)
Development & Economic Growth	(941)	(931)	(10)
CHORD	6,346	6,346	0
Total	44,976	44,660	316

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

6.0 TOTAL PROJECT COSTS

6.1 Overall Position

Forecast total net project costs on the total capital plan are £213,649k compared to a total budget for all projects of £213,599k giving rise to a forecast overspend for the overall capital plan of £50k (0.02%).

6.2 Project/Department Position

The table below shows the forecast expenditure and budget for the total capital plan by project type and service.

Project Type:	Capital Plan Budget £'000	Forecast Project Costs £'000	Total Capital Plan Variance £'000
Asset Sustainability	58,330	58,332	(2)
Service Development	22,147	22,195	(48)
Strategic Change	133,122	133,122	0
Total	213,599	213,649	(50)
Service:			
ICT	5,360	5,360	0
Education	45,630	45,630	0
Live Argyll	2,893	2,893	0
Health & Social Care Partnership	4,752	4,752	0
Shared Offices	22,953	22,955	(2)
Roads & Infrastructure	59,078	59,116	(38)
Development & Economic Growth	4,734	4,744	(10)
CHORD	68,199	68,199	0
Total	213,599	213,649	(50)

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

7.0 TOTAL PROJECT PERFORMANCE

7.1 Overall Position

There are 155 projects within the Capital Plan, 153 are Complete or On Target, 1 is Off Target and Recoverable and 1 is Off Track.

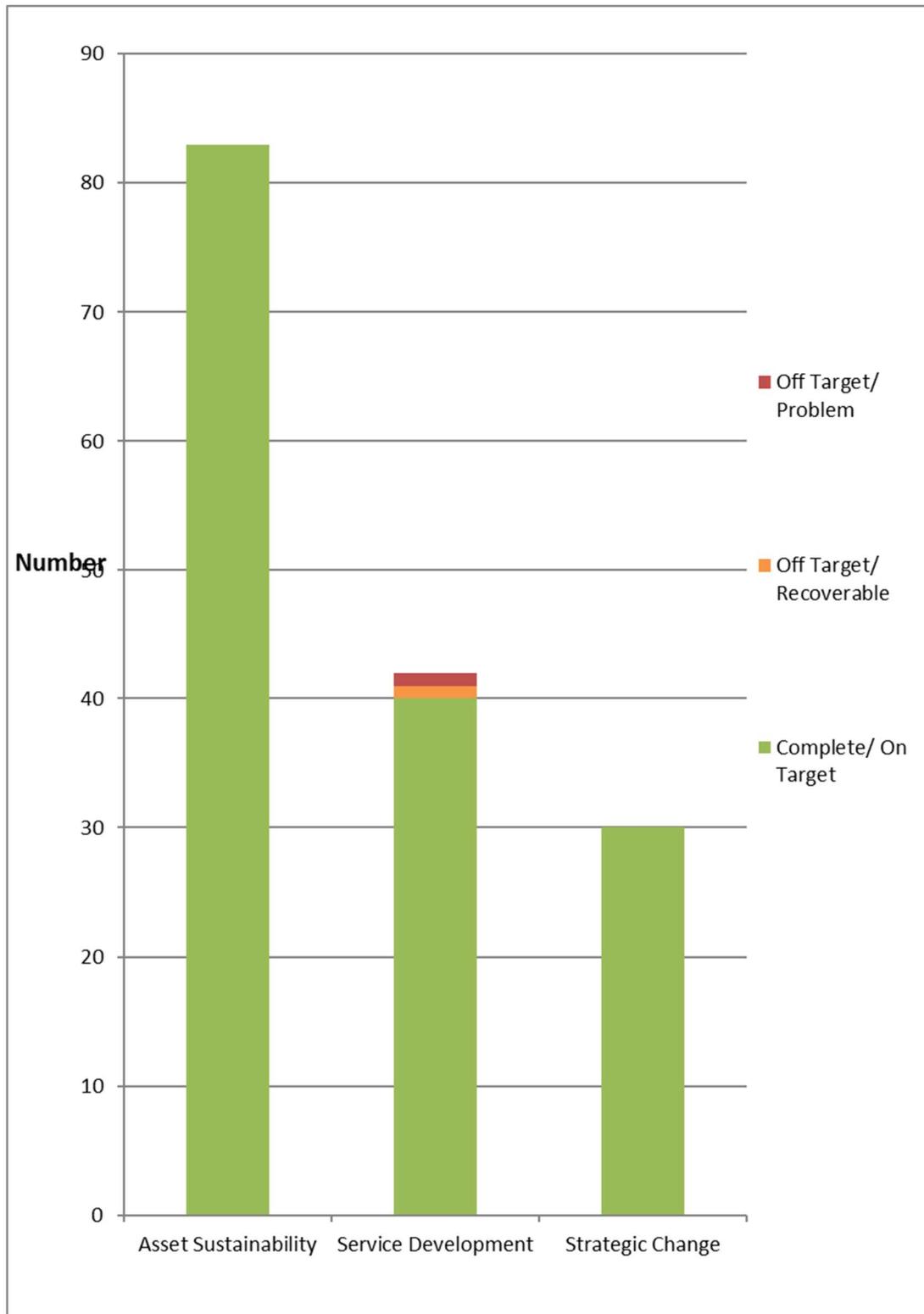
7.2 Project Position

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	83	0	0	83
Service Development	40	1	1	42
Strategic Change	30	0	0	30
Total	153	1	1	155
Service:				
ICT	7	0	0	7
Education	31	0	0	31
Live Argyll	18	0	0	18
Health & Social Care Partnership	17	0	0	17
Shared Offices	24	0	0	24
Roads & Infrastructure	34	0	1	35
Development & Economic Growth	16	1	0	17
CHORD	6	0	0	6
Total	153	1	1	155

7.3 Chart of Performance Status

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



8.0 OFF TRACK PROJECTS

8.1 The Off-Track projects are noted in the table below and variance reports are included in Appendix 6.

Project Type	Project	What is Off Track?	Explanation
Asset Sustainability	Oban Depot Development Project	Total Project expenditure	Projects overspends are to be funded from revenue and Scottish Government Grant funding. Actions are planned to identify and allocate funding for these costs.

9.0 STRATEGIC CHANGE PROJECTS

9.1 Appendix 7 gives detailed information in respect of the Strategic Change Projects within the Capital Plan. The appendix gives details of the forecast cost of each project against the approved budget, the start and anticipated completion date of the project and an assessment of the risks of the project and, if these are not green, gives an explanation of the problem.

10.0 CHANGES TO CAPITAL PLAN

10.1 The table below shows proposed changes to the Capital Plan at summary level which include slippages, accelerations and virements. Explanations relating to the specific projects involved can be seen in Appendix 4.

The updated capital plan incorporating these proposed changes can be found in Appendix 9.

Department	Prev. Agreed Changes 2023-24	2023-24	2024-25	2025-26	Future Years	Total Capital Plan
	£'000	£'000	£'000	£'000	£'000	£'000
Asset Sustainability	0	0	0	0	0	0
Service Development	0	0	0	0	0	0
Strategic Change	0	(366)	366	0	0	0
Total	0	(366)	366	0	0	0
Service:						
ICT	0	0	0	0	0	0
Education	0	0	0	0	0	0
Live Argyll	0	0	0	0	0	0
Health & Social Care Partnership	0	0	0	0	0	0
Shared Offices	0	(366)	366	0	0	0
Roads & Infrastructure	0	0	0	0	0	0
Development & Economic Growth	0	0	0	0	0	0
Major Projects	0	0	0	0	0	0
Total	0	(366)	366	0	0	0

11.0 FUNDING

11.1 The Capital Programme is funded by various income streams as detailed in Appendix 5. £315k of funding has been received from SPT for Helensburgh and Rosneath Cycleway and Bus Infrastructure, £132k for Rural Growth Deal initial funding and Dunoon STEM Hub has received £1,750k from the Rural Growth Deal.

- 11.2 Capital receipts of £160,000 have been received so far in 2023-24. The estimated level of receipts will be kept under review as market conditions change, as will values following due diligence undertaken by prospective purchasers on the condition of assets.

12.0 IMPLICATIONS

- 12.1 Policy – Monitors progress against the capital plan.
- 12.2 Financial – Monitors funding and commitments of the capital plan.
- 12.3 Legal – Available funding may not address all Statutory and Regulatory requirements in relation to Health and Safety.
- 12.4 HR – Available funding may have an impact on the sustainability of the Property Design Team and Infrastructure Design Team.
- 12.5 Fairer Scotland Duty – None.
- 12.5.1 Equalities – protected characteristics – None.
- 12.5.2 Socio-economic Duty – None.
- 12.5.3 Islands – None.
- 12.6 Climate Change – The Council is committed to addressing climate change via projects within the capital plan.
- 12.7 Risk – There are risks around increasing capital contract costs and the level and timing of capital receipts.
- 12.8 Customer Service – None.

Kirsty Flanagan
Executive Director / Section 95 Officer

Policy Lead for Finance and Commercial Services – Councillor Gary Mulvaney

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 Plan and Financial Impact
- **Appendix 5** – Capital Funding
- **Appendix 6** - Off Track project variance reports
- **Appendix 7** - Cumulative spend, completion dates and risks relating to significant capital projects.
- **Appendix 8** - Financial Summary – Overall
 - Financial Summary – Executive Director Kirsty Flanagan
 - Financial Summary – Executive Director Douglas Hendry
- **Appendix 9** - Updated/Revised Capital Plan

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

APPENDIX 1 – Year to Date Financial Variance Explanations

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

Project	YTD Budget £'000	YTD Actual £'000	(Over)/ Under Variance £'000	Explanation
Other variances under £50k			25	Total value of non-material variances less than +/-£50k
Total			25	

APPENDIX 2 – Outturn Variance Explanations

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

Project	Annual Budget £'000	Outturn £'000	(Over)/ Under Forecast Variance COVID-19 Related £'000	(Over)/ Under Forecast Variance Non COVID-19 Related £'000	Total (Over)/ Under Forecast Variance £'000	Explanation
Net Zero	366	0	0	366	366	See appendix 4: virements of numerous historic excess budgets that have been combined to allow for Net Zero capital works to be carried out. Slipped after virement to allow time for a plan to be developed for this project.
Other variances under £50k			0	(50)	(50)	Total value of non-material variances less than +/- £50k.
Total			0	316	316	

APPENDIX 3 – Total Project Finance Variances

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

Project	Capital Plan Budget £'000	Forecast Project Costs £'000	(Over)/ Under Forecast Variance COVID-19 Related £'000	(Over)/ Under Forecast Variance Non COVID-19 Related £'000	Total (Over)/ Under Forecast Variance £'000	Explanation
Oban Depot Development	2,117	2,182		(65)	(65)	Projects overspends are to be funded from revenue and Scottish Government Grant for EVC. Actions are planned to identify and allocate funding for these costs.
Other variances under £50k				15	15	Total value of non-material variances less than +/- £50k. Project Managers are working to reduce these small individual overspends by identifying underspends elsewhere within the capital plan.
Total				(50)	(50)	

CAPITAL PROGRAMME FUNDING

	2023-24					2024-25					2025-26				
	Estimated Capital Funding	Carry Forwards from 22-23	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 22-23	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available	Estimated Capital Funding	Carry Forwards from 22-23	Slippage / Acceleration	Additional Funding	Updated Capital Funding Available
General Capital Grant	11,900	0	0	0	11,900	9,851	0	0	0	9,851	10,007	0	0	0	10,007
Transfer to Revenue for Private Sector Housing Grant (PSHG)	-1,033	0	0	0	-1,033	-1,033	0	0	0	-1,033	-1,033	0	0	0	-1,033
Capital Receipts	1,195	0	0	0	1,195	350	0	0	0	350	400	0	0	0	400
Flooding Allocation	155	0	0	0	155	155	0	0	0	155	155	0	0	0	155
Ring Fenced Capital Grant	5,800	0	0	0	5,800	304	0	0	400	704	0	0	0	0	0
Restricted Funding	1,613	0	0	427	2,040	0	0	366	2,065	2,431	0	0	0	50	50
Funded by Reserves	11,821	9,005	0	148	20,974	9,196	0	0	0	9,196	896	0	0	0	896
Additional Funding from Revenue	25	0	0	50	75	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harbour Investment Programme	22,235	-13,035	0	0	9,200	27,025	-5,025	0	0	22,000	29,700	20,300	0	0	50,000
Prudential Borrowing	20,718	-6,345	-366	74	14,081	27	6,434	0	0	6,461	0	1,388	0	0	1,388
Loans Fund Review	0	131	0	0	131	0	0	0	0	0	0	0	0	0	0
COVID Funding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	74,429	-10,244	-366	699	64,518	45,875	1,409	366	2,465	50,115	40,125	21,688	0	50	61,863

BREAKDOWN OF ADDITIONAL FUNDING

Additional Funding	2023-24	2024-25	2025-26	Source	Reported
Tobermory Top Flat - SHF	30			Revenue Funding	Jan-23
Dunoon STEM Hub	50			Revenue Funding	Jan-23
Dunoon STEM Hub	150			Grant Funding	Jan-23
Dunoon Cycle Bothy	145			Grant Funding	Jan-23
Gartbreck - Capping	118			Reserves	Mar-23
Dunoon Cycle Bothy	74			Scottish Government	Mar-23
Tigh Na Rhuda		400	50	Scottish Government	Mar-23
Helensburgh and Rosneath Cycleways		290		SPT	Jun-23
SPT - Bus Infrastructure		25		SPT	Jun-23
Dunoon STEM Hub		1,750		Rural Growth Deal	Jun-23
Rural Growth Deal planning stages	132			Rural Growth Deal	Jun-23
Total	699	2,465	50		

OFF TRACK PROJECT		Appendix 6
Project Name: Oban Depot Development Project	Project Manager: Mark Calder	Risk: Low
Initial Start Date: August 2019	Proposed End Date: TBC	
How was this project initially funded? Insurance Claim - £1.681 million	Please detail any additional funding. Prudential Borrowing - £0.42 million Block Allocation - £0.032 million Capital Receipt (Appin Depot – anticipated) £0.150 million	
Previously Reported Committee and Date:	Next Reported Committee and Date:	
Why is the project classified as off target? Reporting an overspend against approved budget.		
What has caused the issue outlined above? Additional works were requested by the operations team which exceeded the original building refurbishment contract. These works were agreed on the basis that they would be absorbed by the service. As the budget currently sits in revenue with the costs being capital, budget will be transferred over from revenue to fund this overspend. Some costs are attributed to Electric Vehicle charger installations which will be claimed against Scottish Government Grant Funding.		
What action will be taken to rectify this issue? Funding for the additional works will be transferred from the service's revenue budget to the Oban Depot Development Project for the additional works, as agreed.		
What are the implications of the action proposed? Transfer of funding from the service to the Oban Depot Development Project for the additional works requested will eliminate the overspend.		

Strategic Change Projects - Cumulative Spend, Start/Finish Dates and Project Risks

APPENDIX 7

Strategic Change Projects	Capital Expenditure				Dates		Risks	
	Prior Years Spend £'000	Current Year Forecast £'000	Total Project Forecast £'000	Total Project Budget £'000	Project Start Date	Estimated Completion Date	Project Risks Identified	Explanation
Helensburgh Waterfront Development	23,415	977	24,392	24,392	01/04/2017	31/03/2024	Green	Physically complete, retentions outstanding
Campbeltown Flood Scheme	4,992	9,860	15,215	15,215	01/08/2016	31/03/2024	Green	Contractor's updated programming of work moved Public Utility works from 22/23 to 23/24
CHORD Oban	7,279	626	7,905	7,905	27/10/2016	31/03/2022	Green	Issues with contract close out impacting on timescales.
TIF - Halfway House Roundabout	66	574	640	640	tbc	tbc	Green	Scope of project still to be determined - budget to be reprofiled.
CHORD Rothesay	15,231	11,487	26,718	26,718	tbc	tbc	Green	Project recommenced.
Harbour Investment Programme	9,200	9,200	91,292	91,292	01/04/2017	31/03/2028	Green	Budget slipped into future years.
Dunoon Primary	10,635	234	10,869	10,869	18/12/2014	30/04/2020	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Kirn Primary School	10,085	34	10,119	10,119	24/04/2014	31/10/2017	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Replacement of Oban High	2,844	406	3,250	3,250	24/04/2014	31/01/2019	Green	Physically complete - negotiations with contractor delaying payment of final sums outstanding.
Street Lighting LED Replacement	3,226	674	3,900	3,900	01/08/2016	31/12/2022	Green	Tender for final package of works still to be awarded.
Helensburgh Office Rationalisation	11,538	300	11,838	11,838	25/04/2013	31/12/2022	Green	Project subject to legal dispute.
CHORD Dunoon	12,495	27	12,522	12,522	03/02/2012	09/03/2018	Green	Main contract complete and retentions paid. Landscaping and remediation works ongoing but issues with water ingress may require works in 22-23.
Kilmory Business Park Phase 2AA	47	1,082	1,129	1,129	01/02/2022	01/09/2023	Green	Development Agreement still to be concluded.
Carbon Management Business Cases	201	0	201	261	01/02/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Carbon Management - Group Heating Conversion Project	1,938	0	1,938	1,948	01/02/2016	31/12/2022	Green	Complete.
Carbon Management - Non Education	29	21	50	50	01/04/2015	31/12/2022	Green	Projects being determined.
NPDO Schools Solar PV Panel Installations	761	0	761	944	26/06/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Non NPDO Schools Solar PV Panel Installations	400	0	400	488	20/03/2014	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Carbon Management Capital Property Works 2016/17	19	0	19	39	01/02/2016	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Oil to Gas Heating Conversions	182	0	182	187	01/02/2012	31/12/2022	Green	Budget to be reprofiled pending development of new projects.
Dunoon Pier OBC	2,844	0	2,844	2,844	03/02/2012	26/02/2016	Green	Project complete.
Campbeltown Office Rationalisation	595	1	596	596	01/02/2015	31/03/2019	Green	Complete.
TIF - Oban Airport Business Park	489	101	590	590	22/01/2015	31/12/2022	Green	
Campbeltown Schools Redevelopment	2,092	38	2,130	2,130	16/02/2012	30/11/2018	Green	Physically complete - negotiations with contractor delaying payment of financial sums outstanding.
CHORD - Helensburgh	6,529	28	6,557	6,557	29/09/2011	30/04/2015	Green	Main contract complete. Art project proposed for 23-24.
TIF - North Pier Extension	214	0	214	214	06/12/2017	06/12/2021	Green	Complete.
TIF - Lorn/Kirk Road	2,169	1	2,170	2,170	22/01/2015	31/03/2021	Green	Complete.
Carbon Management Fuel Conversions	107	0	107	107	01/02/2014	31/03/2019	Green	Complete.
Kilmory Biomass Carbon Management	956	0	956	956	20/09/2012	31/03/2019	Green	Complete.
Clean Energy - NDEEF1	328	224	745	745	tbc	31/03/2024	Green	
Clean Energy - NDEEF2	0	50	1,140	1,140	tbc	tbc	Green	
Strategic Change Total	130,906	35,945	241,389	241,755				

Project Risk Classifications:

Green - Risks can be managed and are viewed as stable or reducing.

Amber - Risks are increasing but are still manageable.

Red - Risks are increasing or have increased to such an extent they may affect delivery of the project.

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

Appendix 8
 30 June 2023

	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs		
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s
EXPENDITURE									
Asset Sustainability Projects									
Executive Director Douglas Hendry	896	898	(2)	11,505	11,507	(2)	22,959	22,961	(2)
Executive Director Kirsty Flanagan	596	596	0	15,331	15,331	0	36,459	36,459	0
Asset Sustainability Total	1,492	1,494	(2)	26,836	26,838	(2)	59,418	59,420	(2)
Service Development Projects									
Executive Director Douglas Hendry	136	136	0	525	525	0	16,437	16,437	0
Executive Director Kirsty Flanagan	1,003	1,003	0	5,794	5,869	(75)	37,737	37,812	(75)
Service Development Total	1,139	1,139	0	6,319	6,394	(75)	54,174	54,249	(75)
Strategic Change Projects									
Campbeltown Schools Redevelopment	0	0	0	38	38	0	2,130	2,130	0
Dunoon Primary	2	2	0	234	234	0	10,869	10,869	0
Replacement of Oban High	0	0	0	406	406	0	3,250	3,250	0
Kilmory Primary School	0	0	0	34	34	0	10,119	10,119	0
Carbon Management - Non Education	0	0	0	21	21	0	50	50	0
Carbon Management Business Cases	0	0	0	60	0	60	261	201	60
NPDO Schools Solar PV Panel Installations	0	0	0	183	0	183	944	761	183
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	0	88	488	400	88
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	0	0	0	20	0	20	39	19	20
Carbon Management - Group Heating Conversion Project	0	0	0	10	0	10	1,948	1,938	10
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	5	0	5	187	182	5
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	0	0	300	300	0	11,838	11,838	0
Clean Energy - NDEEF2	0	0	0	50	50	0	1,140	1,140	0
Net Zero	0	0	0	0	0	0	0	366	(366)
Campbeltown Flood Scheme	3,664	3,664	0	9,860	9,860	0	15,215	15,215	0
Street Lighting LED Replacement	1	1	0	674	674	0	3,900	3,900	0
Harbour Investment Programme	148	148	0	9,200	9,200	0	91,292	91,292	0
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0
TIF - North Pier Extension	0	0	0	0	0	0	214	214	0
TIF - Oban Airport Business Park	1	1	0	101	101	0	590	590	0
TIF - Halfway House Roundabout	0	0	0	574	574	0	640	640	0
CHORD - Helensburgh	0	0	0	28	28	0	6,557	6,557	0
CHORD Dunoon	0	0	0	27	27	0	12,522	12,522	0
CHORD Oban	0	0	0	626	626	0	7,905	7,905	0
CHORD Rothesay	489	494	(5)	6,871	6,871	0	24,012	24,012	0
Helensburgh Waterfront Development	9	9	0	977	977	0	24,392	24,392	0
HWD - FFE (Funded by LA)	0	0	0	34	34	0	350	350	0
Kilmory Business Park Phase 2AA	0	0	0	1,082	1,082	0	1,129	1,129	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
Strategic Change Total	4,314	4,319	(5)	31,729	31,363	366	239,399	239,399	0
Total Expenditure	6,945	6,952	(7)	64,884	64,595	289	352,991	353,068	(77)
INCOME									
Asset Sustainability									
Executive Director Douglas Hendry	0	0	0	(128)	(128)	0	(578)	(578)	0
Executive Director Kirsty Flanagan	(27)	(27)	0	(510)	(510)	0	(510)	(510)	0
Asset Sustainability Total	(27)	(27)	0	(638)	(638)	0	(1,088)	(1,088)	0
Service Development Projects									
Executive Director Douglas Hendry	0	0	0	0	0	0	(7,771)	(7,771)	0
Executive Director Kirsty Flanagan	215	188	27	(6,095)	(6,122)	27	(24,256)	(24,283)	27
Service Development Total	215	188	27	(6,095)	(6,122)	27	(32,027)	(32,054)	27
Strategic Change Projects									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary	0	0	0	0	0	0	(137)	(137)	0
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0
Harbour PB	(148)	(148)	0	(9,200)	(9,200)	0	(91,292)	(91,292)	0
01 TIF - Lorn/Kirk Road	0	0	0	(676)	(676)	0	(2,717)	(2,717)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(2,320)	(2,320)	0	(7,979)	(7,979)	0
Kilmory Business Park Phase 2AA	0	0	0	(979)	(979)	0	(979)	(979)	0
CHORD - Dunoon Waterfront	0	0	0	0	0	0	(10)	(10)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
Strategic Change Total	(148)	(148)	0	(13,175)	(13,175)	0	(106,277)	(106,277)	0
Total Income	40	13	27	(19,908)	(19,935)	27	(139,392)	(139,419)	27
Net Total	6,985	6,965	20	44,976	44,660	316	213,599	213,649	(50)

MONITORING REPORT Appendix 8
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR DOUGLAS HENDRY 30 June 2023

	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
EXPENDITURE									
Asset Sustainability									
Education	297	297	0	6,756	6,756	0	13,403	13,403	0
Live Argyll	295	295	0	1,270	1,270	0	2,048	2,048	0
Health and Social Care Partnership	188	188	0	2,147	2,147	0	3,452	3,452	0
Shared Offices	116	118	(2)	1,332	1,334	(2)	4,056	4,058	(2)
Asset Sustainability Total	896	898	(2)	11,505	11,507	(2)	22,959	22,961	(2)
Service Development Projects									
Ardriishaig Primary Pre 5 Unit	0	0	0	0	0	0	2	2	0
Bowmore Primary School - Pre 5 Unit	0	0	0	0	0	0	149	149	0
Clyde Cottage - 600 hour provision	0	0	0	23	0	23	579	556	23
Craignish Primary School - Pre 5 Extension	0	0	0	0	0	0	400	400	0
Iona Primary School - Pre 5 Unit	0	0	0	0	0	0	490	490	0
Islay High and Rosneath Primary School Pitches	0	0	0	0	0	0	719	719	0
Lochgoilhead Primary School - Pre 5 Unit	0	0	0	0	0	0	391	391	0
Park Primary Extension/Pre Fives Unit	0	0	0	0	0	0	341	341	0
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	491	491	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	120	120	0
Early Learning and Childcare	0	0	0	0	0	0	850	850	0
Early Learning and Childcare - 1140 Hours	136	136	0	297	320	(23)	7,751	7,774	(23)
CO2 Monitoring - Covid Mitigation in Schools	0	0	0	113	113	0	192	192	0
Early Learning and Childcare - 1140 Hours - CFCR	0	0	0	0	0	0	1,379	1,379	0
Riverside Leisure Centre Refurbishment	0	0	0	0	0	0	1,245	1,245	0
Dunclutha Childrens Home	0	0	0	54	54	0	1,300	1,300	0
Service Development Total	136	136	0	525	525	0	16,437	16,437	0
Strategic Change Projects									
Campbeltown Schools Redevelopment	0	0	0	38	38	0	2,130	2,130	0
Dunoon Primary	2	2	0	234	234	0	10,869	10,869	0
NPDO Schools Solar PV Panel Installations	0	0	0	183	0	183	944	761	183
Non NPDO Schools Solar PV Panel Installations	0	0	0	88	0	88	488	400	88
Carbon Management Fuel Conversions	0	0	0	0	0	0	107	107	0
Carbon Management Capital Property Works 2016/17	0	0	0	20	0	20	39	19	20
Carbon Management - Group Heating Conversion Project	0	0	0	10	0	10	1,948	1,938	10
Kilmory Biomass Carbon Management	0	0	0	0	0	0	956	956	0
Oil to Gas Heating Conversions	0	0	0	5	0	5	187	182	5
Campbeltown Office Rationalisation	0	0	0	1	1	0	596	596	0
Helensburgh Office Rationalisation	0	0	0	300	300	0	11,838	11,838	0
Clean Energy - NDEEF1	0	0	0	224	224	0	745	745	0
Clean Energy - NDEEF2	0	0	0	50	50	0	1,140	1,140	0
Net Zero	0	0	0	0	0	0	0	366	(366)
CHORD Oban	0	0	0	626	626	0	7,905	7,905	0
CHORD Rothesay	489	494	(5)	6,871	6,871	0	24,012	24,012	0
CHORD - Helensburgh	0	0	0	28	28	0	6,557	6,557	0
CHORD Dunoon	0	0	0	27	27	0	12,522	12,522	0
Helensburgh Waterfront Deveopment	9	9	0	977	977	0	24,392	24,392	0
HWD - FFE (Funded by LA)	0	0	0	34	34	0	350	350	0
Kilmory Business Park Phase 2AA	0	0	0	1,082	1,082	0	1,129	1,129	0
Dunoon Pier OBC	0	0	0	0	0	0	2,844	2,844	0
Strategic Change Total	500	505	(5)	11,319	10,953	366	125,378	125,378	0
Total Expenditure	1,532	1,539	(7)	23,349	22,985	364	164,774	164,776	(2)
INCOME									
Asset Sustainability									
Education	0	0	0	(125)	(125)	0	(125)	(125)	0
Shared Offices	0	0	0	(3)	(3)	0	(3)	(3)	0
Asset Sustainability Total	0	0	0	(128)	(128)	0	(578)	(578)	0
Service Development Projects									
Sandbank Gaelic Pre Five Unit	0	0	0	0	0	0	(485)	(485)	0
Bunessan Primary School - Gaelic Medium Improvements	0	0	0	0	0	0	(30)	(30)	0
Early Learning and Childcare	0	0	0	0	0	0	(918)	(918)	0
Early Years 1140 Hours	0	0	0	0	0	0	(6,300)	(6,300)	0
Bowmore Primary School - Gaelic Medium Grant	0	0	0	0	0	0	(38)	(38)	0
Service Development Total	0	0	0	0	0	0	(7,771)	(7,771)	0
Strategic Change									
Helensburgh Office Rationalisation	0	0	0	0	0	0	(349)	(349)	0
Dunoon Primary School	0	0	0	0	0	0	(137)	(137)	0
H'burgh CHORD Public Realm Imprv	0	0	0	0	0	0	(570)	(570)	0
Helensburgh Waterfront Development	0	0	0	(2,320)	(2,320)	0	(7,979)	(7,979)	0
HWD - FFE (Funded by LA)	0	0	0	0	0	0	(350)	(350)	0
CHORD - Oban	0	0	0	0	0	0	(1,624)	(1,624)	0
Net Departmental Total	1,532	1,539	(7)	19,922	19,558	364	144,427	144,429	(2)

ARGYLL AND BUTE COUNCIL - CAPITAL PLAN MONITORING REPORT										Appendix 8
FINANCIAL SUMMARY NET EXPENDITURE - EXECUTIVE DIRECTOR KIRSTY FLANAGAN										30 June 2023
	Current Financial Year To Date			Full Year This Financial Year			Total Project Costs			
	Budget £000s	Actual £000s	(Over)/Under Variance £000s	Budget £000s	Year End Forecast £000s	(Over)/Under Variance £000s	Budget £000s	Forecast £000s	(Over)/Under Variance £000s	
EXPENDITURE										
Asset Sustainability Projects										
Flood Prevention	14	14	0	807	807	0	1,305	1,305	0	0
Coastal Protection	1	1	0	99	99	0	199	199	0	0
Coastal Change Adaptation	5	5	0	158	158	0	158	158	0	0
Bute Sea Wall Repairs	10	10	0	100	100	0	680	680	0	0
Helensburgh Flood Mitigation	1	1	0	428	428	0	428	428	0	0
Bridge Strengthening	76	76	0	1,336	1,336	0	1,686	1,686	0	0
Local Bridge Maintenance Fund	49	49	0	1,000	1,000	0	5,203	5,203	0	0
Roads Reconstruction	0	0	0	7,032	7,032	0	15,032	15,032	0	0
Roads Reconstruction - Helensburgh CHORD	0	0	0	47	47	0	47	47	0	0
Roads Reconstruction - Oban CHORD	0	0	0	3	3	0	3	3	0	0
Helensburgh CHORD - Signage etc	0	0	0	10	10	0	10	10	0	0
Lighting	0	0	0	890	890	0	1,040	1,040	0	0
Environmental Projects	165	165	0	650	650	0	1,021	1,021	0	0
Play Park Refurbishment	0	0	0	312	312	0	938	938	0	0
Public Convenience Upgrades	0	0	0	82	82	0	82	82	0	0
Footway Improvements	0	0	0	750	750	0	750	750	0	0
Glengorm - Capping	0	0	0	0	0	0	0	0	0	0
Glengorm - Call and Transfer Station (PB)	36	36	0	85	85	0	85	85	0	0
Gartbreck - Capping	4	4	0	200	200	0	200	200	0	0
EV Quick Chargers	0	0	0	62	62	0	62	62	0	0
Tobermory Car Park	0	0	0	96	96	0	96	96	0	0
Active Travel	0	0	0	389	389	0	389	389	0	0
Block Allocation - RIS	0	0	0	0	0	0	4,268	4,268	0	0
Server Sustainability	0	0	0	209	209	0	1,042	1,042	0	0
PC Replacement	148	148	0	330	330	0	1,479	1,479	0	0
Telecomms Network	87	87	0	256	256	0	256	256	0	0
Asset Sustainability Total	596	596	0	15,331	15,331	0	36,459	36,459	0	0
Service Development Projects										
Preliminary design for Regional Transport projects	0	0	0	16	16	0	221	221	0	0
Campbeltown Old Quay	0	0	0	43	43	0	1,424	1,424	0	0
Fleet Management - Prudential Borrowing	747	747	0	2,187	2,187	0	4,861	4,861	0	0
Fleet Management	0	0	0	325	325	0	4,538	4,538	0	0
Lismore Ferry	0	0	0	15	15	0	672	672	0	0
Oban Depot Development Project	2	2	0	(63)	2	(65)	2,117	2,182	(65)	0
Lochgilphead Depot Rationalisation	0	0	0	8	8	0	37	37	0	0
Jackson's Quarry Refurbishment	0	0	0	0	0	0	285	285	0	0
Witchburn Road Demolition	0	0	0	0	0	0	158	158	0	0
Safe Streets, Walking and Cycling (CWSS)	0	0	0	370	370	0	3,383	3,383	0	0
SPT - bus infrastructure	0	0	0	0	0	0	1,430	1,430	0	0
Cycleways - H&L (FSPT)	0	0	0	300	300	0	3,402	3,402	0	0
Helensburgh Public Realm - Arts Strategy Fund	0	0	0	50	50	0	53	53	0	0
Town Centre Funds	17	17	0	358	368	(10)	3,969	3,979	(10)	0
Rural Growth Deal	51	51	0	132	132	0	182	182	0	0
Dunoon Cycle Bothy	95	95	0	292	292	0	563	563	0	0
Dunoon STEM Hub	4	4	0	713	713	0	2,558	2,558	0	0
Ardriashaig North Active Travel	69	69	0	112	112	0	880	880	0	0
Nature Restoration Fund	0	0	0	346	346	0	346	346	0	0
Gibraltar Street Public Realm Improvements	0	0	0	222	222	0	250	250	0	0
Hermitage Park	0	0	0	26	26	0	3,388	3,388	0	0
Service Development Total	1,003	1,003	0	5,794	5,869	(75)	37,737	37,812	(75)	0
Strategic Change Projects										
Campbeltown Flood Scheme	3,664	3,664	0	9,860	9,860	0	15,215	15,215	0	0
Street Lighting LED Replacement	1	1	0	674	674	0	3,900	3,900	0	0
Harbour Investment Programme	148	148	0	9,200	9,200	0	91,292	91,292	0	0
TIF - Lorn/Kirk Road	0	0	0	1	1	0	2,170	2,170	0	0
TIF - Oban Airport Business Park	1	1	0	101	101	0	590	590	0	0
TIF - Halfway House Roundabout	0	0	0	574	574	0	640	640	0	0
Strategic Change Total	3,814	3,814	0	20,410	20,410	0	114,021	114,021	0	0
Total Expenditure	5,413	5,413	0	41,535	41,610	(75)	188,217	188,292	(75)	0
INCOME										
Asset Sustainability										
EV Quick Chargers	0	0	0	(27)	(27)	0	(27)	(27)	0	0
Roads Reconstruction	(27)	(27)	0	(83)	(83)	0	(83)	(83)	0	0
Tobermory Car Park	0	0	0	(400)	(400)	0	(400)	(400)	0	0
Asset Sustainability Total	(27)	(27)	0	(510)	(510)	0	(510)	(510)	0	0
Service Development Projects										
Applications Projects	0	0	0	(46)	(46)	0	(437)	(437)	0	0
Safe Streets, Walking and Cycling	215	215	0	(376)	(376)	0	(2,988)	(2,988)	0	0
SPT	0	0	0	(25)	(25)	0	(1,268)	(1,268)	0	0
Cycleways - H&L (FSPT)	0	0	0	(590)	(590)	0	(3,502)	(3,502)	0	0
Town Centre Funds	0	0	0	(275)	(275)	0	(1,887)	(1,887)	0	0
Rural Growth Deal	0	0	0	(152)	(152)	0	(182)	(182)	0	0
Dunoon STEM Hub	0	0	0	(2,050)	(2,050)	0	(2,558)	(2,558)	0	0
Ardriashaig North Active Travel	0	0	0	0	0	0	(50)	(50)	0	0
Dunoon Cycle Bothy	0	0	0	(394)	(394)	0	(563)	(563)	0	0
Gibraltar Street Public Realm Improvements	0	0	0	0	0	0	(250)	(250)	0	0
Hermitage Park	0	0	0	0	0	0	(3,319)	(3,319)	0	0
Fleet Management - PB	0	0	0	(2,187)	(2,187)	0	(4,861)	(4,861)	0	0
Lochgilphead Depot Rationalisation	0	0	0	0	0	0	0	0	0	0
Milpark Depot Demolition Insurance	0	0	0	0	0	0	(53)	(53)	0	0
Oban Depot - Mill Park Insurance Claim	0	0	0	0	0	0	(1,681)	(1,681)	0	0
Oban Depot - Appin Depot Sale	0	0	0	0	0	0	0	0	0	0
Lismore Ferry	0	0	0	0	0	0	(500)	(500)	0	0
Witchburn Road Demolition	0	0	0	0	0	0	(157)	(157)	0	0
Service Development Total	215	188	27	(6,095)	(6,122)	27	(24,256)	(24,283)	27	0
Strategic Change Projects										
Campbeltown Flood	0	0	0	0	0	0	(270)	(270)	0	0
Harbour PB	(148)	(148)	0	(9,200)	(9,200)	0	(91,292)	(91,292)	0	0
01 TIF - Lorn/Kirk Road	0	0	0	(676)	(676)	0	(2,717)	(2,717)	0	0
Strategic Change Total	(148)	(148)	0	(9,876)	(9,876)	0	(94,279)	(94,279)	0	0
Total Income	40	13	27	(16,481)	(16,508)	27	(119,045)	(119,072)	27	0
Net Departmental Total	5,453	5,426	27	25,054	25,102	(46)	69,172	69,220	(48)	0

CAPITAL PLAN 2023-24
Overall Summary

APPENDIX 9

Service	Previous Years £000's	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s	2027-28 £000s	Total
Education	39,077	7,917	3,126	3,521	0	0	53,641
Shared Offices	17,025	1,907	3,396	977	0	0	23,305
ICT	2,529	1,137	1,243	888	0	0	5,797
RIS	26,197	36,801	37,320	55,347	2,737	0	158,402
DEG	18,331	3,597	2,090	0	0	0	24,018
HSCP	1,246	2,223	828	477	0	0	4,774
Live Argyll	1,274	1,291	428	427	0	0	3,420
CHORD	68,156	9,645	1,684	226	0	0	79,711
Overall Total	173,835	64,518	50,115	61,863	2,737	0	353,068

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27		2027-28	Total
			Years	£000s	£000s		£000s	£000s	£000s	
Asset Sustainability	Education	Asbestos Control/Removal Works		7	0	0	0	0	0	7
		Block Allocation - Education	0	1,457	166	520	0	0	2,143	
		Digital Inclusion 20-21	0	9	0	0	0	0	9	
		Free School Meals	0	330	900	1,495	0	0	2,725	
		Homeless Houses - Housing Quality Standard	0	1	0	0	0	0	1	
		Internal Refurbishment Budget	0	7	0	0	0	0	7	
		Lochgilphead Primary School Demolition	0	0	0	0	0	0	0	
		Pre-5's/Nurseries	0	0	0	0	0	0	0	
		Primary Schools	0	3,955	1,835	1,280	0	0	7,070	
		School Houses - Housing Quality Standard	0	13	0	0	0	0	13	
Secondary Schools	0	955	225	226	0	0	1,406			
Asset Sustainability Total		0	6,734	3,126	3,521	0	0	13,381		
Service Development	Education	Ardrishaig Primar School - Pre Five Extension	2	0	0	0	0	0	2	
		Bowmore Primary School - Gaelic Medium Grant	0	38	0	0	0	0	38	
		Bowmore Primary School - Pre Five Unit	149	0	0	0	0	0	149	
		Bunessan Primary School - Gaelic Medium Improvements	120	0	0	0	0	0	120	
		Clyde Cottage - 600 hours provision	556	23	0	0	0	0	579	
		CO2 Monitoring - Covid Mitigation in Schools	79	113	0	0	0	0	192	
		Craignish Primary School - Pre Five Extension (600 hours funding)	400	0	0	0	0	0	400	
		Early Learning and Childcare	850	0	0	0	0	0	850	
		Early Learning and Childcare - 1140 Hours	7,454	297	0	0	0	0	7,751	
		Early Learning and Childcare - 1140 Hours - CFCR	1,379	0	0	0	0	0	1,379	
		Iona Primary School - Pre Five Unit (600 hours funding)	490	0	0	0	0	0	490	
		Islay High & Rosneath PS Pitches	719	0	0	0	0	0	719	
		Lochgoilhead Primary School - Pre Five Unit (600 hours funding)	391	0	0	0	0	0	391	
		Park Primary Extension and Pre Fives Unit	341	0	0	0	0	0	341	
Sandbank Gaelic Pre Five Unit	491	0	0	0	0	0	491			
Service Development Total		13,421	471	0	0	0	0	13,892		
Strategic Change	Education	Campbeltown Schools Redevelopment	2,092	38	0	0	0	0	2,130	
		Dunoon Primary School	10,635	234	0	0	0	10,869		
		Kirn Primary School	10,085	34	0	0	0	10,119		
		Replacement of Oban High School	2,844	406	0	0	0	3,250		
Strategic Change Total		25,656	712	0	0	0	0	26,368		
Overall Total		39,077	7,917	3,126	3,521	0	0	53,641		

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27	2027-28	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Shared Offices	5-7 East Clyde Street - Coastal Communities Fund	0	0	0	0	0	0	0
		Argyll House, Dunoon	0	9	0	0	0	0	9
		Asbestos Capital Property Works	0	51	0	0	0	0	51
		Block Allocation	0	282	298	427	0	0	1,007
		Bowmore Area Office	0	76	0	0	0	0	76
		Burnett Building	0	0	110	0	0	0	110
		Capital Property Works	0	38	0	0	0	0	38
		Fire Risk Assessment Works	0	14	0	0	0	0	14
		Helensburgh and Lomond Civic Centre - Emergency Heating Pipewc	0	0	0	0	0	0	0
		Hill Street Dunoon Rewire	0	33	0	0	0	0	33
		Kilmory Castle	0	0	1,409	0	0	0	1,409
		Legionella Control Works	0	144	0	0	0	0	144
		Manse Brae District Office	0	0	0	0	0	0	0
Manse Brae Roads Office	0	2	0	0	0	0	2		
Our Modern Workspace	0	683	480	0	0	0	1,163		
Asset Sustainability Total		0	1,332	2,297	427	0	0	4,056	
Strategic Change	Shared Offices	Campbeltown Office Rationalisation	595	1	0	0	0	0	596
		Carbon Management - Group Heating Conversion Project (Prudentia	1,938	10	0	0	0	0	1,948
		Carbon Management Business Cases (FPB)	201	60	0	0	0	0	261
		Carbon Management Capital Property Works 16/17	19	20	0	0	0	0	39
		Carbon Management Fuel Conversions (FPB)	107	0	0	0	0	0	107
		Clean Energy - NDEEF1	328	224	193	0	0	0	745
		Clean Energy - NDEEF2	0	50	540	550	0	0	1,140
		Helensburgh Office Rationalisation (FPB,REC)	11,538	300	0	0	0	0	11,838
		Kilmory Biomass Project OBC (FPB,REV)	956	0	0	0	0	0	956
		Net Zero	0	-366	366	0	0	0	0
		Non-NPDO Schools PV Panel Installations	400	88	0	0	0	0	488
NPDO Schools Solar PV Panel Installations	761	183	0	0	0	0	944		
Oil to Gas Heating Conversions (FPB)	182	5	0	0	0	0	187		
Strategic Change Total		17,025	575	1,099	550	0	0	19,249	
Overall Total		17,025	1,907	3,396	977	0	0	23,305	

Category	Service	Project	Previous					Total £000s	
			Years £000's	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s		2027-28 £000s
Strategic Change	CHORD	CHORD - Dunoon	12,495	27	0	0	0	0	12,522
		CHORD - Helensburgh -Public Realm Imprv	6,529	28	0	0	0	0	6,557
		CHORD - Oban	7,279	626	0	0	0	0	7,905
		CHORD - Rothesay	15,231	6,871	1,684	226	0	0	24,012
		Helensburgh Waterfront Development	23,415	977	0	0	0	0	24,392
		HWD - FFE	316	34	0	0	0	0	350
		Kilmory Business Park Phase 2AA	47	1,082	0	0	0	0	1,129
	OBC for Dunoon Pier	2,844	0	0	0	0	0	2,844	
Strategic Change Total			68,156	9,645	1,684	226	0	0	79,711
Overall Total			68,156	9,645	1,684	226	0	0	79,711

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27	2027-28	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	ICT	Block Allocation - ICT	0	0	0	0	0	0	0
		PC Replacement	0	330	669	480	0	0	1,479
		Server Sustainability	0	209	425	408	0	0	1,042
		Telecomms Network	0	256	0	0	0	0	256
Asset Sustainability Total		0	795	1,094	888	0	0	2,777	
Service Development	ICT	Applications Projects	2,529	342	149	0	0	0	3,020
Service Development Total			2,529	342	149	0	0	0	3,020
Overall Total			2,529	1,137	1,243	888	0	0	5,797

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27	2027-28	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	RIS	Block Allocation	0	0	0	4,268	0	0	4,268
		Bridge Strengthening	0	1,336	350	0	0	0	1,686
		Bute Sea Wall Repairs	0	100	580	0	0	0	680
		Coastal Change Adaptation	0	158	0	0	0	0	158
		Coastal Protection	0	99	100	0	0	0	199
		Environmental Projects	0	650	371	0	0	0	1,021
		EV Quick Chargers	0	62	0	0	0	0	62
		Flood Prevention	0	807	305	155	38	0	1,305
		Footway Improvements	0	750	0	0	0	0	750
		Glengorm - Capping	0	0	0	0	0	0	0
		Glengorm - Cell and Transfer Station (PB)	0	85	0	0	0	0	85
		Helensburgh CHORD - Signage etc	0	10	0	0	0	0	10
		Helensburgh Flood Mitigation	0	428	0	0	0	0	428
		Investment in Active Travel	0	389	0	0	0	0	389
		Lighting	0	890	150	0	0	0	1,040
		Local Bridge Maintenance Fund	0	1,000	4,000	203	0	0	5,203
		Plant and Machinery	0	0	0	0	0	0	0
		Public Convenience Upgrades	0	82	0	0	0	0	82
		Roads Reconstruction	0	7,032	8,000	0	0	0	15,032
		Roads Reconstruction - Helensburgh CHORD	0	47	0	0	0	0	47
Roads Reconstruction - Oban CHORD	0	3	0	0	0	0	3		
Tobermory Car Park	0	96	0	0	0	0	96		
Asset Sustainability Total			0	14,336	14,091	5,017	38	0	33,482
Service Development	RIS	Campbeltown Old Quay	1,381	43	0	0	0	0	1,424
		Depot Rationalisation	0	0	0	0	0	0	0
		Fleet Management - Prudential Borrowing	2,674	2,187	0	0	0	0	4,861
		Jackson's Quarry Refurbishment	285	0	0	0	0	0	285
		Lismore Ferry Replacement	637	15	20	0	0	0	672
		Lochgilthead Depot Rationalisation	29	8	0	0	0	0	37
		Oban Depot Development	2,180	-63	0	0	0	0	2,117
		Preliminary design for Regional Transport projects (tif)	205	16	0	0	0	0	221
		Witchburn Road Demolition	158	0	0	0	0	0	158
Service Development Total			10,582	2,531	1,200	0	0	0	14,313
Strategic Change	RIS	Campbeltown Flood Scheme	4,992	9,860	29	330	4	0	15,215
		Harbour Investment Programme PB	7,397	9,200	22,000	50,000	2,695	0	91,292
		Street Lighting LED Replacement	3,226	674	0	0	0	0	3,900
Strategic Change Total			15,615	19,734	22,029	50,330	2,699	0	110,407
Overall Total			26,197	36,601	37,320	55,347	2,737	0	158,202

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27	2027-28	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Service Development	DEG	Ardrishaig North Active Travel	755	112	13	0	0	0	880
		Cycleways - H&L (FSPT)	2,812	300	290	0	0	0	3,402
		Dunoon Cycle Bothy	259	292	12	0	0	0	563
		Dunoon STEM Hub	95	713	1,750	0	0	0	2,558
		Gibraltar Street Public Realm Improvements	28	222	0	0	0	0	250
		Helensburgh Public Realm - Arts Strategy Fund	3	50	0	0	0	0	53
		Hermitage Park	3,362	26	0	0	0	0	3,388
		Nature Restoration Fund	0	346	0	0	0	0	346
		Rural Growth Deal	50	132	0	0	0	0	182
		Safe Streets, Walking and Cycling (CWSS)	3,013	370	0	0	0	0	3,383
		SPT - bus infrastructure	1,405	0	25	0	0	0	1,430
		Town Centre Funds	3,611	358	0	0	0	0	3,969
		Service Development Total			15,393	2,921	2,090	0	0
Strategic Change	DEG	01 TIF - Lorn/Kirk Road	2,169	1	0	0	0	0	2,170
		05 TIF - North Pier Extension	214	0	0	0	0	0	214
		09 TIF - Oban Airport Business Park	489	101	0	0	0	0	590
		TIF - Halfway House Roundabout	66	574	0	0	0	0	640
Strategic Change Total			2,938	676	0	0	0	0	3,614
Overall Total			18,331	3,597	2,090	0	0	0	24,018

Category	Service	Project	Previous					Total £000s	
			Years £000's	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s		2027-28 £000s
Asset Sustainability	HSCP	Ardfenaig	0	23	0	0	0	0	23
		Block Allocation	0	785	292	184	0	0	1,261
		Capital Property Works	0	79	0	0	0	0	79
		Digitalising telecare	0	100	0	0	0	0	100
		Dunoon Hostel	0	0	0	0	0	0	0
		Eadar Glinn	0	0	0	0	0	0	0
		East King Street Childrens Home	0	58	0	0	0	0	58
		Glencruitten Hostel	0	81	36	143	0	0	260
		Gortonvogie	0	0	0	0	0	0	0
		Greenwood/Woodlands	0	216	0	0	0	0	216
		Lochgilphead Resource Centre	0	16	0	0	0	0	16
		Rothesay Community Education Centre	0	0	0	0	0	0	0
		Shellach View	0	142	0	0	0	0	142
		Thomson Home Rothesay	0	0	0	0	0	0	0
		Tigh An Rudha HFE	0	600	500	150	0	0	1,250
Tobermory Top Flat	0	22	0	0	0	0	22		
Asset Sustainability Total			0	2,169	828	477	0	0	3,474
Service Development	HSCP	Dunclutha Childrens Home	1,246	54	0	0	0	0	1,300
Service Development Total			1,246	54	0	0	0	0	1,300
Overall Total			1,246	2,223	828	477	0	0	4,774

Category	Service	Project	Previous	2023-24	2024-25	2025-26	2026-27	2027-28	Total
			Years £000's	£000s	£000s	£000s	£000s	£000s	£000s
Asset Sustainability	Live Argyll	Aqualibrium	0	368	20	40	0	0	428
		Corran Halls Gaelic Centre	0	113	46	84	0	0	243
		Inveraray CARS	0	0	0	0	0	0	0
		Kintyre Community Education Centre - Lift Shaft Refurbishment	0	2	0	0	0	0	2
		LA - Indoor Cycles	0	0	0	0	0	0	0
		Lochgilphead Library Relocation	0	14	0	0	0	0	14
		Moat Centre (Roofing)	0	0	0	0	0	0	0
		Queen's Hall - Partition Wall	0	0	0	0	0	0	0
		Riverside Leisure Centre - Spa Pool Upgrade	0	17	0	0	0	0	17
		The Moat Centre	0	77	0	0	0	0	77
		The Moat Centre - Heating Upgrade	0	0	0	0	0	0	0
		The Moat Centre - Window Upgrade	0	0	0	0	0	0	0
Victoria Halls, Helensburgh	0	78	0	0	0	0	78		
Asset Sustainability Total			0	1,270	428	427	0	0	2,125
Service Development	Live Argyll	Riverside Leisure Centre Refurbishment	1,245	0	0	0	0	0	1,245
Service Development Total			1,245	0	0	0	0	0	1,245
Strategic Change	Live Argyll	Carbon Management	29	21	0	0	0	0	50
Strategic Change Total			29	21	0	0	0	0	50
Overall Total			1,274	1,291	428	427	0	0	3,420

TREASURY MANAGEMENT MONITORING REPORT – 30 JUNE 2023

1. EXECUTIVE SUMMARY

- 1.1. This report sets out the Council's treasury management position for the period 1 April 2023 to 30 June 2023 and includes information on:
- Overall borrowing position
 - Borrowing activity
 - Investment activity
 - Economic background
 - Interest rate forecast
 - Prudential Indicators
- 1.2. Estimated borrowing is below the Capital Financing Requirement for the period to 30 June 2023, at this stage in the financial year capital expenditure is below target. Capital expenditure continued to be lower than anticipated over the last twelve months however there is an expectation this will increase back up again over 2023-24 which will continue to be monitored closely.
- 1.3. The net movement in external borrowing in the period 1 April 2023 to 30 June 2023 was a decrease of £10.072m.
- 1.4. The levels of investments were £90.502m at 30 June 2023. The rate of return achieved was 4.437% compared to the target SONIA rate which was 4.578%.
- 1.5. The Council has significant cash balances which are invested in accordance with its Annual Treasury Management Strategy on the basis of security first, liquidity second and then return.

TREASURY MANAGEMENT MONITORING REPORT – 30 JUNE 2023

2. INTRODUCTION

2.1. This report sets out the Council's treasury management position for the period 1 April 2023 to 30 June 2023 and includes information on:

- Overall borrowing position
- Borrowing activity
- Investment activity
- Economic background
- Interest rate forecast
- Prudential Indicators

3. DETAIL**Overall Borrowing Position**

3.1. The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at 31 March 2023. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast	Forecast	Forecast
	2023/24	2024/25	2025/26
	£000	£000	£000
CFR at 1 April	291,782	303,333	319,602
Net Capital Expenditure	23,281	28,461	51,388
Less Loans Fund Principal Repayments	(5,950)	(6,254)	(6,573)
Less: NPDO Repayment	(5,780)	(5,938)	(6,235)
Estimated CFR 31 March	303,333	319,602	358,182
Less Funded by NPDO	(111,564)	(111,784)	(106,846)
Estimated Net CFR 31 March	191,769	207,818	251,336
Estimated External Borrowing at 31 March	176,532	221,513	261,510
Gap	15,237	(13,695)	(10,174)

- 3.2. Borrowing is below the Capital Financing Requirement for the period to 30 June 2023. Whilst borrowing rates are still comparatively low the Council has significant cash balances which reduces the need to borrow in the short term.
- 3.3. The Council's Treasury Management Strategy states that any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates.
- 3.4. The Council's estimated net capital financing requirement at 30 June 2023 is £191.769m. The table below shows how this has been financed. £132.464m is funded by loans and there are substantial internal balances of £149.807m of which £90.502m are currently invested, as detailed in section 3.7, leaving a net internal balance of £59.305m.

	Position at 31/03/23	Position at 30/06/23
	£000	£000
Loans	142,536	132,464
Net Internal Balances	29,893	59,305
Total CFR	172,429	191,769

- 3.5. During the period from 1 April to 30 June 2023, £10.098m of loans were repaid and £0.026m of new borrowing was taken. The analysis of the movement in borrowing is shown in the table below:

	Actual £000
External Loans Repaid 1st April 2023 to 30th June 2023	(10,098)
Borrowing undertaken 1st April 2023 to 30th June 2023	26
Net Movement in External Borrowing	(10,072)

- 3.6. The table below summarises the movement in the level and rate of temporary borrowing at the start and end of the period.

	£000	% Rate
Temp borrowing at 31st March 2023	10,378	3.40%
Temp borrowing at 30th June 2023	308	4.90%

Investment Activity

- 3.7 The average rate of return achieved in the Council's investments to 30 June 2023 was 4.437% compared to the SONIA (Sterling Overnight Index Average) rate for the same period of 4.578%. The Council's rate of return is marginally less than SONIA due to the rapid rise in interest rates which increased SONIA faster than the Council was able to redeem its existing lower rated investments. At 30 June 2023 the Council had £90.502m of short term investments at an average rate of 4.437%. 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 counterparty.

Counterparty	Maturity	Amount £000	Interest Rate	Rating S&P
Clydesdale Bank	Instant	5,202	4.90%	Short Term A-2, Long
First Abu Dhabi bank	10/08/2023	5,000	3.12%	Short Term A-1+,
Australia and New Zealand Banking Group	06/10/2023	5,000	4.99%	Short Term A-1+,
Toronto Dominion Bank	13/10/2023	5,000	5.25%	Short Term A-1+,
Cambridgeshire County Council	22/07/2024	5,000	1.00%	AA
Thurrock Borough Council	31/07/2023	5,000	3.00%	AA
Thurrock Borough Council	19/09/2023	5,000	3.50%	AA
London Borough of Croydon	10/10/2024	5,000	4.10%	AA
Close Brothers	31/07/2023	2,500	4.10%	Short Term A-1, Long
National Bank of Kuwait	09/04/2024	7,500	5.13%	Short Term A-1, Long
First Abu Dhabi Bank	09/05/2024	5,000	5.27%	Short Term A-1+,
National Bank of Kuwait	10/11/2023	2,500	5.00%	Short Term A-1, Long
Goldman Sachs	10/11/2023	2,500	4.91%	Short Term A-1, Long
London Borough of Croydon	10/06/2024	5,000	5.30%	AA
Australia and New Zealand Banking Group	13/09/2023	5,000	5.04%	Short Term A-1+,
DBS Bank	13/09/2023	5,000	4.98%	Short Term A-1+,
Money Market Fund - BNP Paribas	Call	8,400	4.93%	AAA
MMF - Aviva	Call	6,900	4.84%	AAA
Total		90,502		

- 3.8 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.
- 3.9 The Council has significant cash balances which are invested in accordance with its Annual Treasury Management Strategy. These cash balances are in excess of what is required for normal operating purposes but the economic environment for investments has improved over the last few months with an increase in interest rates, making investing these monies easier than in previous years.

Economic and Interest Rate Forecasts

- 3.10 The latest economic background is shown in Appendix 1 with the interest rate forecast in Appendix 2.

Prudential Indicators

- 3.11 The prudential indicators for 2023-24 are attached in Appendix 3.

4. CONCLUSION

- 4.1 In the period from 1 April 2023 to 30 June 2023, the Council's borrowing decreased by £10.072m, it is currently below the Capital Financing Requirement. There are substantial internal balances, of which £90.502m is currently invested. The investment returns were 4.437%.

5. IMPLICATIONS

- | | | |
|-------|--|---|
| 5.1 | Policy – | None. |
| 5.2 | Financial – | Complies with Annual Treasury Strategy. |
| 5.3 | Legal – | None. |
| 5.4 | HR – | None. |
| 5.5 | Fairer Duty Scotland – | None. |
| 5.5.1 | Equalities – protected characteristics – | None. |
| 5.5.2 | Socio-economic Duty – | None. |
| 5.5.3 | Islands – | None. |
| 5.6 | Climate Change – | None. |
| 5.7 | Risk – | None. |
| 5.8 | Customer Service – | None. |

Kirsty Flanagan
Section 95 Officer
8 July 2023

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

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

For further information contact Anne Blue, Head of Financial Services
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Appendix 1 – Economics Update

- The first quarter of 2023/24 saw:
 - A 0.2% m/m rise in real GDP in April, partly due to fewer strikes;
 - CPI inflation falling from 10.1% to 8.7% in April, before remaining at 8.7% in May. This was the highest reading in the G7;
 - Core CPI inflation rise in both April and May, reaching a new 31-year high of 7.1%;
 - A tighter labour market in April, as the 3myy growth of average earnings rose from 6.1% to 6.5%;
 - Interest rates rise by a further 75bps over the quarter, taking Bank Rate from 4.25% to 5.00%;
 - 10-year gilt yields nearing the “mini-Budget” peaks, as inflation surprised to the upside.
- The economy has weathered the drag from higher inflation better than was widely expected. The 0.2% m/m rise in real GDP in April, following March’s 0.3% m/m contraction will further raise hopes that the economy will escape a recession this year. Some of the strength in April was due to fewer strikes by train workers and teachers in that month. Moreover, some of the falls in activity in other areas in April were probably temporary too. Strikes by junior doctors and civil servants contributed to the fall in health output (0.9% m/m) and the meagre 0.1% m/m increase in public administration.
- The fall in the composite Purchasing Managers Index (PMI) from 54.0 in May to a three-month low of 52.8 in June (>50 points to expansion in the economy, <50 points to contraction) was worse than the consensus forecast of 53.6. Both the services and manufacturing PMIs fell. The decline in the services PMI was bigger (from 55.2 to 53.7), but it remains consistent with services activity expanding by an annualised 2%. The fall in the manufacturing PMI was smaller (from 47.1 to 46.2), but it is consistent with the annual rate of manufacturing output falling from -0.8% in April to around -5.0%. At face value, the composite PMI points to the 0.1% q/q rise in GDP in Q1 2023 being followed by a 0.2% q/q gain in Q2 2023.
- Meanwhile, the 0.3% m/m rise in retail sales volumes in May was far better than the consensus forecast of a 0.2% m/m decline and followed the robust 0.5% m/m rise in April. Some of the rise was due to the warmer weather. Indeed, the largest move was a 2.7% m/m jump in non-store sales, due to people stocking up on outdoor-related goods. But department stores also managed to squeeze out a 0.6% m/m rise in sales and the household goods sub-sector enjoyed a reasonable performance too. Overall, the figures were far better than analysts had expected. In addition, the GfK measure of consumer confidence rebounded from -27 to a 17-month high of -24 in June.
- The recent resilience of the economy has been due to a confluence of factors including the continued rebound in activity after the pandemic, households spending some of their pandemic savings, and the tight labour market and government handouts both supporting household incomes. That said, as government support fades, real household incomes are unlikely to grow rapidly. Furthermore, higher interest rates will mean GDP is likely to contract later this year. Our central assumption is that inflation will drop to the 2.0% target only if the Bank triggers a recession by raising rates from 5.00% now to at least 5.5% and keeps rates there until at least mid-2024. Our colleagues at Capital Economics estimate that around 60% of the drag on real activity from the rise in rates has yet to bite, and the drag on the quarterly rate of real GDP growth over the next year may be about 0.2ppts bigger than over the past year.
- The labour market became tighter over the quarter and wage growth reaccelerated. Labour demand was stronger than the consensus had expected. The three-month change in employment rose from +182,000 in March to +250,000 in April. Meanwhile, labour supply continued to recover as the size of the labour force grew by 303,000 in the three months to April. That was supported by a further 140,000 decline in inactivity as people returned to work from retirement and caring responsibilities (while inactivity due to long-term sick continued to rise). But it was not enough to offset the big rise in employment, which meant the unemployment rate fell from 3.9% to 3.8%
- The tighter labour market supported wage growth in April, although the 9.7% rise in the National Living Wage on 1st April (compared to the 6.6% increase in April last year) probably had a lot to do with it too. The 3myy rate of average earnings growth reaccelerated from 6.1% to 6.5% (consensus 6.1%) and UK wage growth remains much faster than in the US and the Euro-zone. In addition, regular private sector wage growth

increased from 7.1% 3myy to 7.6%, which left it well above the Bank's forecast for it to fall below 7.0%. Overall, the loosening in the labour market appears to have stalled in April and regular private sector wage growth was well above the Bank's forecast.

- CPI inflation stayed at 8.7% in May (consensus 8.4%) and, perhaps more worryingly, core CPI inflation rose again, from 6.8% to a new 31-year high of 7.1%. The rise in core inflation built on the leap from 6.2% in March to 6.8% and means it is accelerating in the UK while it is slowing in the US and the Euro-zone (both fell to 5.3%). A further decline in fuel inflation, from -8.9% to -13.1%, and the second fall in food inflation in as many months, from 19.3% to 18.7%, explained why overall CPI inflation didn't rise. And the scheduled fall in the average annual utility price from £2,500 to £2,074 on 1st July means overall CPI inflation will probably ease in the coming months. But the problem is that the recent surge in core inflation and the reacceleration in wage growth shows that domestic inflationary pressures are still strengthening.
- This suggests the Bank may have more work to do than the Fed or ECB. Indeed, the Bank of England sounded somewhat hawkish in the June meeting. This came through most in the MPC's decision to step up the pace of hiking from the 25bps at the previous two meetings. The 7-2 vote, with only two members voting to leave rates unchanged at 4.50%, revealed support for stepping up the fight against high inflation.
- That said, the Bank has not committed to raising rates again or suggested that 50bps rises are now the norm. What it did say was that "the scale of the recent upside surprises in official estimates of wage growth and services CPI inflation suggested a 0.5 percentage point increase in interest rates was required at this particular meeting". Moreover, the Committee did not strengthen its forward guidance that any further rate hikes would be conditional on the data. However, it looks highly probable, given the on-going strength of inflation and employment data, that the Bank will need to raise rates to at least 5.5% and to keep rates at their peak until the mid-point of 2024. We still think it is only a matter of time before the rise in rates weakens the economy sufficiently to push it into recession. That is why instead of rising to between 6.00%-6.25%, as is currently priced in by markets, we think rates are more likely to peak between 5.50-6.00%. Our forecast is also for rates to be cut in the second half of 2024, and we expect rates to then fall further than markets are pricing in.
- Growing evidence that UK price pressures are becoming increasingly domestically generated has driven up market interest rate expectations and at one point pushed the 10-year gilt yield up to 4.49% in late June, very close to its peak seen after the "mini-budget". Yields have since fallen slightly back to 4.38%. But growing expectations that rates in the UK will remain higher for longer than in the US mean they are still more than 70 bps above US yields. While higher interest rates are priced into the markets, the likely dent to the real economy from the high level of interest rates is not. That's why we think there is scope for market rate expectations to fall back in 2024 and why we expect the 10-year PWLB Certainty Rate to drop back from c5.20% to 5.00% by the end of this year and to 4.20% by the end of 2024.
- The pound strengthened from \$1.24 at the start of April to a one-year high at \$1.26 in early May, which was partly due to the risks from the global banking issues being seen as a bigger problem for the US than the UK. The pound then fell back to \$1.23 at the end of May, before rising again to \$1.28 in the middle of June as the strong core CPI inflation data released in June suggested the Bank of England was going to have to raise rates more than the Fed or ECB in order to tame domestic inflation. However, sterling's strong run may falter because more hikes in the near term to combat high inflation are likely to weaken growth (and, hopefully, at some point inflation too) to such a degree that the policy rate will probably be brought back down, potentially quite quickly, as the economic cycle trends downwards decisively. This suggests that additional rate hikes are unlikely to do much to boost the pound.
- In early April, investors turned more optimistic about global GDP growth, pushing up UK equity prices. But this period of optimism appears to have been short-lived. The FTSE 100 has fallen by 4.8% since 21st April, from around 7,914 to 7,553, reversing part of the 7.9% rise since 17th March. Despite the recent resilience of economic activity, expectations for equity earnings have become a bit more downbeat. Nonetheless, further down the track, more rate cuts than markets anticipate should help the FTSE 100 rally.

MPC meetings 11th May and 22nd June 2023

- On 11th May, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 25 basis points to 4.50%, and on 22nd June moved rates up a further 50 basis points to 5.00%. Both increases reflected a split vote – seven members voting for an increase and two for none.

- Nonetheless, with UK inflation significantly higher than in other G7 countries, the MPC will have a difficult task in convincing investors that they will be able to dampen inflation pressures anytime soon. Talk of the Bank's inflation models being "broken" is perhaps another reason why gilt investors are demanding a premium relative to US and Euro-zone bonds, for example.
- Of course, what happens outside of the UK is also critical to movement in gilt yields. The US FOMC has already hiked short-term rates to a range of 5.00%-5.25%, but a further increase is pencilled in for July, whilst the ECB looks likely to raise its Deposit rate at least once more to a peak of 3.75%, with upside risk of higher to come.

Appendix 2 – Interest Rate Forecast

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast, made on 26th June, sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, against a backdrop of a stubbornly robust economy and a tight labour market.

You will note that our forecasts have steadily increased during the quarter as the data continued to spring upside surprises, and the Bank of England continued to under-estimate how prevalent inflation is, and how tight the labour market is. The Government has also noted that despite immigration increasing markedly, high levels of ill-health amongst the workforce has led to wage demands remaining strong until such time as there is a loosening in demand for business services.

Our current and previous PWLB rate forecasts below are based on the Certainty Rate.

Link Group Interest Rate View		26.06.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	2.75	2.75	2.50	2.50
3 month ave earnings	5.30	5.60	5.50	5.30	5.00	4.50	4.00	3.50	3.00	2.70	2.60	2.50	2.50
6 month ave earnings	5.80	5.90	5.70	5.50	5.10	4.60	4.00	3.50	3.00	2.70	2.60	2.60	2.60
12 month ave earnings	6.30	6.20	6.00	5.70	5.30	4.80	4.10	3.60	3.10	2.80	2.70	2.70	2.70
5 yr PWLB	5.50	5.60	5.30	5.10	4.80	4.50	4.20	3.90	3.60	3.40	3.30	3.30	3.20
10 yr PWLB	5.10	5.20	5.00	4.90	4.70	4.40	4.20	3.90	3.70	3.50	3.50	3.50	3.40
25 yr PWLB	5.30	5.40	5.20	5.10	4.90	4.70	4.50	4.20	4.00	3.90	3.80	3.80	3.70
50 yr PWLB	5.00	5.10	5.00	4.90	4.70	4.50	4.30	4.00	3.80	3.60	3.60	3.50	3.50

Link Group Interest Rate View		24.05.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
BANK RATE	4.75	5.00	5.00	4.75	4.50	4.00	3.50	3.25	2.75	2.50	2.50	2.50	2.50
3 month ave earnings	4.80	5.00	5.00	4.80	4.50	4.00	3.50	3.30	2.80	2.50	2.50	2.50	2.50
6 month ave earnings	5.10	5.20	5.10	4.90	4.50	3.90	3.40	3.20	2.90	2.60	2.60	2.60	2.60
12 month ave earnings	5.40	5.40	5.30	5.00	4.50	3.90	3.40	3.20	2.90	2.70	2.70	2.70	2.70
5 yr PWLB	5.00	5.00	5.00	4.80	4.50	4.10	3.70	3.50	3.30	3.20	3.20	3.10	3.10
10 yr PWLB	5.00	5.00	5.00	4.80	4.40	4.10	3.80	3.60	3.50	3.40	3.30	3.30	3.30
25 yr PWLB	5.30	5.30	5.20	5.10	4.80	4.50	4.20	4.00	3.80	3.70	3.60	3.60	3.60
50 yr PWLB	5.10	5.10	5.00	4.90	4.60	4.30	4.00	3.80	3.60	3.50	3.40	3.40	3.40

- LIBOR and LIBID rates ceased at the end of 2021. In a continuation of previous views, money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.
- The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

A SUMMARY OVERVIEW OF THE FUTURE PATH OF BANK RATE

- Our central forecast for interest rates was previously updated on 25th May and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened to a degree, especially as it moved to a more aggressive 0.5% hike in June but, with inflation remaining elevated, we anticipate that Bank Rate will need to increase to at least 5.5%, if not higher, to sufficiently slow the UK economy and loosen the labour market.
- Moreover, we also still anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but timing on this will remain one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged. Our current judgment is that rates will have to increase and stay at their peak until the second quarter of 2024 as a minimum.

- In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but also international factors such as policy development in the US and Europe, the provision of fresh support packages to support the faltering recovery in China as well as the on-going conflict between Russia and Ukraine and whether there are any further implications for Russia itself following the recent aborted mutiny by the Wagner group.
- On the positive side, consumers are still estimated to be sitting on excess savings left over from the pandemic, which could cushion some of the impact of the above challenges and may be the reason why the economy is performing somewhat better at this stage of the economic cycle than may have been expected. However, most of those excess savings are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB RATES

- Gilt yield curve movements have shifted upwards, especially at the shorter end of the yield curve since our previous forecast but remain relatively volatile. PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.90% to 5.60%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, the rising gilt yields we have seen of late).
- **The Bank of England** increases Bank Rate too fast and too far over the coming months, and subsequently brings about a deeper and longer UK recession than we currently anticipate.
- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- **Geopolitical risks**, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.
- **A broadening of banking sector fragilities**, which have been successfully addressed in the near-term by central banks and the market generally, but which may require further intervention if short-term interest rates stay elevated for longer than is anticipated.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- Despite the recent tightening by 0.5%, the **Bank of England proves too timid** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project.
- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- Longer-term **US treasury yields** rise strongly if inflation remains more stubborn than the market currently anticipates, pulling gilt yields up higher consequently.
- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

Appendix 3 – Prudential Indicators

(1). EXTRACT FROM BUDGET				
	Forecast Outturn	Original Estimate	Forecast Outturn	Forecast Outturn
	£'000	£'000	£'000	£'000
Capital Expenditure				
Non - HRA	23,281	43,110	28,461	51,388
TOTAL	23,281	43,110	28,461	51,388
Ratio of financing costs to net revenue stream				
Non - HRA	4.25%	4.37%	4.40%	4.43%
Net borrowing requirement				
brought forward 1 April *	291,782	304,498	372,359	319,602
carried forward 31 March *	303,333	372,359	319,602	358,182
in year borrowing requirement	11,551	67,861	(52,757)	38,580
In year Capital Financing Requirement				
Non - HRA	11,551	67,861	(52,757)	38,580
TOTAL	11,551	67,861	(52,757)	38,580
Capital Financing Requirement as at 31 March				
Non - HRA	303,333	372,359	319,602	358,182
TOTAL	303,333	372,359	319,602	358,182

PRUDENTIAL INDICATOR	2023-24	2024-25	2025-26
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	£'M	£'M	£'M
Authorised limit for external debt -			
borrowing	268	283	305
other long term liabilities	112	113	108
TOTAL	380	396	413
Operational boundary for external debt -			
borrowing	263	278	300
other long term liabilities	109	110	105
TOTAL	372	388	405
Upper limit for fixed interest rate exposure			
Principal re fixed rate borrowing	190%	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 2023/24	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	100%	0%

RESERVES AND BALANCES – UPDATE AS AT 30 JUNE 2023

1 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to advise Members of the overall level of reserves held by the Council as well as providing detail on the monitoring of the earmarked balances held within the General Fund.
- 1.2 The Council has a total of £666.354m unusable reserves that are not backed with resources. They are required purely for accounting purposes.
- 1.3 At 31 March 2023 the Council had a total of £93.828m of usable reserves. Of this:
- £2.916m relates to the Repairs and Renewals Fund
 - £4.503m relates to Capital Funds
 - £86.409m was held in the General Fund, with £79.466m of this balance earmarked for specific purposes.
- 1.4 Of the earmarked balance of £79.466m:
- £37.305m is invested or committed for major initiatives/capital projects
 - £29.842m is still to be drawn down in 2023-24
 - £12.319m is planned to be spent in future years
- 1.5 The Council's General Fund contingency level is set at 2% of net expenditure for 2023-24 which equates to £5.691m. At the beginning of the financial year there was £1.252m of unallocated General Fund Balance (over and above contingency). At the Council meeting on 23 February 2023 it was agreed that the budgeted revenue surplus of £0.019m would be transferred into the general fund. After taking this into consideration and the current forecast outturn position for 2023-24, the Council is forecast to have a £1.271m surplus over contingency.

RESERVES AND BALANCES - UPDATE AS AT 30 JUNE 2023**2. INTRODUCTION**

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

3. DETAIL**3.1 Types of Reserves**

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

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

3.2 Reserve Balances at 31 March 2023

- 3.2.1 The balances on each type of reserve at 31 March 2023 are set out in the two tables below, per the Unaudited Accounts for 2022-23.

Unusable Reserves	£000
Revaluation Reserve	174,952
Capital Adjustment Account	268,788
Financial Instruments Adjustment Account	(1,871)
Pensions Reserve	232,073
Accumulated Absences Account	(7,588)
Total Unusable Reserves	666,354

Usable Reserves	£000
Repairs and Renewals Fund	2,916
Capital Fund and Usable Capital Receipts Reserve	4,503
General Fund	86,409
Total Usable Reserves	93,828
Total Reserves	760,182

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

3.3 General Fund

- 3.3.1 The General Fund balance at 31 March 2023 can be analysed as follows:

	Balance 31/03/23 £000
Balance on General Fund as at 31 March 2022	96,081
Decrease to General Fund balance at end of 2022-23	(9,672)
Earmarked Balances	(79,466)
Contingency allowance at 2% of net expenditure	(5,691)
Unallocated balance as at 31 March 2023	1,252

- 3.3.2 The General Fund includes balances that the Council has agreed to earmark for specific purposes. Some of these earmarked balances will be spent during the current financial year and some of them will be held over and spent in later years. The table below shows the balance at 31 March 2023, the amounts that are currently invested or set aside for major initiatives, the amount already spent and planned to be spent in the current year, the amount to be spent in future years and any sums no longer required to be earmarked. Appendix 1 provides further details on the breakdown of unspent budget earmarkings.

Officers have reviewed and updated the spending profiles. Appendix 2 provides further details on the breakdown of COVID reserves.

Earmarking Category	Balance 31/03/2023 - per year end published report	Transfers between categories	Invested or committed for major initiatives /capital projects	Drawn-down to 2023-24 Budget as at 30/06/23	Still to be drawn-down in 2023-24	Planned Spend Future Years	Released to General Fund
	£000	£000	£000	£000	£000	£000	£000
Strategic Housing Fund	7,247		7,247				
Investment in Affordable Housing	3,163		3,163				
Capital Projects	16,059		16,059				
Lochgilphead and Tarbert Regeneration	1,460		1,460				
Support for Rural Growth Deal	756		756				
Asset Management Investment	2,098		2,098				
Piers and Harbours Investment Fund	2,789		2,789				
Scottish Government Initiatives	2,834				1,986	848	
CHORD	378				150	228	
DMR Schools	1,394				1,394		
Energy Efficiency Fund	218				218		
Existing Legal Commitments	476				476		
Unspent Grant	13,179		489		11,754	936	
Unspent Third Party Contribution	265				251	14	
Previous Council Decision - Other	3,808		1,847		1,500	461	
Redundancy Provision	1,578				500	1,078	
Supporting Organisational Change	1,426				200	1,226	
One Council Property Team	566				189	377	
Fleet - Timing Delay	658				658		
Hermitage Park	19				19		
Electric Vehicle Chargers	17					17	
COVID-19	5,512		257		4,644	611	
Unspent Budget	13,566		1,140		5,903	6,523	
Totals	79,466	0	37,305	0	29,842	12,319	0

3.4 Unallocated General Fund Balance

3.4.1 The Council's General Fund contingency is set at 2% of net expenditure for 2023-24 and amounts to £5.691m. At the beginning of the financial year there was £1.252m of unallocated General Fund Balance (over and above contingency). After taking into consideration the budgeted allocation to the General Fund agreed by Council on 23 February 2023 of £0.019m and the current forecast outturn position for 2023-24, the Council is forecast to have a £1.271m surplus over contingency.

3.4.2 The revenue budget position as at 30 June 2023 was estimated to be a £0.319m underspend within Social Work. There are no other reported variances at this stage.

3.4.3 Social Work, as a part of the Integrated Joint Board (IJB), are able to hold any surplus within reserves therefore it is expected that any underspend that materialises would be transferred to the IJB reserves and the General Fund of the Council would not be impacted.

3.4.4 The table below summarises the position of the unallocated General Fund balance taking into consideration the points noted above.

Heading	Detail	£000
Unallocated General Fund as at 31 March 2023	This is the balance that is unallocated over and above the 2% contingency, which amounts to £5.691m	1,252
Budgeted allocation to General Fund for 2023-24 Budget	Per the Budget Motion at Council on 23 February 2023	19
Current Forecast Outturn for 2023-24 as at 30 June 2023	Per paragraph 3.4.2. This is from Social Work as other departments have not yet reported variances	319
Social Work outturn adjustment	Per paragraph 3.4.3 - Social Work would expect to transfer their surplus to internal IJB reserves	(319)
Estimated Unallocated balance as at 31 March 2024		1,271

3.5 Loans Fund Review

3.5.1 At the Council meeting on 27 February 2020, it was agreed that the one-off re-profiling gain of £20.561m generated by the loans fund review should be used partly to create a provision for the increasing principal repayments over the next 10 years (£7.649m) with the remainder of the gain (£12.912m) used to fund known liabilities/cost pressures. The table below shows what has been drawn down against the one-off gain and the remaining balance.

	Agreed Allocation	Transferred to Earmarked Reserves in previous years	Transferred to Earmarked Reserves 23-24	Balance Remaining
	£000	£000	£000	£000
Provision for the increasing principal repayments	7,649			7,649
Provision to Support Organisational Change	500	(500)		0

Estimated Cost of 2020-21 redundancies that are part of budget savings proposals	600	(600)		0
Future Redundancies Provision	1,500	(1,500)		0
Spend to Save Route Optimisation	100	(100)		0
Funding Gap in Capital Programme	2,619			2,619
Capital Programme Intolerable Red Risks	574	(574)		0
Campbeltown Flood Prevention Scheme	1,406	(1,406)		0
Significant Strategic Change Projects	5,013	(2,856)		2,157
2020-21 Revenue Budget Contribution	600	(600)		0
	20,561	(8,136)	0	12,425

4. CONCLUSION

- 4.1 The report outlines the overall reserves and balances for the Council covering the purpose and level of each reserve. It also provides detail as to expenditure against earmarked balances held within the General Fund.
- 4.2 As at 30 June 2023 the estimated unallocated General Fund, after taking into consideration the budget motion, the current forecast outturn for 2023-24 and the expected adjustment in relation to the Social Work outturn, the Council is estimated to have a £1.271m surplus over contingency.

5. IMPLICATIONS

- 5.1 Policy - Earmarked funds and funds set aside for delivery of Single Outcome Agreement are available to support Council Policy.
- 5.2 Financial - Outlines the balances held with the Council's usable and unusable reserves.
- 5.3 Legal - None.
- 5.4 HR - None.
- 5.5 Fairer Scotland Duty- None.
- 5.5.1 Equalities – protected characteristics - None.
- 5.5.2 Socio-economic Duty - None.
- 5.5.3 Islands - None.
- 5.6 Climate Change - None.
- 5.7 Risk - A contingency of £5.691m (equivalent to 2% of net expenditure) has been set aside as part of the general fund. This has been subject to a risk assessment.
- 5.8 Customer Service - None.

Kirsty Flanagan
Executive Director/Section 95 Officer

7 July 2023

Policy Lead for Finance and Commercial Services - Councillor Gary Mulvaney

APPENDICES

Appendix 1 – Earmarked Reserves breakdown of unspent budget

Appendix 2 – Earmarked Reserves breakdown of COVID earmarkings

For further information contact Anne Blue, Head of Financial Services
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APPENDIX 1

Earmarked Reserves - Unspent Budget
As at 30 June 2023

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarkings in year	Remaining Balance	Still to be drawdown in 23-24	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent from 2025/26 onwards
001	Chief Executive's Unit	Community Planning	Communities and Partnership Team	8,855			8,855	8,855	0	The funds have originated from externally sourced income due to an employee being seconded to the Scottish Community Development Centre (SCDC). The funds will be used to support the team in relation to meeting its priorities of Building Back Better (Communities), Climate Change and the review of the Argyll and Bute Outcome Improvement Plan.	8,855	0	
002	Executive Director (Douglas Hendry)	Across Services / Education	Digital Projects (Supply Staff Booking System)	25,100			25,100	9,900	15,200	To deliver a number of Digital Service Transformation Projects with a commitment of £0.035m towards a Supply Staff Booking system. Phase 1 of the project is nearing completion.	9,900	15,200	
003	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Academy - Demolition and Waste Disposal	895,000			895,000	55,000	840,000	Since Rothesay Academy was vacated over 15 years ago no site clearance has taken place and there are potential Health and Safety and insurance cover implications due to deterioration of the building. £55,000 earmarking will allow clearance of remaining materials and debris. Also £840,000 to fund estimated future costs of demolition (subject to removal of listed status) to be added to an existing earmarking. There are potential Health and Safety and insurance cover implications due to deterioration of the building.	55,000	840,000	0
004	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Pavilion Charity	750,000			750,000	0	750,000	Agreed at Council meeting February 2020, £750k additional revenue support subject to conditions which seek to minimise the risk to the Council as far as is reasonably practicable including requirement for adequate business and financial management and regular reporting by RPC.	0	750,000	
005	Executive Director (Douglas Hendry)	Commercial Services	Rothesay Pavilion Essential repairs	306,400			306,400	0	306,400	Essential repairs to deal with potential health and safety risks and to avoid further deterioration. Budget provision was approved by the Policy and Resources Committee on 21 August 2014.	0	306,400	
006	Executive Director (Douglas Hendry)	Commercial Services	Estates - NDR Revaluation Appeals	84,688			84,688	84,688	0	The Council agreed to make provision to meet the cost of appealing Non Domestic Rates (NDR) revaluations which were imposed from April 2017. The remaining funds were carried forward to the 2023/24 revaluation cycle however a recent change in position by the Scottish Government may restrict the appeals which can be made. This is still under discussion and Gerald Eve Surveyors have been appointed as specialist advisers on this matter. In the event that appeals are limited there may be an opportunity to utilise Gerald Eve for more general valuation advice subject to Procurement approval.	84,688	0	
007	Executive Director (Douglas Hendry)	Commercial Services	Demolition of former Lochgilphead Primary and Rothesay Secondary School	58,875			58,875	58,875	0	To fund the demolition of the former Lochgilphead Primary School and former Rothesay Academy (subject to the removal of the listing). Lochgilphead Primary complete and remainder of funds to be used to commence Rothesay Project.	58,875	0	
008	Executive Director (Douglas Hendry)	Commercial Services	Mid Argyll Community Pool	30,000			30,000	30,000	0	At the Council Budget meeting on 23 February 2023, the Council committed to a one-off investment of £0.030m to Mid Argyll Community Pool in response to an external funding request	30,000	0	
009	Executive Director (Douglas Hendry)	Commercial Services	MacTaggart Leisure Islay	30,000			30,000	30,000	0	At the Council Budget meeting on 23 February 2023, the Council committed to a one-off investment of £0.030m to MacTaggart Leisure, Islay in response to an external funding request	30,000	0	
010	Executive Director (Douglas Hendry)	Commercial Services	Site Investigation Works	21,013			21,013	21,013	0	For Site Investigation works in relation to Tweeddale Street Car Park and Oban Airport Business Park, exploring commercial opportunities to develop the sites and raise revenue income for Argyll and Bute Council. HUB North were instructed to procure contractors to undertake the site investigations these are now complete. The remainder of the budget is intended to be utilised for other site investigation and pre-development works to further develop commercial opportunities across the council area.	21,013	0	
011	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Commercial Services	Information Management (Estates Survey Work)	12,697			12,697	12,697	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	12,697	0	
012	Executive Director (Douglas Hendry)	Commercial Services	(2023 Contract Inflation Adjustments) MAKI/Islay Pools SLA - inflationary increase	9,523			9,523	9,523	0	Additional pressure resulting from the February 2023 inflation rate being higher than the assumptions built into the non-pay inflation calculation which went to Council at budget setting and reflects the difference between what was in the budget and what will need to be paid under the SLAs. The February inflation figure wasn't known until the middle of March, after the budget was set, and the recent trend in inflation reductions turned around in February with an increase.	9,523	0	0
013	Executive Director (Douglas Hendry)	Education	ASN Review	1,255,000			1,255,000	0	1,255,000	To fund capital costs of ASN adaptations as part of ASN Review to increase equity of provision across Argyll and Bute. This will be subject to a business case as part of the wider ASN review.	0	1,255,000	0
014	Executive Director (Douglas Hendry)	Education	Reduced Teacher Staffing Costs - Strike Action	800,000			800,000	0	800,000	To fund one off savings in 2024-25 from the underspend in staffing from strike action.	0	800,000	0
015	Executive Director (Douglas Hendry)	Education	(2023 Digital Projects) School WiFi Upgrades	200,000			200,000	150,000	50,000	To extend WiFi coverage within school settings through the purchase of additional hardware such as access points, switches and other networking hardware. This will result in more flexible learning spaces and support the growing number of devices within schools.	150,000	50,000	0
016	Executive Director (Douglas Hendry)	Education	Education Transformation Fund	146,579			146,579	146,579	0	At the Council meeting on 27 February 2020, it was agreed to input £400k into Education Digital Learning. The additional funds have been spent in 20/21, 21/22 and 22/23 as part of the ongoing transformation work in the Education service, focussing on digital and virtual learning technology and the development of learning clusters. This will continue into 2023/24.	146,579	0	

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarkings in year	Remaining Balance	Still to be drawdown in 23-24	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent from 2025/26 onwards
017	Executive Director (Douglas Hendry)	Education	MCR Pathways Pilot	80,000			80,000	50,000	30,000	Funding to support implementation of MCR Pathways mentoring programme within three secondary schools for 2023-24 academic year. Funding will allow the employment of a dedicated Co-ordinator within each setting to develop and implement the programme which is designed to benefit care experienced and other disadvantaged pupils through targeted mentoring support.	50,000	30,000	0
018	Executive Director (Douglas Hendry)	Education	Gaelic Specific Grant	30,000			30,000	30,000	0	Proposal to fund the continuation of the Principal Teacher Languages (Gaelic focus) post for the 2023-24 academic year to promote and develop Gaelic Medium Education across Argyll and Bute. This earmarking refers to the Council contribution towards the Gaelic grant for 22-23.	30,000	0	0
019	Executive Director (Douglas Hendry)	Education	(2023 Digital Projects) Cashless Catering	30,000			30,000	30,000	0	To support the ongoing implementation of the new cashless catering system during the testing and roll out phase.	30,000	0	0
020	Executive Director (Douglas Hendry)	Education	Skype for Business for Education / Digital Projects (Skype for Business)	10,000			10,000	10,000	0	To fund the initial capital costs for the implementation of Skype for Business for Education. This will bring the Education service in line with other council departments and will improve staff collaboration and modernise school telephony to deliver the service more efficiently and cost effectively. A balance was released back to the general fund in 2021-22 because the rollout project was almost complete with only £0.01m expected spend in 23/24.	10,000	0	
021	Executive Director (Douglas Hendry)	Education	Education Learning Estate Condition Surveys	1,815			1,815	1,815	0	To fund the delivery of School Core Facts (SCF) compliant Condition Surveys for prioritised School Buildings.	1,815	0	
022	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Education Purchasing Officers	210,000			210,000	105,000	105,000	The earmarked funds will be used to fund an education purchasing team within the Procurement Service for two years. The team will embed good procurement practice, train headteachers on current procurement process requirements, develop spend plans that evidence best value.	105,000	105,000	
023	Non Departmental / Executive Director (Douglas Hendry)	Across Services / Legal and Regulatory Services	Information Management (Digitalisation of Title Deeds)	92,000			92,000	92,000	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k (delay on spending due to COVID-19), document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	92,000	0	
024	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Councillor IT Equipment	44,557			44,557	29,557	15,000	There is currently no budget for the provision and renewal of IT equipment for members. the earmarking identifies a resource to utilise spend for that purpose to ensure that members have continued support in maintaining and replacing vital IT equipment.	29,557	15,000	
025	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Digital Projects: Hybrid Council meetings	43,302			43,302	43,302	0	The funding will be used to maintain the ICT equipment used to support the provision of on-line and hybrid Council meetings.	43,302	0	
026	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Debt Counselling & Welfare Rights	21,452			21,452	5,965	15,487	To meet the cost of a Debt Counselling and Welfare Rights Management System.	5,965	15,487	
027	Executive Director (Douglas Hendry)	Legal and Regulatory Support	(2023 Contract Inflation Adjustments) NPDO and DBFM School Contracts – inflationary increase	350,000			350,000	350,000	0	Additional pressure resulting from the February 2023 inflation rate being higher than the assumptions built into the non-pay inflation calculation which went to Council at budget setting and reflects the difference between what was in the budget and what will need to be paid under the NPDO/Hub DBFM Schools contracts. The February inflation figure wasn't known until the middle of March, after the budget was set, and the recent trend in inflation reductions turned around in February with an increase.	350,000	0	0
028	Executive Director (Douglas Hendry)	Legal and Regulatory Support	(2023 Digital Projects) Replacement of Council Chambers Online Meeting Equipment	130,000			130,000	130,000	0	Current online meeting system is less than resilient and has failed on a number of occasions, leading to issues at strategic committees. A condition assessment by the incumbent maintenance contractor has highlighted that the current equipment is now at end of life and unsupportable due to the obsolescence of the system. Discussions with ICT have taken place to identify a simpler more robust solution to be procured.	130,000	0	0
029	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) iTrent Project	332,000			332,000	147,000	185,000	Combination of parallel running of the new iTrent system alongside the legacy systems for up to 18 months whilst iTrent is implemented and additional staffing resource to implement iTrent in late June 2024 and support staff for the first 3 months of operation through summer 2024. Total includes £73k from Financial services for funding additional staffing resource to implement the payroll components of the iTrent HR and Payroll System by the end of June 2024 and support staff for the first 3 months of operation during summer 2024.	147,000	185,000	0
030	Executive Director (Kirsty Flanagan)	Customer Support Services	Security Operations Centre Subscription	113,594			113,594	53,594	60,000	There is a requirement to pay for a 3-year subscription at £60,000 per annum with a cost pressure being added to the ICT revenue budget to cover the costs from year 4 onwards. There is unallocated funding of £103,545 from the earmarking (172) created at 2020/21 year end for 'Digital Projects' combined with this earmarking to cover these costs for 3 years.	53,594	60,000	
031	Executive Director (Kirsty Flanagan)	Customer Support Services	Growing our Own and Modern Apprentices	109,150			109,150	95,790	13,360	Funding earmarked to support trainee development and modern apprenticeship opportunities based on priority workforce risk areas. These areas have been identified and proposals developed. £95,790 to be spent in 23/24 and £13,360 to be spent in 24/25 to fund a graduate trainee and 3 apprentices to deliver trainee development and modern apprenticeship opportunities	95,790	13,360	
032	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Increase in Schools Bandwidth)	63,455			63,455	63,455	0	To complete one of a number of Digital Service Transformation projects with a commitment of £0.064m to increase Schools Bandwidth.	63,455	0	
033	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) Resilient Website Project	60,000			60,000	60,000	0	Cybersecurity action to move to a cloud based website platform that would improve resilience and enable service continuity in the event of a cyber attack.	60,000	0	0
034	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) Digital Project Officer	60,000			60,000	60,000	0	Employ a temporary Digital Project Officer as part of OD changes.	60,000	0	0
035	Executive Director (Kirsty Flanagan)	Customer Support Services	Implementation of Gaelic Language Plan	30,000			30,000	30,000	0	Agreed at Council Meeting February 2021. Provision of funding for delivery and implementation of the council's Gaelic Language Plan in recognition of the contribution that Gaelic makes to economic growth and to the tourism sector, and to enable delivery of key activities within the plan which currently receive no revenue funding.	30,000	0	
036	Executive Director (Kirsty Flanagan)	Customer Support Services	(2023 Digital Projects) Digital Engagement Services Developer	28,000			28,000	28,000	0	To fund 50% of a new temporary LGE10 post. The post is a Digital Engagement Services Developer that will provide capacity to deliver service efficiencies through the use of the the new CREATE/RPA software. The other 50% of the post can be funded from a current vacancy.	28,000	0	0

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037	Executive Director (Kirsty Flanagan)	Customer Support Services	Business Development Training	27,601			27,601	27,601	0	This budget is funding ongoing leadership development, coaching, action learning sets and commissioned training including Priority Management.	27,601	0	
038	Executive Director (Kirsty Flanagan)	Customer Support Services	Learning and Development	19,436			19,436	19,436	0	In order to maximise the opportunities and efficiencies of digital learning, this funding will be used to support the extension of digital learning in order to deliver the Digital Learning Strategy, which was approved in EQ4 20/21.	19,436	0	
039	Executive Director (Kirsty Flanagan)	Customer Support Services	Establishing HR Service Centre	13,824			13,824	13,824	0	To facilitate the implementation of technical efficiency improvements and new processes	13,824	0	
040	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Customer Support Services	Digital Projects (Replacement Learning Management System)	11,470			11,470	11,470	0	To deliver a number of Digital Service Transformation Projects with an original commitment of €0.030m towards a replacement Learning Management System €0.030m.	11,470	0	
041	Executive Director (Kirsty Flanagan)	Development & Economic Growth	Planning Income (Saving 23-24)	340,000			340,000	340,000	0	To fund one off operational saving MGT5 agreed for the 2023/24 budget	340,000	0	0
042	Executive Director (Kirsty Flanagan)	Development & Economic Growth	Planning Income	60,000			60,000	60,000	0	To fund additional resources to support and develop the Council's planning service.	60,000	0	0
043	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Oban TIF (Tax Incremental Financing)	385,193			385,193	116,000	269,193	Will be used to fund the TIF Programme office for a further 3 years as well as the programme office for Rural Growth Deal beyond the funding that was agreed at Council for this in February 2021.	116,000	269,193	
044	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Strategic Events & Festivals	80,664			80,664	80,664	0	At the Council meeting on 25 February 21, a decision was taken to agree €90k funding for Events and Festivals for 22/23, in order that the application process can commence during 21/22 and that this agreed figure be augmented by any underspend remaining from the 20/21 financial year. At 24 February 22, decision made to agree €90k for 23/24, in order that the application process can commence during 22/23 and that this agreed figure be augmented by any underspend remaining from the 21/22 financial year. Applications have been received and payments will be made in 2023-2024.	80,664	0	
045	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Island Post	50,461			50,461	50,461	0	To fund a temporary post at LGE11 to assist with the National Islands Plan Implementation Route Map 2020-2025.	50,461	0	
046	Non Departmental / Executive Director (Kirsty Flanagan)	Across Services / Development and Economic Growth	Information Management (Document Management and Workflow for Planning, Building Standards and Environmental Health)	21,177			21,177	21,177	0	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work €122k, Digitalisation of Title Deeds €92k, document management and workflow system for Planning, Building Standards and Environmental Health €77k and a balance of funding to explore information management solutions in a strategic and coherent way €299k.	21,177	0	
047	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Royal National Mod	20,000			20,000	20,000	0	One off funding allocation for the Royal National Mod agreed as part of the budget setting process for 2019/20. Grant contract issued. Proposed payment of €20k per annum starting 2020/21 (2023/24 final payment of €20k)	20,000	0	
048	Executive Director (Kirsty Flanagan)	Financial Services	Financial Systems	33,748			33,748	33,748	0	To fund the completion of the implementation of the Oracle Fusion Financial Management System, a software update for cash receipting to ensure card payments can still be taken and the procurement and implementation of a new system to manage the requirements of the IFRS16 Leases accounting standard.	33,748	0	
049	Executive Director (Kirsty Flanagan)	Financial Services	Accounting and Budgeting Team Resilience	30,664			30,664	16,664	14,000	To fund the implementation of a new staffing structure in 2022/23 as agreed at ELT on 12 April 2022 which has been implemented. The residual funding is being used to meet the costs of ongoing professional accountancy training over the period 2022/23 to 2026/27	16,664	14,000	
050	Executive Director (Kirsty Flanagan)	Financial Services	CIPFA	24,040			24,040	6,000	18,040	CIPFA Training - To fund the professional training costs for staff undertaking the CIPFA professional accountancy qualification.	6,000	18,040	
051	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Waste Variation Monies	1,967,056			1,967,056	1,329,999	637,057	This will be used to fund/part-fund various waste infrastructure projects that will support the council's compliance with the 2025 ban on the Landfill of Biodegradable Municipal Waste. This will include scoping work for the creation of a waste transfer station at Helensburgh and landfill cell construction works at Gartbreck (€640k for Capital works on Gartbreck completed in 2022/23, reserve will be drawn down for this in 2023/24).	1,329,999	637,057	
052	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	3G pitches / Tarbert Sports Pitches	375,022			375,022	87,736	287,286	In November 2018, the Council agreed to a maintenance funding package to be progressed for a number of 3G pitches including Tarbert. This funding will provide an estimated 6.5 years' worth of ongoing maintenance up to 2025-26.	87,736	287,286	
053	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Green Transport Initiatives	140,000			140,000	140,000	0	At the Council meeting on 27 February 2020, it was agreed to input €400k in Green transport, investment in footway and cycle path maintenance supporting the healthy wellbeing and green agenda. Spend has been delayed due to COVID and this will be taken forward in 23/24. £260k Footways Reconstruction programme now spent and will be drawn down against capital programme during 23/24. £140k Ardishaig North Project will be spent in 22/23 and drawn down in 23/24.	140,000	0	
054	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Climate Change	81,884			81,884	81,884	0	At the Council meeting on 27 February 2020, it was agreed to input €500k budget to mitigate the impacts of weather related damage and climate change with specific emphasis on gully cleaning and drainage improvements. Spend has been delayed due to COVID and the intention is to spend the funds on 2 Gully Motors plus staff over next 2 years. Vehicles have been received and budget will be drawn down to cover their cost. The remaining budget will be used towards running the vehicles.	81,884	0	
055	Executive Director (Kirsty Flanagan)	Roads & Infrastructure	Amenity Services introduction of management information system	28,099			28,099	0	28,099	Delay with introduction of amenity time recording system due to increased costs. Discussions ongoing to find alternative cheaper solution. The software/system being introduced by HR/Payroll during 2023-24 offers a time-recording facility. Although not included in the current HR/Payroll spec, once the new system is up and running, the proposal would be to investigate the time-recording system to see if viable for amenity time recording purposes.	0	28,099	
056	Executive Director (Kirsty Flanagan)	Roads & Infrastructure Services	(2023 Contract Inflation Adjustments) Waste PPP	255,000			255,000	255,000	0	Adjustment to inflation included in the budget based on updated RPIX figures at February 2023.	255,000	0	0
057	Non Departmental	Non Departmental	Underwriting development of Rothesay Pavilion	1,000,000			1,000,000	0	1,000,000	Funding to meet additional costs identified as necessary for the refurbishment of Rothesay Pavilion.	0	1,000,000	
058	Non Departmental	Non Departmental	Oban TIF (Tax Incremental Financing - Excess NDR)	875,651			875,651	291,884	583,767	This is the surplus NDR after paying all Loans Charges in respect of TIF infrastructure projects. This fund will be used in the future as TIF projects are delivered.	291,884	291,884	291,883

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059	Non Departmental	Non Departmental	Loans Fund	385,279			385,279	385,279	0	At the Council Budget meeting on 24 February 2022, Saving FS01, a Loans Fund Management/Operational saving for 22/23 budget of £0.500m was agreed with at least £0.200m to come from underspends in 21/22. The underspend position for 21/22 is £0.385m and this earmarking is being released as a saving to help bridge the 2023/24 budget gap.	385,279	0	
060	Non Departmental	Non Departmental	Loans Fund	300,000			300,000	300,000	0	To fund one off operational saving MGT3 agreed for the 2023/24 budget	300,000	0	0
061	Non Departmental	Non Departmental	Information Management (Balance of Funding)	209,844			209,844	0	209,844	To support a number of initiatives in respect of improving the Council's information management in line with the transformation agenda and increasing the pace of change as outlined in the BV Review. The planned initiatives include: Estates Survey work £122k, Digitalisation of Title Deeds £92k, document management and workflow system for Planning, Building Standards and Environmental Health £77k and a balance of funding to explore information management solutions in a strategic and coherent way £209k	0	209,844	
062	Non Departmental	Non Departmental	Spend to Save Route Optimisation Software	100,000			100,000	100,000	0	One-off re-profiling gain as a result of the loans fund review to fund known liabilities/cost pressures as agreed at budget setting meeting in February 2020 - Spend to save route optimisation (£0.100m) which will be spent over 2023/24	100,000	0	
063	Non Departmental	Non Departmental	Engagement with Hub North re provision of services for older adults and vulnerable people across Argyll and Bute	100,000			100,000	100,000	0	At the Council budget meeting February 23, an allocation of £0.1m from the Unallocated General Fund balance for the Health and Social Care Partnership to engage, in partnership with the Council, with Hub North to develop a strategic business case in relation to the provision of services for older adults and other vulnerable people across Argyll and Bute.	100,000	0	
064	Non Departmental	Non Departmental	CHARTS	80,000			80,000	80,000	0	As agreed at Council on 24 February 2022, investment in CHARTS £0.075m. To support the organisation in delivering targeted support, in communities, to the culture, arts and heritage sector as part of its plans to contribute to overall economic recovery. At the Council Budget meeting on 23 February 2023, the Council committed to £0.075m one-off investment in CHARTS in response to an external funding request	80,000		
065	Non Departmental	Non Departmental	Community Resilience Fund	76,447			76,447	0	76,447	Fund established in 2012/13 to be spent over more than one year. Fund reduced at the Council meeting on 11 February 2016	0	76,447	
				13,565,615	0	0	13,565,615	6,001,435	7,564,180		6,001,435	7,272,297	291,883

APPENDIX 2

COVID
As at 30 June 2023

Ref	Department	Service	Description	Opening Balance	Budget Drawdown	New earmarkings in year	Remaining Balance	Still to be drawdown in 23-24	Planned to spend in future years	Plans for Use	Amount Planned to be Spent in 2023-24	Amount Planned to be Spent in 2024-25	Amount Planned to be Spent from 2025/26 onwards
001	Chief Executive's Unit	Community Planning	Community Planning - temp post to support communities	55,000			55,000	55,000	0	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes.	55,000	0	
002	Chief Executive's Unit	Community Planning	Covid impacts – support to communities'	49,147			49,147	49,147	0	Funding provided in relation to the Local Self-Isolation Assistance Service. The Community Planning and Development Team will work with community groups to support their community response and resiliency to Test and Protect and the longer term impacts of COVID-19 on local community organisations.	49,147	0	
003	Executive Director (Douglas Hendry)	Education	Logistics Funding - Safe Opening of Schools	699,036			699,036	699,036	0	Scottish Government funding to ensure the safe opening and operation of schools. Includes transport, PPE, cleaning, ventilation and expansion of estate. It is likely that any unused balances would have to be returned to the Scottish Government.	699,036	0	
004	Executive Director (Douglas Hendry)	Education	Additional Teaching/Support in Schools/Digital Devices/Family Home Learning Support Fund -	421,198			421,198	421,198	0	Continuation of funding for additional staffing, teachers, support staff, additional devices for pupils and additional family/home learning programmes.	421,198	0	
005	Executive Director (Douglas Hendry)	Education	Education to Support Young People	191,042			191,042	135,933	55,109	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.600m. Agreed to fund a package of measures to boost the wellbeing and build back the resilience of young people, in particular those most vulnerable, following the Covid-19 pandemic, including counselling and increased provision of childcare for children under three. Notes that the Scottish Government is yet to confirm details of funding for similar initiatives and, should our investment in children's wellbeing qualify for this funding, the balance will be re-allocated to the Recovery and Renewal Fund.	135,933	55,109	
006	Executive Director (Douglas Hendry)	Education	Recruitment of Additional Teachers and Support Staff in Schools	51,371			51,371	51,371	0	Fund additional teachers and support staff.	51,371	0	
007	Executive Director (Douglas Hendry)	Legal and Regulatory Services	Welfare Rights Support	131,634			131,634	80,184	51,450	As agreed at the Council Meeting on 25 February 2021 - an allocation of £0.172m. As part of our focus on Improving Opportunities for People and Communities, agrees to provide additional resources to proactively support people experiencing poverty and hardship, by investing in two additional Welfare Rights support staff for two years.	80,184	51,450	
008	Executive Director (Kirsty Flanagan)	Customer Support Services	Self Isolated Support / Self Isolated Support Grant (HR)	65,250			65,250	65,250	0	These were monies that were provided by Scotgov to fund additional overtime and resources for Shielding/Caring for People and Test and Protect activities. The funds are being used for a number of Customer Service and Business efficiency related projects including a system and consultancy of RPA (robotic process automation) and application development. A	65,250	0	
009	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Staycation and Marketing Argyll and Bute	389,992			389,992	389,992	0	As agreed at the Council Meeting on 25 February 2021 with an original allocation of £0.800m. This will include provision of additional waste disposal facilities and other facilities that will be informed by the Motorhome and Informal Camping Survey.	389,992	0	
010	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Tackling Digital Exclusion Top-Up Fund	217,600			217,600	217,600	0	As agreed at the Council Meeting on 25 February 2021. Establishes the Tackling Digital Exclusion Top Up Fund to support communities and in some cases individuals that are missing out on national programmes due to logistics and economies of scale. While vouchers are available from the UK and Scottish Governments in some cases these do not cover the full cost of infrastructure builds. Expenditure should be incurred during 23-24 to draw down against.	217,600	0	
011	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Sector Support Grant)	95,398			95,398	95,398	0	Local Authority COVID Economic Recovery Fund grant. This will provide funding, either part of the small business development grant or standalone, to help micros and small business to implement projects that	95,398	0	
012	Executive Director (Kirsty Flanagan)	Development and Economic Growth	Economic Development - temp post to support economic recovery	55,000			55,000	55,000	0	As agreed at Policy & Resources committee on 9 December 2021, allocation of £0.055m to a post to support the economic and social recovery together with the building back stronger themes. To be used to fund Settlement Project Support Officer during 23-24.	55,000	0	
013	Executive Director (Kirsty Flanagan)	Development and Economic Growth	EH Covid Posts	37,775			37,775	37,775	0	Funding initially for 2 posts for 2 years. Posts were initially recruited to with one leaving and the other going on maternity leave resulting in delays in expenditure. One employee is now back from maternity leave and earmarked reserve will be drawn down to cover their costs in 23-24.	37,775	0	
014	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (New Enterprise Support Grant)	31,159			31,159	31,159	0	Local Authority COVID Economic Recovery Fund grant. This funding would provide £3,000 grants to help new businesses start up and establish. Fund fully committed, there was a delay in getting all payments made and remainder will be made in 23-24.	31,159	0	
015	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Shop Local)	26,793			26,793	26,793	0	Local Authority COVID Economic Recovery Fund grant. This funding would provide funding to continue the Shop Local scheme into 2022/23 and 2023/24, buying additional cards and allow the cards to gather	26,793	0	
016	Executive Director (Kirsty Flanagan)	Development and Economic Growth	LACER Funding (Small Business Development Grant)	24,988			24,988	24,988	0	Local Authority COVID Economic Recovery Fund grant. This funding will provide funding of between £500 and £5,000 to help existing micro and small businesses to improve their resilience or growth via projects to implement green initiatives, implement digital development, implement marketing	24,988	0	
017	Executive Director (Kirsty Flanagan)	Financial Services	Housing Benefits Private	321,524			321,524	321,524	0	Specific funding allocation for Housing Benefit including DHP. Funds will be used to continue to support vulnerable people initially financially affected by the COVID-19 outbreak but now facing the cost of living crisis to sustain their tenancies. This earmarking will help offset potential overspends in the DHP/ Scottish Welfare Fund budget going forward.	321,524	0	

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018	Executive Director (Kirsty Flanagan)	Financial Services	Flexible Food Fund	194,156			194,156	108,000	86,156	Financial Insecurity funding from Scottish Government routed into the Argyll and Bute Flexible Food and Fuel Fund (ABFFFF) is aimed at tackling financial insecurity for adults and families across Argyll and Bute. Working in partnership with the Community Food Forum, Bute Advice Centre and Allenergy, households	108,000	86,156	
019	Executive Director (Kirsty Flanagan)	Financial Services	Flexible Funding for Supporting People while at Tier 4 COVID	76,357			76,357	76,357	0	Funding from SG to strengthen local authority responses to meet emerging needs and support people in their communities struggling with the restrictions and guidance at all protection levels re COVID, particularly those at risk through health and social inequalities. This support could cover the same types of support. In June 2021 the Council agreed to support 20 projects led by a range of Council officers, officers from the HSCP and members of the third sector to deliver wide ranging support across our region. A report will be presented to members in due course.	76,357	0	
020	Executive Director (Kirsty Flanagan)	Financial Services	Self isolated Support Grant	5,316			5,316	5,316	0	Unspent admin funding for processing Self isolation Support Grants.	5,316	0	
021	Non Departmental	Non Departmental	Recovery and Renewal Fund	1,547,000			1,547,000	1,547,000	0	As agreed at Council on 24 February 2022, Recovery and Renewal Fund £1.547m. This is provision for future recovery, regeneration and renewal, as well as any future pressures which may arise following the Covid-19 pandemic through a dedicated Recovery and Renewal Fund. Commitments have been made against this fund as follows: Levelling up bid costs £0.150m, Scotland Loves Local overspend £0.037m and Rotheray Pavillion £1.360m.	1,547,000	0	
022	Non Departmental	Non Departmental	COVID Funding	418,337			418,337	0	418,337	Net balance on COVID cost centres at year end 2022/23 with proposals on use to be developed.	0	0	418,337
023	Non Departmental	Non Departmental	Capital pressure	257,000			257,000	257,000	0	Pressure identified on the 20/21 COSLA COVID costs spreadsheets - requires to be earmarked to be drawn down when required against the Capital Plan	257,000	0	
024	Non Departmental	Non Departmental	Levelling up Fund bids per P&R February 22	150,000			150,000	150,000	0	As agreed at Policy & Resources committee on 17 February 2022, an allocation of up to £0.150m to support Levelling Up Fund bids	150,000	0	
				5,512,073	0	0	5,512,073	4,901,021	611,052		4,901,021	192,715	418,337