

**Argyll and Bute Council**  
**Comhairle Earra-Ghàidheal Agus Bhòid**

*Executive Director: Douglas Hendry*



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5 May 2021

**NOTICE OF MEETING**

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held **BY SKYPE** on **THURSDAY, 13 MAY 2021** at **10:00 AM**, which you are requested to attend.

Douglas Hendry  
Executive Director

**BUSINESS**

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST (IF ANY)**
3. **MINUTES** (Pages 3 - 8)  
Policy and Resources Committee held on 18 February 2021
4. **BUDGET OUTLOOK 2022-23 TO 2026-27** (Pages 9 - 28)  
Report by Section 95 Officer
5. **HEALTH AND SOCIAL CARE PARTNERSHIP 2020/21 OUTTURN AND DEBT REPAYMENT SCHEDULE** (Pages 29 - 32)  
Report by Section 95 Officer
6. **RISK MANAGEMENT MANUAL UPDATE** (Pages 33 - 48)  
Report by Section 95 Officer
7. **FINANCIAL QUARTER 4 PERFORMANCE REPORT** (Pages 49 - 78)  
Report by Executive Director with responsibility for Customer Support Services
- \* 8. **SUPPORTING ATTENDANCE AT WORK POLICY** (Pages 79 - 90)  
Report by Executive Director with responsibility for Customer Support Services
9. **LORN ARC TAX INCREMENTAL FINANCE PROGRAMME - GENERAL UPDATE ON THE POSITION OF THE PROGRAMME ALONG WITH UPDATES ON SPECIFIC PROJECTS** (Pages 91 - 102)  
Report by Executive Director with responsibility for Development and Economic Growth

- \* **10. STRATEGIC EVENTS AND FESTIVALS FUND - ROUND 3 GRANT AWARDS**  
(Pages 103 - 112)  
Report by Executive Director with responsibility for Development and Economic Growth
- 11. UK COMMUNITY RENEWAL FUND** (Pages 113 - 122)  
Report by Executive Director with responsibility for Development and Economic Growth
- 12. UK LEVELLING UP FUND** (Pages 123 - 126)  
Report by Executive Director with responsibility for Development and Economic Growth
- 13. CLIMATE CHANGE BOARD UPDATE**  
Reports by Executive Director with responsibility for Commercial Services
  - (a) Argyll and Bute Council Carbon Emissions 2019/20 Reporting Requirements (Pages 127 - 138)
  - (b) Decarbonisation Plan Tracker (Pages 139 - 152)
  - (c) COP26 (Pages 153 - 156)
  - (d) Non-Domestic Energy Efficiency Project (NDEEF) - Full Business Case (Pages 157 - 176)

#### **REPORTS FOR NOTING**

- 14. COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 - UPDATE - EXPRESSIONS OF INTEREST / ASSET TRANSFER REQUESTS / REPORTING REQUIREMENTS** (Pages 177 - 184)  
Report by Executive Director with responsibility for Commercial Services
- 15. POLICY AND RESOURCES COMMITTEE WORKPLAN** (Pages 185 - 188)

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

### **Policy and Resources Committee**

Councillor Rory Colville	Councillor Robin Currie (Chair)
Councillor Mary-Jean Devon	Councillor Bobby Good
Councillor Kieron Green	Councillor Jim Findlay
Councillor Audrey Forrest	Councillor Jim Lynch
Councillor David Kinniburgh	Councillor Yvonne McNeilly
Councillor Aileen Morton	Councillor Gary Mulvaney (Vice-Chair)
Councillor Douglas Philand	Councillor Alastair Redman
Councillor Elaine Robertson	Councillor Richard Trail

Contact: Hazel MacInnes Tel: 01546 604269

**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held VIA SKYPE  
on THURSDAY, 18 FEBRUARY 2021**

**Present:**

Councillor Robin Currie (Chair)

Councillor Mary-Jean Devon	Councillor Douglas Philand
Councillor Rory Colville	Councillor Alastair Redman
Councillor Lorna Douglas	Councillor Elaine Robertson
Councillor Bobby Good	Councillor Sandy Taylor
Councillor Kieron Green	Councillor Richard Trail
Councillor Yvonne McNeilly	Councillor Jim Findlay
Councillor Aileen Morton	Councillor David Kinniburgh
Councillor Gary Mulvaney	

**Also Present:**

Councillor John Armour	Councillor Roddy McCuish
Councillor Audrey Forrest	Councillor Alan Reid
Councillor Jim Lynch	

**Attending:**

Pippa Milne, Chief Executive  
 Douglas Hendry, Executive Director  
 Kirsty Flanagan, Executive Director  
 Patricia O'Neill, Governance Manager  
 Jane Fowler, Head of Customer Support Services  
 Laurence Slavin, Interim Head of Financial Services / Chief Internal Auditor  
 Anne MacDougall, Interim Head of Financial Services / Finance Manager  
 Fergus Murray, Head of Development and Economic Growth

**1. APOLOGIES FOR ABSENCE**

There were no apologies for absence intimated.

**2. DECLARATIONS OF INTEREST**

Councillor Jim Findlay declared a non-financial interest in item 2(d) of the Budgeting Pack 2021/22 due to his appointment to the Rothesay Pavilion Charity Board. He claimed the benefit of the dispensation contained at Section 5.16 of the Standards Commission's Guidance and Dispensations Note dated July 2018 to allow him to speak and vote on this item of business.

Councillor Lorna Douglas declared a non-financial interest in item 8 (Strategic Events and Festivals Fund) as Chair of the Helensburgh Winter Trust. She remained in the meeting during this item as her interest was not directly material to the consideration.

**3. MINUTES**

The Minutes of the meeting of the Policy and Resources Committee held on 10 December 2020 were approved as a correct record.

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**4. FINANCIAL REPORTS MONITORING PACK - 31 DECEMBER 2020**

The Committee gave consideration to a report providing a summary of the financial monitoring reports as at the end of December 2020. There were six detailed reports

summarised in the executive summary including the Revenue Budget Monitoring Report as at 31 December 2020, Monitoring of Policy Savings Options as at 31 December 2020, Monitoring of Financial Risks as at 31 December 2020, Capital Plan Monitoring Report as at 31 December 2020, Treasury Monitoring Report as at 31 December 2020 and; Reserves and Balances as at 31 December 2020.

### **Decision**

The Policy and Resources Committee –

1. Noted the Revenue Budget Monitoring Report as at 31 December 2020 and noted the comments in respect of the Health and Social Care Partnership.
2. Noted the progress with the Policy Savings Options as at 31 December 2020.
3. Noted the Financial Risks for 2020-21.
4. Noted the Capital Plan Monitoring Report as at 31 December 2020.
5. Noted the Treasury Monitoring Report as at 31 December 2020.
6. Noted the Reserves and Balances Report as at 31 December 2020.
7. Agreed to recommend to Council that the revenue virements over £0.200m during November and December be approved.

(Reference: Report by Section 95 Officer dated 8 February 2021, submitted)

Councillor Lorna Douglas joined the meeting during consideration of the following item.

\* **5. BUDGETING PACK 2021-2022**

The Committee gave consideration to the full package of papers included in the Budget Pack 2021/22 in relation to the Revenue and Capital Budgets for 2021/22.

The Section 95 Officer advised that a supplementary paper to the Budget Pack 2021/22 would be issued prior to the Council meeting on 25 February 2021 providing updated information in relation to the exempt appendix contained within the revenue pack, a further request for funding from CHARTS, and the announcements of additional funding made by the Finance Secretary to the Scottish Parliament the previous day which would require consideration as part of the budget pack.

### **Decision**

The Committee agreed to refer consideration of the Budget Pack 2021/22 to the Council meeting on 25 February 2021, without recommendation.

(Reference: Budgeting Pack 2021/22 dated 11 February 2021, submitted)

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

The Committee gave consideration to a report which sought approval of the proposed Treasury Management Strategy Statement and Annual Investment

Strategy which set out the Council's Strategy for borrowing and investment for the forthcoming year. The report also set out the policy for the repayment of loans fund advances for 2021/22.

### **Decision**

The Policy and Resources Committee agreed to recommend to Council at their meeting on 25 February 2021 –

1. Approval of the proposed Treasury Management Strategy Statement and Annual Investment Strategy and the indicators contained within and to note that the figures within the Strategy will be updated to reflect the budget decisions agreed at Council.
2. Approval of the continued use of the asset life method for the repayment of loan fund advances using a 5.1% annuity interest rate, with the exception of spend to save schemes where the funding/income profiles method could be used.
3. Approval of the proposed asset repayment periods as detailed within section 2.6 of the Treasury Management Strategy Statement.
4. Approval of the ability to continue to use countries with a sovereign rating of AA- and above, as recommended by Link Asset Services.

(Reference: Report by Section 95 Officer dated 8 February 2021, submitted)

## **7. PERFORMANCE REPORTS FQ3 2020/21**

The Committee gave consideration to a report presenting the Policy and Resources Committee with the performance reports and associated scorecards for performance in financial quarter 3 2020/2021.

### **Decision**

The Policy and Resources Committee noted the scorecards as presented for financial quarter 3 2020/21.

(Reference: Report by Executive Director with responsibility for Customer Support Services dated 18 February 2021, submitted)

## **8. STRATEGIC EVENTS AND FESTIVALS FUND - ROUND 3 UPDATE**

The Committee gave consideration to a report providing an update in regard to Round 3 Strategic Events and Festivals Fund (SEF) for 2021/22 and which sought agreement to defer a decision in regard to any formal grant award for Strategic Events and Festivals (SEF) Round 3 to the May meeting of the Policy and Resources Committee in light of the current lockdown and difficult and challenging on going position that the events sector is still facing with regard to the Covid-19 pandemic. The report also provided an update in regard to Strategic Events and Festivals (SEF) Round 2 events and associated grants.

### **Decision**

The Policy and Resources Committee –

1. Agreed that in light of the current National Lockdown and the significant uncertainty over if and when strategic events and festivals, classed as mass gatherings, will be able to take place in 2021, that the decision in regard to awarding of SEF Round 3 grants is deferred and the position reconsidered at the May Policy and Resources Committee when hopefully the situation regarding holding of mass gathering in 2021 will be clearer.
2. Noted that none of the 9 SEF Round 2 grant supported events planned for 2020 have gone ahead in light of COVID-19 and the restriction preventing mass gathering being held. 8 have been formally cancelled and whilst Tíree Wave Classic have rescheduled their 2020 event to March 2021, it is now very unlikely this will go ahead.
3. Noted that following agreement by members to the partial release of the SEF Round 2 grant (up to 75% of the SEF grant) to support the legitimate and eligible expenditure incurred in relation to cancelled events, only 3 of the event organisations have drawn down grant in regard to expenditure incurred in relation to 2020 cancelled events. Grant payments have been made to Mull of Kintyre Music Festival, Cowal Highland Gathering and Mull Rally.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 14 January 2021, submitted)

## **9. POLICY AND RESOURCES COMMITTEE WORK PLAN**

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

### **Decision**

The Policy and Resources Committee noted the content of the workplan as at February 2021.

(Reference: Policy and Resources Committee Workplan dated February 2021, submitted)

The Committee resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public for the following item of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraph 6 of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

## **\* 10. SCOTTISH CROWN ESTATE FUNDING PROPOSALS**

The Committee gave consideration to a report setting out proposals on the use of Scottish Crown Estate funding received within financial year 2020-21 and a prudent estimate of the distribution expected in the Summer of 2021.

### **Decision**

The Policy and Resources Committee -

1. Agreed to recommend to Council that they agree that Crown Estate funding as specified is allocated to the projects identified within paragraphs 4.2.2 to 4.2.16.
2. Noted that a further report would be brought forward once the final amount to be distributed in 2021-22 is known, expected to be Summer 2021.

(Reference: Report by Executive Director with responsibility for Development and Economic Growth dated 16 February 2021, submitted)

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****13 MAY 2021**

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**BUDGET OUTLOOK 2022-23 TO 2026-27**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report summarises the budget outlook covering the period 2022-23 to 2026-27 taking into consideration the budget decisions taken at the Council Budget meeting held on 25 February 2021. This is the first outlook of the financial year and is predominantly a roll forward of assumptions used as part of the budget process and extends the budget outlook to 2026-27. The assumptions will be updated and refined as the year progresses.
- 1.2 The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.3 The assumptions in respect of future years Scottish Government funding remain unchanged from those reported to full Council on 25 February 2021. Those being a prudent estimate of a reduction in funding of 1.0% in the mid-range scenario (based on an average of the last four years settlements with a slight adjustment to reflect the uncertainty about the medium to longer term impact of COVID and the UK's exit from the EU on future funding levels) with the best case and worst case variable being +/- 0.5% from the mid-range.
- 1.4 The Council tax base has been assumed to grow by 0.1% in the worst case scenario, 0.25% in the mid-range scenario and 0.4% in the best case.
- 1.5 The starting point for the 2022-23 budget is the approved budget for 2021-22 as agreed at Council on 25 February 2021 with the following updates:
- Adjust for borrowing costs to fund the capital plan of £0.070m
  - Remove the one-off 2020-21 COVID cost pressure of £5.101m
  - Adjust for the one-off 2021-22 gain from the loans fund principal repayment holiday of £5.400m
  - Adjust for the repayment of the loans fund principal repayment holiday
  - Adjust for the one-off removal of 2021-22 charges for festive parking of £0.020m
  - Remove the one-off 2021-22 recycling services costs of £0.206m
  - Remove the one-off 2021-22 ledger upgrade project costs of £0.050m
  - Remove the one-off 2021-22 planning act costs of £0.060m
- 1.6 The assumptions in respect of employee costs for Council services are as follows:
- Pay award for 2022-23 to 2026-27 of between 1% and 3%, with mid-range of 2%.
  - Increments between £0.317m and £0.634m with mid-range £0.634m.

- 1.7 For non-pay inflation, only unavoidable/inescapable inflation has been built in for the best case and mid-range scenarios. A further general inflationary increase has been built into the worst case scenario.
- 1.8 There are a number of cost and demand pressures for Council services built into each scenario:
- Universal Credit – HB Admin grant
  - ASN Support
  - SEEMIS Membership Fees
  - Local Government Election
  - New HR System Project Team
  - Waste
  - Impact of BMW Ban
  - Local Development Plan
  - House Loans
  - Loss of Parking Income
  - Increased Bandwidth in Schools
  - Apprenticeship Levy
- 1.9 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range and worst case scenarios of between £0.250m and £0.500m per year.
- 1.10 There will be a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget agreed in February 2021, indicative allocations for 2022-23 – 2024-25 were agreed on the basis of a flat cash allocation. In the budget outlook I have assumed flat cash allocations across all three scenarios.
- 1.11 At this stage no assumptions have been made around the Live Argyll management fee. This will be subject to an annual review through the budget setting process with options brought forward for Member's consideration.
- 1.12 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures and not factoring in any previous savings decisions or future potential options is an estimated gap over the five year period of £33.637m with a gap of £4.504m in 2022-23.
- 1.13 The measures to balance the budget over the next five years are as follows:
- Proposed increase to fees and charges of between 1% and 3% (3% mid-range).
  - Management/operational savings agreed by Council in February 2021.
  - Policy savings already agreed by Council in February 2021.
  - Proposed increase to Council Tax (3% in all scenarios).
- 1.14 In the mid-range scenario, the budget gap estimated over the five year period

2022-23 to 2026-27 is £23.018m with a gap of £2.490m in 2022-23.

- 1.15 In contrast, the budget gap in the best case scenario over the five years is £5.725m with a surplus of £1.703m in 2022-23 and in the worst case scenario, the budget gap over the five years is £43.177m with a gap of £6.341m in 2022-23. A summary of all three scenarios is included within Appendix 1.
- 1.16 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2022-23 to 2026-27.
- 1.17 The report also provides Committee members with an update on 2021-22 funding to reflect the Local Government Finance Circular No. 5/2021 issued on 18 March 2021 and asks the Policy and Resources Committee to approve the additional £0.712m of one off 2021-22 general revenue grant funding be added to the Council's Recovery and Renewal Fund with proposals on how to use it to be brought forward by officers in due course.

**BUDGET OUTLOOK 2022-23 TO 2026-27**

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**2. INTRODUCTION**

- 2.1 This report summarises the budget outlook covering the period 2022-23 to 2026-27 taking into consideration the budget decisions taken at the Council Budget meeting held on 25 February 2021. This is the first outlook of the financial year and is predominantly a roll forward of assumptions used as part of the budget process and extends the budget outlook to 2026-2027.
- 2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.
- 2.3 The report also provides Committee members with an update on 2021-22 funding to reflect the Local Government Finance Circular No. 5/2021 issued on 18 March 2021.

**3. RECOMMENDATIONS**

- 3.1 Consider the current estimated budget outlook position for the period 2022-23 to 2026-27.
- 3.2 Approve the additional £0.712m of one off 2021-22 general revenue grant funding be added to the Council's Recovery and Renewal Fund with proposals on how to use it to be brought forward by officers in due course.

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

- 4.1.1 The Scottish Government had given a commitment to provide a three year settlement from 2020-21 but both 2020-21 and 2021-22 have been one year settlements. It is accepted that due to the uncertainties surrounding the EU Exit and the COVID pandemic that it has been difficult for the Scottish Government to honour that commitment but it is hoped that a three year settlement will be announced next year as this would provide much more certainty to allow Council's to agree a medium term budget.

- 4.1.2 In considering the assumption related to future years funding, I have reflected on the past four years, taking into consideration the settlement commitments.
- 2018-19 funding reduction of 1.5%
  - 2019-20 funding reduction of 1.6%
  - 2020-21 funding reduction of 0.3% (after accounting for additional funds awarded at Stage 1 of the budget process and £0.454m of additional ferry funding)
  - 2021-22 funding increase of 0.39%.
- 4.1.3 It can be seen that the settlements in 2020-21 and 2021-22 have been much more favourable than in previous years and it is hoped that this is due to the Scottish Government recognising the pressures being faced by local government. It is extremely difficult to estimate future years funding and it is likely that the Chancellor will have to increase taxes or cut spending in the future in order to pay for the significant borrowing that has been taken out in the response to the COVID pandemic. It cannot, therefore be assumed, that the more favourable settlements will continue into future years.
- 4.1.4 I would have considered a prudent estimate within the mid-range scenario to be the average of the last four years settlements which is a reduction of 0.75%. However due to the uncertainty about the medium to longer term impact of COVID and the UK's Exit from the EU on the national economy and future funding, I would consider it prudent to increase this to an assumed reduction in the mid-range of 1.0% with the best case and worst case variable at +/- 0.5% from the mid-range. This is an area that will be kept under close review and I will engage with other Directors of Finance and COSLA as to their view of future years funding and update the report throughout the year as necessary.
- 4.1.5 The table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

	<b>2022-23</b> <b>£000</b>	<b>2023-24</b> <b>£000</b>	<b>2024-25</b> <b>£000</b>	<b>2025-26</b> <b>£000</b>	<b>2026-27</b> <b>£000</b>
% Change to Funding	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Estimated SG Funding Reduction	(2,010)	(1,990)	(1,970)	(1,951)	(1,931)
<b>Estimated SG Funding</b>	<b>199,033</b>	<b>197,043</b>	<b>195,073</b>	<b>193,122</b>	<b>191,191</b>

- 4.1.6 In addition to the Scottish Government Grant funding noted above I have built in £0.554m of specific grant funding for ferries in each of the five years as there is an assumption that this financial support, first provided in 2020-21 (£0.454m) and increased to £0.554m in 2021-22, for internal ferries continues however this has not been formally agreed by the Scottish Government.

### **Council Tax**

- 4.1.7 The Council Tax budget for 2021-22 was set at £52.859m which reflects the Council Tax freeze agreed by the Council on 23 February 2021 and an assumption there will be no increase in the Council Tax base due to the impact of COVID.

- 4.1.8 In terms of future growth in the Council tax base it has been assumed that it will grow by 0.1% in the worst case scenario, 0.25% in the mid-range scenario and 0.4% in the best case.
- 4.1.9 In 2021-22 the Council's settlement included £1.762m of funding to compensate for agreeing a Council Tax freeze. In the two years prior to this councils have had discretion to increase Council Tax by a maximum of 3% in real terms each year. This equated to 4.79% in cash terms in 2019-20 and 4.84% in 2020-21. Within this report, I will present the budget gap, prior to any decisions and therefore at this stage in the report, the Council tax base is assumed to remain at the same level as 2021-22.
- 4.1.10 The table below summarises the estimated total funding in the mid-range scenario.

	<b>2022-23 £000</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>	<b>2025-26 £000</b>	<b>2026-27 £000</b>
Estimated SG Funding	199,033	197,043	195,073	193,122	191,191
Specific Ferries Grant	554	554	554	554	554
Council Tax Base	52,859	52,859	52,859	52,859	52,859
Council Tax Growth	132	264	397	530	663
<b>Total Estimated Funding</b>	<b>252,578</b>	<b>250,720</b>	<b>248,883</b>	<b>247,065</b>	<b>245,267</b>

## 4.2 Base Budget

- 4.2.1 The 2021-22 budget approved by Council on 23 February 2021 was £251.314m.
- 4.2.2 There are adjustments required to the base budget from decisions by Council on 23 February 2021 and other adjustments are noted as follows:

	<b>2022-23 £000</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>	<b>2025-26 £000</b>	<b>2026-27 £000</b>
Base Budget 2021-22	251,314	251,314	251,314	251,314	251,314
<b>23 Feb 2021 Budget</b>					
Additional borrowing costs to fund capital plan	70	70	70	70	70
Remove 2021-22 COVID cost pressure	(5,101)	(5,101)	(5,101)	(5,101)	(5,101)
One off 2021-22 gain from principal repayment holiday	5,400	5,400	5,400	5,400	5,400
Adjust for repayment of loans fund principal repayment holiday	162	170	179	188	198
Remove funding for 2021-22 festive parking	(20)	(20)	(20)	(20)	(20)
<b>Other Adjustments</b>					
Remove one off 2021-22 providing recycling	(206)	(206)	(206)	(206)	(206)

services costs					
Remove one off 2021-22 Ledger Upgrade Project costs	(50)	(50)	(50)	(50)	(50)
Remove one off 2021-22 Planning Act costs	(60)	(60)	(60)	(60)	(60)
<b>Revised Base Budget</b>	<b>251,509</b>	<b>251,517</b>	<b>251,526</b>	<b>251,535</b>	<b>251,545</b>

### 4.3 Employee Cost Changes

#### Pay Award

4.3.1 When the Council agreed the 2021-22 Budget on 23 February 2021 the 2021-22 Scottish Public Sector Pay Policy had been announced. Whilst that isn't the agreed policy for teachers and local government employees it provided a reasonable basis to make assumptions for budget purposes and it supported a 2% award budget assumption in 2021-22.

COSLA's policy and aspiration remains to achieve parity of pay awards across the Local Government workforce and, as such, have adopted a position that the 2021-22 Local Government Pay offer should align, as far as possible, with the Scottish Public Sector Pay Policy. The 2021-22 Policy was revised in March 2021, after Stage 2 of the Budget Process, and its key features are:

- A flat rate payment of £800 for all employees earning up to £25,000
- A 2% uplift for those earning £25,000 to £40,000
- A 1% rise for those earning up to £80,000 with a cap of £800.

Officers have revisited the salary template to assess the impact of this policy and it creates a 2021-22 cost pressure for the Council of £0.311m. It should be noted that this policy is not agreed yet and COSLA are engaging with the Scottish Government regarding its affordability. In the meantime we are recognising this issue as a financial risk to the Council and will report back to Committee on any developments in relation to it.

4.3.2 In terms of assumptions for future years I have assumed there will be pay awards within a range of 1% (best case) and 3.0% (worst case) with a mid-range of 2%.

#### Increments

4.3.3 The cost of employee increments for 2021-22 was £0.634m. There remains a fairly regular turnover of staff within posts and when this happens the cost of increments can, in some cases, be absorbed by the budget provision for the previous post holder, who may have been at the top of the spinal column point for the grade. This is shown in adjustments to the employee base budget.

4.3.4 In terms of the budget outlook it has been assumed that for future years, the best case is assumed to be half of the previous year cost, for mid-range and worst case, assumes equal to the cost in 2021-22.

- 4.3.4 At the Business Continuity Committee on 13 August 2020 I reported the financial impact of modernising the LGE pay grade and employment deal from 1 April 2021 onwards. In the budget papers considered by Council on 23 February 2021 I advised these costs had been further refined to reflect the updated salary templates the pay award assumption. The majority of these costs/savings have been built into the budget base however there are some adjustments required in future years to reflect the profiling of the associated costs and savings.
- 4.3.5 The table below summarises the employee cost increases in the mid-range scenario for Council services. The employee cost increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

	<b>2022-23 £000</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>	<b>2025-26 £000</b>	<b>2026-27 £000</b>
Pay Award	2,921	5,901	8,940	12,040	15,202
Increments	634	1,268	1,902	2,536	3,170
Living wage consolidation and modernising the employment deal	(42)	(32)	(49)	(42)	(42)
<b>Total Employee Cost Changes</b>	<b>3,513</b>	<b>7,137</b>	<b>10,793</b>	<b>14,534</b>	<b>18,330</b>

#### 4.4 Non-Pay Inflation

- 4.4.1 Over the last few years, the Council have only included non-pay inflation within the budget where it was deemed to be unavoidable or inescapable.
- 4.4.2 In terms of the budget outlook, only unavoidable/inescapable non-pay inflation has been built into the best case and mid-range scenarios. This is based on the non-pay inflation estimate for 2021-22. A general inflationary increase of £0.750m per annum has been built into the worst case scenario. The non-pay inflation estimates will be reviewed during 2021-22 and updated throughout the year.
- 4.4.3 The table below summarises the non-pay inflation increases in the mid-range scenario for Council services. The non-pay inflation increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

	<b>2022-23 £000</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>	<b>2025-26 £000</b>	<b>2026-27 £000</b>
Unavoidable/Inescapable	1,164	2,328	3,492	4,656	5,820
<b>Total Non-Pay Inflation</b>	<b>1,164</b>	<b>2,328</b>	<b>3,492</b>	<b>4,656</b>	<b>5,820</b>

#### 4.5 Cost and Demand Pressures

- 4.5.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources, however, there are a number of cost and demand pressures already identified for Council services



which were reported as part of the budget in February 2021. Since the budget meeting on 23 February 2021 the following changes have been made to the cost and demand pressures:

- New – SEEMIS Membership Fees
- New – May 2022 Local Government Election Costs
- New – Rightsizing House Loans Budget
- New – Rightsizing Apprentice Levy Budget
- New – Cost of achieving compliance with Biodegradable Municipal Waste Ban
- New – Loss of car parking income from Arrochar car park
- New – Cost of increased bandwidth for schools for digital transformation
- Amended – Increased Additional Support Needs Demand

4.5.2 When creating a budget outlook beyond one year, there is a risk that unknown cost and demand pressures will emerge that have not been included within the outlook. It is suggested that no allowance is included within the best case scenario, £0.500m general allowance is included within the worst case and a £0.250m allowance included within the mid-range scenario each year.

4.5.3 The cost pressures are detailed in appendix 2 and are summarised in the table below and will be subject to review during the financial year.

4.5.4

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Universal Credit – HB Admin Grant	40	80	120	160	200
ASN Support	122	247	375	506	506
SEEMIS Membership	0	5	7	10	10
Local Government Election	300	0	0	0	0
New HR System Project Team	0	200	0	0	0
Loss of Parking Income	15	15	15	15	15
HALCRO Bandwidth Costs	19	19	19	19	19
Waste Model	91	98	116	169	0*
Cost of BMW Ban	0	0	400	1,600	1,150
Local Development Plan	0	50	0	50	0
House Loans	19	19	19	19	19
Apprenticeship Levy	40	40	40	40	40
Allowance for pressures in future years	250	500	750	1,000	1,250
<b>Total Cost and Demand Pressures</b>	<b>896</b>	<b>1,273</b>	<b>1,861</b>	<b>3,588</b>	<b>3,209</b>

\*The Waste Model Cost Pressure is zero in 2026-27 as that is when the Council's current Waste PPP contract expires.

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

## 4.6 Health and Social Care Partnership

- 4.6.1 The Council, at the budget meeting on 25 February 2021, agreed a base allocation to the HSCP of £62.211m for 2021-22 as well as indicative flat cash allocations for 2022-23 and 2023-24.
- 4.6.2 In the budget outlook, I have assumed flat cash allocations across all scenarios. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.
- 4.6.3 Social Work services have already identified a number of cost pressures and these are summarised below and included within Appendix 3 for information purposes. Note that these only extend to three years rather than the five years within this Council budget outlook. Extending the outlook to five years is a decision for the HSCP to take and their Chief Financial Officer is currently of the view that a three year planning window is appropriate.

	<b>2022-23 £000</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>
Pay Inflation	685	1,384	2,097
Pay Increments	87	174	261
Non-Pay Inflation	1,334	2,708	4,124
Care Services for Older People (Growth)	386	778	1,176
Care Services for Younger Adults	398	804	1,219
Continuing Care for Looked After Children	250	500	750
Unknown Cost and Demand Pressures	500	1,000	1,500
<b>Total Cost Increase estimates for Social Work</b>	<b>3,640</b>	<b>7,348</b>	<b>11,127</b>

#### 4.7 Live Argyll

- 4.7.1 The management fee for Live Argyll was agreed between October 2017 and 31 March 2021 on that basis that, during this time, the Trust would be able to grow its income streams and over time the percentage of the Trust expenditure represented by the management fee would reduce.
- 4.7.2 At the budget meeting on 25 February 2021, Council approved a 10% reduction in the management fee resulting in a 2021-22 fee of £3.419m. The management fee has only been agreed for a one year period.
- 4.7.3 At this stage no assumptions have been made around the payment to Live Argyll. This will be subject to an annual review through the budget setting process with options brought forward for Member's consideration.

#### 4.8 Estimated Budget Gap PRIOR to Measures to Balance the Budget

- 4.8.1 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand

pressures is summarised in the table below. This is the budget gap prior to factoring in any previous savings decisions or potential options towards balancing the budget.

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Base Budget	251,509	251,517	251,526	251,535	251,545
Employee Cost Changes	3,513	7,137	10,793	14,534	18,330
Non-Pay Inflation	1,164	2,328	3,492	4,656	5,820
Cost and Demand Pressures	896	1,273	1,861	3,588	3,209
Increase/(Decrease) to HSCP allocation	0	0	0	0	0
<b>Total Estimated Expenditure</b>	<b>257,082</b>	<b>262,255</b>	<b>267, 672</b>	<b>274,313</b>	<b>278,904</b>
Estimated Funding	252,578	250,720	248,883	247,065	245,267
<b>Estimated Budget Surplus / (Gap) Cumulative</b>	<b>(4,504)</b>	<b>(11,535)</b>	<b>(18,789)</b>	<b>(27,248)</b>	<b>(33,637)</b>

#### 4.9 Measures to Balance the Budget

- 4.9.1 In previous years, a general inflationary increase of 3% has been applied to fees and charges. For the budget outlook it has been assumed a similar increase within the best case and mid-range scenario and a smaller 1% increase in the worst case scenario.
- 4.9.2 A number of policy options were agreed at the Council meeting on 25 February 2021. These are now factored into the budget outlook, reducing the budget gap.
- 4.9.3 In the two years prior to this councils have had discretion to increase Council Tax by a maximum of 3% in real terms each year. This equated to 4.79% in cash terms in 2019-20 and 4.84% in 2020-21. In 2021-22 Councils were provided with compensatory funding in return for agreeing a Council Tax freeze. For the budget outlook, I have assumed a 3% Council Tax increase in the best case, mid-range and worst case scenarios.
- 4.9.4 The table below summarises the proposed measures to balance the budget in the mid-range scenario.

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Fees and Charges Increase	344	698	1,063	1,439	1,826
Management/Operational Savings February 2021	(250)	(230)	(230)	(230)	(230)
Policy Savings February 2021	331	459	459	459	459
Council Tax Increase	1,590	3,239	4,950	6,724	8,564

<b>Total Savings</b>	<b>2,015</b>	<b>4,166</b>	<b>6,242</b>	<b>8,392</b>	<b>10,619</b>
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#### 4.10 Estimated Budget Gap AFTER Measures to Balance the Budget

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

	<b>2022-23 £000</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>	<b>2025-26 £000</b>	<b>2026-27 £000</b>
Estimated Budget Gap Prior to Measures to Balance Budget	(4,504)	(11,535)	(18,789)	(27,248)	(33,637)
Savings Measures	2,015	4,166	6,242	8,392	10,619
<b>Estimated Budget Surplus / (Gap) Cumulative</b>	<b>(2,489)</b>	<b>(7,369)</b>	<b>(12,547)</b>	<b>(18,856)</b>	<b>(23,018)</b>
<b>Estimated Budget Surplus / (Gap) In Year</b>	<b>(2,489)</b>	<b>(4,880)</b>	<b>(5,178)</b>	<b>(6,309)</b>	<b>(4,162)</b>

4.10.2 In the mid-range scenario, the budget gap estimated over the five year period 2022-23 to 2026-27 is £23.018m with a gap of £2.489m in 2022-23.

4.10.3 In contrast, the budget gap in the best case scenario over the five years is £5.725m with a surplus of £1.703m in 2022-23 and in the worst case scenario, the budget gap over the five years is £43.177m with a gap of £6.341m in 2022-23. A summary of all three scenarios is included within Appendix 1.

4.10.4 The changes from the previous anticipated outlook to 2025-26 (as noted at the budget meeting on 25 February 2021) are summarised in the table below. Note that the budget meeting report was not extended to 2026-27 which is why the table below only extends to 2025-26.

	<b>2022-23 £000</b>	<b>2023-24 £000</b>	<b>2024-25 £000</b>	<b>2025-26 £000</b>
<b>Previously reported budget surplus / (gap) Cumulative</b>	<b>(2,013)</b>	<b>(7,103)</b>	<b>(11,794)</b>	<b>(16,812)</b>
Increase to Additional Support Needs C&D Pressure	(49)	(100)	(151)	(206)
New C&D Pressure - SEEMIS	0	(5)	(7)	(10)
New C&D Pressure – Election	(300)	0	0	0
New C&D Pressure – Housing Loans	(19)	(19)	(19)	(19)
New C&D Pressure – Apprenticeship Levy	(40)	(40)	(40)	(40)
New C&D Pressure – Parking Income	(15)	(15)	(15)	(15)
New C&D Pressure – School Bandwidth	(19)	(19)	(19)	(19)

New C&D Pressure – Cost Impact of BMW Ban	0	0	(400)	(1,600)
Change to Live Argyll Mgt fee Assumption	(35)	(68)	(102)	(135)
<b>Revised Budget Surplus / (Gap) Cumulative</b>	<b>(2,489)</b>	<b>(7,369)</b>	<b>(12,547)</b>	<b>(18,856)</b>

#### 4.11 2021-22 Revenue Funding Update

- 4.11.1 On 18 March 2021 the Scottish Government issued Local Government Finance Circular No. 5/2021 which provided an update on the 2021-22 revenue figures detailed in Local Government Finance Circular No. 1/2021. The paragraphs below highlight the main announcements of interest to the Council.
- 4.11.2 The £90m of funding to compensate councils for choosing to freeze council tax in 2021-22 (Argyll and Bute Council share - £1.762m) will be baselined in the Local Government settlement. I had made this assumption in the funding figures included in the budget outlook so this has no effect on our projected budget gap in 2022-23 to 2026-27,
- 4.11.3 An additional £40m of general revenue grant (Argyll and Bute Council share - £0.712m). Although this is not confirmed the assumption is that this is non-recurring funding and it is an officer recommendation that these one-off monies be added to the Council's Recovery and Renewal Fund with proposals on how to use it to be brought forward by officers in due course.
- 4.11.4 The Council's share of the additional £275m of non-recurring COVID funding announced on 16 February was confirmed as being £5.399m. This is £0.476m more than the estimated allocation reported in the Budget Pack presented to Full Council on 25 February 2021. That estimate was based on an assumption that it would be distributed based on GAE + SINA however an element of it was distributed based on the Council's lost income submission which resulted in a more favourable settlement. This is being provided as 2020-21 funding but the Scottish Government is allowing it to be carried forward into 2021-22. As agreed by Council on 25 February 2021 this funding will be added to the Council's Recovery and Renewal Fund.

#### 5. CONCLUSION

- 5.1 In the mid-range scenario, the budget gap estimated over the five year period 2022-23 to 2026-27 is £23.018m with a gap of £2.490m in 2021-22. Council officers are continuing to further develop savings options identified during the 2020-21 service redesign which require further development and consultation. These will be presented to members at a future date to help balance the budget in future years.

#### 6. IMPLICATIONS

- 6.1 Policy - Sets out the budget outlook that provides the financial envelope for policy decisions.

- |       |                        |  |
|-------|------------------------|--|
| 6.2   | Financial -            | Sets best, worst and mid-range scenarios in respect of the budget outlook. The medium to longer term financial strategy is being updated and the Council are actively continuing to pursue opportunities to mitigate against future budget gaps. |
| 6.3   | Legal -                | None directly from this report but Council will need to balance the budget.  |
| 6.4   | HR -                   | None directly from this report but there is a strong link between HR and budgets.  |
| 6.5   | Fairer Scotland Duty - | See below  |
| 6.5.1 | Equalities             | None directly from this report but any proposals to address the estimated budget gap will need to consider equality issues.  |
| 6.5.2 | Socio Economic Duty    | None directly from this report but any proposals to address the estimated budget gap will need to consider socio economic issues.  |
| 6.5.3 | Islands Duty           | None directly from this report but any proposals to address the estimated budget gap will need to consider any island specific issues.   |
| 6.6   | Risk -                 | None directly from this report but any proposals to address the estimated budget gap will need to consider risk.   |
| 6.7   | Customer Service -     | None directly from this report but any proposals to address the estimated budget gap will need to consider customer service.   |

**Kirsty Flanagan**  
**Executive Director/Section 95 Officer**  
**19 April 2021**

**Policy Lead for Financial Services and Major Projects: Councillor Gary Mulvaney**

**APPENDICES:**

Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios

Appendix 2 – Cost and Demand Pressures (Council Services)

Appendix 3 – Cost and Demand Pressures (Social Work)

**BUDGET OUTLOOK 2022-23 to 2026-27**  
**POLICY AND RESOURCES COMMITTEE - 13 MAY 2021**

**APPENDIX 1**

	Best Case Scenario					Mid-Range Scenario					Worst Case Scenario				
	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Base Budget	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314
Base Budget Adjustments	195	203	212	221	231	195	203	212	221	231	195	203	212	221	231
<b>Revised Base Budget</b>	<b>251,509</b>	<b>251,517</b>	<b>251,526</b>	<b>251,535</b>	<b>251,545</b>	<b>251,509</b>	<b>251,517</b>	<b>251,526</b>	<b>251,535</b>	<b>251,545</b>	<b>251,509</b>	<b>251,517</b>	<b>251,526</b>	<b>251,535</b>	<b>251,545</b>
Pay Award	1,461	2,936	4,426	5,931	7,451	2,921	5,901	8,940	12,040	15,202	4,382	8,895	13,544	18,332	23,264
Pay Increments	317	634	951	1,268	1,585	634	1,268	1,902	2,536	3,170	634	1,268	1,902	2,536	3,170
Living Wage Consolidation	10	19	29	39	40	10	19	29	39	39	10	19	29	39	40
Additional costs/savings to modernising employment deal	(52)	(51)	(78)	(81)	(81)	(52)	(51)	(78)	(81)	(81)	(52)	(51)	(78)	(81)	(81)
Change to employee base	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Employee Cost Changes (Council Services)</b>	<b>1,736</b>	<b>3,538</b>	<b>5,328</b>	<b>7,157</b>	<b>8,995</b>	<b>3,513</b>	<b>7,137</b>	<b>10,793</b>	<b>14,534</b>	<b>18,330</b>	<b>4,974</b>	<b>10,131</b>	<b>15,397</b>	<b>20,826</b>	<b>26,393</b>
<b>Non-Pay Inflation - Council Services</b>	<b>1,164</b>	<b>2,328</b>	<b>3,492</b>	<b>4,656</b>	<b>5,820</b>	<b>1,164</b>	<b>2,328</b>	<b>3,492</b>	<b>4,656</b>	<b>5,820</b>	<b>1,914</b>	<b>3,828</b>	<b>5,742</b>	<b>7,656</b>	<b>9,570</b>
Previously Agreed - HB Admin Grant	40	80	120	160	200	40	80	120	160	200	40	80	120	160	200
SEEMIS Membership Fees	0	5	7	10	10	0	5	7	10	10	0	5	7	10	10
ASN Support	98	198	300	498	498	122	247	375	506	506	146	299	445	744	744
Waste	91	98	116	169	0	91	98	116	169	0	91	98	116	169	0
Compliance with BMW Ban	0	0	200	800	800	0	0	400	1,600	1,150	0	0	875	3,500	1,500
Planning (Local Development Plan)	0	50	0	50	0	0	50	0	50	0	0	50	0	50	0
Software support for a new HR system & Backfill for project team.	0	150	0	0	0	0	200	0	0	0	0	250	0	0	0
Loss of parking income	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
HALCRO bandwidth costs	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
Election costs	250	0	0	0	0	300	0	0	0	0	350	0	0	0	0
House Loans	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
Apprenticeship Levy	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Allowance for Cost and Demand Pressures Future Years	0	0	0	0	0	250	500	750	1,000	1,250	500	1,000	1,500	2,000	2,500
<b>Total Cost and Demand Pressures</b>	<b>572</b>	<b>674</b>	<b>836</b>	<b>1,780</b>	<b>1,601</b>	<b>896</b>	<b>1,273</b>	<b>1,861</b>	<b>3,588</b>	<b>3,209</b>	<b>1,220</b>	<b>1,875</b>	<b>3,156</b>	<b>6,726</b>	<b>5,047</b>
<b>Adjustment to Health and Social Care Partnership Payment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Estimated Expenditure PRIOR to measures to balance the budget</b>	<b>254,981</b>	<b>258,057</b>	<b>261,182</b>	<b>265,128</b>	<b>267,961</b>	<b>257,082</b>	<b>262,255</b>	<b>267,672</b>	<b>274,313</b>	<b>278,904</b>	<b>259,617</b>	<b>267,351</b>	<b>275,821</b>	<b>286,743</b>	<b>292,555</b>
Scottish Government Grant	201,043	200,038	199,038	198,043	197,053	199,033	197,043	195,073	193,122	191,191	198,027	195,057	192,131	189,249	186,410
Specific Grant for Ferries	554	554	554	554	554	554	554	554	554	554	554	554	554	554	554
Council Tax	53,070	53,282	53,495	53,709	53,924	52,991	53,123	53,256	53,389	53,522	52,912	52,965	53,018	53,071	53,124
<b>Total Funding</b>	<b>254,667</b>	<b>253,874</b>	<b>253,087</b>	<b>252,306</b>	<b>251,531</b>	<b>252,578</b>	<b>250,720</b>	<b>248,883</b>	<b>247,065</b>	<b>245,267</b>	<b>251,493</b>	<b>248,576</b>	<b>245,703</b>	<b>242,874</b>	<b>240,088</b>
<b>Budget Surplus / (Gap) PRIOR to measures to balance the budget</b>	<b>(314)</b>	<b>(4,183)</b>	<b>(8,095)</b>	<b>(12,822)</b>	<b>(16,430)</b>	<b>(4,504)</b>	<b>(11,535)</b>	<b>(18,789)</b>	<b>(27,248)</b>	<b>(33,637)</b>	<b>(8,124)</b>	<b>(18,775)</b>	<b>(30,118)</b>	<b>(43,869)</b>	<b>(52,467)</b>
Measures to Balance the Budget:															
Fees and Charges	344	698	1,063	1,439	1,826	344	698	1,063	1,439	1,826	115	230	347	465	584
Management/Operational Savings reported December 2020	(250)	(230)	(230)	(230)	(230)	(250)	(230)	(230)	(230)	(230)	(250)	(230)	(230)	(230)	(230)
Policy savings reported December 2020	331	459	459	459	459	331	459	459	459	459	331	459	459	459	459
Council Tax Increase	1,592	3,245	4,960	6,739	8,584	1,590	3,235	4,938	6,700	8,523	1,587	3,225	4,915	6,659	8,459
Council Tax Increase (Growth element)	0	6	19	39	66	0	4	12	24	41	0	2	5	10	17

Total Measures to Balance the Budget	2,017	4,178	6,271	8,446	10,705	2,015	4,166	6,242	8,392	10,619	1,783	3,686	5,496	7,363	9,289
Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget	1,703	(5)	(1,824)	(4,376)	(5,725)	(2,490)	(7,369)	(12,547)	(18,856)	(23,018)	(6,341)	(15,089)	(24,622)	(36,506)	(43,177)
Budget Surplus / (Gap) In Year AFTER measures to balance the budget	1,703	(1,708)	(1,819)	(2,552)	(1,349)	(2,490)	(4,880)	(5,178)	(6,309)	(4,162)	(6,341)	(8,748)	(9,533)	(11,884)	(6,672)



Appendix 2 - COUNCIL COST AND DEMAND PRESSURES 2022-23 to 2026-27

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000
Chief Executive's Unit	Financial Services	Universal Credit "Full" Service went live in Sept 2018, but managed migration has been deferred to 2021 and will not be completed until 2024. The DWP will reduce the Housing Benefit Administration Subsidy they pay to the Council as some claimants come off of Housing Benefit processed by Council staff and go onto Universal Credit processed by the DWP. The Council's caseload has reduced marginally since implementation of Universal Credit but it is hard to predict just how quickly the rest of the working age caseload will migrate from Housing Benefit to Universal Credit between now and 2024. These figures represent our best estimates at this time.	40	80	120	160	200	40	80	120	160	200	40	80	120	160	200
Executive Director - Douglas Hendry	Education	The demand for ASN support in Argyll and Bute has continued to grow with a significant increase in, and early identification of children and young people presenting with complex additional support needs, including mental health difficulties. It is anticipated that growth continues over the next 5 years however the extent of this growth is difficult to determine. Scottish Government statistics show that the number of pupils identified with ASN has increased markedly since 2010 and there continue to be year on year increases. These increases are likely due to continued improvements in recording and the introduction of the additional need types 'Child plans' and 'Other' in 2011. Scottish Government statistical datasets show that the percentage of school roll in mainstream schools of pupils with ASN has increased by approximately 3% year on year. Within many authorities, this means increased numbers of children accessing specialist provision.	98	198	300	498	498	122	247	375	506	506	146	299	445	744	744
Executive Director - Douglas Hendry	Education	The SEEMIS group, provider of the Council's Education Management Information System, recently reviewed their long term financial plan and refreshed it to cover the period 2021/22 to 2025/26. As a result of this exercise there were implications on Membership fees with a cost pressure on the Education service arising from financial year 2023/24. Indicative membership fees were provided for financial years 2021/22 to 2022/23 and these have been factored in accordingly.	0	5	7	10	10	0	5	7	10	10	0	5	7	10	10
Executive Director - Douglas Hendry	Legal and Regulatory Services	Estimated cost (to be borne by the Council) of carrying out local Government elections in May 2022 (and in financial year 2022/23). Operating approx. 100 polling stations and carrying out poll and count for 11 Multi member wards – requiring 11 separate counts	250	0	0	0	0	300	0	0	0	0	350	0	0	0	0
Executive Director - Kirsty Flanagan	HR	Costs for a project team for a new HR system & Backfill. This is a total new system build.	0	150	0	0	0	0	200	0	0	0	0	250	0	0	0
Executive Director - Kirsty Flanagan	Waste	Additional costs derived from the current waste model. Note that the treatment of waste going forward has not been fully costed due to uncertainty as to how the council will deal with the Bio Municipal Waste ban and the Deposit Return Scheme. Pressure has increased due to an updated waste model.	91	98	116	169	0	91	98	116	169	0	91	98	116	169	0
Executive Director - Kirsty Flanagan	Waste	Achieving compliance with ban on biodegradable municipal waste in 2025. This is the estimated revenue costs from potential scenarios, remaining in or coming out of the current waste PPP contract. Coming out of the Waste PPP contract would create an additional one-off cost. There are also capital cost implications that are not included within these estimates. Due to the complexity of the model, estimates are subject to change.	0	0	200	800	800	0	0	400	1,600	1,150	0	0	875	3,500	1,500
Executive Director - Kirsty Flanagan	Planning	Local development plan will require to be done under the new Planning legislation which is a revised process from the current one and will have a 10 year life. The new process has 2 stages where there is likely to be a cost pressure - a gate check followed by an examination some time later.	0	50	0	50	0	0	50	0	50	0	0	50	0	50	0
Executive Director - Kirsty Flanagan	Housing	Rightsize budget for House Loans which is a historic budget which has simply been rolled forward year on year	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
Executive Director - Kirsty Flanagan	Parking	Loss in income at Glen Loin Car park, Arrochar due to end of lease and responsibility for car park returning to owners, Luss Estates	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Executive Director - Kirsty Flanagan	IT	HALCO - increased bandwidth for schools to allow digital transformation to support the move to online learning	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
Council Wide	Council Wide	Rightsize budget for Apprenticeship Levy which is a historic budget which has simply rolled forward year on year. Apprenticeship Levy is charged at a rate of 0.5% of an employer's payroll but the budget has not been increased in line with salary budget increases	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	0	0	250	500	750	1,000	1,250	500	1,000	1,500	2,000	2,500
<b>TOTAL</b>			<b>572</b>	<b>674</b>	<b>836</b>	<b>1,780</b>	<b>1,601</b>	<b>896</b>	<b>1,273</b>	<b>1,861</b>	<b>3,588</b>	<b>3,209</b>	<b>1,220</b>	<b>1,875</b>	<b>3,156</b>	<b>6,726</b>	<b>5,047</b>

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**SOCIAL WORK COST AND DEMAND PRESSURES - 2022/23 to 2024-25**

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2022-23 £000	2023-24 £000	2024-25 £000	2022-23 £000	2023-24 £000	2024-25 £000	2022-23 £000	2023-24 £000	2024-25 £000
All Social Work	Estimated Pay inflation reflecting a best case of 1%, mid range of 2% and worst case of 3%.	339	681	1,026	685	1,384	2,097	1,038	2,107	3,208
All Social Work	Estimated Pay increments, best case absorbed in current staff changes, mid-range, half of 2020-21 cost and worst case same as 2020-21 cost.	44	87	131	87	174	261	87	174	261
All Social Work	Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case.	922	1,864	2,827	1,279	2,596	3,952	1,703	3,471	5,307
All Social Work	Non-pay inflation impact of payroll inflation on NHS posts which are recharged to Social Work.	55	112	172	55	112	172	55	112	172
Adult Care	Older People Demand Growth: The number of older people is increasing and older people are living longer with significant health and support needs and significant expectations of the support they are entitled to receive. Demand pressure estimates 3% growth in homecare and care home placements, this increase is supported by the growth in clients and care requirements over a number of years although in some areas the service capacity is being fully utilised and service expansion is proving difficult. The best case assumes a 0% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 1.5% growth and the worst case reflects 3% growth.	0	0	0	386	778	1,176	784	1,593	2,427
Adult Care	Younger Adults Demand Growth (Excluding Physical Disability): There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth.	165	331	499	333	673	1,020	504	1,024	1,560
Adult Care	Younger Adults Demand Growth - Physical Disability: There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth.	30	60	91	65	131	199	104	212	323
Children and Families	Continuing Care demand for Looked After young people who are cared for by the HSCP. The best case scenario is that the expected additional demand can be funded from within existing resources as a result of planned improvements to the service delivery model (eg shift away from high cost external residential care to local foster and kinship care), the mid case reflects £250k per annum and the worst case reflects £500k per annum.	0	0	0	250	500	750	500	1,000	1,500
All Social Work	Allowance for unknown cost and demand pressures which could arise. The best case assumes unknown pressures totalling £250k per annum, the mid range £500k per annum and the worst case £750k per annum.	250	500	750	500	1,000	1,500	750	1,500	2,250
<b>TOTAL UNFUNDED COST AND DEMAND PRESSURES</b>		<b>1,805</b>	<b>3,635</b>	<b>5,496</b>	<b>3,640</b>	<b>7,348</b>	<b>11,127</b>	<b>5,525</b>	<b>11,193</b>	<b>17,008</b>

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****13 MAY 2021**

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**HEALTH AND SOCIAL CARE PARTNERSHIP 2020/21 OUTTURN AND DEBT REPAYMENT SCHEDULE**

---

**1. EXECUTIVE SUMMARY**

- 1.1 At the Council's budget meeting on 25 February 2021 the Council approved a base allocation to the Health and Social Care Partnership (HSCP) of £62.211m for 2021/22, with a net payment of £62.011m once the debt repayment schedule requested by the HSCP, and an early repayment of £1.0m was taken into account. The schedule, including future years indicative payments, was also approved.
- 1.2 The final outturn for the HSCP is a £1.010m underspend, which is after accounting for the original repayment and subsequent £1m early repayment in 2020-21. This amount will be used to reduce the outstanding debt to the Council, in line with the Scheme of Integration.
- 1.3 It is recommended that the Policy and Resources Committee
- a) Note the HSCP favourable outturn position which results in a further £1.010m of the outstanding debt being repaid early.
  - b) Agree the revised schedule of debt repayment as outlined within paragraph 4.4.

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**HEALTH AND SOCIAL CARE PARTNERSHIP 2020/21 OUTTURN AND DEBT REPAYMENT SCHEDULE**

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**2. INTRODUCTION**

- 2.1 This report advises of the favourable outturn position of the HSCP in financial year 2020/21 and following a request from the IJB Chief Financial Officer recommends a revised profile of the remaining outstanding debt.

**3. RECOMMENDATIONS**

- 3.1 It is recommended that the Policy and Resources Committee
- a) Note the HSCP favourable outturn position which results in a further £1.010m of the outstanding debt being repaid early.
  - b) Agree the revised schedule of debt repayment as outlined within paragraph 4.4.

**4. DETAIL****Health and Social Care Partnership Financial Position**

- 4.1 There is currently a debt due to the Council from the HSCP of £3.848m for overspends incurred in 2018/19 and 2019/20.
- 4.2 The HSCP have confirmed that their final 2020/21 outturn is an underspend of £1.010m. The approved Scheme of Integration outlines what should happen in the event of an underspend at the year end:

*8.2.21 Subject to there being no outstanding payments due to the partner bodies, the IJB may retain any underspend to build up its own reserves and the Chief Financial Officer will maintain a reserves policy for the IJB.*

- 4.3 As there are outstanding payments due to the Council from the HSCP the underspend of £1.010m will be used to reduce the outstanding balance from £3.848m to £2.838m.

**Repayment of Remaining Outstanding Debt**

- 4.4 The IJB Chief Financial Officer has requested that the repayment schedule be updated with the repayments still being made over the following 4 years but the repayments between 2022/23 to 2024/25 being reduced by the early repayment in 2020/21. The revised repayment profile is set out in the table below.

	<b>Repayment 2018/19 Overspend £000</b>	<b>Repayment 2019/20 Overspend £000</b>	<b>Total Repayment £000</b>
2021/22	200		200
2022/23	900		900
2023/24	572	328	900
2024/25		838	838
<b>Total</b>	<b>1,672</b>	<b>1,166</b>	<b>2,838</b>

## 5. CONCLUSION

- 5.1 The HSCP is £1.010m underspent in 2020/21 and this underspend will be used to pay down the HSCP's debt to the Council from £3.848m to £2.838m in line with the terms of approved Scheme of Integration.
- 5.2 It is recommended that the repayment of the remaining £2.838m is deducted from the Council's payment to the HSCP over the four year period 2021/22 to 2024/25.

## 6. IMPLICATIONS

- 6.1 Policy – In line with the Scheme of Integration
- 6.2 Financial – The repayment of £1.010m of the outstanding debt will increase the Council's General Fund balance.
- 6.3 Legal - None
- 6.4 HR - None
- 6.5 Fairer Scotland Duty - None
- 6.5.1 Equalities – None
- 6.5.2 Socio-Economic Duty – None
- 6.5.3 Islands Duty - None
- 6.6 Risk – None.
- 6.7 Customer Service - None

**Kirsty Flanagan**  
**Executive Director/Section 95 Officer**  
**29 April 2021**

**Policy Lead for Financial Services and Major Projects: Councillor Gary Mulvaney**

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES COMMITTEE****FINANCIAL SERVICES****13 MAY 2021**

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**RISK MANAGEMENT MANUAL UPDATE**

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**1. EXECUTIVE SUMMARY**

- 1.1 This report presents the revised risk management manual which has been amended to reflect changes in current operational practices.

**2. RECOMMENDATIONS**

- 2.1 To approve the revised Council risk management manual.

**3. DETAIL**

- 3.1 As per the Council's Financial and Security Regulations the Policy and Resources Committee is responsible for approving the Council's risk management manual.
- 3.2 On 24 May 2018 the Policy and Resources Committee approved the revised risk management manual. No changes were made to the Council's risk management arrangements during 2018/19 so it was not deemed necessary to review and update the risk management manual in that year
- 3.3 In September 2019 the Audit and Scrutiny Committee agreed an annual audit of risk management was no longer required and that this would be replaced by an annual strategic risk assurance mapping exercise with an audit of risk management to be conducted at least every three years. An internal audit of the Council's risk management arrangements, reported to the Audit and Scrutiny Committee on 24 January 2020 highlighted a need to revise the risk management manual to reflect this change. It also highlighted that the manual referred to the Chief Executive presenting the Council's strategic risk register to the Policy and Resources Committee rather than the Audit and Scrutiny Committee on an annual basis.
- 3.4 The risk management manual has been revised to reflect these required changes, the change in the Council's Chief Executive and some other minor text changes. The table below provides a summary of the changes:

Page	Para	Change
Front	N/A	Added Council logo, new strapline and latest version date
3	3	Amended Chief Executive details to reflect recent appointment
5	11 Table Row 2	Amended title from 'Head of Strategic Finance' to 'Head of Financial Services'
10	27	Amended 'Strategic Finance' to 'Financial Services'
10	30	<p>Previous Para</p> <p>The Strategic Risk Register is formally reported to the Policy and Resources Committee on an annual basis (normally August) and, also on an annual basis, the CIA will provide a risk management overview paper to the Council's Audit and Scrutiny Committee (normally March) to provide assurance over the risk management process.</p> <p>Revised Para</p> <p>The Chief Executive presents the Strategic Risk Register formally to the Audit and Scrutiny Committee on an annual basis (normally June). In addition the CIA will perform a strategic risk assurance mapping exercise on an annual basis and report its conclusions to the Audit and Scrutiny Committee (normally September). Formal audits of the Council's risk management arrangements will be performed at least once every three years</p>

- 3.4 The revised Risk Management Manual was to be submitted to the May 2020 Policy and Resources Committee for approval however that Committee was replaced by the Business Continuity Committee (BCC) and, as the changes to the Risk Management Manual were minor in nature, submitting the manual to the BCC for approval was not deemed a priority whilst the Council responded to the COVID pandemic.

#### 4. IMPLICATIONS

- |       |                      |           |
|-------|----------------------|-----------|
| 4.1   | Policy               | None      |
| 4.2   | Financial            | None      |
| 4.3   | Legal                | None      |
| 4.4   | HR                   | None      |
| 4.5   | Fairer Scotland Duty | See Below |
| 4.5.1 | Equalities           | None      |
| 4.5.2 | Socio-Economic Duty  | None      |

4.5.3	Islands Duty	None
4.6	Risk	Aligning risk management manual to revised operational activity
4.7	Customer Service	None

**Laurence Slavin**

**Chief Internal Auditor**

Date: 19 April 2021

**For further information contact:** Laurence Slavin, Tel: 01436 657694,  
laurence.slavin@argyll-bute.gov.uk

**APPENDICES**

Appendix 1 – Revised Risk Management Manual

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# Argyll and Bute Council

## Risk Management Manual

May 2021



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## Introduction

1. Like every business, Argyll and Bute Council (the Council) faces numerous uncertainties. Risks are significant uncertainties that may affect the Council's ability to achieve its strategic and operational objectives. Risk management is the planned and systematic process by which key risks are identified, evaluated and managed so as to maximise benefits and minimise potentially negative consequences to the Council and its partners.
2. Local government has seen and will continue to see unprecedented changes. This will lead to significant new risks, as the Council reviews its services and how they are delivered. The Council will respond to such uncertainty through its risk management arrangements. Nothing is achieved without some element of risk, although good risk management often goes unnoticed. Good risk management will support and enhance the decision making process, increase the likelihood of the council meeting its objectives and enable it to respond quickly to new pressures and opportunities.
3. The purpose of this manual is to provide an overview of the risk management processes within the Council and gives practical guidance for the management of risk within departments and teams.



Pippa Milne  
Chief Executive, Argyll and Bute Council

## What are risks?

4. A risk can be defined as *'An uncertain event or set of events which, should it occur, will have an effect on the achievement of objectives.'* A risk can be an opportunity or a threat.
5. Risks consist of a combination of the probability of a perceived threat or opportunity and the magnitude of impact this perceived threat or opportunity would have upon the Council's objectives. To link the cause and consequences of a potential event it can be useful to define a risk in the format:

*'There is a risk of X, due to Y, which may result in Z'*

## What is risk management?

6. Risk management is the *"systematic application of principles, approach and processes to the identification, assessment and monitoring of risks."* By managing our risk process effectively we will be in a better position to safeguard against potential threats and exploit potential opportunities to improve services and provide better value for money.
7. It must be stressed that risk management is about being risk aware and making the most of opportunities rather than avoiding risk altogether. In order to meet our objectives it is appreciated that some risks must be taken. It is important, however, that these risks are actively controlled.

## Our approach to managing risk

8. The Council's approach to risk management has been developed to support the key requirements of good corporate governance. In particular:
  - **Open and Transparent:** Our approach to managing risks will be open and transparent and blame will not be attributed if decisions made in good faith turn out to be wrong. Staff, councillors, members of the public, partners and outside organisations should have access to information on our current risks and how we are managing them. Our risks will be open to regular internal and external audit inspection.
  - **Consistent:** There will be consistency in our approach to identifying, assessing and managing risks across the organisation. Our risk management processes will ensure that the risks are reviewed regularly and that any changes in circumstances are recorded and acted upon.
  - **Proportionate:** When managing and controlling our risks, our actions will be proportionate - the cost and time of our efforts should be in balance with the potential impact and likelihood of the risk.
  - **Accountable:** There will be clear accountability for our risks. This will include a public statement on risk as part of our decision making process; an annual governance statement of internal control signed by the Chief Executive, approved by the Audit and Scrutiny Committee and included in the Council's Annual Finance Statements; and assignation of owners to all risks.

## Risk appetite statement

9. Risk appetite is best summarised as "the amount of risk an organisation is willing to accept" and is about looking at both the propensity to take risk and the propensity to exercise control.



10. The Council is involved in a wide range of activities so it is not possible to define risk appetite in absolute terms. We aim to be risk aware, but not overly risk averse and to actively manage our risks to protect and grow the organisation. To deliver our priorities, we recognise the need to manage certain business risks. Intolerable risks are those that could:

- negatively affect the safety of employees or the residents of Argyll and Bute
- have a material detrimental impact on the Council's reputation
- result in breaches of laws and regulations
- endanger the future operations of the Council.

## Roles and responsibilities

11. Risk management must be an integral part of the way we work throughout the Council. It is the responsibility of all employees to ensure that they consider risk as an integral part of the Council's operations. Specific roles in relation to risk management are set out in exhibit 1.

### *Exhibit 1– Risk management roles and responsibilities*

	<b>Responsibility</b>
Strategic Management Team (SMT)	Promote the importance placed on risk management to create an environment and structure which allows risk management to operate effectively throughout the Council. This includes overseeing the implementation of the Council's approach to risk management and ensuring the risks to the delivery of the Council's strategic objectives are managed effectively. Executive Directors and the Head of Financial Services are also responsible for overseeing the management of the operational risk registers for their areas of responsibility.
Elected Members	All Members have strategic responsibility for risk management as part of their responsibility for governing the delivery of local services. They should promote a culture of risk management throughout the council and have regard to risk management implications in their decision making.
Heads of Service	Raise awareness and manage the risk management process within their service areas. Actively involved in the production, review and management of operational risk registers.
Managers	Manage risk effectively in their particular service or operational area and where required, update the operational risk register.
Employees	All employees should be involved in the risk identification and management process. All officers are responsible for bringing to the attention of the relevant person key areas of concern or risks to their or their team's objectives.
Audit and Scrutiny Committee	Review the effectiveness of risk management arrangements and provide comment and challenge on risk management activity and progress.
Internal Audit	Provides an independent appraisal of the adequacy and effectiveness of risk management arrangements within the Council. Considers the Council's identified risks when constructing the annual audit plan and specific audit programmes.

## Risk management cycle

### Introduction

12. The risk management cycle is broken down into four steps as illustrated in exhibit 2. It is a series of logical steps which are carried out in sequence to progress through each stage of managing a risk. The process is cyclical as it is often necessary to revisit earlier steps and carry them out again to ensure you have a complete picture of the risks to the activity/outcome you are assessing.

*Exhibit 2 – Risk management cycle*



### Step 1 – Identify

13. In the risk identification stage we are concerned with identifying events that could impact on the business objectives – i.e. ‘what could happen’. We need to look at both the positive and the negative effect and so should also ask ourselves ‘what could happen if we don’t...’.
14. It may help to use prompts to identify the areas of risk. Some common areas are set out in exhibit 3.
15. Expressing the risks as a statement is often harder than it first seems. It may require rethinking some basic assumptions about a situation and re-evaluating the elements that are most important. A risk needs to tell you what could happen and what the consequences and impact will be if it does.
16. For example, the Fire and Rescue Service identified the difficulty recruiting retained fire-fighters as an issue. This was developed around event, consequence, impact to:
- “Failure to respond with fully crewed appliances (**the event**) could lead to either unacceptable delays in arrival or reduced crew (**the consequence**) resulting in undue loss of life or possessions (**the impact**)”.*
17. Try to include those three parts when documenting your risk (**Event – Consequence – Impact**).

*Exhibit 3– Risk identification prompts*

Type of Risk	Prompt
Strategic	Doing the wrong things as an organisation; missing opportunities
Financial	Losing monetary resources or incurring unacceptable liabilities
Reputational	Impact on Council’s image, loss of public confidence
Political	Political embarrassment, not delivering local or national policies
Partnership	Risks/opportunities Council is exposed to as part of partnership working
Legal / regulatory	Claims against the council, non-compliance
Operational	Doing the right things in the wrong way (service delivery failure, targets missed); missing business opportunities
Information	Loss or inaccuracy of data, systems or reported information
Environmental	Things outside of the Council’s control; environmental impact
People	Risks associated with employees, management and councillors

**Step 2 - Assess Risks**

18. The next step is to assess identified risks in terms of the likelihood that they will occur and the impact if they do. This will allow risk prioritisation and facilitate decisions on how the risks should be managed.
19. The Council has agreed factors to consider when assessing the levels of likelihood and impact for risks. These are illustrated in exhibits 4 and 5. The definitions for likelihood of occurrence are quite short. However, because the impact of the risk, should it occur, can be much wider, there is a more comprehensive set of definitions.

*Exhibit 4 – Factors to consider when assessing likelihood*

	Score	Probability of Occurrence	Timescale
<b>Almost Certain</b>	5	>75%	Occur < 6 months
<b>Likely</b>	4	51%-75%	Occur 6 months - 1 year
<b>Possible</b>	3	31% - 50%	Occur 1-2 years
<b>Unlikely</b>	2	10% - 30%	Occur 2-3 years
<b>Remote</b>	1	<10%	Occur > 3 years

20. When you have assessed both the risk likelihood and impact, multiply the likelihood score by the impact score to get the overall risk score. This is the score that we use to compare and prioritise our risks. The overall risk score can be plotted on a risk prioritisation matrix (exhibit 6) which will help identify those risks which require active management.
21. The likelihood and impact of risks also need to be considered after existing controls have been evaluated as to their effectiveness. Existing controls refers to controls actually in place not those we plan to put in place. For each control identified it is important to review its effectiveness in managing the risk and that the residual risk assessment accurately reflects this.
  - **Inherent risk:** The risk that an activity would pose if no controls or other mitigating actions were in place.
  - **Residual risk:** The risk that remains after controls are taken into account.

*Exhibit 5 – Factors to consider when assessing impact*

Impact	Score	Service	Financial	People / Duty of Care	Project	Reputational	Legal
<b>Catastrophic</b>	5	Serious failure affecting vulnerable groups	Severe loss > 50% of budget	Fatality	Project fails to deliver thus impacting on Council performance	Sustained negative national media attention - loss of public confidence	Legal action certain or government intervention or criminal charges
<b>Major</b>	4	Serious failure but not affecting vulnerable groups	Major loss 30% - 50% of budget	Extensive injury, major permanent harm	Project delay (1-2 years)	Sustained negative local and/or national media attention	Major civil litigation and/or national public enquiry
<b>Moderate</b>	3	Significant failure affecting customers	Significant loss 10% - 30% of budget	Medical treatment - semi -permanent harm < 1 year	Project delay (3 months - 1 year)	Significant negative local media attention	Major civil litigation and/or local public enquiry
<b>Minor</b>	2	Short term disruption	Minor loss 1% - 10% of budget	First aid treatment - non-permanent harm	Project delay (1-3 months)	Short term negative local media attention	Minor civil litigation
<b>None</b>	1	Negligible disruption	Negligible loss	No obvious harm / injury	Negligible delay	No media interest	No legal action

*Exhibit 6 – Risk prioritisation matrix*

		Likelihood				
		Remote (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
Impact	Catastrophic (5)	5	10	15	20	25
	Major (4)	4	8	12	16	20
	Moderate (3)	3	6	9	12	15
	Minor (2)	2	4	6	8	10
	None (1)	1	2	3	4	5

### Step 3 - Managing and Controlling Risks

22. Now that the risks and opportunities have been identified and assessed for likelihood and impact, there needs to be agreement on who will own and manage the risk and how it will be managed. Exhibit 7 provides guidance on how the overall risk score can help identify how the risk should be managed. Following these guidelines will help ensure risks are not over managed.

#### *Exhibit 7 – Risk management consideration*

Risk Level	Management
<b>High (15-25)</b>	<b>Active Management</b> These are the risks that could severely threaten the ability of the Council or a service to deliver agreed outcomes or objectives. These are the most important risks and demand the most attention, resources and management. 'Red' risks are regularly reviewed in detail to help assist in the reduction of risk to an acceptable and/or manageable level.
<b>Medium (7-14)</b>	<b>Management Required</b> These are considered to be of medium importance; requiring less management attention than the red risks, but which are still reviewed regularly to ensure that the risk exposure is not growing. Requires management to prevent increase, and possibly reduce, risk score.
<b>Low (1-6)</b>	<b>Periodic Review</b> Unlikely to require action but periodic review of situation should be in place.

23. The Council have adopted five options for managing risks as detailed in exhibit 8.

#### *Exhibit 8 – Options for managing risks*

Action	Definition
<b>Tolerate</b>	Decision taken to accept that existing actions sufficiently reduce the likelihood and impact of a risk and there is no added value in doing more.
<b>Treat</b>	Implement further action(s) to reduce overall risk by either reducing the likelihood and/or the impact. Further actions, with associated timescales, should be recorded in the risk register and regularly monitored.
<b>Terminate</b>	Decision taken to remove the risk entirely. Where the risks outweigh the possible benefits, avoid the risk by doing things differently e.g. revise strategy, revisit objectives or cease the activity.
<b>Transfer</b>	Transfer all or part of the risk through insurance or to a third party who is better able to manage the risk.
<b>Exploit</b>	Whilst taking action to mitigate risks, a decision is made to exploit a resulting opportunity.

### Step 4 – Review and Report Risks

24. Steps 1 to 3 are then monitored, reported upon and repeated on an ongoing and cyclical basis to ensure that new risks, or changes to existing risks are managed. All information relating to the identified risks should be recorded in a risk register. Appendix 1 to this guidance provides a template risk register which should be used for all registers. It can be downloaded in excel format by clicking on the icon below.



ABC Template Risk Register.xlsx

25. All fields should be completed for every risk including key actions and deadlines for all risks where the chosen approach is 'Treat.'
26. Circumstances and business priorities can, and do, change, and therefore risks, opportunities and their circumstances need to be regularly reviewed. This review should include the following questions:
  - Are the risks still relevant?
  - What progress has been made in managing the risk?
  - Given the progress made, do the risk scores need revising?
  - Are any further actions needed? If so, then what should these be?
27. It is recognised that there should be some flexibility in terms of the process to be followed at DMT or Head of Service level to review and update risk registers. For example Financial Services may wish to operate with a single operational risk register which is reviewed and updated at Financial Services Management Team meetings whereas Customer Services and Development and Infrastructure may wish to operate risk registers at Head of Service level which are then consolidated into a departmental level risk register.
28. However there should be an overarching principle that the most current versions of operational risk registers should be approved on a quarterly basis at DMT and the strategic risk register should be approved biannually at SMT. The minutes of these meetings will evidence the review has taken place and the approval of the risk register updates.
29. Exhibit 9 provides summary guidance on how risks should be reported and/or escalated within the Council at the point they are identified or their risk profile changed.

**Exhibit 9 – Risk reporting**

Risk Level	Reporting
<b>High (15-25)</b>	Risk should be reported to SMT and Chief Internal Auditor (CIA).
<b>Medium (7-14)</b>	DMT to determine whether risk requires to be reported to SMT and CIA. Risks scored between 7 and 11 would not usually be reported. Consideration should be given to reporting risks with scores between 12 and 14.
<b>Low (1-6)</b>	Risks are managed at DMT level.

30. The Chief Executive presents the Strategic Risk Register formally to the Audit and Scrutiny Committee on an annual basis (normally June). In addition the CIA will perform a strategic risk assurance mapping exercise on an annual basis and report its conclusions to the Audit and Scrutiny Committee (normally September). Formal audits of the Council's risk management arrangements will be performed at least once every three years.

## Appendix 1 – Example / Template Risk Register

												NEXT REVIEW DATE		01/06/2018	
No	Risk	Service Plan Challenge	Consequences	Gross Risk			Current Mitigation	Residual Risk			Approach	Key Actions and Deadlines	Last Reviewed	Risk Owner	
				Imp	Lik	Sc		Imp	Lik	Sc					
1	<b>Capacity/Act Aligned to Priorities</b>  Strategic finance capacity and activity not aligned to council's key strategic priorities	Ensuring medium to longer term financial planning supports Council priorities in a sustainable manner	Revenue expenditure / budgets not properly aligned to council's key priorities. Decision making not supported by robust financial advice.	4	4	16	1. Medium to long term financial strategy 2. Council wide efficiency planning / savings identification 3. Effective management of financial reserves 4. Strong budget setting and monitoring controls/procedures 5. Audit coverage of fundamental systems 6. Service planning 7. Review of fees & charges 8. Medium term budget outlook reported to P&R Committee	4	3	12	Treat	1. Consider findings in 2018/19 IA review of financial planning once completed (Sept 2018) 2. Complete annual review of financial strategy (Nov 2018) 3. Address IA action plan from 2017/18 review of fees & charges (Jun 2018) 4. Reconstructing budget exercise (July 2018)	SF Mgt Team Mar 2018	Head of Strategic Finance	
2	<b>Resource Availability</b>  Service provision and performance affected by difficulties recruiting/retaining suitably qualified staff, organisational change, and/or staff sickness.	All strategic finance challenges	Failure to develop effective financial mgt across all departments. Awareness of and reporting of variances against budgets not managed preventing early intervention Members/managers not able to obtain financial advice when exploring options.	4	4	16	1. Working environment / organisational culture 2. Flexible working 3. Established suite of policies & procedures 4. Growing our Own 5. Provision of training 6. Staff development and appraisals	4	3	12	Treat	1. SF Service restructure (Sept 2018) 2. Use of earmarked reserved to deliver training within service (June 2018)	SF Mgt Team Mar 2018	Head of Strategic Finance	
3	<b>Staff Skills</b>  Staff skills mix not aligned to service requirements	Ensuring service delivery is aligned to stakeholders needs within the available resources	Service delivery not adequately supported by strategic finance resulting in lost opportunities to identify and deliver efficiencies/savings.	4	4	16	1. Financial regulations 2. Appropriate staff training 3. Workload planning focused on aligning available resource to priority activity/services. 4. Service review and monitoring of customer feedback	3	4	12	Treat	1. SF Service restructure (Sept 2018) will provide greater support (Sept 2018) 2. 2. Use of earmarked reserved to deliver training within service (June 2018)	SF Mgt Team Mar 2018	Head of Strategic Finance	
4	<b>Failure of external investment institutions</b> affecting availability of funds or return on investment reducing cash flow and resource availability	Managing Council's Treasury Mgt function to ensure we safeguard the Council's money and get best possible return.	1. Reduced availability of funds 2. Reduction in returns on investments 3. Cash flow issues	4	3	12	1. Policy for maximum investment/ borrowing levels limits liability 2. Consideration of credit ratings (including external TM advice) 3. Management of council reserves 4. Medium to long term financial strategy 5. Treasury management strategy 6. Low appetite for treasury risk	3	2	6	Tolerate	N/A	SF Mgt Team Mar 2018	Head of Strategic Finance	
5	<b>Capital programme</b> is not effectively managed	Ensuring medium to longer term financial planning supports Council priorities in a sustainable manner	Significant underspends on capital programme means that priorities are not addressed, leading to reduced service capacity and damaged reputation. Loss of investment income because of capital resources tied up in delayed capital programmes.	4	4	16	1. Ongoing monitoring of capital programmes and capital budget monitoring 2. Close alignment between capital programme management and treasury management 3. Limited options/returns for investment	4	3	12	Treat	1. Capital prioritisation process to be reviewed - update to full Council to be provided (June 2018)	SF Mgt Team Mar 2018	Head of Strategic Finance	
6	<b>Risk Management</b> not embedded as integral part of decision making process.	Ensuring medium to longer term financial planning supports Council priorities in a sustainable manner	Strategic and operational decisions within Strategic Finance do not adequately consider the identified risks within the department and the associated service challenges identified in the service plan.	3	3	9	1. Annual review of risk mgt arrangements by internal audit 2. Formal review of SF Risk Register on a quarterly basis at SF mgt team meetings	3	2	6	Tolerate		SF Mgt Team Mar 2018	Chief Internal Auditor	
7	<b>Internal Audit Plan</b>  Failure to ensure appropriate Audit coverage through risk based assessment and failure to complete annual audit plan	Ensuring audit coverage provides appropriate assurance in respect of governance, risk and control.	1. Weakness in controls and governance go undetected leading to financial loss/inefficiencies 2. Reduced assurance via annual governance statement 3. Reputational damage 4. Increase in external audit fee	3	3	9	1. Independence of Chief Internal Auditor 2. Draft audit plan circulated to SMT and A&S Committee for review and feedback 3. Annual audit plan is risk based and provides coverage across all Council directorates and associated ALEOS 4. Delivery of audit plan monitored by Chief Internal Auditor and reported to A&S Committee	2	2	4	Tolerate	N/A	SF Mgt Team Mar 2018	Chief Internal Auditor	

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**ARGYLL AND BUTE COUNCIL**

**POLICY AND RESOURCES COMMITTEE**

**CUSTOMER SUPPORT SERVICES**

**13 MAY 2021**

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**PERFORMANCE REPORTS FQ4 2020/21 –**

**FINANCIAL SERVICES**

**COMMERCIAL SERVICES**

**LEGAL AND REGULATORY SUPPORT**

**CUSTOMER SUPPORT SERVICES**

---

**1.0 EXECUTIVE SUMMARY**

- 1.1 The Council's Performance and Improvement Framework (PIF) sets out the presentation process for regular performance reporting. As a consequence of Covid-19 alternative options for each PIF activity have been agreed by the Strategic Management Team.
- 1.2 This paper presents the Policy and Resources Committee with the FQ4 2020/21 performance report for Financial Services, Commercial Services, Legal and Regulatory Support and Customer Support Services.
- 1.3 It is recommended that the Policy and Resources Committee reviews and scrutinises the FQ4 2020/21 Performance Report as presented.

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

CUSTOMER SUPPORT SERVICES

13 MAY 2021

---

PERFORMANCE REPORTS FQ4 2020/21 –

FINANCIAL SERVICES

COMMERCIAL SERVICES

LEGAL AND REGULATORY SUPPORT

CUSTOMER SUPPORT SERVICES

---

## **2.0 INTRODUCTION**

2.1. The Council's Performance and Improvement Framework (PIF) sets out the presentation process for regular performance reporting. As a consequence of Covid-19 alternative options for each PIF activity have been agreed by the Strategic Management Team.

2.1 This paper presents the Policy and Resources Committee with the FQ4 2020/21 Performance Report for Financial Services, Commercial Services Legal and Regulatory Support and Customer Support Services in a revised simplified format commensurate with the Covid-19 situation.

## **3.0 RECOMMENDATIONS**

3.1 That members review and scrutinise the FQ4 2020/21 Performance Reports as presented.

## **4.0 DETAIL**

4.1 As a consequence of Covid-19 the normal arrangements for members' scrutiny of performance has been suspended with an interim arrangement in place.

4.2 To simplify the process during the Council's response to Covid-19, Heads of Service were asked to identify Key Performance Indicators for their Service and these are attached at appendix 1.

4.3 Simplifying and focusing the performance reports in this manner is a proactive approach to help minimise back office function/non-essential activities whilst maintaining a level of service that supports scrutiny, performance monitoring and out statutory duties.

## **5.0 IMPLICATIONS**

5.1 Policy: None

5.2 Financial: None

5.3 Legal: The Council has a duty to deliver best value under the Local Government in Scotland Act 2003

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 Risk: Ensures that all our performance information is reported in a balanced manner

5.7 Customer Service: None

**Douglas Hendry**

**Executive Director with responsibility for Commercial Services and Legal and Regulatory Support**

**Kirsty Flanagan**

**Executive Director with responsibility for Customer Support Services**

**Laurence Slavin**

**Acting Head of Financial Services**

**Policy Leads: Councillors Alastair Redman, Mary Jean Devon, Gary Mulvaney.**

20 April 2021

**For further information contact:**

Jane Fowler, Head of Customer Support Services

Tel: 01546 604466

**APPENDICES**

Appendix 1 – Key Performance Indicators for -

Financial Services

Commercial Services

Legal and Regulatory Support

Customer Support Services

## FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive's Unit.

Delivering Our Outcomes – This highlights past performance as illustrated through the Services' Key Performance Indicators

### KEY TO SYMBOLS

**R** Indicates the performance has not met the expected Target

**G** Indicates the performance has met or exceeded the expected Target

**↓ ↑ →** The Performance Trend Arrow indicates the direction of travel compared to the last performance reporting period

# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.

## DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

Indicator: FIS102\_01-Maximise distribution of Scottish Welfare Fund.

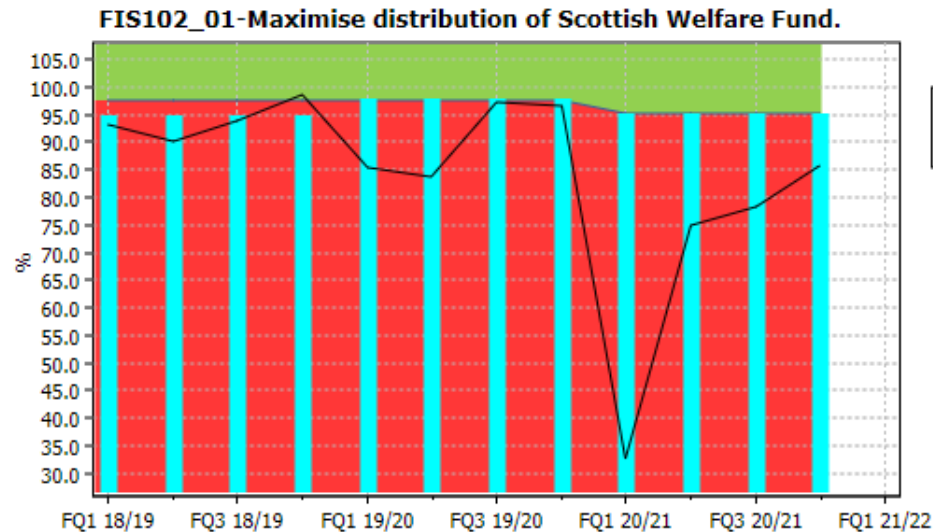
Why measure this? We distribute as much of the Scottish Welfare Fund as we can to help vulnerable people. We also have a statutory duty to do this.

Commentary: Spend as at 31 March 2021 is £657,474 which is less than the £765,421 available during the year. The total programme funding was increased by £293,000 in April from £472,421 due to the outbreak of Covid-19. Whilst our spend this year is 55% greater than the £424k spent in 2019/2020 we haven't been able to award the full amount of additional grant given to us. The Scottish Government has confirmed that we can carry forward the underspend to 2021/2022 so the funding is not lost and will be used to support vulnerable people in the new financial year.

This indicator is below target however performance has improved since the last reporting period

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
95.3%	85.9%	95.3%	↑

Latest status
FQ4 20/21
85.9 %



# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive's Unit.

**Indicator:** FIS102\_04a-All new benefit claims are processed promptly.

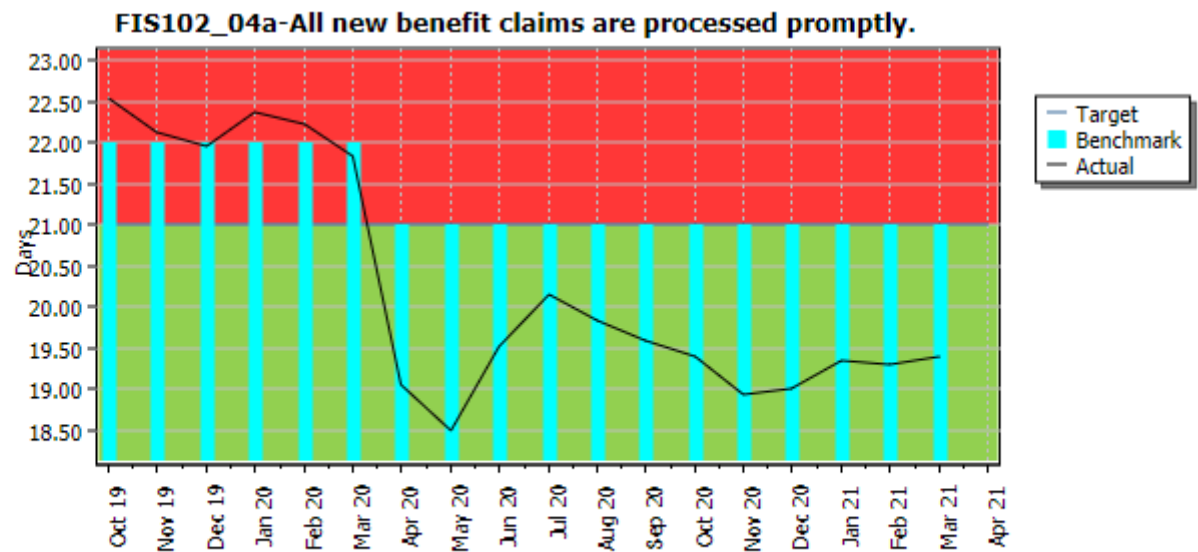
**Why measure this?** We process benefit claims as quickly as we can to help vulnerable people. We also have a statutory duty to do this.

**Commentary:** Despite Covid staff have managed to deliver an improved level of service whilst working from home. This demonstrates the ongoing commitment of officers to processing benefit claims at a time of great need for vulnerable people.

**This indicator is above target however performance has decreased since the last reporting period (lower is better).**

TARGET MARCH 2021 21 Days	ACTUAL MARCH 2021 19.41 Days <b>G</b>	BENCHMARK 21 days 2018/19 Scottish average	PERFORMANCE TREND ↓
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Latest status
Mar 21
19.41 Days



# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive's Unit.

**Indicator:** FIS110\_02-Maintain the percentage of suppliers that are paid within 30 days.

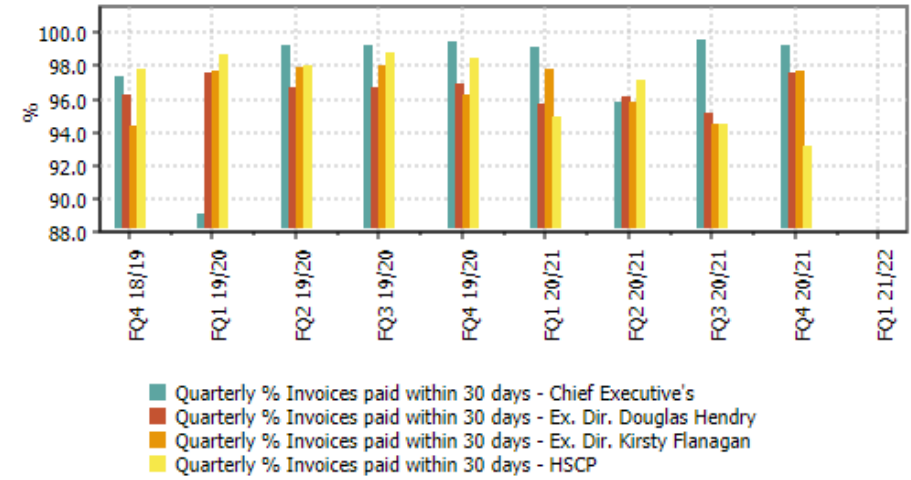
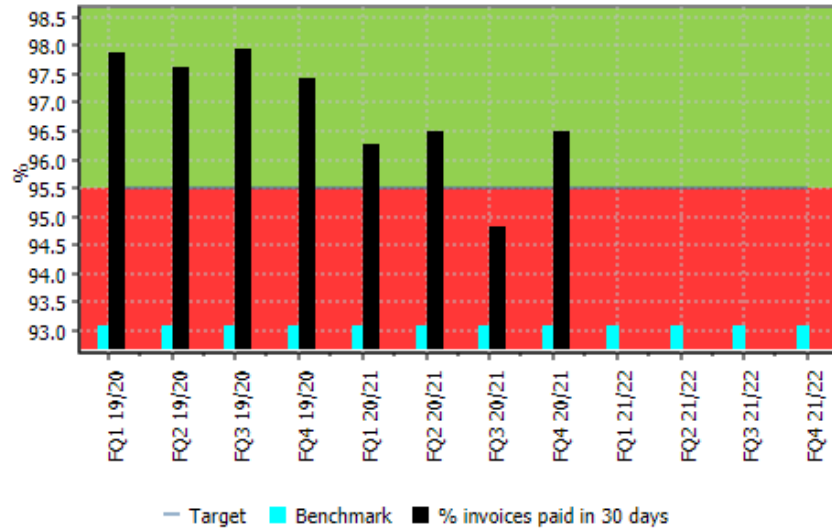
**Why measure this? Based on good practice.**

**Commentary:** Target exceeded. This has been achieved by officers despite the significant additional workload in relation to the payment of grants.

**This indicator is above target and performance has improved since the last reporting period**

<b>TARGET FQ4</b> 95.5%	<b>ACTUAL FQ4</b> 96.5% <span style="color: green; font-size: 1.5em; font-weight: bold;">G</span>	<b>BENCHMARK</b> 93.1%	<b>PERFORMANCE TREND</b> 
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**FIS110\_02-Maintain the percentage of suppliers that are paid within 30 days.**





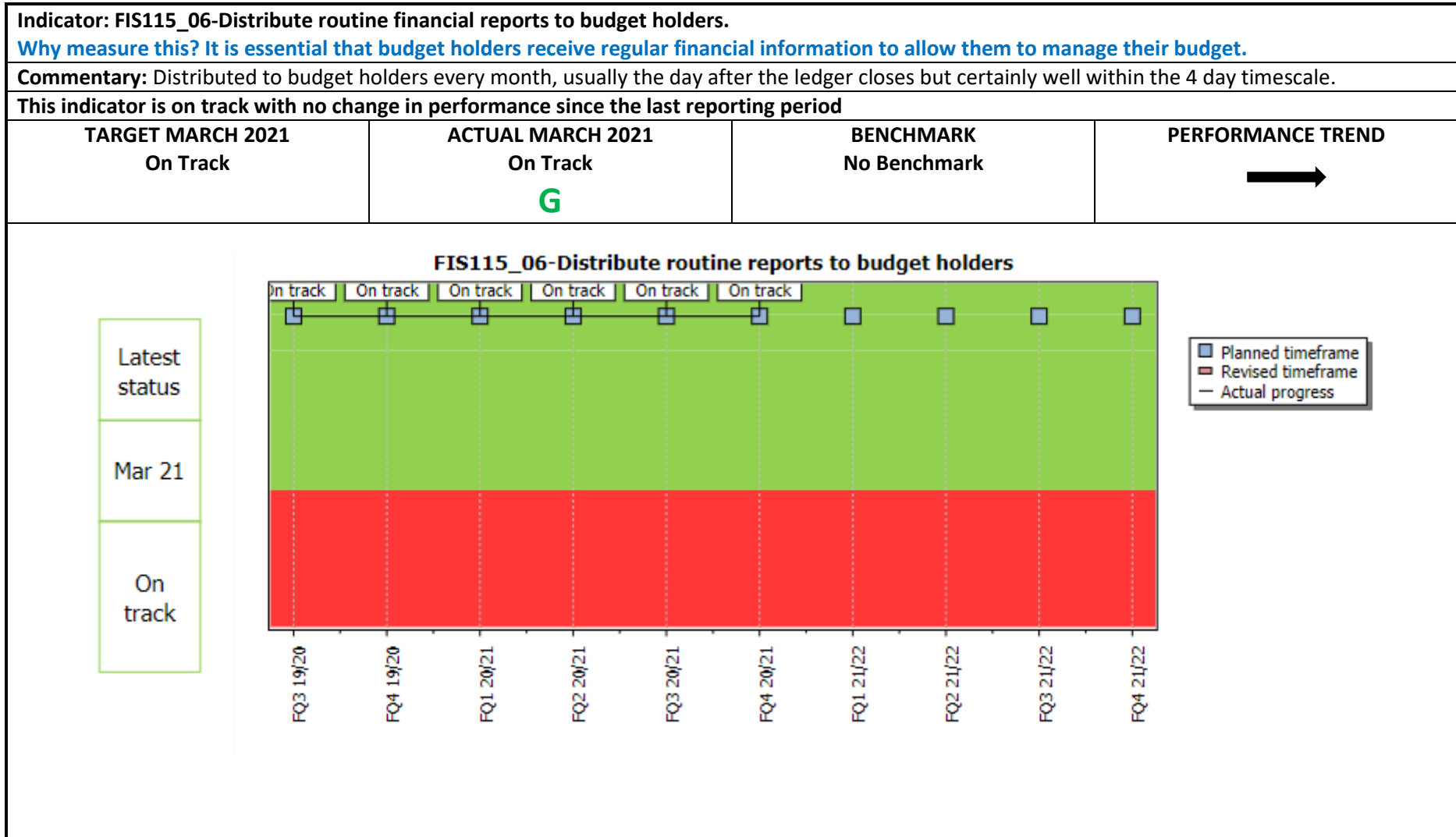
# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.

<b>Indicator:</b> FIS115_05-The Medium Term Budget Outlook reviewed and updated. <b>Why measure this?</b> This ensures that regular forecast financial information is provided to Members to assist with decision making.			
<b>Commentary:</b> Budget outlook updated as part of the budget pack approved by Council and continues to be updated on an ongoing basis.			
<b>This indicator is on track with no change in performance since the last reporting period</b>			
<b>TARGET FQ4</b> Complete	<b>ACTUAL FQ4</b> Complete  <b>G</b>	<b>BENCHMARK</b> No Benchmark	<b>PERFORMANCE TREND</b>  ➔
<b>FIS115_05-The Medium Term Budget Outlook reviewed and updated</b>			
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Latest status</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FQ4 20/21</div> <div style="border: 1px solid black; padding: 5px;">Complete</div>			


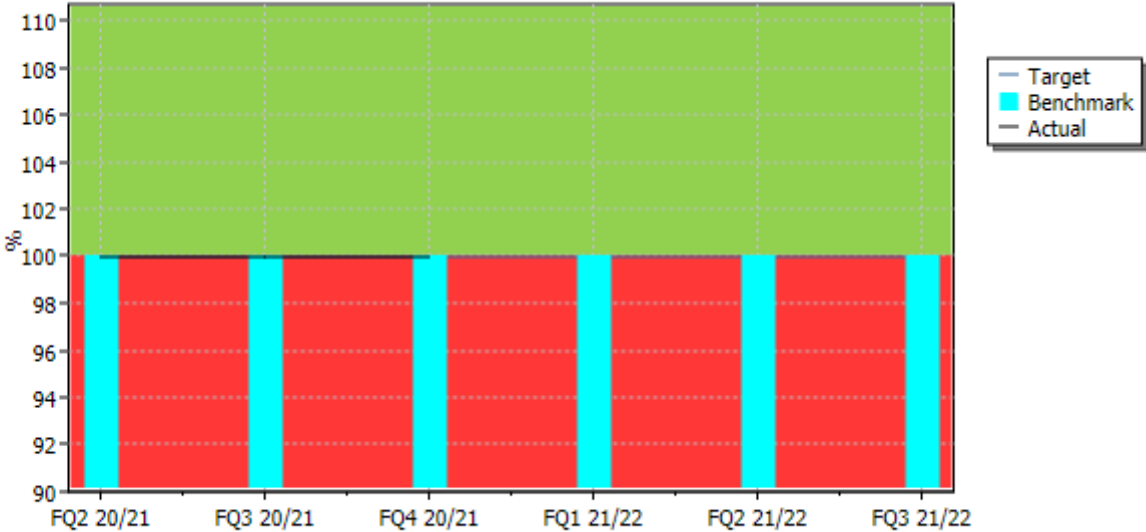
# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.



# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.

<b>Indicator:</b> FIS115_11-The agreed Audit Plan is delivered. <b>Why measure this?</b> The agreed audit plan provides assurance that our processes and procedures are thorough.			
<b>Commentary:</b> Fifteen audits have been completed as at 31 March 2021. The plan is on track with all reports to be finalised and reported to the Audit & Scrutiny Committee on or before the June 2021 Committee.			
<b>This indicator is on target with no change in performance since the last reporting period</b>			
<b>TARGET FQ4</b> 100%	<b>ACTUAL FQ4</b> 100% <b>G</b>	<b>BENCHMARK</b> 100%	<b>PERFORMANCE TREND</b> 
<b>FIS115_11-The agreed audit plan is delivered</b>			
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Latest status</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FQ4 20/21</div> <div style="border: 1px solid black; padding: 5px;">100 %</div>			

# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.

<b>Indicator: FIS115_14-Maintain the high rate of collecting Non-Domestic Rates.</b> <b>Why measure this? It is important that all local taxes due are collected. We also submit our performance to the Scottish Government.</b>																																																																															
<b>Commentary:</b> Non Domestic Rates collection held up well despite the pandemic. The service has been able to grant an extra £11 million of relief this year because of Covid_19 and this has really helped keep the collection rate up.																																																																															
<b>This indicator is above target and performance has improved since the last reporting period</b>																																																																															
<b>TARGET MARCH 2021</b> 97.50%	<b>ACTUAL MARCH 2021</b> 98.11% <span style="color: green; font-size: 1.5em;">G</span>	<b>BENCHMARK</b> 97.3%	<b>PERFORMANCE TREND</b> <span style="font-size: 2em;">↑</span>																																																																												
<div style="border: 1px solid green; padding: 5px; margin-bottom: 5px; text-align: center;">Latest status</div> <div style="border: 1px solid green; padding: 5px; margin-bottom: 5px; text-align: center;">Mar 21</div> <div style="border: 1px solid green; padding: 5px; text-align: center;">98.11 %</div>	<b>FIS115_14-Maintain collection of Non-Domestic Rates [NDR]</b> <table border="1" style="display: none;"> <caption>Approximate data from FIS115_14-Maintain collection of Non-Domestic Rates [NDR] chart</caption> <thead> <tr> <th>Month</th> <th>Actual (%)</th> <th>Target (%)</th> <th>Benchmark (%)</th> </tr> </thead> <tbody> <tr><td>Oct 19</td><td>70</td><td>70</td><td>100</td></tr> <tr><td>Nov 19</td><td>80</td><td>80</td><td>100</td></tr> <tr><td>Dec 19</td><td>90</td><td>90</td><td>100</td></tr> <tr><td>Jan 20</td><td>95</td><td>95</td><td>100</td></tr> <tr><td>Feb 20</td><td>98</td><td>98</td><td>100</td></tr> <tr><td>Mar 20</td><td>98</td><td>98</td><td>100</td></tr> <tr><td>Apr 20</td><td>25</td><td>25</td><td>100</td></tr> <tr><td>May 20</td><td>30</td><td>30</td><td>100</td></tr> <tr><td>Jun 20</td><td>35</td><td>35</td><td>100</td></tr> <tr><td>Jul 20</td><td>65</td><td>65</td><td>100</td></tr> <tr><td>Aug 20</td><td>75</td><td>75</td><td>100</td></tr> <tr><td>Sep 20</td><td>80</td><td>80</td><td>100</td></tr> <tr><td>Oct 20</td><td>85</td><td>85</td><td>100</td></tr> <tr><td>Nov 20</td><td>90</td><td>90</td><td>100</td></tr> <tr><td>Dec 20</td><td>95</td><td>95</td><td>100</td></tr> <tr><td>Jan 21</td><td>98</td><td>98</td><td>100</td></tr> <tr><td>Feb 21</td><td>98</td><td>98</td><td>100</td></tr> <tr><td>Mar 21</td><td>98.11</td><td>97.5</td><td>100</td></tr> </tbody> </table>			Month	Actual (%)	Target (%)	Benchmark (%)	Oct 19	70	70	100	Nov 19	80	80	100	Dec 19	90	90	100	Jan 20	95	95	100	Feb 20	98	98	100	Mar 20	98	98	100	Apr 20	25	25	100	May 20	30	30	100	Jun 20	35	35	100	Jul 20	65	65	100	Aug 20	75	75	100	Sep 20	80	80	100	Oct 20	85	85	100	Nov 20	90	90	100	Dec 20	95	95	100	Jan 21	98	98	100	Feb 21	98	98	100	Mar 21	98.11	97.5	100
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# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Chief Executive’s Unit.

**Indicator:** FIS115\_15-Maintain the high rate of collecting Council Tax.

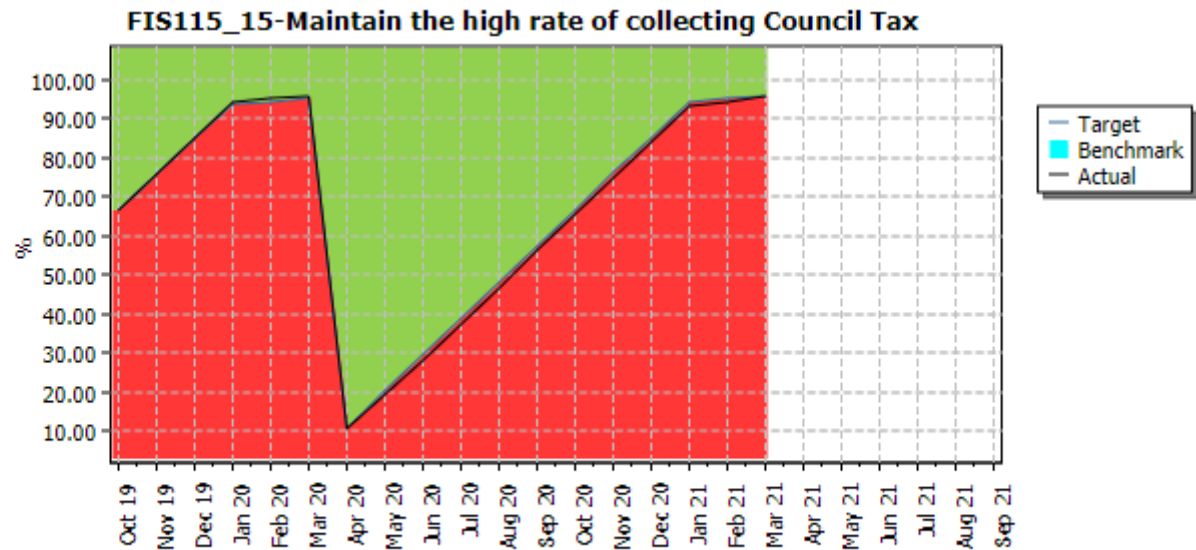
**Why measure this?** It is important that all local taxes due are collected. We also submit our performance to the Scottish Government.

**Commentary:** Council Tax collection is down 0.28% at the end of the year compared to the same position in 2019/2020 and 0.23% down on target. Council Tax collection was far more challenging due to Covid-19 however this position looks like a very good outcome for the Council given the challenges faced throughout the year. Data from other Scottish local authorities will become available shortly and this will be used for benchmarking purposes.

**This indicator is below target however performance has improved since the last reporting period**

TARGET MARCH 2021	ACTUAL MARCH 2021	BENCHMARK	PERFORMANCE TREND
96.00%	95.77%	No Benchmark	↑

Latest status
Mar 21
95.77 %



## FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Commercial Services' Service.

Delivering Our Outcomes – This highlights past performance as illustrated through the Services' Key Performance Indicators

### KEY TO SYMBOLS

**R** Indicates the performance has not met the expected Target

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**↓ ↑ →** The Performance Trend Arrow indicates the direction of travel compared to the last performance reporting period

## FQ4 2020/21 PERFORMANCE REPORT

**This report provides an overview of the FQ4 2020/21 performance for the Commercial Services' Service.**

### DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

**Indicator:** COM113\_04-The Council's Capital Plan is delivered on time [for projects managed by the Major Projects Client Management Team]  
**Why measure this?** We can deliver major capital projects which add value to the community on time.

**Commentary:** The following Projects from the Capital Plan are being delivered by the Programme and Project Management Services team (PPMS):

1. Oban Public Realm Phase 2 (OPR2):

Main Contractor entered into Administration. Minor residual works to achieve Practical Completion are being closed out by A&BC Roads following insolvency of Main Contractor:

Original Forecast Completion – FQ1 FY16/17

Revised Forecast Completion - FQ4 FY20/21

2. Rothesay Pavilion Adaptive Restoration (RPN):

Main Contractor in Administration, with works 70% Complete. Replacement Contractor to be procured for works required to achieve Practical Completion.

Original Forecast Completion – FQ2 FY19/20

Revised Forecast Completion – FQ3 FY21/22

3 Helensburgh Waterfront Development (HWD) – Main Contract Awarded on 14 July 2020, construction works have commenced on site.

Original Forecast Completion – FQ4 FY22/23

Revised Forecast Completion – FQ4 FY22/236.

**This indicator is now on track but to a revised plan, this is noted through the horizontal trend arrow**

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
On Track	On Track To Revised Plan  <b>G</b>	No Benchmark	

**COM113\_04-The Council's Capital Plan is delivered on time [for projects managed by the Major Projects Client Management Team]**

# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Commercial Services' Service.





# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Commercial Services' Service.

<b>Indicator:</b> COM113_05-The Council's Capital Plan is delivered on time [for projects managed by Property Services]. <b>Why measure this?</b> We ensure safe and efficient development of Council properties.			
<b>Commentary:</b> The Covid-19 pandemic resulted in the closure of all non-essential construction works during spring/summer 2020 and as a result the capital programme in general and the Early Years (EY) programme in particular, was de-prioritised. While the construction industry has returned in line with the Scottish Government's Routemap, the Scottish Government has extended the completion deadline for EY projects from August 2020 until August 2021. The property related capital programme has been re-profiled to deliver a significant number of projects from summer 2020 in summer 2021. Given our knowledge of contractor availability there is a risk that there will be insufficient contractor capacity to undertake the works that will be required in summer 2021. The Property Design Team continue to have dialogue with Contractors but there remains a risk to project/programme delivery. A programme for 2021/22 and beyond is still being developed and should be presented to the Strategic Asset Management Board in May.			
<b>This indicator is now on track but to a revised plan, this is noted through the horizontal trend arrow</b>			
<b>TARGET FQ4</b> On Track	<b>ACTUAL FQ4</b> On Track To Revised Plan  <b>G</b>	<b>BENCHMARK</b> No Benchmark	<b>PERFORMANCE TREND</b>  ➔
<b>COM113_05-The Council's Capital Plan is delivered on time [for projects managed by Property Services].</b>			
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Latest status</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">FQ4 20/21</div> <div style="border: 1px solid black; padding: 5px;">On track to revised plan</div>			

# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Commercial Services' Service.

<p><b>Indicator:</b> COM113_08- The percentage of operational buildings that are suitable for their current use.  <b>Why measure this?</b> This helps ensure property is safe and fit for purpose.</p>																																			
<p><b>Commentary:</b> For financial year 2019/20, shows that there are 409 operational buildings of which 321 are suitable for their current use. This equates to 78.5%.</p>																																			
<p><b>This indicator is above target with no change in performance since the last reporting period</b></p>																																			
<p><b>TARGET FQ4</b> 70%</p>	<p><b>ACTUAL FQ4</b> 78.5% <b>G</b></p>	<p><b>BENCHMARK</b> 78% Scotland</p>	<p><b>PERFORMANCE TREND</b> ➔</p>																																
<p><b>COM113_08- The percentage of operational buildings that are suitable for their current use.</b></p> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 5px; margin-right: 20px;"> <p>Latest status</p> <hr/> <p>FQ4 20/21</p> <hr/> <p>78.5 %</p> </div> <div style="flex-grow: 1;"> <table border="1"> <caption>COM113_08 Performance Data</caption> <thead> <tr> <th>Quarter</th> <th>Actual (%)</th> <th>Target (%)</th> <th>Scotland Benchmark (%)</th> </tr> </thead> <tbody> <tr> <td>FQ1 18/19</td> <td>75.0</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ3 18/19</td> <td>75.0</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ1 19/20</td> <td>78.5</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ3 19/20</td> <td>78.5</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ1 20/21</td> <td>78.5</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ3 20/21</td> <td>78.5</td> <td>70.0</td> <td>78.0</td> </tr> <tr> <td>FQ1 21/22</td> <td>78.5</td> <td>70.0</td> <td>78.0</td> </tr> </tbody> </table> </div> </div>				Quarter	Actual (%)	Target (%)	Scotland Benchmark (%)	FQ1 18/19	75.0	70.0	78.0	FQ3 18/19	75.0	70.0	78.0	FQ1 19/20	78.5	70.0	78.0	FQ3 19/20	78.5	70.0	78.0	FQ1 20/21	78.5	70.0	78.0	FQ3 20/21	78.5	70.0	78.0	FQ1 21/22	78.5	70.0	78.0
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## FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Legal and Regulatory Support Service.

Delivering Our Outcomes – This highlights past performance as illustrated through the Services' Key Performance Indicators

### KEY TO SYMBOLS

**R** Indicates the performance has not met the expected Target

**G** Indicates the performance has met or exceeded the expected Target

**↓ ↑ →** The Performance Trend Arrow indicates the direction of travel compared to the last performance reporting period

# FQ4 2020/21 PERFORMANCE REPORT

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DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS																															
<b>Indicator:</b> LRS104_01-Maintain the percentage of Anti-social Behaviour cases resolved within agreed timescale of 13 weeks. <b>Why measure this?</b> Identifies if cases are being dealt with promptly and monitors our compliance against Scottish Government targets.																															
<b>Commentary:</b> A strong focus was in situ to ensure the majority of cases were resolved prior to the end of this operational year 2020/21. Cases effectively resolved within the period by investigating thoroughly, feeding back and working with other partners , such as Police Scotland and adding intricate cases to the local Anti-Social Behaviour sub group meetings across Argyll and Bute. Furthermore, focus groups with relevant partners were held regularly to achieve the above																															
<b>This indicator is above target and performance has improved since the last reporting period.</b>																															
<b>TARGET FQ4</b> 80%	<b>ACTUAL FQ4</b> 100% <b>G</b>	<b>BENCHMARK</b> 100% Previous year's performance	<b>PERFORMANCE TREND</b> ↑																												
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FQ4 20/21	80.00	100.00	100.00																												
FQ1 21/22	80.00	100.00	100.00																												
FQ2 21/22	80.00	100.00	100.00																												
FQ3 21/22	80.00	100.00	100.00																												

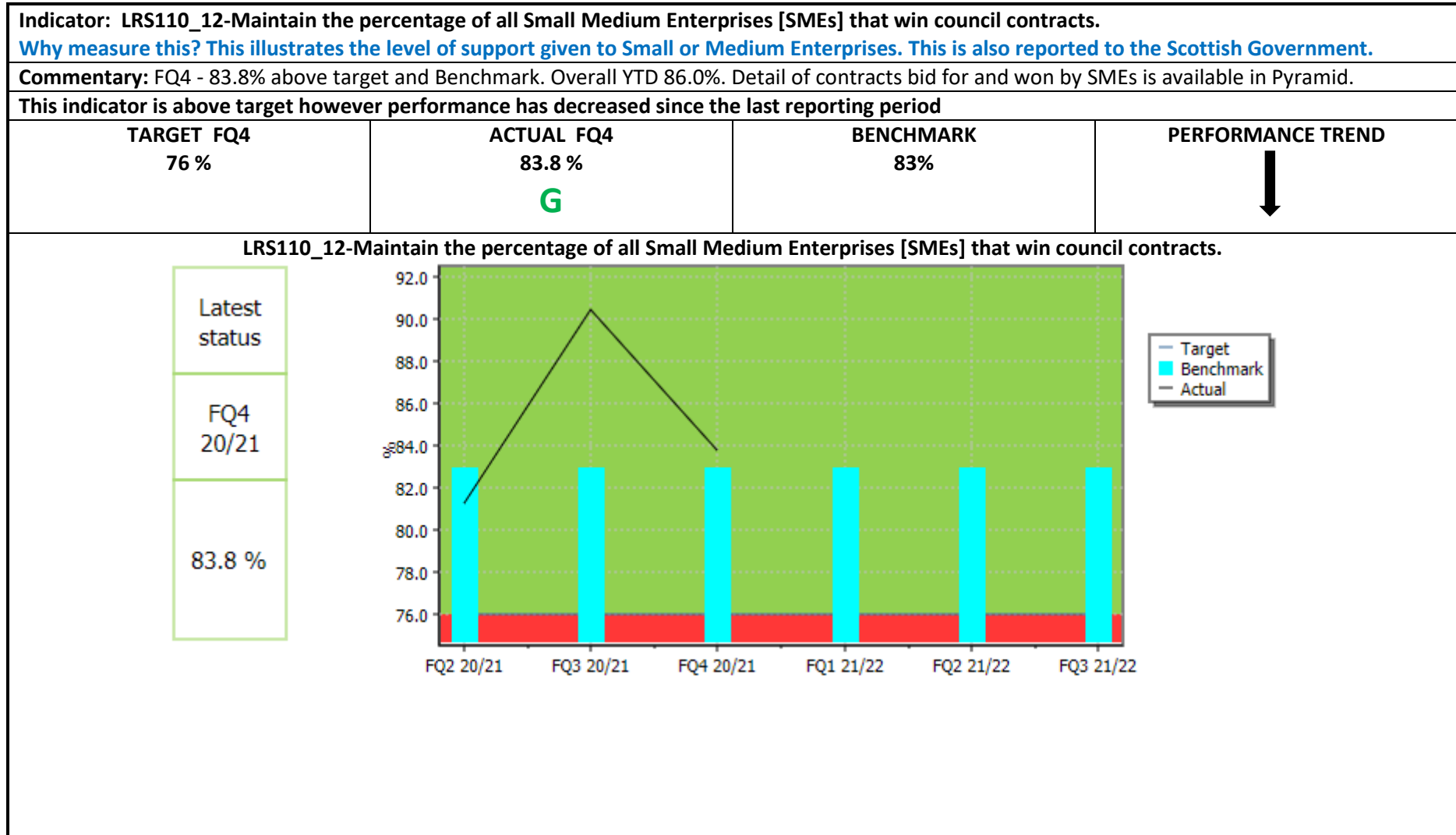
# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Legal and Regulatory Support Service.

<p><b>Indicator:</b> LRS110_10-Maintain the percentage of local suppliers that bid for business through the procurement portal.</p> <p><b>Why measure this?</b> This demonstrates the proportion of local businesses that benefit from contract awards thus supporting and growing the local economy.</p>																															
<p><b>Commentary:</b>                  FQ4 - 27.9% (increase from FQ1 and FQ2). YTD local spend is 34.4%. This is due to the mix of contracts which have been awarded in FQ4</p>																															
<p><b>This indicator is below target and performance has decreased since the last reporting period</b></p>																															
<p><b>TARGET FQ4</b> 35.0 %</p>	<p><b>ACTUAL FQ4</b> 27.9 % <b>R</b></p>	<p><b>BENCHMARK</b> 34.1%</p>	<p><b>PERFORMANCE TREND</b> ↓</p>																												
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This report provides an overview of the FQ4 2020/21 performance for the Legal and Regulatory Support Service.



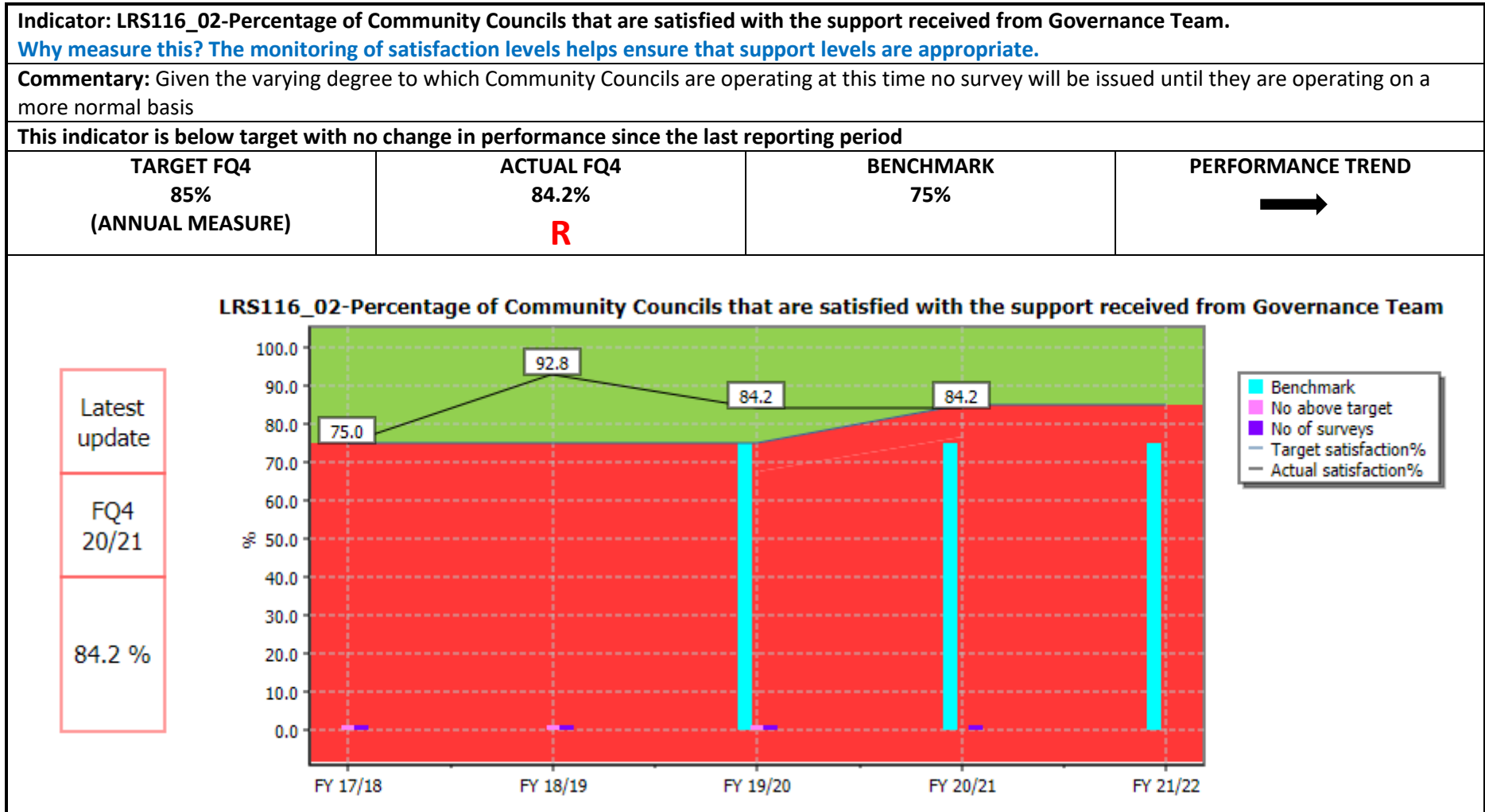
# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Legal and Regulatory Support Service.

<b>Indicator:</b> LRS111_01-Resolve trading standards requests received from businesses within 14 days from receipt of enquiry. <b>Why measure this?</b> We assist businesses to comply with legal requirements and can monitor the efficiency of our Trading Standards Team.																											
<b>Commentary:</b> Increase in enquires received in FQ4. Of the 91 received 87 were responded to within the 14 day timeframe.																											
<b>This indicator is above target and performance has improved since the last reporting period</b>																											
<b>TARGET FQ4</b> 88%	<b>ACTUAL FQ4</b> 95.6% <b>G</b>	<b>BENCHMARK</b> 88%	<b>PERFORMANCE TREND</b> ↑																								
<b>LRS111_01-Resolve trading standards requests received from businesses within 14 days from receipt of enquiry.</b>																											
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# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Legal and Regulatory Support Service.





# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service

Delivering Our Outcomes – This highlights past performance as illustrated through the Services' Key Performance Indicators

## KEY TO SYMBOLS

- R** Indicates the performance has not met the expected Target
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# FQ4 2020/21 PERFORMANCE REPORT

**This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service**

## DELIVERING OUR OUTCOMES – OUR KEY PERFORMANCE INDICATORS

**Indicator: CSS101\_05-Increase public use of corporate social media sites on three categories of information: council news, community success and general use. Increase social media followers.**

**Why measure this? We issue positive and informative articles on Council services and achievements as well as the area overall. This supports the overall objective of attracting people to the area and promotes a positive reputation for the Council.**

**Commentary:**

Followers continue to grow across all channels based on this content strategy: -

**Facebook/Twitter:**

- Council news (to promote the council)
- General-use info eg funding, health (to help make the pages 'always worth a look')
- Community success eg people's community spirit, awards (to showcase this as a great place to live and work and so support the council's objective to attract people to the area)

**Linkedin:**

- Great place to do business eg regeneration, great place to grow a career, great lifestyle (as that makes us stand out from other areas). Aim overall is to attract people to the area, and encourage interest in recruitment here.

**Instagram:**

- Promote our great lifestyle to showcase the area as a place to choose to live (rather than just visit)

As well as using #abplace2b, we use #closerthanyouthink as part of getting across that you can enjoy a rural/coastal lifestyle close to the city life of the central belt.

**This indicator is above target and performance has improved since the last reporting period**

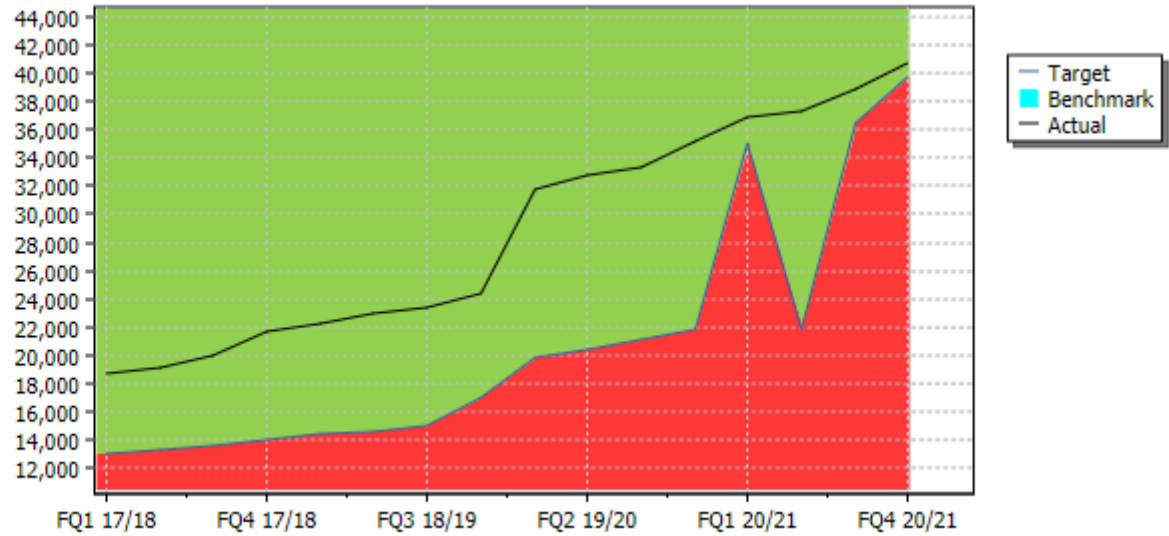
TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
39,681	40,759 <span style="color: green; font-size: 1.5em;">G</span>	No Benchmark	↑

# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service

CSS101\_05-Increase public use of corporate social media sites on three categories of information: council news, community success and general use.  
Increase social media followers.

Latest status
FQ4 20/21
40,759



# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service

**Indicator:** CSS108\_01-The percentage of Modern Apprentices that go on to a positive destination after completing the Argyll and Bute Council Modern Apprentice Programme.

**Why measure this?** We have created Modern Apprenticeship opportunities, it is important that we measure their success in terms of gaining work or further training as a result of our investment.

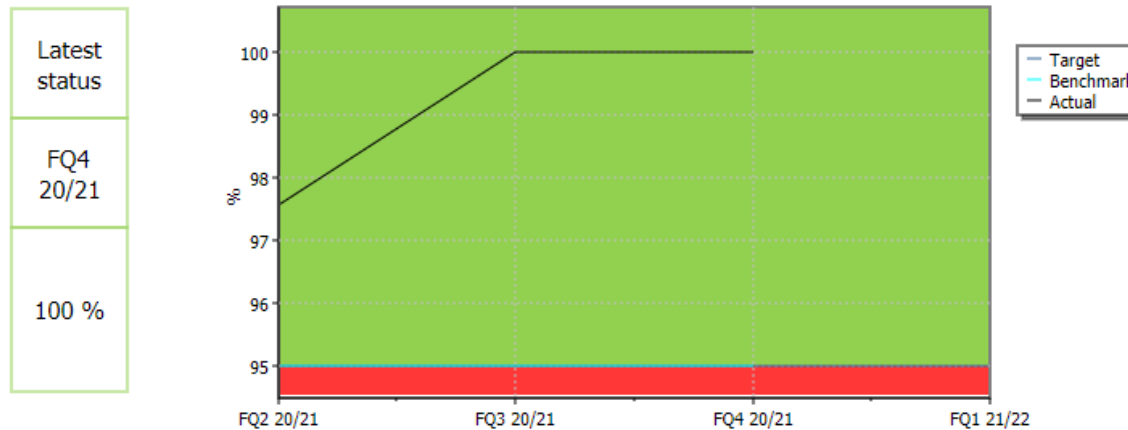
**Commentary:** In the past quarter a further 2 apprentices have completed their apprenticeship. 1 of which has secured a post within the council and the other has moved on to a positive destination out with the Council. The percentage of modern apprentices who complete their apprenticeship and go onto secure a positive destination remains high at 100%.

The percentage of completed apprentices who secure a post with Argyll and Bute Council on completion of their apprenticeship is 76%. This is down 1% from last quarter, however is still a positive figure.

**This indicator is above target with no change in performance since the last reporting period**

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
95%	100%	No Benchmark	➔
	G		

**CSS108\_01-The percentage of Modern Apprentices that go on to a positive destination after completing the Argyll and Bute Council Modern Apprentice Programme.**



# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service


**Indicator:** CSS113\_06-Maintain the average time to resolve ICT incidents.

**Why measure this?** To support the Council to operate effectively and efficiently and any unforeseen ICT incidents are resolved as quickly as possible.

**Commentary:** In March the average fix time across service affecting incidents was 2.1 hours and within target for the month. Time to resolve issues during February 2021 averaged 1.7 hours and was well within performance target. Service Desk was resourced during February to accommodate teaching staff returning to school and overall call volumes were in line with prior months with similar average fix times. January was a very good month with average fix time for service affecting incidents at 2.38 hours. Overall drop in number of incidents during January.

**Note:** Graph shows Monthly performance

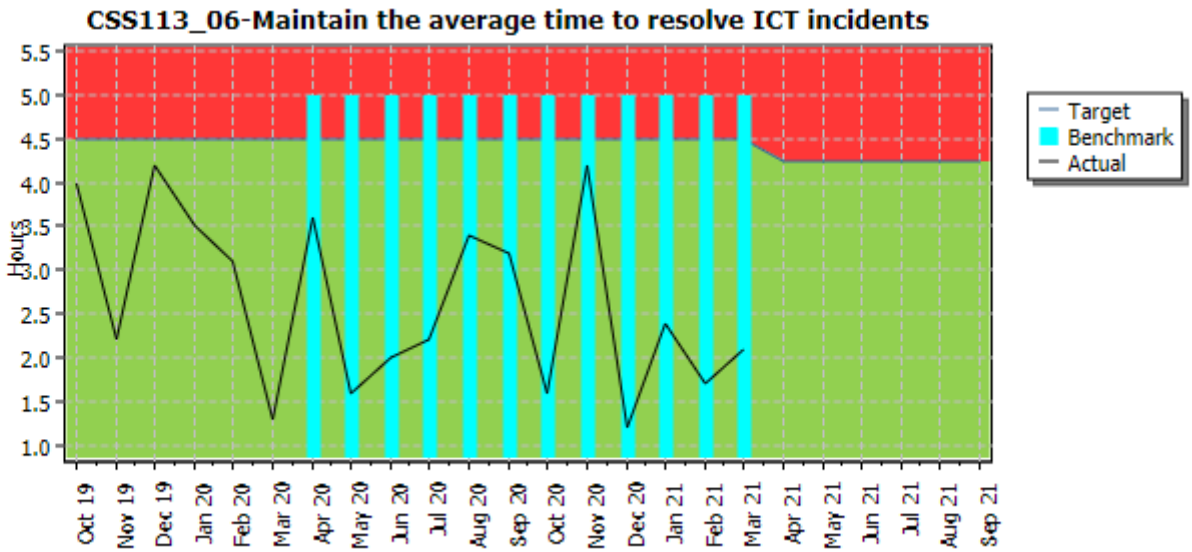
This indicator is above target however performance has decreased since the last reporting period

<b>TARGET Monthly (March)</b> 4.5 Hours	<b>ACTUAL Monthly (March)</b> 2.1 Hours <span style="color: green; font-size: 1.5em;">G</span>	<b>BENCHMARK</b> 5.0	<b>PERFORMANCE TREND</b> 
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Latest status

Mar 21

2.1 Hours



# FQ4 2020/21 PERFORMANCE REPORT

This report provides an overview of the FQ4 2020/21 performance for the Customer Support Services' Service

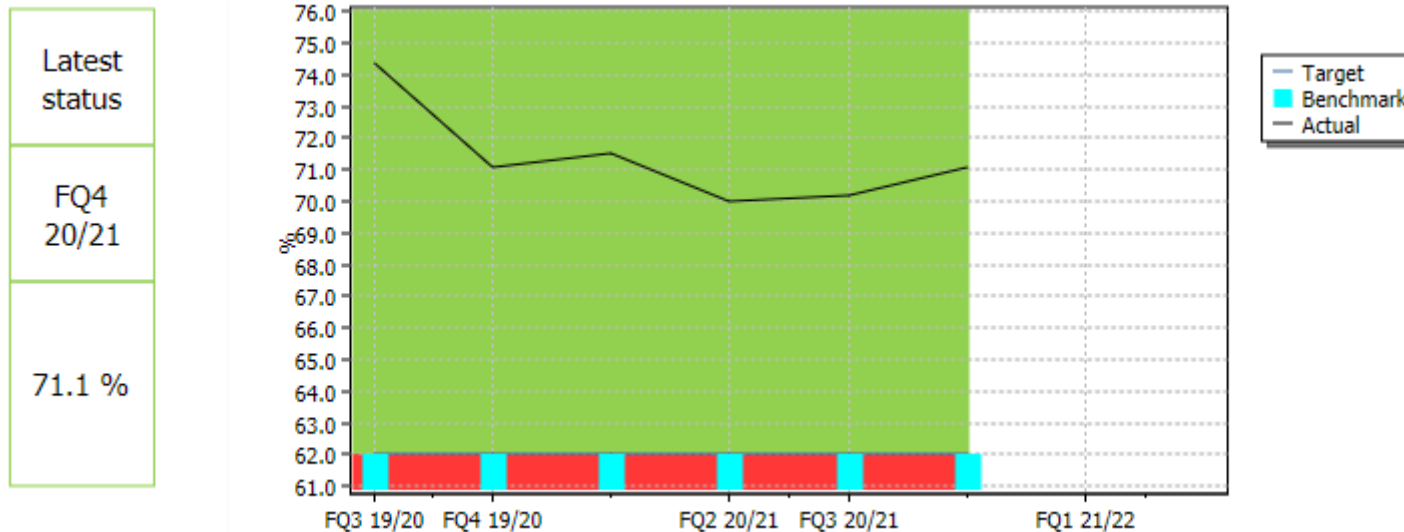
**Indicator:** CSS115\_04-Increase the percentage of all Self-Service and automated contacts though both the Customer Service Centre and the Web.  
**Why measure this?** Increasing the volume of self-service and automated contacts reduces the use of other higher cost channels and improves our efficiency.

**Commentary:** In FQ4 there were 42,712 transactions dealt with by customer service agents (28.9%) and 104,938 automated or self-service transaction (71.1%) so the 62% target was well exceeded.

**This indicator is above target and performance has improved since the last reporting period**

TARGET FQ4	ACTUAL FQ4	BENCHMARK	PERFORMANCE TREND
62%	71.1% <b>G</b>	62%	↑

CSS115\_04-Increase the percentage of all Self-Service and automated contacts though both the Customer Service Centre and the Web.



Latest status

FQ4 20/21

71.1 %

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ARGYLL AND BUTE COUNCIL  
CUSTOMER SUPPORT SERVICES

POLICY AND RESOURCES COMMITTEE  
13 MAY 2021

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## REVISED SUPPORTING ATTENDANCE AT WORK POLICY

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### 1.0 EXECUTIVE SUMMARY

1.1 The main purpose of this report is to seek approval for the revised Supporting Attendance at Work Policy, which replaces the current Managing Attendance at Work Policy. The new policy and supporting procedures have been developed in consultation with managers, employees and the recognised Trades Unions. It is simpler and clearer.

### 1.2 THE POLICY AIMS TO:

- Ensure compliance with changes to legislation and best practice in relation to Covid-19 requirements and employee wellbeing.
- Promote increased attendance at work.
- Shift focus to **supporting** employees to improve their attendance rather than focusing on processes and punitive measures. This is reflected in the procedure to be renamed Supporting Attendance at Work Policy.
- Ensure equality for part-time workers by applying triggers on a pro-rata basis.
- Change the trigger from 3 to 4 instances within a 12 month period.
- Reduce the number of stages and provide more flexibility.
- Remove cautions from the short-term absence process and replace with structured discussion to manage absence with timescales for improvement.
- Introduce additional guidance on pregnancy and maternity related absence.
- Introduce additional guidance on managing employees with terminal illnesses.
- Introduce a specific appeals process for attendance related dismissals.

### 1.3 RECOMMENDATIONS:

1.3.1 It is recommended that the Policy and Resources Committee approve the new Supporting Attendance at Work Policy for onward transition to the Council.

**REVISED SUPPORTING ATTENDANCE POLICY**

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**2.0 INTRODUCTION**

**2.1** The HROD Wellbeing Team has reviewed the Council's Maximising Attendance Policy and Procedures in accordance with the Wellbeing Strategy. The team took into account responses to the employee health and wellbeing survey 2019 and engaged with managers and Trades Unions. The outcome of the review indicated that a clearer, more flexible and supportive approach to managing attendance would be more effective, and would ensure both managers and employees better understood their responsibilities in relation to absence. The new approach is intended to improve attendance at work and also takes into account the impact of the procedures on employee wellbeing.

**2.2** The updated policy and procedures are compliant with current legislation and reflect best practice.

**3.0 RECOMMENDATIONS**

**3.1** It is recommended that the Policy and Resources Committee approve the new Supporting Attendance at Work Policy for onward transition to the Council.

**4.0 DETAIL**

**4.1** Council approved the creation of a temporary Wellbeing Team in HROD to implement the Wellbeing Strategy and improve attendance. This team has undertaken a comprehensive review of the Attendance Policy and Procedures, engaging with managers, employees and Trades Unions. The views of employees were gathered and analysed through the 2019 Wellbeing Survey and were fed into the review.

**4.2** Engagement with managers began with an anonymous survey to employees with line management responsibility (graded at LGE9 and above) to gather their views on managing attendance for their teams. This survey will be repeated after implementation of the new policy to assess improvement. Feedback was provided by 182 managers (a response rate of 45%). On reviewing the feedback, the general responses were that managers considered the following:



- The Return To Work Interview process generally works well
- Absence Triggers are helpful
- Automated notifications when a trigger is met is helpful
- The MyView process for recording absence processes is too time consuming
- The Absence Triggers are too easy to reach
- Occupational Health advice is not always helpful
- The Absence line is good but is only open during core hours and the notifications sent out are not always timely
- Information on the Hub regarding managing absence needs to be improved
- The system and process for managing absence needs to be clearer and less time consuming
- Provision of more HR and training support to managers would be beneficial to ensure practical advice was available when managing complex cases.

**4.3** An Attendance Review Working Group was established with several managers and Trade Union representatives to gather and discuss feedback on what works well, what doesn't, current challenges in terms of the operation of the procedure and any other improvement ideas. Some of the comments were as follows:

- Processes are too confusing, need to be more straightforward
- There are too many stages in the procedures
- It is not clear what stage the employee is at when they fall under two processes (i.e. short term and long term absences)
- Standard letters regarding absence are too harsh/impersonal
- Some management discretion is required but all managers need to follow the process
- Automatic emails sent to notify managers the employee has hit a trigger are helpful
- Concern that the triggers can cause presenteeism and employees may return to work when still unwell
- The trigger of 3 instances in 12 months is too harsh and easily reached
- There is currently no pro-rating of triggers for part time staff
- Catering staff require to be 48 hours clear of symptoms before returning to work adding to days absent, which affects their absence
- Treatment in relation to bereavement is too harsh
- Often surgeries have a specific recovery so regular meetings with the employee seem futile
- More information re keeping in touch and how to approach difficult situations like absence due to cancer would be helpful
- Not sure if all Return To Work Interviews are being carried out in accordance with the current procedures and RTWI statistics are frustrating, as they appear lower than expected

- Having to repeat stages in the procedures due to time lapse is a concern – there can be too many stages to get through
- Some of the recommendations made by Occupational Health are difficult to accommodate.

**4.4** Having listened to the feedback of employees in the health and wellbeing survey, managers from the survey and views of Trade Unions and managers in the review group and Trade Union Liaison Group, the Employee Relations Wellbeing Team revised the Supporting Attendance at Work Policy and associated Procedures. The Policy is attached at Appendix 1 for consideration and approval.

**4.5** In summary, the following changes are proposed:

- Shift in focus to **supporting** employees to improve their attendance rather than focusing on processes and punitive measures. In light of this it is proposed that the Policy be renamed Supporting Attendance at Work Policy.
- Reduction in the length of the procedures to reduce the quantity of information and the prescriptive nature of the previous procedures ensuring that the revised procedures are clearer, more straightforward and flexible.
- Additional guidance developed with regard to keeping in touch with the employee whilst they are absent to ensure an appropriate amount of contact is agreed from the outset and maintained throughout the absence

**4.6** Proposed changes to absence triggers:

Current triggers	Proposed triggers in new Policy
<ul style="list-style-type: none"> <li>• 3 occasions of absence within 12 month rolling year</li> <li>• 10+ days of absence within 12 month rolling year for both full and part-time staff</li> <li>• 28 days continuous absence</li> <li>• Stress related absence</li> </ul>	<ul style="list-style-type: none"> <li>• 4 occasions of absence within 12 month rolling period (applies to both full and part-time employees)</li> <li>• 10+ days absence within 12 month rolling period – <b>pro-rata for part-time employees</b></li> <li>• 28 days continuous absence (<b>no change</b>)</li> <li>• Stress related absence – support for managers via Stress Reduction Procedures and use of Stress Risk Assessment or Talking Toolkit</li> </ul>

<ul style="list-style-type: none"> <li>• Any other pattern of absence</li> </ul>	<ul style="list-style-type: none"> <li>• Any other pattern of absence (<b>no change</b>)</li> </ul>
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- Proposed changes to process of managing long term and short term absence to reduce the number of stages and provide flexibility regards when meetings are held (within parameters) to ensure they are at the most appropriate points during the absence.
- Addition of guidance regards employees who cross both the long and short term process.
- Addition of a discretion section giving managers more guidance on when they may wish to consider discretion either in relation to moving through the stages or review periods.
- Removal of cautions within the short term process and replace with a discussion regards the consequences of continued absence and timescales for improvement.
- Addition of a section on managing pregnancy & maternity related illness explaining that employees will have Supporting Attendance Meetings but solely for the purposes of supporting and making reasonable adjustments.
- Addition of a section on managing employees with cancer/ terminal illnesses and better supporting information available on the Hub in relation to this.
- Moving the section on contagious diseases from Conditions of Service to give better guidance in relation to this and providing manager discretion to remove quarantine days from triggers.
- Addition of a specific appeals process for the Attendance Procedures (following current process for Grievance Appeals at Officer level).

**4.7** It is vital that our procedures are clear and allow both employees and managers to understand their responsibilities; that they are compliant with relevant legislation; and help improve attendance at work across the council, whilst also considering the impact on the employee and their wellbeing. Whilst the Council's absence ranking in the most recent LGBF (Local Government Benchmarking) has improved, the absence levels continue to be high in some service areas, which can have a significant impact on service resourcing and on other team members. It is important that HROD provide managers with the appropriate tools and support to improve this, which is the intention of this revised policy.

## **5.0 CONCLUSION**

**5.1** The revised Supporting Attendance at Work Policy and Procedures detail a revised approach to managing attendance that complements the Wellbeing Strategy and takes into account the views of our employees, managers and TU colleagues with regard to providing a simplified but effective and supportive approach to attendance management. This will contribute to the reduction in sickness absence and support employee wellbeing.

## 6.0 IMPLICATIONS

6.1 Policy	In accordance with the Wellbeing Strategy.
6.2 Financial	No direct financial implications but improved attendance reduces the cost to services of temporary cover.
6.3 Legal	Consistent approach and reduced timescale to completion of procedure will reduce instances of legal challenge due to failure to follow process.
6.4 HR	Failure to address attendance issues promptly will impact on employee engagement and productivity.
6.5 Fairer Scotland Duty: 6.5.1 Equalities	The EQSEIA shows that the policy has no adverse impacts on groups identified and has areas of positive impact. EqSEIA is available on the Council website/on request.
6.5.2 Socio-economic duty	No impact
6.5.3 Islands	No impact
6.6 Risk	High levels of absenteeism present a risk to organisational efficiencies, and can lead to poor morale and a disengaged workforce.
6.7 Customer Service	Higher employee attendance leads to increased productivity within departments improving customer service.

**Executive Director of Development and Infrastructure - Kirsty Flanagan**

**Policy Lead – Mary Jean Devon**

**17<sup>th</sup> February 2021**

**For further information contact:**

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## APPENDICES

Appendix 1 – Supporting Attendance at Work Policy



# **ARGYLL AND BUTE COUNCIL**

## **SUPPORTING ATTENDANCE AT WORK POLICY**

<b>1. Scope</b>	
1.1	This Policy and the associated procedures apply to all employees of Argyll and Bute Council.

<b>2. Policy Statement</b>	
2.1	We value our employees and want them to be fit and healthy, if people are able to work efficiently and effectively this also benefits the organisation. Whilst some absence due to sickness is inevitable, the Council's objective is to ensure that employees are supported and sickness absence is minimised through supporting staff wellbeing and fair and consistent procedures.
2.2	Absence due to sickness can be for a number of reasons. It is important that within a common policy approach, instances of sickness absence are dealt with on an individual basis. A balanced approach is required to support employee wellbeing and facilitate high levels of attendance whilst ensuring employees are treated fairly, consistently and sympathetically.
2.3	It is intended that this Policy be used positively and constructively to support and enable employees to return or remain at work. At all stages, discussions will focus on exploring ways to improve and maintain attendance thereby ensuring service needs are met. The particular circumstances of each individual will be considered and relevant support measures implemented where these can contribute to improved attendance levels.
2.4	A healthy workforce and a healthy working environment are essential to achieving higher levels of attendance and providing high quality services. With this in mind, the Council has developed a Wellbeing Strategy which outlines its commitment to improving the overall health and wellbeing of the workforce in line with the Council's corporate values (Caring, Committed, Collaborative and Creative). Through developing services such as Occupational Health, the Employee Assistance Programme, and by promoting health at work via Healthy Working Lives, events and initiatives, it is hoped to both better support employees and improve attendance levels.
2.5	There are a number of other Council policies which are complementary to the Council's wider approach to promoting health at work and these include the Equality and Diversity Policy and Health and Safety Policies as well as other procedures and guidance documents mentioned in the procedures.
2.6	In the case of illness resulting from a disability, "reasonable adjustments" will be made wherever practicable to support and facilitate an employee's attendance at work in accordance with the Equalities Act 2010.

2.6	<p>The effectiveness of this Policy will be monitored through regular reporting of relevant sickness absence management information to the Council's Strategic Management Team and Elected Members/Audit and Scrutiny Committee.</p> <p>A copy of the <a href="#">Supporting Attendance at Work Procedures</a> and other related guidance can be found on the HUB.</p>
<b>3. Principles and Aims</b>	
3.1	<p>The following aims apply to the Council's procedures for dealing with sickness absence:</p> <ul style="list-style-type: none"> <li>• Supporting employee wellbeing</li> <li>• Minimising working days lost</li> <li>• Ensuring the health, safety and wellbeing at work of our employees</li> </ul>
3.2	<p>The following principles apply to the Council's procedures for dealing with sickness absence:</p> <ul style="list-style-type: none"> <li>• We value our employees and their health and wellbeing is important to us.</li> <li>• Good attendance is valued and all opportunities should be taken to acknowledge and recognise such attendance.</li> <li>• The Council will aim to promote a positive and preventative, rather than punitive approach.</li> <li>• The Council recognises that, depending on the nature of the health condition and/or absence, early intervention can be effective in promoting improved health and attendance.</li> <li>• Matters raised relating to an employee's attendance do not imply any distrust of the employee or concerns regarding their conduct.</li> <li>• Sickness/injury absence will be dealt with in a way that is non-discriminatory and in accordance with the Council's <a href="#">Equality and Diversity Policy</a></li> <li>• Every employee will be treated as an individual but we aim to be consistent in our approach and the Supporting Attendance at Work Procedures will be fairly applied across the Authority.</li> <li>• Sickness absence cases will be conducted with respect for confidentiality and in accordance with the requirements of the General Data Protection Regulations, and Access to Medical Reports Acts.</li> <li>• The Council will be sensitive, and supportive of those suffering the effects of ill-health and promotes open communication between managers and employees to facilitate this.</li> <li>• Absence will be dealt with in line with our corporate values as an employer where we will demonstrate we CARE about our employees, we are COMMITTED to supporting them during their ill health, we will work COLLABORATIVELY with employees and other support mechanisms within the Supporting Attendance procedures to find mutually agreeable support and solutions and finally think CREATIVELY to ensure each employee is treated as an individual and progress within the Supporting Attendance</li> </ul>

	Procedures is appropriate to their circumstances and adjustments tailored to their specific needs.
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<b>4. Roles and Responsibilities</b>	
4.1	<p>Responsibility for implementing and complying with the Supporting Attendance at Work Policy and Procedures lies with individuals at all levels within the Council and the HSCP.</p> <p>Specific responsibility is as follows:</p>
4.2	<p><b>The role of the Strategic Management Team is to:</b></p> <ul style="list-style-type: none"> <li>• Analyse and monitor corporate/departmental sickness absence data and trends based on quarterly returns</li> <li>• Determine, as necessary, the requirement for targets for improvement at a Council or Head of Service level along with targeted interventions in areas with higher sickness absence or where patterns or trends emerge</li> <li>• Report Council-wide sickness absence levels to the Council's Audit and Scrutiny Committee on a quarterly and annual basis per service via scorecards.</li> </ul>
4.3	<p><b>Heads of Service are required to:</b></p> <ul style="list-style-type: none"> <li>• Manage sickness absence in their service in accordance with the Supporting Attendance at Work Policy and Procedures.</li> <li>• Support line managers within their service to manage cases where triggers have been reached and follow up on progress.</li> <li>• Monitor sickness absence in their service and use this data to continuously improve the approach to staff wellbeing.</li> </ul>
4.4	<p><b>Line Managers are required to:</b></p> <ul style="list-style-type: none"> <li>• Let employees know that their contribution to the work of the Council is valued, and that their attendance at work makes a significant contribution to providing a quality service.</li> <li>• Manage the absence of the employees they are responsible for.</li> </ul> <p>This includes:</p> <ul style="list-style-type: none"> <li>• Supporting employees who are experiencing ill health and manage their absence in accordance with the Supporting Attendance at Work Policy and Procedures.</li> <li>• Ensuring that employees are aware of the notification (and where appropriate, certification procedures) for absences of any kind.</li> </ul>



	<ul style="list-style-type: none"> <li>• Maintaining regular contact with employees who are absent.</li> <li>• Conduct Return to Work Discussions and, where appropriate, further meetings with employees in accordance with the Supporting Attendance at Work Policy and associated procedures.</li> <li>• Dealing immediately, fairly and sensitively with employees when they are ill and providing support to facilitate attendance.</li> <li>• Ensuring that accurate records are kept for each employee during each stage of the Supporting Attendance procedures and that copies are sent to Employee Relations for secure retention.</li> <li>• Make reasonable adjustments (where appropriate) to aid employees return to work or where the employee has raised concerns that their work is impacting their health.</li> </ul>
4.5	<p><b>Employees are required to:</b></p> <ul style="list-style-type: none"> <li>• Attend work unless unfit to do so.</li> <li>• Advise their line manager of any illness or condition which may affect their ability to attend work or to undertake the duties of their post.</li> <li>• Take personal and contractual responsibility for attendance levels, their own well-being and seek medical advice and appropriate treatment promptly to maintain attendance, and/or facilitate an early return to work.</li> <li>• Raise concerns with their manager (or Employee Relations if appropriate) and where possible detail possible solutions if they believe their job is making them ill, or contributing to illness.</li> <li>• Report sickness absences promptly, in accordance with the Supporting Attendance at Work procedures.</li> <li>• Ensure appropriate certifications are completed and submitted in accordance with notification and certification procedures.</li> <li>• Maintain regular contact with their manager during periods of sickness/injury absence.</li> <li>• Communicate effectively with their manager about their sickness/injury absence.</li> <li>• Co-operate as appropriate with the Council's Occupational Health Adviser and other organisations that provide support to the Council and its' employees.</li> <li>• Not knowingly abuse the Supporting Attendance at Work procedures or sick pay schemes.</li> </ul>
4.6	<p><b>The role of Human Resources is to:</b></p> <ul style="list-style-type: none"> <li>• Provide advice and guidance to employees and line managers in managing attendance and support.</li> <li>• Provide reports and statistical information to managers to enable them to make informed decisions when monitoring and reviewing sickness absence</li> <li>• Maintain links with the Council's Occupational Health advisors and other similar agencies to support the implementation of this Policy</li> <li>• Monitor the overall application of the Policy and associated procedures</li> </ul>

- Provide coaching and/or mentoring sessions to managers in relation to wellbeing and attendance policies and procedures to ensure they have the practical skills and knowledge to apply the Policy and associated procedures.

## 5. Proactive approach to tackling the Causes of Sickness Absence

- 5.1 The Council has a Wellbeing Strategy and has also developed a range of procedures, guidance and initiatives designed to support employees to prevent and reduce sickness absence levels including:
- Occupational Health who provide advice and guidance on the impact of ill health on work and what steps the Council and/or the employee may make in order to secure an early return to work where possible, or where appropriate, to consider early ill-health retirement where the employee is unable to return to work and meets the criteria for ill-health retirement.
  - Employee Assistance Programme who provide a confidential information, counselling and assistance service to employees in order to discuss concerns related to work or personal circumstances as well as a range of other practical support in relation to improving employee wellbeing physically, financially as well as emotionally.
  - Associated Procedures/Guidance that provide information and guidance to employees and managers on various associated issues such as Absence Notification and Certification Requirements; Medical Redeployment, Occupational Health etc.
  - Health improvement events and initiatives – developing initiatives which contribute to the improved health and wellbeing of the workforce.
  - Training and coaching sessions for managers, including via LEON (the Council's e-learning system) on the [Supporting Attendance at Work Policy & Procedures](#).
  - The availability of management information via My View and organisational reports which will enable managers to receive detailed information on the causes of absence and identify any trends that may be evident as well as the concentration of absence at a particular location in order that they can take the required action via the Supporting Attendance at Work procedures and develop action plans to support their teams with improved wellbeing.

This is a “live” document and will be regularly reviewed by HR & OD. We will therefore be pleased to receive any comments and/or suggestions in relation to the Policy as part of this review cycle. These should be sent to the Head of Customer Support Services, Kilmory, Lochgilphead, PA31 8RT or via email to [Jane.Fowler@argyll-bute.gov](mailto:Jane.Fowler@argyll-bute.gov).

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES  
COMMITTEE****DEVELOPMENT AND ECONOMIC  
GROWTH****13<sup>th</sup> May 2021**

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**LORN ARC TAX INCREMENTAL FINANCE PROGRAMME – GENERAL UPDATE  
ON THE POSITION OF THE PROGRAMME ALONG WITH UPDATES ON SPECIFIC  
PROJECTS**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 This report updates Members on the latest position in respect of the Lorn Arc initiative including information relating to a proposed amendment requiring Ministerial approval of the Tax Incremental Finance Agreement (TIF) between the Council and the Scottish Government.
- 1.2 The report also updates Members regarding the latest financial position for the TIF Programme and make a series of recommendations that enables the remaining projects associated with the Lorn Arc to be taken forward to a conclusion taking advantage of the additional borrowing powers that the TIF funding allows for without placing a strain on the council's general capital funding.

**2.0 RECOMMENDATIONS**

2.1 It is recommended:

- Members agree to the allocation of circa £5,000 covering final costs relating to Project 1 - Kirk Road Upgrade - to the TIF Programme.
- Members agree to the allocation of up to £640,000 for Project start-up costs relating to Projects 2 : Dunbeg Gateway Features and Project 3 : Halfway House Roundabout.
- Members note the renewed occupier interest in the Oban Airport Business Park and approve utilising the remainder of the current funding previously approved by the P&R Committee for Oban Airport Business Park (£107,321) to procure consultancy support to develop the business case to justify further capital investment.
- Officers will look into re-establishing an officer-member working group to take forward proposals and bring a report back to the next P&R Committee with more detail of the composition and remit of the group.

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES  
COMMITTEE

DEVELOPMENT AND ECONOMIC  
GROWTH

13<sup>th</sup> MAY 2021

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**LORN ARC TAX INCREMENTAL FINANCE PROGRAMME – GENERAL UPDATE  
ON THE POSITION OF THE PROGRAMME ALONG WITH UPDATES ON SPECIFIC  
PROJECTS**

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### **3.0 INTRODUCTION**

- 3.1 The purpose of this report is to update Members on the progress made with regard to the Lorn Arc Initiative that utilises additional Non Domestic Rates (NDR) income to enable the council to borrow against for the purposes of infrastructure investment in the Lorn Arc defined area that focusses on Oban and its surrounding area. The update will include the latest available financial modelling and information to support the recommendations of the report relating to further release to funds to take forward the remaining projects of interest.

### **4.0 RECOMMENDATIONS**

- 4.1 It is recommended:

- Members agree to the allocation of circa £5,000 covering final costs relating to Project 1 - Kirk Road Upgrade - to the TIF Programme.
- Members agree to the allocation of up to £640,000 for Project start-up costs relating to Projects 2 : Dunbeg Gateway Features and Project 3 : Halfway House Roundabout.
- Members note the renewed occupier interest in the Oban Airport Business Park and approve utilising the remainder of the current funding previously approved by the P&R Committee for Oban Airport Business Park (£107,321) to procure consultancy support to develop the business case to justify further capital investment.
- Officers will look into re-establishing an officer-member working group to take forward proposals and bring a report back to the next P&R Committee with more detail of the composition and remit of the group.

### **5.0 DETAIL**

5.1 Lorn Arc TIF Programme Wide Issues

5.2 The Lorn Arc TIF is primarily a Legal Agreement between the Council and Scottish Government. This Legal Agreement contains many clauses which require the Council or the Scottish Government to do certain specified things. Many of these are centred around the financial arrangements of the TIF, the delivery of the specified projects and the timing of both.

5.3 For the last few years the Lorn Arc TIF has continued to be an investment tool, unlocking critical infrastructure projects such as the Lorn Road Kirk Road upgrade scheme. The speed of delivery envisaged in the original business case and the Legal Agreement for the Lorn Arc TIF has however not been met. The reasons for this are detailed, variable and complex and are also similar to what has been experienced elsewhere in Scotland using this funding mechanism. The consequence of this delay in implementation was that some of the clauses in the original Legal Agreement were potentially going to come into force in a negative way. The two clauses causing concern were :-

- Lorn Arc TIF Agreement clause - Completion of TIF projects by December 2020
- Lorn Arc TIF Agreement clause - Repayment of TIF debt in full.

These are both explained below.

5.4 Lorn Arc TIF Agreement clause - Completion of TIF projects by December 2020

The existing agreement contained a clause that required all of the agreed Lorn Arc TIF projects be completed by December 2020 and if this was not met then the TIF programme would end. This timeline was not going to be achieved due to a number of factors relating to the economy and the ability to raise Non Domestic Rates income. The Council sought to amend the agreement, proposing to extend the agreement by four years to December 2024. The Scottish Government has **agreed** to this proposal and the clause has been amended.

5.5 Lorn Arc TIF Agreement clause - Repayment of TIF debt in full

5.6 A second clause in the TIF agreement stated that the programme will cease on the date of repayment in full of the TIF debt.

5.7 Due to relatively low levels of debt incurred through utilising other funding sources (such as the use of CHORD funds for the North Pier pontoons and the Housing Infrastructure Fund in relation to Kirk Road Improvement Scheme in Dunbeg), the current TIF debt will be completely repaid within financial year 2021-22 without further expenditure being approved. Given the above clause in the agreement, the TIF programme would end at this point. The Council also asked the Scottish Government to vary this clause to read that “the programme will cease once all debt incurred is repaid and that all the Lorn Arc projects as agreed by all parties have been completed”.

- 5.8 The Scottish Government reply, whilst indicating a willingness and desire to see the programme completed, is still unclear. As such Council Officers have raised this issue again through the TIF Executive that consists of representatives of the Scottish Government, Scottish Futures Trust and the Council in order to achieve a clear solution to this issue. A TIF Executive Meeting was held on 4<sup>th</sup> March 2021 and at this both the Scottish Government and Scottish Futures Trust indicated that they considered that the Scottish Government had a strong willingness to be very flexible on this issue. One particular approach to mitigate this issue discussed was that should debt be fully repaid but NDR was still being collected, then such monies could be earmarked in the Council's general fund reserve until further expenditure/debt is incurred as long as there are still projects being progressed within the TIF Programme. Should a point be reached where there was little likelihood of future spend on TIF projects then any surplus NDR collected would require to be returned to the Scottish Government.
- 5.9 It is also important to report the overall Lorn Arc Programme financial situation as a whole, plus the latest situation with regard to borrowing and NDR income profile modelled on several different project delivery timelines. This is obviously important for due diligence but it is also critical in terms of modelling the potential NDR income against project borrowing which in turn provides the potential level of risk to the Council for different project spend delivery timescales.
- 5.10 **Financial Section**
- 5.11 The TIF Programme has delivered 3 projects to date with estimated expenditure by the end of 2020-21 as noted in the Table 1. This expenditure if funded via borrowing that is repaid using the additional NDR collected within the Oban area.

Table 1.

<b>Project</b>	<b>Net Expenditure as at end of 20-21</b>
Lorn Rd / Kirk Road	241,545
North Pier	216,103
Oban Airport Business Park	482,679
<b>Total</b>	<b>940,326</b>

- 5.12 It should be noted that the expenditure shown for the Lorn Rd/Kirk Road project is much less than previously anticipated due to being successful in gaining Housing Infrastructure funding of circa £2m. This meant we had no need to borrow capital funds.

- 5.13 As at the 31<sup>st</sup> March 2020 the TIF Project had outstanding borrowing of £154,508. It is projected that there will be a further £40,192 of expenditure in 2020-21 bringing a total outstanding debt of £194,400 as at the end of March 2021. The additional NDR anticipated for 2020-21 is £163,500 which will leave an outstanding balance of around £29k subject to the application of interest. These figures do not include any additional expenditure approved by recommendations of this report.
- 5.14 As per the TIF agreement, when borrowing is repaid and there are no further active projects, the additional NDR will no longer be able to be kept by the Council, however, as noted in paragraph 5.8 above we have been advised that as long as there is still an intent to continue with projects in progress, then the Council will be able to keep the NDR to pay off future funding (this has still to be confirmed in writing).
- 5.15 The additional NDR collected in 2020-21 was reduced due to the Non-Domestic Rates Covid Relief and is likely to be at a similar level in 2021-22, however, we anticipate that this will bounce back to 2019-20 levels of circa £300k and modelling shows that this level of income would fund a further £4m of borrowing repaid over the next 18 years (the length of time left on the TIF programme). Should the future TIF projects attract new business, the amount of NDR will increase which could give the ability to increase the borrowing beyond the £4m level. The project continuing at Oban Airport is specifically designed to attract new business and officers are giving consideration as to the financials of this project which will include increased NDR.
- 5.16 This report also provides a short update of individual TIF projects is set out below:-
- **Project 1** : Dunbeg Lorn Road Kirk Road Improvements – physical works completed and moving to financial closure. This project has enabled the building of an additional 300 unit affordable housing development now on site and further phases of the European Marine Science Park, which collectively are estimated investments in excess of £65m. Project completion has been achieved at a significantly reduced expenditure level due to securing a Housing Infrastructure Grant. It is recommended that the P&R Committee agree to the allocation of a final £5,000 TIF funding to cover the total incurred expenditure.
  - **Project 2** : Dunbeg Gateway Features – on hold, will be incorporated into the development and implementation of Project 3 : Halfway House Roundabout. (see detailed update below).
  - **Project 3** : Halfway House Roundabout – actively being pursued with the developer LINK Housing Association. Looking to seek future approval for project startup costs. . Project intended to be merged with Project 2. (see detailed update below).
  - **Project 4** : Oban North Pier extension – it is considered that Oban Transit Berth has fulfilled many of the aims originally being part of the scope of the North Pier extension project funded via CHORD with TIF feasibility funding. As such this project is not actively being pursued further at the present time.

- **Project 5** : North Pier public realm works – it is considered that the principle function of this area is as a carpark and that the limited new public realm works undertaken as part of the new North Pier Harbour Masters building are completed. As such this project is not actively being pursued at the present time.
- **Project 6** : Oban South. The Oban Strategic Development Framework has been approved to be taken forward and this is likely to be advanced now through a consultancy or when PLDP2 is adopted.
- **Project 7 & 8** : Barcaldine – projects deleted from programme following construction of Scottish Seafarms Hatchery on the site. This represents a £58m investment on this site by the private sector.
- **Project 9** : Oban Airport Business Park – originally envisaged investment of access spine road has been completed. There is renewed interest in the site and the Council is exploring the potential to create business accommodation. This will require a new business case for further investment, to be approved by P&R and agreed with Scottish Government and Scottish Futures Trust. It is recommended that members consent to utilising the remainder of the current funding previously approved for Oban Airport Business Park (£107,321) to support development of this business case which will be reported back to P&R.

5.17 All of the above projects have been discussed with the Lorn Arc TIF Executive at the 4th March 2021 meeting. Projects 2, 3 and 9 have strong links to the delivery of the Argyll and Bute Rural Growth Deal and are now the main areas of focus for further delivery. More detailed updates for these are below:

5.18 **Project 2 : Dunbeg Gateway Features and Project 3 : Halfway House Roundabout**

5.19 LDP2 and the approved Dunbeg Masterplan, identify the location of the proposed roundabout, commercial area and link road to future housing. Consultation with SEPA has identified that the proposed commercial area will be unacceptable to SEPA because of the flood risk which has been identified following detailed flood risk analysis (See blue flood plain at the northern edge of diagram 1.



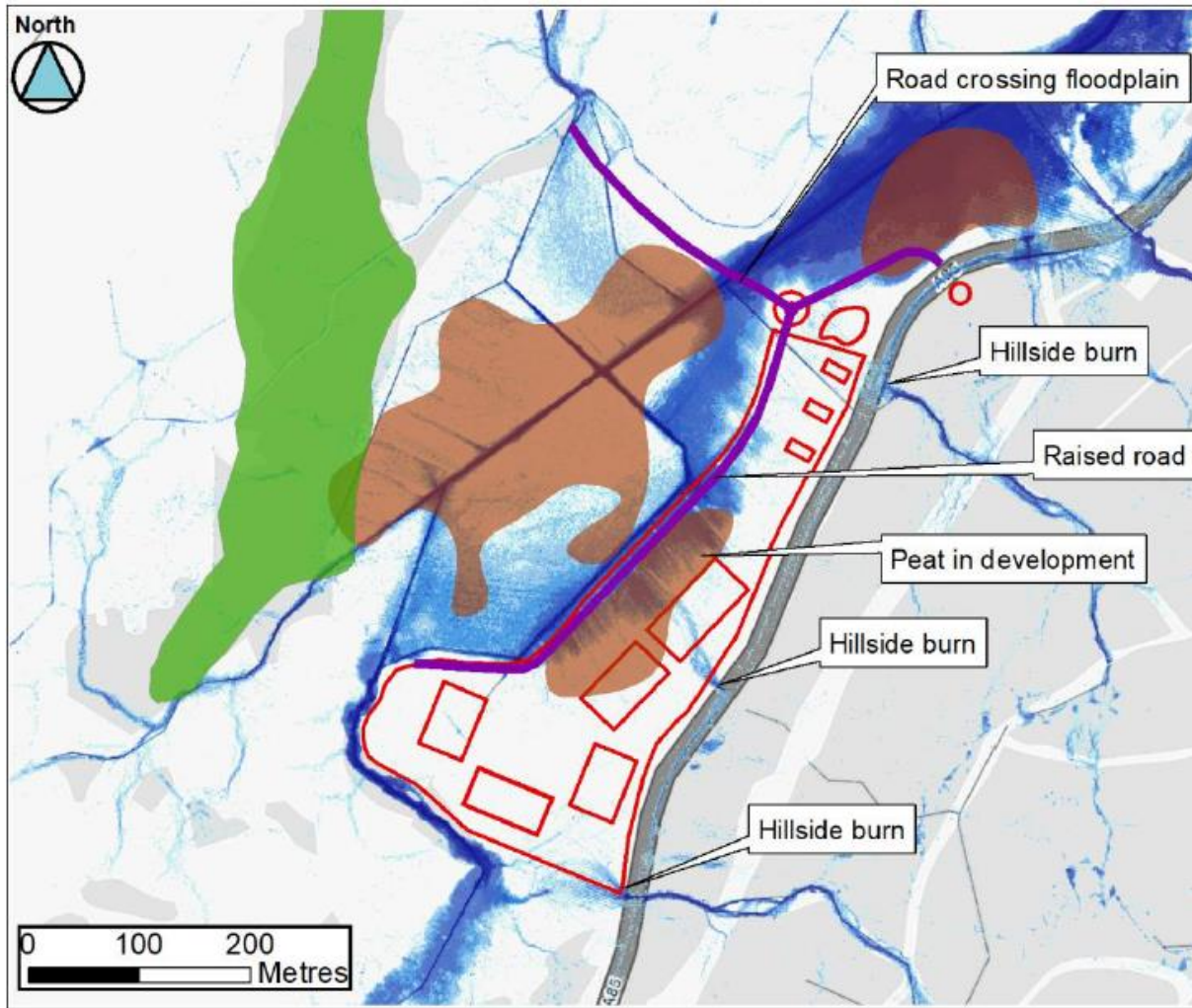


Diagram 1: Proposed Alternative Flood Solution – Dunbeg; (blue - showing flood plain; brown - peat; green - ancient woodland).

5.20 Consequently a potential alternative solution has been identified which relocates the commercial area in a southerly direction outwith the substantive area of flooding as can be seen in diagram 1 and 2. The proposed alternative solution has been agreed in principle with SEPA subject to further proof of technical aspects.

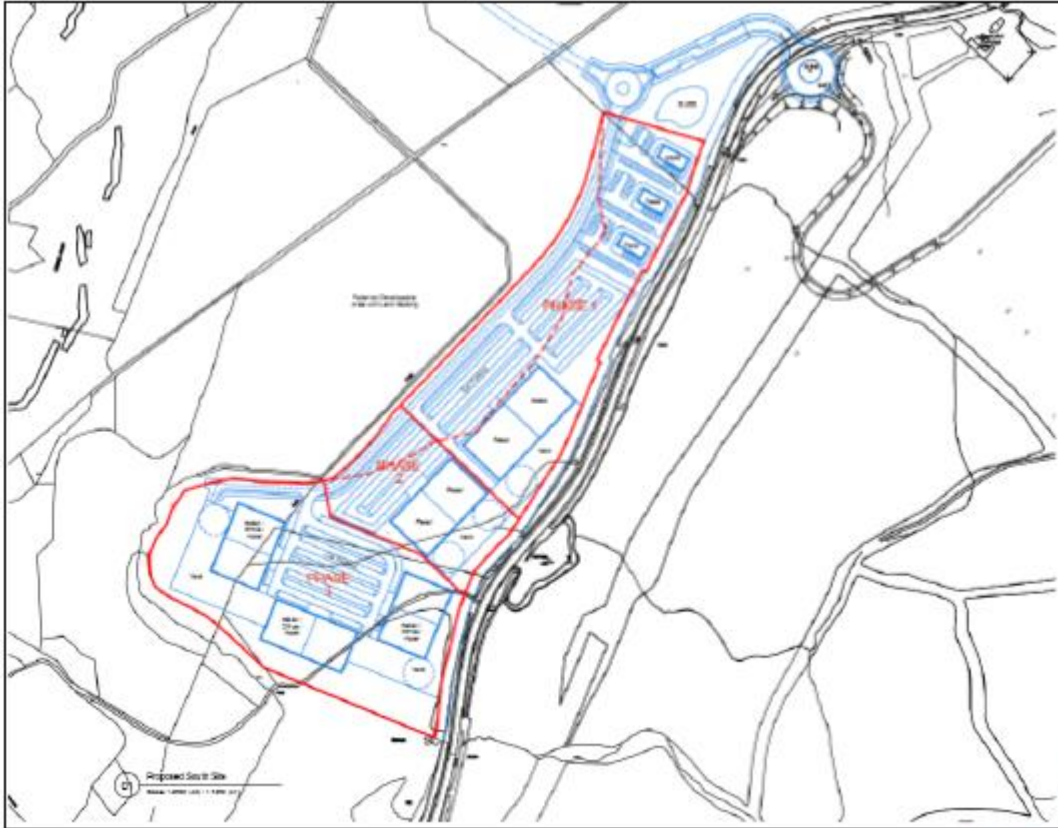


Diagram 2: Potential Alternative Commercial Area - Dunbeg

- 5.21 A full business case is now necessary to ensure that the project is viable and prudent. Preparatory works are required to inform the full business case and will include site surveys, design work, preparation of planning applications, economic impact assessments and procurement costs.
- 5.22 Start-up costs for each project typically equate to 20% of the overall capital costs of the proposed project and form part of the TIF borrowing. In this case the total project costs are currently difficult to identify because further design and legal work are needed to more accurately identify them and the original estimate of costs are now somewhat out of date. However a prudent first estimate is essential in order to start this further work and has been put at £640k based on the current approximate estimates of project costs. This funding would be drawn down in small tranches with careful project planning and reporting throughout development of the business case. Some of the immediate work which is required to begin construction of the business case includes:
- a. **Site Investigation issues** - examination of the land raising and flood mitigation required to be delivered. Production of a Peat Strategy and Flood Risk Assessment which is confirmed as being acceptable with SEPA.
  - b. **Re-configure masterplan** including the potential connections to housing and confirming location of the roundabout.
  - c. **Devise planning strategy** - amend masterplan, preparation and submission of PPP and PP application(s).

- d. **Engage with Scottish Water and Utilities** - to identify requirements and costs, this would include potential Drainage Impact Assessment (DIA) / Water Impact Assessment (WIA) – also need to ensure adequate power can be provided plus Telecomms & should allow for and include the potential future housing.
- e. **Confirm legal deliverability** of development in terms of titles and land acquisition.
- f. **Identify what development is being delivered by the Council** and the development model for that: i.e.: roundabout; roundabout and road; roundabout, road and development platform.
- g. **Identify development model for the commercial area** - explore options for legal commitment / tie in / guarantees.
- h. **Update and revise Cost Plan** - previous estimates were 2015 Q3 (Roundabout £2.15m; subsidiary roundabout £200k; Roundabout connecting road £800k) £3.2m in total without the development platform. These are out of date and didn't include services; street lighting; professional fees, site acquisition).

5.23 Members are therefore asked to authorise borrowing of up to £640,000 as project start-up costs for Projects 2&3 which will be drawn down in tranches as required by the development of the business case and with reporting to authorise this to the Lorn Arc TIF Project Board. It should be noted that given the level of borrowing the Lorn Arc can sustain given the projected NDR uplift additional funding will have to be secured to fund the connection road leading from the completed roundabout to the proposed housing allocation at Dunbeg. Until this road is completed no additional housing will be able to take place. It should also be noted that should the additional housing development go ahead in the future consideration would need to be given in early course to a replacement school. It is anticipated further bids for infrastructure funding will be submitted to the Government in due course as and when we can make further progress with the delivery of the roundabout that will initially serve the proposed commercial area.

5.24 **Project 9** : Oban Airport Business Park – the originally envisaged investment of access spine road has been completed. Following initial marketing potential occupiers advised that clarification of site conditions and costs was required which was obtained by Estates & Property Development. This has led to renewed interest in the site and the potential for the Council to invest capital and generate a long term income from the site while also providing accommodation to support business growth. Lorn Arc TIF may have a role to play in this further development of Oban Airport Business Park but this may require a variation on the original project scope to be agreed with both Scottish Government and Scottish Futures Trust. Once this proposal is clarified a more detailed report will be submitted to the committee but in the meantime consent is sought to utilise the remainder of the current funding previously approved by the P&R Committee for Oban Airport Business Park (£107,321) to procure consultancy support to develop the business

case for further capital investment.

- 5.25 Officers consider it would be useful to reconvene a working group to assist in taking forward proposals, similar to the former Dunbeg Corridor Working Group. Officers will look into this in more detail and prepare a report for P&R Committee in August.

## **6.0 CONCLUSION**

- 6.1 The Lorn Arc TIF programme remains one of the principle methods that the Council can take advantage of to make infrastructure capital investment in the Lorn Area. The Scottish Government's agreement to amending the TIF agreement clauses allows for the Lorn Arc TIF to continue, providing opportunity for investment in infrastructure that enables critical investment in both large scale commercial and residential development in the Lorn area. The Scottish Government has shown a willingness to be flexible regarding the timeline for delivery and as a result the Council has four additional years within which to invest in these agreed infrastructure investments. The Council will consequently continue to take forward the projects listed in the report as agreed through the Lorn Arc Programme Board and continue to engage with the Scottish Government to secure NDR income.
- 6.2 Project 1 is now complete and it is requested that the P&R Committee approve £5,000 of final costs associated with this project be allocated to TIF.
- 6.3 Projects 2 & 3 are now at a stage when start-up cost monies are required to push these projects forward. As such the P&R Committee is requested to agree to a combined figure of £640k of total borrowing being allocated to these projects and that this borrowing will be recouped through TIF.
- 6.4 Project 9 has renewed interest and potential to identify further business supporting investment subject to a business case which will need to be developed and approved. P&R Committee is requested to approve utilisation of existing allocated funds of £107,321 to develop this business case.

## **7.0 IMPLICATIONS**

- 7.1 Policy - none
- 7.2 Financial – The original Lorn ARC agreement allowed for up to £18.7 Million of potential borrowing linked to the delivery of agreed projects. The level of NDR income currently available has reduced this amount significantly which will limit what we are able to deliver through the sole use of the TIF. The delivery of the Lorn Arc has to be considered affordable as part of the decision making process of the Council, the Scottish Government and their advisors Scottish Futures Trust. The financial requests within this report are affordable within the current TIF financial model.

- 7.3 Legal – the TIF agreement with Scottish Government has now been amended.
- 7.4 HR - none
- 7.5 Fairer Scotland Duty: none
  - 7.5.1 Equalities - protected characteristics - none
  - 7.5.2 Socio-economic Duty - none
  - 7.5.3 Islands - none
- 7.6 Risk – the Risks relating to the Lorn Arc TIF agreement remain the same.
- 7.7 Customer Service - none

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

**Policy Lead Cllr Robin Currie**

08<sup>th</sup> April 2021

**For further information contact:**

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES  
COMMITTEE****DEVELOPMENT AND  
ECONOMIC GROWTH****13<sup>TH</sup> MAY 2021**

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**STRATEGIC EVENTS AND FESTIVALS FUND – ROUND 3 GRANT AWARDS**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 As members will be aware it was agreed at the February meeting of the Policy and Resources Committee to defer the decision in regard to any formal grant award for SEF Round 3 to the May meeting of the Policy and Resources Committee. The reason for this was due to the uncertainty in regard to if and when strategic events would be able to go ahead in light of the national lockdown that was in place at that time. This additional time was to hopefully allow both the council and the event organisations themselves to be clearer as to the feasibility and viability of these events taking place in 2021.
- 1.2 Whilst the National lockdown has been partly lifted and things are beginning to open up again, restrictions remain in place and the situation still remains difficult and challenging with regard to COVID-19 pandemic and especially in regard to mass gatherings. However it is hoped that events will be able to go ahead at some point later in the year and it is therefore felt important to support our events industry as much as we can by awarding grants to those strategic events that hopefully still have a chance of going ahead either because of the nature of the event or the fact that they are due to be held later in the year.
- 1.3 The SEF third round of grant funding is to support strategic events and festivals that are to be held in 2021/22. The call for applications was issued on 22 October 2020 and closed on the 7 December 2020 and a total of 10 applications were originally received. Unfortunately due to the continued uncertainty regarding when events can take place 5 events have formally notified the council that they have had to cancel (see table 1 & 2). One of these events, Cowal Highland Gathering, has advised that they are considering to hold a one day live music/family festival event and requested a smaller grant towards this. In addition Jura Music festival organisation and Dunoon Multi Sports event organisations have advised that although they are having to cancel the original event they may hold a smaller scaled event and are also requesting support. Mull Rally has also changed its format and reduced the grant request. These requests along with the remaining strategic events and the associated grant requests are listed in table 2 for consideration. The total request for grant is £56,850.

- 1.4 As members will be aware SEF Round 2 events, planned to be held between June and December 2020, also faced a set of extraordinary circumstances and challenges brought about by the coronavirus, COVID-19 pandemic and the need to social distance and all 9 events had to be cancelled. There is still uncertainty as to if and when events of a strategic nature, which would fall into the definition of mass gathering, may be able to take place in the remainder of 2021. The hope is that some strategic events will be able to go ahead in 2021/22 but further information is awaited from the Scottish Government in regard to events taking place.

### **RECOMMENDATION**

- 1.5 Members of the Policy and Resources Committee are asked to:
- a) Agree to the award of SEF Round 3 grants as detailed in table 2 with any grant offer only being formally issued upon confirmation from the individual event organisation that the event is formally confirmed and is definitely going ahead and still meets the SEF Round 3 criteria.
  - b) Agree to the delegation of powers to the Director of Development and Infrastructure to allow any subsequent amendment to existing grant requests to be made brought about as a consequence of COVID-19 restrictions regarding holding of events/mass gathering in 2021/22. Any amendment to a current grant request/offer would only be considered if the amendment related to either the same level or a reduction in the request from SEF Round 3.
  - c) Note that at the February Council budget meeting the Council agreed funding of £90,000 for an SEF Round 4 (2022/23), to be augmented by any underspend in 2020/21.
  - d) Agree and recommend to Council that any underspend from SEF Round 3 (2021/22) is earmarked and used to augment a future SEF round for 2023/24.
  - e) Agree that the SEF Round 4 is launched in October this year with a report to Policy and Resources in February 2022. This follows the same time line for SEF Round 3 and will allow the position with regard to COVID-19 to hopefully be much clearer in regard to the holding of mass events in 2022/23.
  - f) Agree that the process for SEF Round 4 follows the same process for SEF Round 3 with an additional point being awarded to those events that had to cancel during 2021/22 and were unable to benefit from SEF grant.



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**ARGYLL AND BUTE COUNCIL**

**POLICY AND RESOURCES  
COMMITTEE**

**DEVELOPMENT AND  
ECONOMIC GROWTH**

**13 MAY 2021**

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**STRATEGIC EVENTS AND FESTIVALS FUND – ROUND 3 GRANT AWARDS**

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**2.0 INTRODUCTION**

- 2.1 The purpose of this report is to provide an update to members in regard to Round 3 Strategic Events and Festivals (SEF) Fund for 2021/22, and seek agreement to approve the award of SEF grant to 8 strategic events planned to be held during the remainder of 2021/22. In addition members are also being asked to approve the process and timing of the call for SEF Round 4.
- 2.2 Members will recall that it was agreed at the February Policy and Resources Committee to defer a decision in regard to any formal grant award for SEF Round 3 to the May meeting of the Policy and Resources Committee. This was due to the fact that a National lockdown that was in place in the early part of the year and in order to allow additional time to hopefully allow both the council and the event organisations themselves to be clearer as to the feasibility and viability of these events taking place in 2021/22
- 2.3 At the Business Continuity Committee meeting on 11 June 2020, members agreed that a grant pot of £90,000 be made available for SEF over financial year 2021/22. The call for applications was issued on 22 October 2020 and closed on the 7 December and a total of 10 applications were received. The total grant request at that time was £104,700 which exceeded the budget available. 5 applicant organisations have since made the decision to cancel their original event although three of these event have come back with a possible amended event leaving a total of 8 applications (see table 2) and a total grant request of £56,850. This allows for two of the events which will take place later in the year (Helensburgh Winter Festival and Tiree Wave Classic) and hopefully stand a better chance of going ahead in their original format to be awarded over the 15% maximum grant award. The restriction of the maximum grant request to 15% was originally imposed to allow as many strategic events to benefit from the £90,000 Round 3 funding pot. However in light of the number of cancellations and associated reduction in requests for funding and in order to support these later events it seems appropriate to allow for the full grant request to be allocated.
- 2.4 Whilst there is still uncertainty and unpredictability it is hoped that events will be able to go ahead at some point later in the year and it is therefore felt important to support our events industry as much as we can by awarding

grants to those strategic events that hopefully still have a chance of going ahead either because of their nature or the fact that they are due to be held later in the year. Members are therefore being asked to award in principle 8 SEF grants currently totalling £56,850. It is proposed that any underspend from SEF Round 3 (2021/22) is earmarked and used to augment a future SEF round for 2023/24.

### **3.0 RECOMMENDATIONS**

3.1 Members of the Policy and Resources Committee are asked to:

- a) Agree to the award of SEF Round 3 grants as detailed in table 2 with any grant offer only being formally issued upon confirmation from the individual event organisation that the event is formally confirmed and is definitely going ahead and still meets the SEF Round 3 criteria.
- b) Agree to the delegation of powers to the Director of Development and Infrastructure to allow any subsequent amendment to existing grant requests to be made brought about as a consequence of COVID-19 restrictions regarding holding of events/mass gathering in 2021/22. Any amendment to a current grant request/offer would only be considered if the amendment met the SEF criteria and related to either the same level or a reduction in the request from SEF Round 3.
- c) Note that at the February Council budget meeting the Council agreed funding of £90,000 for an SEF Round 4 (2022/23), to be augmented by any underspend in 2020/21.
- d) Agree and recommend to Council that any underspend from SEF Round 3 (2021/22) is earmarked and used to augment future SEF round for 2023/24.
- e) Agree that the SEF Round 4 is launched in October this year with a report to Policy and Resources in February 2022. This follows the same time line for SEF Round 3 and will allow the position with regard to COVID-19 to hopefully be much clearer in regard to the holding of mass events in 2022/23.
- f) Agree that the process for SEF Round 4 follows the same process for SEF Round 3 with an additional point being awarded to those events that had to cancel during 2021/22 and were unable to benefit from SEF grant.

### **4.0 DETAIL**

4.1 The overarching aim of the Strategic Events and Festivals Fund is to support event organisers to enhance and grow their events with the result that more visitors are attracted to Argyll and Bute, providing substantial economic benefit to the respective areas. The fund will provide critical support in the economic recovery of the area.

4.2 At the time of agreeing to holding an SEF Round 3 it was hoped that there would be a greater likelihood that mass gatherings may be able to be held in

2021/22 and it would be a more positive outlook for events. Unfortunately to date that has not proven to be the case and it is still unclear as to when events will be able to go ahead. The fact that 5 events have already advised of their cancellation further reinforces the uncertainty facing event organisers. It should be noted that the organisation of 1 of these cancelled events, Cowal Highland Gathering, which would normally take place over a weekend, is still considering holding a one day live music/mini festival event and a sum has been allocated should this prove feasible. This is the same for Jura Music Festival event and Dunoon Multi Sports event organisation both of whom may hold a more localised event.

- 4.3 The strategic events that have applied for SEF Round 3 funding are currently scheduled to be held between end of July and December 2021. Of the 8 remaining (see table 2) some of these may not go ahead or will need to reconsider the event format in light of the current situation. The position will be predicated on when mass gatherings will be safe to be held and advice is still awaiting from SG in relation to this.
- 4.4 It is fully appreciated that events of this scale are still facing an unprecedented set of extraordinary and challenging circumstances brought about as a result of the coronavirus, COVID-19 pandemic and that this has put a strain on the financial stability of many of the organisation and the outlook for Argyll and Bute strategic events in 2021 is still uncertain.
- 4.5 Events Scotland (ES) are supporting events through Scotland's Events Recovery Fund (SERF). This has been established in conjunction with Scottish Government to help Scotland's events sector plan and deliver events through to the end of 2021, and to provide support as the industry responds and adapts to the effects of COVID-19. The fund, which was launched prior to the National Lockdown and the increase in COVID 19 cases, is part of the tourism and events recovery plan and aims to help restart the events sector as restrictions are eased, and address additional costs which may be incurred as a result of new hygiene and health and safety requirements, allowing communities and the public to regain confidence in hosting and attending events.
- 4.6 The ES funding will also assist in the delivery of virtual events and a number of those strategic events that had applied to the SEF Round 3 fund and have already had to cancel, are in discussion with ES in regard to grant support to hold digital events. Digital events are an eligible event under Events Scotland SERF. Some event organisations are also looking at the possibility of holding more localised events and again this is something that ES is able to support.
- 4.7 The loss of any event from the area is likely to have a significant impact on the local economy, especially those events which are longstanding. There is no doubt that the cancellation of all 9 of the SEF Round 2 (2020/21) events will have had an economic impact on the area and potentially on the viability of the event organisations although it is hoped that both Council and SG funding support will have helped to minimise the impact in some way. The importance of the SEF Round 3 funding is fully recognised in assisting in the recovery of the

sector. It is still hoped that events will be able to go ahead at some point later in the year and it is therefore important to support our events industry as much as we can by awarding grants to those strategic events that hopefully still have a chance of going ahead as planned in 2021/22.

- 4.8 Strategic Events and Festivals Funding is conditional on events taking place and whilst payment was made last year to organisations to assist with their costs there are other sources of funding from both SG and Events Scotland to support event organisations. It is therefore not intended to repeat the approach of the partial release of grant to support the event organisation. In addition it is not intended to issue any grant contracts until such time as confirmation is received from the event organisation that the event is in fact going ahead. This is different from SEF Round 2 2020/21 grant contracts where the council had already issued contracts. Also unlike 2020, event organisations have had the benefit of the learning from last year and should be taking a more cautious approach in line with SG advice and the route map in relation to the holding of mass gatherings.
- 4.9 We will continue to liaise with the event organisations who have been awarded a grant and continue to support them and work with them as the situation develops especially as some events may need to reschedule, change their format and some may even decide to cancel.
- 4.10 The continued support to the event sector post 2021/22 will be critical and the fact that Full Council at February 2021 budget meeting agreed to allocate £90,000 to a Round 4 SEF (2022/23), augmented by any underspend remaining from 2020/21, will greatly assist in the recovery and will allow an application process to commence during 2021 and the proposed time line for the launch of SEF Round 4 is anticipated to be October this year with a report to Policy and Resources in February 2022. It is hoped that this timing will allow for there to be much greater clarity with regard to COVID-19 and the position in respect of events being held during 2022/23. However, this timeline will be continually reviewed in light of COVID-19, and if it requires to be amended a further report will be brought back to members.
- 4.11 The process adopted for SEF Round 2 and 3 has proven to be robust and successful and no significant amendments are therefore being proposed to the process for Round 4, with the following exceptions
1. Events that have been forced to cancel due to COVID-19 and received no SEF Round 3 funding will score an additional point should they make a grant application to Round 4 for 2022/23.
  2. Events will score an additional point where a low carbon strategy is being implemented in the delivery of the event and specifically in regard to encouraging the use of local produce, recycled products and reducing waste
- 4.12 As was the case with Round 2 it is intended to issue a call for applications to Round 3 in autumn 2020, for consideration by Policy and Resources Committee in winter 2020/21. However, this timeline will be continually reviewed in light of COVID-19, and if it requires to be amended a further

report will be brought back to members.

## **5.0 CONCLUSION**

5.1 Unfortunately the impact of the coronavirus, COVID-19 pandemic is likely to be felt across our area for some time and the position in regard to the holding of strategic events and festivals especially during the rest of 2021 is likely to continue to change and may well be challenging. The loss of any event from the local economy is significant, and for a number of our strategic events this has now happened over two consecutive years. This means that both for those events that do manage to go ahead this years but especially those that do not, the £90,000 SEF Round 4 funding for 2022/23, agreed at Feb 2021 budget meeting, will be even more important funding support when all events are in a position to go ahead.

## **6.0 IMPLICATIONS**

6.1 Policy – The Council’s Economic Strategy and Recovery Plan supports the value of events and festivals for their positive impact on the economy.

6.2 Financial – £90,000 in grant has been made available for a third round of Strategic Events and Festivals Funding for 2021/22.

6.3 Legal – Award letters and grant contracts would be issued as and when a decision is made and confirmation has been received that the event will go ahead.

6.4 HR – Resourced from existing staff

6.5 Fairer Scotland Duty:

6.6 Equalities - protected characteristics - None

6.7 Socio-economic Duty – The Fund seeks to support the economic growth of areas

6.8 Islands – The Fund seeks to support island economies by encouraging increased levels of visitors

6.9 Risk – The full effects of the impact that the coronavirus, COVID-19 pandemic will have is at this stage unclear, although it is anticipated that the impact will be significant and as we have already seen the cancellation of 5 SEF Round 3 events due to take place in 2021/22 albeit that some of these events may go ahead in a different format.

6.10 Customer Service - None

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

9<sup>th</sup> April 2021**Policy Lead – Cllr Redman****For further information contact:**

Audrey Martin, Transformation Projects and Regeneration Manager

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**APPENDICES**

Table 1 – SEF Round 3 Grant applications received in December 2020

Table 2 – Current proposed SEF Round 3 grant awards

Table 1 –SEF Round 3 Grant Applications received in December 2020	
Event	Original Funding Requested
<b>£2,500 - £5,000 Fund</b>	
Inveraray Highland Games	3,000
Jura Music Festival	5,000
Helensburgh Winter Festival	5,000
Argyll Rally	5,000
Tiree Music Festival	5,000
Subtotal	<b><u>23,000</u></b>
<b>£5,001 - £15,000 Fund</b>	
Mull of Kintyre Music and Arts Festival	11,000
Tiree Wave Classic	8,200
Dunoon Multi Sports Festival	6,500
Subtotal	<b><u>25,700</u></b>
<b>£15,001 and Over Fund</b>	
Mull Rally	26,000
Cowal Highland Gathering	30,000
Subtotal	<b><u>56,000</u></b>
<b>Total SEF Round 3 request</b>	<b><u>104,700</u></b>

Table 2 Proposed SEF Round 3 grant awards		
SEF Fund	£2,500 - £5,000 Grant	
Event	Original SEF Requested	Proposed Funding Award (15% SEF Limit)
Inveraray Highland Games	3,000	Cancelled
Jura Music Festival (original event <b>cancelled</b> but may hold more localised event)	5,000	5,000***
Helensburgh Winter Festival	5,000	5,000 *
Argyll Rally	5,000	5,000
Tiree Music Festival	5,000	Cancelled
<b>Sub Total</b>	<b><u>23,000</u></b>	<b><u>15,000</u></b>
SEF Fund	£5,001- £15,000 Grant	
Event	Level of Funding Requested	Proposed Funding Award
Mull of Kintyre Music and Arts Festival	11,000	11,000
Tiree Wave Classic	8,200	8,200 *
Dunoon Multi Sports Festival (original event <b>cancelled</b> but may hold more localised swim event)	6,500	6,500***
<b>Sub Total</b>	<b><u>25,700</u></b>	<b><u>25,700</u></b>
SEF Fund	£15,001- £30,000 Grant	
Event	Level of Funding Requested	Proposed Funding Award
Mull Rally	26,000	6,150**
Cowal Highland Gathering (original weekend event <b>cancelled</b> may hold mini festival )	30,000	10,000***
<b>Sub Total</b>	<b><u>56,000</u></b>	<b><u>16,150</u></b>

Summary

<b>SEF Round 3 Budget</b>	<b>90,000</b>
<b>Total Original Funding Request</b>	<b>104,700</b>
<b>Current Proposed Funding Award</b>	<b>56,850</b>
<b>Unallocated to be carried forward to future SEF Round</b>	<b>33,150</b>

\* Original request approved despite exceeding maximum 15% grant offer. Both these events are due to be held later in 2021 and hopefully this will help to deliver these.

\*\* Event organisation reduced grant request to reflect change to event

\*\*\*Original Cowal Highland Gathering cancelled but possible 1 day Live Music /mini festival being considered if viable and links to SEF criteria. This also applies to Jura Music Festival and Dunoon Multi Sports event both of which have cancelled but may hold a more localised event.



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**ARGYLL AND BUTE COUNCIL****Policy and Resources Committee****Development & Economic Growth****13 May 2021**

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**UK Community Renewal Fund**

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**1.0 HEADLINES**

- 1.1 The purpose of this report is to provide the members of the Policy and Resources Committee with an update on progress with developing and launching the Argyll and Bute Council UK Community Renewal Fund (UKCRF), and for guidance on determining how to appraise and monitor bids.

**2.0 RECOMMENDATIONS**

- 2.1 Members of Policy and Resources Committee are asked to:
- a) Note that the Council has launched the UK Community Renewal Fund on 26 April 2021 and applications to the Council are due by 21 May 2021 to allow the projects to be appraised and prioritised before final submission to UK Government by 18th June 2021.
  - b) Agree the draft process and agree to delegate the finalisation of the process and prioritisation as well as the final submission of bids to the Executive Director with responsibility for Development and Economic Growth in consultation with the Leader, Depute Leader and Leader of the largest opposition group.

**3.0 DETAIL**

- 3.1 The UK Community Renewal Fund (UKCRF) was announced on 3rd March 2021 as part of the UK Budget process, and the UK Government Levelling Up agenda. It was one of three new UK wide funds launched using the powers conferred to the UK Government through Sections 50 and 51 of the UK Internal Market Act 2020. The UKCRF will provide a total of £220 million of funding for 2021/22 across the whole of the UK.
- 3.2 The Fund will target areas most in need across the UK, focusing on domestic priorities. One hundred areas have been identified as priority areas for this fund, with Argyll and Bute Council being one of these and identified as a lead authority.
- 3.3 As a lead authority, Argyll and Bute Council will be eligible to draw down a flat rate of £20,000 to fund capacity to co-ordinate and assess bids, on the condition that an application is submitted to the UK Government.
- 3.4 Nationally, the Fund is being run as a competitive process with no set

eligibility. Locally, lead partners have been asked to run an open bidding process whereby the programme will publicised openly, bids assessed and a shortlist of prioritised projects produced. Following this process, a bid will be submitted to the UK Government up to a maximum value of £3 million by 18th June 2021.

- 3.5 Argyll and Bute Council is planning to submit a bid to the UK Government and a call for projects was launched on the Council's website on Monday 26th April 2021 [UK Government's Community Renewal Fund 2021-22 \(argyll-bute.gov.uk\)](https://www.uk.gov.uk/government/news/uk-government-launches-call-for-projects). It has also been publicised on social media. The fund is 90% revenue based, and individual bids of £500,000+ are being encouraged to maximise impact and deliverability.
- 3.6 Officers anticipate that this level of funding for revenue based projects with a maximum eight months of delivery could be challenging for Argyll and Bute delivery partners, and the UK Government has confirmed that smaller bids will be accepted. The SMT meeting which took place on 19th April 2021 agreed to set a minimum threshold of £100,000 for Argyll and Bute Council applications.
- 3.7 The investment priorities for the fund are:
- Investment in skills;
  - Investment for local business;
  - Investment in communities and place; and
  - Supporting people into employment.

There will be no ring-fencing applied across these themes and lead authorities can choose to focus on selected priorities.

- 3.8 SMT have agreed Kirsty Flanagan, Executive Director of Development and Infrastructure Services take the role of Senior Responsible Officer for the Argyll and Bute Council bid to the UK Government.

#### Project Selection and Prioritisation

- 3.9 Selection of projects will be carried out by the UK Government in line with its set selection criteria. The UK Government will announce the successful bids from late July onwards and approved projects must be financially complete by 31st March 2022. A full timeline is in Appendix 1.
- 3.10 The guidance states that as lead partner, Argyll and Bute Council has the role of appraising and prioritising the projects which will comprise the Argyll and Bute Council bid. Officers are currently giving consideration as to the process that is required and are looking for a delegation to the Executive Director with responsibility for Development and Economic Growth in consultation with the Leader, Depute Leader and Leader of the Opposition to agree the process and how the projects, if there is interest over and above the £3 million application limit, are prioritised.
- 3.11 The draft process and prioritisation is noted below:
- The assessment template example provided by the UK government

will be used for assessing projects (see Appendix 2). The initial part of this form (first eight questions) are gateway questions – with the options for answering Yes, No and Partial. This part of the assessment will be completed by officers before sending onto the assessment panel. Projects which do not meet the gateway criteria will not be assessed further.

- An assessment panel will be appointed and this is still to be finalised and will include external partners. The members of the assessment panel cannot have any involvement in submission of an application or advice to applicants.
- The assessment panel answers the questions in Section 2 of the form individually. These focus on deliverability, effectiveness and efficiency. The questions require a written response. A measurable response should also be given eg. 3 = high, 2 = medium, 1 = low and 0 = no evidence, as this will enable a ranking of projects to take place similar to the way in which procurement scoring takes place.
- Section 3 equalities impact; section 4 assessors recommendation; – filled out by the assessment panel individually for each project; section 5 – filled out collectively at panel meeting.
- Following scoring by each individual assessment panel member, the assessment panel will meet to discuss responses and to agree on an overall scoring for each section for each project, again similar to the way in which procurement scoring takes place. This will allow Section 5 to be completed.
- If the projects applying exceed £3 million, the projects will then be prioritised according to the scores given.
- The prioritised list of projects will then be submitted to the Leader, Depute Leader and Leader of the Opposition to agree the final submission to the UK Government.

#### **4.0 CONCLUSION**

- 4.1 This report provides the members of the Policy and Resources Committee with an update on the launch of the UK Community Renewal Fund, and a proposal for appraising and prioritising projects for inclusion in the Argyll and Bute Council bid submission to the UK Government.

#### **5.0 IMPLICATIONS**

- |               |  |
|---------------|--|
| 5.1 Policy    | Aligns with the council's new Economic Strategy.   |
| 5.2 Financial | Competitive opportunity for Argyll and Bute to lever in funding from the UK Government. There is no guarantee of funding however the submission of a bid to the UK Government will enable £20,000 in capacity funding to be claimed. There is a risk of this funding not being claimed if the open bidding process does not result in any projects coming forward, and the resources allocated to developing the bid will be sunk costs. |

5.3 Legal	All appropriate legal implications will be taken into consideration including adherence to the new UK Subsidy Control regime.
5.4 HR	None at present.
5.5 Fairer Scotland Duty	The Fairer Scotland Duty, Part 1 of the Equality Act 2010, came into force in April 2018. The duty places a legal responsibility on particular public bodies in Scotland, such as Argyll and Bute Council, to pay due regard to (actively consider) how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions and how this has been implemented.
5.6 Equalities	All activities will comply with all Equal Opportunities/Fairer Scotland Duty policies and obligations.
5.7 Socio-economic Duty	Focus will be given to removing socio-economic disadvantage for vulnerable residents across Argyll and Bute.
5.8 Islands	The bid will be for the whole of Argyll and Bute including the island communities.
5.9 Risk	If a bid is not submitted, Argyll and Bute will lose out on potential funding under the UK Community Renewal Fund and to draw down the £20,000 allocated to Lead Authorities for submitted bids. Although it should be noted that this is a competitive process and funding is not guaranteed.
5.10 Customer Service	None.

**Kirsty Flanagan, Executive Director responsible UK Funding Opportunities  
27 April 2021**

**Robin Currie, Policy Lead for the Economy and Rural Growth**

**For further information contact:**

Ishabel Bremner, Economic Growth Manager, tel: 01546 604375

Mary Louise Howat, Senior Development Officer, Economic Growth, tel: 01436 658917

Appendix 1 – UK Community Renewal Fund Timeline

Appendix 2 – Assessment Template

**Appendix 1 - UK Community Renewal Fund – Argyll and Bute Council appraisal, prioritisation and decision timeline**

- |   |                |
|---|----------------|
| ➤ Argyll and Bute Council call for projects launched        | 26/04/21       |
| ➤ Appraisal panel briefed (process and form)                | 17/05/21       |
| ➤ Deadline for project proposal submissions                 | 21/05/21       |
| ➤ Officer process applications and prepare appraisal sheets | 24-27/05/21    |
| ➤ Appraisal panel – individual project appraisals           | 28/05–04/06/21 |
| ➤ Appraisal panel – discussion and prioritisation meeting   | 10/06/21       |
| ➤ Member Approval (via Delegation)                          | tbd            |
| ➤ Submission of Argyll and Bute Council bid                 | noon: 18/06/21 |

**Appendix 2 - Assessment Template - Example**

This template is an example of how Lead Authorities can appraise bids. It is intended as a tool that Lead Authorities can use, but is not mandatory.

<b>Project</b>	
Place:	
Project Name:	
<b>Gateway Criteria</b>	
1. Is the application from an organisation eligible to receive UK Community Renewal Fund support?	Yes <input type="checkbox"/> No <input type="checkbox"/>
2. Will the project be complete by 31 <sup>st</sup> March 2022?	Yes <input type="checkbox"/> No <input type="checkbox"/>
3. Does the project address a need identified in the Prospectus?	Yes <input type="checkbox"/> No <input type="checkbox"/> Partial <input type="checkbox"/>
4. Does the project address a need identified in the local invite to submit bids?	Yes <input type="checkbox"/> No <input type="checkbox"/> Partial <input type="checkbox"/>
5. Is the proposed activity permissible within subsidy rules or State Aid where relevant?	Yes <input type="checkbox"/> No <input type="checkbox"/> Partial <input type="checkbox"/>
6. Would the project duplicate other national or local provision?	Yes <input type="checkbox"/> No <input type="checkbox"/> Partial <input type="checkbox"/>
7. Would the project conflict with national policy?	Yes <input type="checkbox"/> No <input type="checkbox"/> Partial <input type="checkbox"/>
8. Will the project be delivered in accordance with branding requirements?	Yes <input type="checkbox"/> No <input type="checkbox"/>
If the answer to 3-7 is partial, if ineligible activity is removed is there still a viable project?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<ul style="list-style-type: none"> <li>• If no, project does not meet the eligibility criteria. go straight to Part 4.</li> <li>• If yes, proceed with the assessment and clarify the elements that should be removed from the project.</li> </ul>	
<b>Does the project meet the gateway criteria?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/>

**Selection Criteria**

<b>Section 1 - Strategic fit</b>
1. <b><i>Please consider the proposal's overall contribution to the strategic objectives of the UK Community Renewal Fund?</i></b>
<ul style="list-style-type: none"> <li>• What is the level of contribution to an articulated investment priority identified in the Prospectus?</li> <li>• To what extent can the project inform UKSPF through transferable learning or opportunity to scale up for local partners and UK Government?</li> <li>• What is the extent to which the project demonstrates innovation in service delivery?</li> </ul>
<b>Comment:</b>
2. <b><i>How well does the proposal contribute to local needs set out in relevant local plans. What evidence is there of local support?</i></b>

<b>Comment:</b>
-----------------

<b>Section 2 - Deliverability, effectiveness and efficiency</b>
---

<p><b><i>Deliverability</i></b>  <b><i>Please consider the overall deliverability of the proposal including project risks, and financial due diligence where required.</i></b></p>
--

- Does the applicant (and delivery partner(s) where relevant) have relevant experience in delivering projects of this type?
- Does the applicant have in place the resources necessary to deliver the project, including any match funding?
- Are the milestones realistic and is the project deliverable within the stated timescale?

a) What is the risk that the project will not proceed in line with the stated timescales?
---

b) What is the risk that the project will not proceed in line with the stated budget?
---

c) What is the risk that the project will not achieve the stated outputs and results?
---

<p>Has Due Diligence been undertaken?          Yes <input type="checkbox"/> No <input type="checkbox"/></p>
---

If Yes, is the applicant able to manage the project as described?
---

Yes <input type="checkbox"/> Yes, subject to conditions <input type="checkbox"/> No <input type="checkbox"/>
--

<b>Comment:</b>
-----------------

<p><b><i>Effectiveness</i></b>  <b><i>Please consider the overall effectiveness of the proposal including monitoring and evaluation plans, the project budget and proposed outputs.</i></b></p>
---

- Has an effective monitoring and evaluation strategy been identified?
- Does the project budget reflect the stated activities? Is the budget reasonable in the light of the activities?
- Do the stated outputs reflect the project activities and are they achievable?

<b>Comment:</b>
-----------------

<p><b><i>Efficiency</i></b>  <b><i>Please consider the overall efficiency of the proposal, including Value for Money.</i></b></p>
---

- Does the project represent an efficient mode of delivery, taking account of the level of innovation proposed?
- Will it operate at an appropriate scale, providing good value for money taking account of project costs, match funding (excluding employment interventions), proposed outputs delivered and potential impact?
- Is it clear that the project would not proceed, or could only be delivered on a smaller scale without UK Community Renewal Fund support?

**Comment:**

**Section 3 Equalities Impacts  
(For UKG information – does not form part of assessment criteria)**

What equalities impacts have been considered? Who are the relevant affected groups based on protected characteristics, and what if any are the measures identified in response to these impacts?

**Section 4 - Assessor's Recommendation:**

Comment:

- Progress
- Progress with conditions
- Reject

Completed by:		Date:	
Reviewed by		Date:	

**Proposed Conditions**

1

2

3

**Section 5 - Lead Authority assessment decision**

- Submit to UK Government
- Submit with conditions
- Reject

Comment:

Conditions, if different to section 3.



1			
2			
3			
Name		Date:	

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**ARGYLL AND BUTE COUNCIL****Policy and Resources Committee****Development and Economic Growth****13 May 2021**

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**UK LEVELLING UP FUND**

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**1.0 HEADLINES**

- 1.1 The purpose of this report is to provide members of the Policy and Resources Committee with an update on the UK Levelling UP Fund and the proposed timeline for an Argyll and Bute Council bid to this fund.

**2.0 RECOMMENDATIONS**

- 2.1 Members of the Policy and Resources Committee are asked to:
- Note the content of this report and agree that the Council claim the £125,000 funding to be used to develop two quality bids for a future call for applications.
  - Instruct Officers to bring back a report to Policy and Resources Committee once ideas for future bids have been developed to a stage that require political oversight.

**3.0 DETAIL**

- 3.1 The UK Levelling Up Fund (UKLUF) was announced on 3<sup>rd</sup> March 2021 as part of the UK Budget process, and the UK Government Levelling Up agenda. It was one of three new UK wide funds launched using the powers conferred to the UK Government through Sections 50 and 51 of the UK Internal Market Act 2020.
- 3.2 It is a UK wide £4.8 billion capital fund which will support investment projects with up to £20 million of funding, although there is scope for investment in larger high value transport projects up to £50m. The fund will run for four years until 2024/2025 with potential for projects to be delivered until 2026.
- 3.3 The closing date for the first round of funding is 18 June 2021 and will focus on three themes:
- smaller transport projects that make a genuine difference to local areas (or larger transport schemes such as road network investments);
  - town centre and high street regeneration; and
  - support for maintaining and expanding the UK's world-leading portfolio of cultural and heritage assets.
- 3.4 A sum of at least £800 million will be allocated to Scotland, Wales and Northern Ireland over the lifetime of the fund. For the first round of funding, at least 9% of total UK allocations will be set aside for Scotland.

Bids in Scotland can be submitted by any local authority, with the number of bids being dependent on the number of MPs in each area. An additional bid can be submitted for a transport bid.

- 3.5 Bids and constituent projects should have the support of local stakeholders and partners. They should be consulted and bids should be developed with their inclusion.
- 3.6 Bids should also have local MP support and decisions on successful bids will be made by the UK Government.
- 3.7 There is a system of geographical prioritisation whereby the UK Government has devised an index that puts each local authority into one of three categories of need. The indicators used relate to:
  - economic recovery and growth;
  - improved transport connectivity; and
  - regeneration.
- 3.8 Argyll and Bute has been placed in the second priority category.
- 3.9 During a meeting which took place between Argyll and Bute Council officers and civil servants involved in the UK Levelling Up Fund, it was confirmed that the criteria for the current call for applications could potentially change in subsequent rounds of funding. This is due to the current guidelines being kept under review, and to reflect operational feedback.
- 3.10 The expectation from the UK Government is that projects applying for the first round of funding are advanced in their development and 'shovel ready'. There are many authorities that will not be able to submit a bid in the first round as projects are not sufficiently developed, which is the case for Argyll and Bute.
- 3.11 Each Local Authority in Scotland can claim £125,000 to develop quality bids. The £125,000 offered to develop quality bids will be claimed as soon as possible in order that we can progress being ready for a future round of funding. It is extremely important that we have a competent bid as we currently understand we only get one chance and if the bid is not robust enough then it may not be approved.
- 3.12 In terms of Town Centre Recovery projects there will be a focus on building on our previous regeneration investments and expanding this to tackle prominent derelict buildings and looking to repurpose them for different Town Centre projects across Argyll and Bute. This bid could be up to £20m.
- 3.13 In terms of Transport there will need to be a focus on assets we control and linked to our agreed transport priorities. This will involve a package of asks all linked to the strategic priorities of growing our economy and dealing with our population loss challenges. This bid could be up to £50m.
- 3.14 The Council do not have sufficient projects that are sufficiently advanced

to submit by the 18 June 2021 deadline and therefore officers are recommending that the Council wait for a future bidding round to submit an application and in the meantime draw down the £125,000 funding to help develop a future bid that will satisfy UK treasury 5 business cases.

3.15 The benefits and risks associated with developing a bid for the 18 June deadline or waiting until a future round are noted as follows:

18 June 2021 deadline

- This is the first round of funding, and with the very short timeframe to develop projects, the demand for funding may not be as high as future rounds of funding; and
- Applications are expected to be for well-developed projects which show they can deliver. Realistically the timeframe is too short to develop a competent bid to meet the first round of funding deadline.
- As the bids for the 18 June 2021 deadline are expected to already be developed (shovel ready), the Council would be unable to access the £125,000 funding to support the development of a bid.

Future Bid

- Waiting for future calls for this fund to open will give officers more time to develop high quality bids that have a greater chance of being successful;
- The Council can claim £125,000 to develop a future bid.
- Will enable wider Member and possibly community involvement as more time to select and develop bid.
- There is a risk that future calls are more competitive due to less funding being available; and
- An additional risk is that the criteria for the call changes meaning and any time and effort put into bids based on the original criteria, could potentially be partially or fully lost.

## 4.0 CONCLUSION

4.1 This report provides Members with information on the new UK Levelling Up Fund which has a first round bid deadline of 18 June 2021. As the Council do not have sufficient projects that are advanced and are shovel ready, officers are recommending that the Council wait for a future bidding round to submit an application.

## 5.0 IMPLICATIONS

- |               |   |
|---------------|---|
| 5.1 Policy    | Aligns with the council's new Economic Strategy.  |
| 5.2 Financial | Competitive opportunity for Argyll and Bute to lever in funding from the UK Government. There is no guarantee of funding. |
| 5.3 Legal     | All appropriate legal implications will be taken into   |

5.4 HR	consideration including adherence to the new UK Subsidy Control regime. None at present.
5.5 Fairer Scotland Duty	The Fairer Scotland Duty, Part 1 of the Equality Act 2010, came into force in April 2018. The duty places a legal responsibility on particular public bodies in Scotland, such as Argyll and Bute Council, to pay due regard to (actively consider) how they can reduce inequalities of outcome, caused by socio-economic disadvantage, when making strategic decisions and how this has been implemented.
5.6 Equalities	All activities will comply with all Equal Opportunities/Fairer Scotland Duty policies and obligations.
5.7 Socio-economic Duty	Focus will be given to removing socio-economic disadvantage for vulnerable residents across Argyll and Bute.
5.8 Islands	The bid will be for the whole of Argyll and Bute including the island communities.
5.9 Risk	There is a risk over the timing of the bid. Information on risks is outlined in paragraph 3.15.
5.10 Customer Service	None.

**Kirsty Flanagan, Executive Director responsible UK Funding Opportunities  
4 May 2021**

**Robin Currie, Policy Lead for the Economy and Rural Growth**

**For further information contact:**

Ishabel Bremner, Economic Growth Manager, tel: 01546 604375

Mary Louise Howat, Senior Development Officer, Economic Growth, tel: 01436 658917

ARGYLL AND BUTE COUNCIL

POLICY &amp; RESOURCES COMMITTEE

COMMERCIAL SERVICES

13<sup>th</sup> May 2021**ARGYLL & BUTE COUNCIL CARBON EMISSIONS 2019/20  
REPORTING REQUIREMENTS**

---

**1.0 EXECUTIVE SUMMARY**

- 1.1 Scotland has some of the most ambitious targets and progressive legislation in terms of climate change in the world and the public sector is being promoted as playing a leading role towards achieving net zero by 2045. As with other public bodies it has been a requirement for Argyll & Bute Council to monitor, record and publish contributing factors towards climate change for the past 5 years. The most recent results from the national 'Reporting Requirements' has recently been published in March 2021 and covers the previous financial year for 2019/20.
- 1.2 Around 160 public bodies (Council's, Health Boards, Government) published data in the past year and across Scotland there was a general downward trend in carbon emissions across the board – some of it will be attributable to impact of COVID19 pandemic where certain sectors like travel and construction were less active for part of the year. However, the full impact of the pandemic will not be fully recognised until 2020/21 reporting period.
- 1.3 At Argyll & Bute Council we saw the carbon emissions generated by our business activities drop for the third year in a row. Our carbon footprint has reduced from 34,738 tCO<sub>2</sub>e (tonnes of carbon dioxide equivalent) in 2018/19 to 28,643 tCO<sub>2</sub>e in 2019/20. This means around a 27% reduction in emissions since recording commenced in 2015/16. There are a number of factors that have contributed to this reduction such as direct interventions to make buildings more energy & heat efficient, replacing traditional lightbulbs with LED, moving to electric or hybrid vehicles and treating municipal waste in different ways. The overall national grid becoming more reliant upon renewable energy sources (over fossil fuel) has also had a material impact. This reduction over this period is in line with the national average.
- 1.4 Our Council also adopted its first De-Carbonisation Plan in November 2020 to recognise the importance of setting out a plan to achieve net zero by 2045. There are also ambitious interim targets of reaching a 75% reduction by 2030 which is only 9 years away. It is recognised that whilst there may be some rapid progression to reduce emissions in early years some of the more stubborn and difficult sectors like waste, travel or heating will require whole systems changes and change in cultural behaviour to achieve them. This report aims to highlight the current Council Carbon Footprint and support the actions outlined in the De-carbonisation plan.
- 1.5 Whilst there has been a downward trend in carbon emissions in our Council and across the Country as a whole the 'Reporting Requirements' will be changing later this year. Rosanna Cunningham MSP, Cabinet Secretary for Environment, Climate Change and Land Reform has recently written to all Council Leaders & CEOs outlining that Local Authorities are required to play an increased leadership role by undertaking a number of key actions like; (1) setting a specific date for when our Council will meet emissions targets (2) Outlining how spending plans are aligned to

climate change (3) Publish progress on achieving climate targets and (4) Setting targets for reducing indirect emissions in the region. All of this will require to be underpinned by scientific research and evidence and we await the supporting guidance that will be published by the Government in Spring 2021 and will require to be implemented in 2022.

### **2.0 RECOMMENDATIONS**

That Policy & Resources Committee note and consider:-

- The publication of the Council's 2019/20 carbon emissions report and its continued positive trend highlighting that carbon dioxide equivalent emissions have reduced by 27% in past 5 years; and
- The recent letter from Rosanna Cunningham MSP, Cabinet Secretary for Environment, Climate Change and Land Reform outlining that Climate Change 'Reporting Requirements' will be changing from next year and all departments will require to provide a routemap towards net zero and align budget to climate change activities as well as other amendments.



**ARGYLL & BUTE COUNCIL CARBON EMISSIONS 2019/20  
REPORTING REQUIREMENTS****3.0 INTRODUCTION**

- 3.1 The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 requires the 180 public bodies classified as major players to prepare an annual "Report on Compliance with Climate Change Duties" (Schedule 2). Argyll and Bute Council is one of these organisations required to publish annual emissions since 2015. The most recent publication has been released in March 2021 for the reporting period 2019/20. It should be noted that only around 1 month of impact of the COVID 19 pandemic will be accounted in this most recent publication with the full impact more likely to be recognised in next year's publication.
- 3.2 As recommended by the short life working group on Climate Change and Environmental Action plus full Council in November 2020, the business of the Climate Change Board will now be reported to the Policy and Resources Committee on a quarterly basis. This is the first report outlining activities of the Climate Change Board and is useful to provide a baseline snapshot of what are the key contributors to Council emissions plus also successes and areas for improvement. The carbon footprint of the Council also aligns to De-Carbonisation Plan which was adopted by the Council in 2021 which starts to provide a routemap towards net zero by 2045. It should be noted that the reporting requirements solely record the emissions of the Council as a business and do not reflect overall or regional emissions like local industry, private sector, personal travel etc. As report elsewhere, as a region, Argyll and Bute has one of the most favourable regional carbon footprints due to large land mass, high forest cover, low number of industrial polluters and low population.
- 3.3 All members of the Climate Change Board are asked at monthly meetings if reports are to be escalated to Policy & Resources Committee so content should be varied across various departments. Certain reports such as the De-carbonisation Tracker and annual carbon emissions report (this report) will be consistent features.

**4.0 RECOMMENDATIONS**

- 4.1 That Policy & Resources Committee note and consider:-
- 4.1.1 The publication of the Council's 2019/20 carbon emissions report and its continued positive trend highlighting that carbon dioxide equivalent emissions have reduced by 27% in past 5 years; and
- 4.1.2 The recent letter from Rosanna Cunningham MSP, Cabinet Secretary for Environment, Climate Change and Land Reform outlining that Climate Change 'Reporting Requirements' will be changing from next year and

all departments will require to provide a routemap towards net zero and align budget to climate change activities as well as other amendments.

## 5.0 BACKGROUND

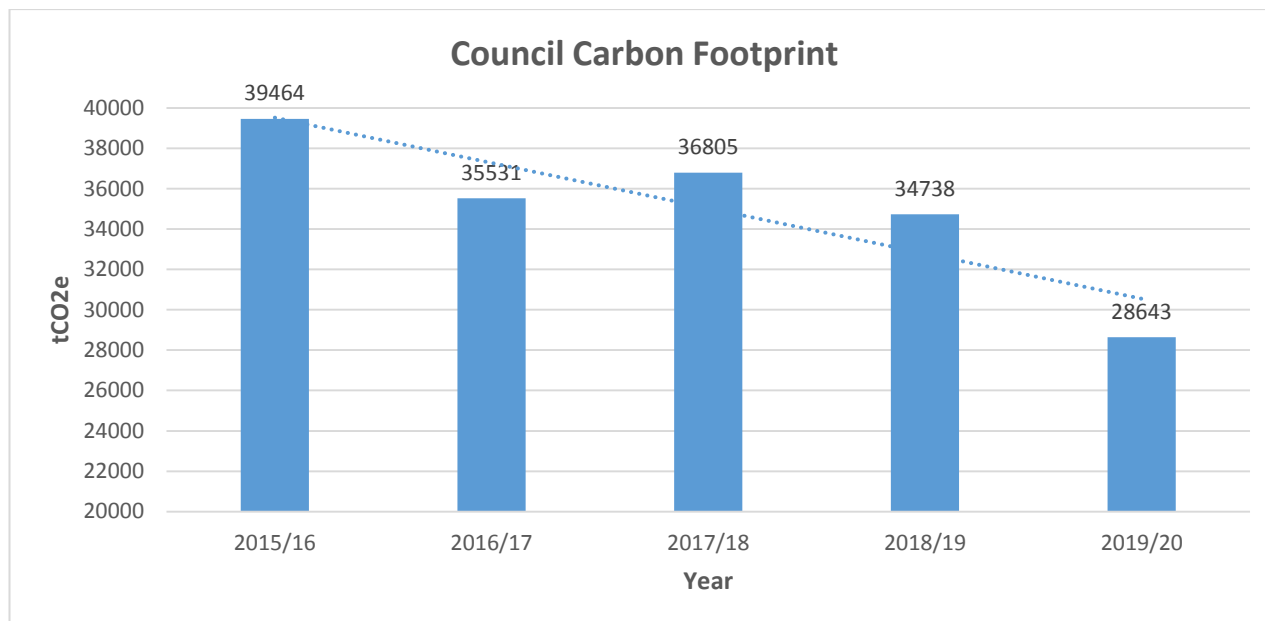
5.1 Since 2015/16 Argyll & Bute Council has published data on its Carbon Emissions annually based on a nationally agreed framework of indicators. There has been an evolution of indicators over the years but most have stayed consistent so a general trend has been able to be formed as outlined in the table below. It should be noted that not all activities produce direct greenhouse gas emissions, however for the purposes of reporting activities are given a 'tons of carbon dioxide equivalent' rating so they can be more easily compared. This is industry standard approach.

**Table 1- Annual Emissions with Baseline**

Reference Year	Year	Scope1	Scope2	Scope3	Total	Units	Comments
Baseline carbon footprint	2015/16	10767.7	11701.3	16995	39464	tCO2e	
Year 1 carbon footprint	2016/17	9146.4	9790.3	16593.8	35531	tCO2e	
Year 2 carbon footprint	2017/18	9437.6	7797.8	19569.4	36805	tCO2e	Municipal waste to landfill is the Council's largest contributor to its carbon footprint; despite a reduction in municipal waste to landfill, the significant increase in the relevant carbon emissions factor has caused an upturn in scope 3 emissions.
Year 3 carbon footprint	2018/19	8937.4	5862.49	19938.13	<b><u>34,738</u></b>	tCO2e	This represents a 12% reduction in 3 years
Year 4 Carbon Footprint	2019/20	8849	4687	15107	<b><u>28643</u></b>	tCO2e	

5.2 There is a positive (downward) trend across the Council as highlighted below.

Graph 1 – Annual Carbon Emissions

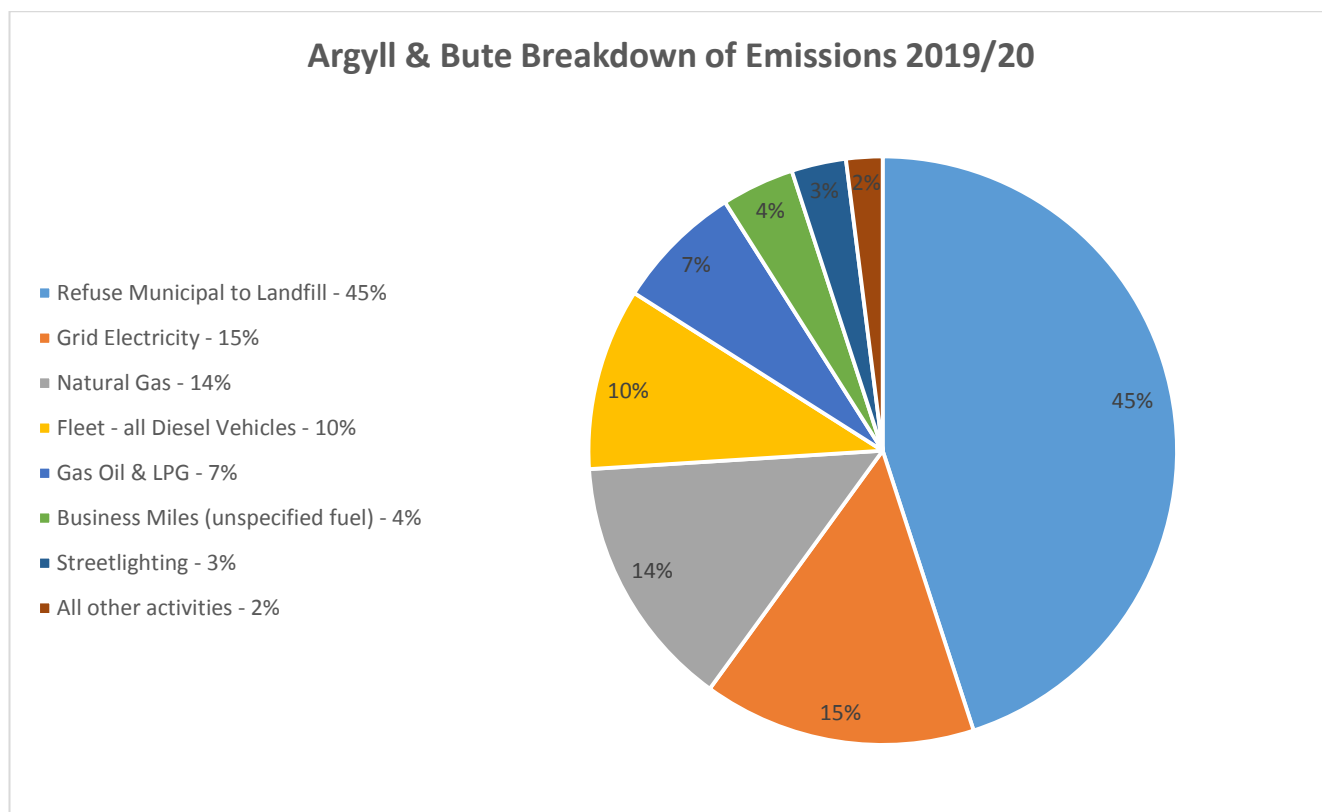


5.3 All activity of the Council is monitored so it is important to understand the breakdown of emission sources. All departments have a responsibility and role to play in monitoring and reducing carbon emissions.

Table 2 - Breakdown of emission sources

Emission Source	Emissions (tCO <sub>2</sub> e)	Comments
Refuse Municipal to Landfill	12,968	~45% of total carbon footprint
Grid Electricity	4,208	~15% of total carbon footprint
Natural Gas	4,101	~14% of total carbon footprint – mainly used as heating source in buildings
Fleet – all Diesel Vehicles	2,769	~10% of total carbon footprint – bin lorries, cars, vans
Gas Oil & LPG	1,979	~7% of total carbon footprint – mainly for building heating
Business Miles (unspecified fuel)	1,091	~4% of total carbon footprint - 171,299 more miles than 2017/18
Streetlighting	882	~3% of total carbon footprint
All other activities	645	~2 % of total carbon footprint includes collections for recycling, water treatment, tyre processing, glass / WEE recycling

## Graph 2 – Breakdown of emission sources



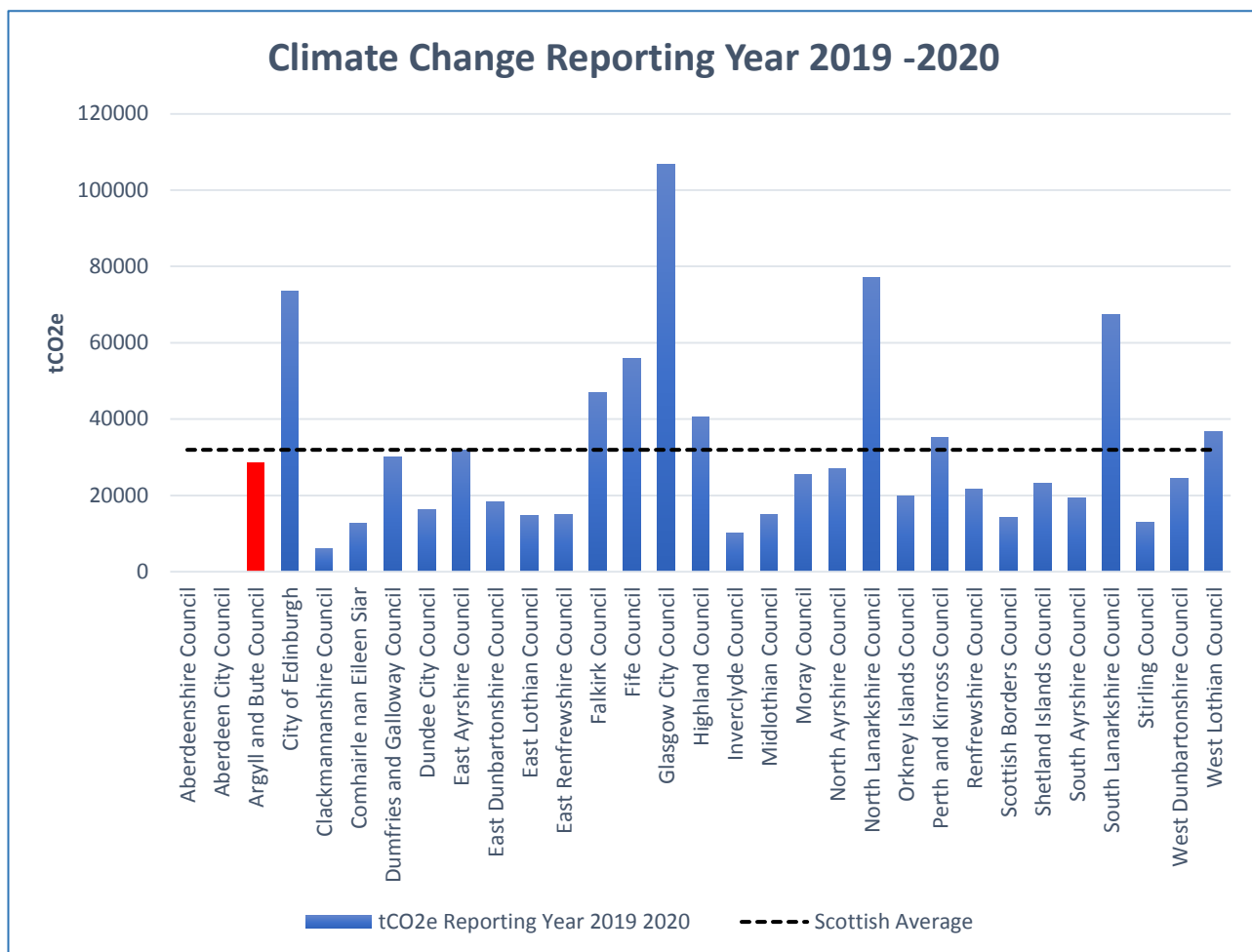
5.4 The relative sources of emissions by activity have remained fairly consistent for several years with processing municipal waste being responsible for around half of the entire emissions. Whilst overall all emission sources have reduced the proportions have remained relatively consistent. Future projects like Biodegradable Municipal Waste (BMW) Landfill Ban, switching to greener ways heat and power buildings and fleet replacement with low emissions vehicles will obviously have a significant impact on overall carbon footprint.

5.5 The Council have also invested in generating own sources of renewable heat and energy as outlined this year below:-

**Table 3 - Generation, consumption and export of renewable energy**

TECHNOLOGY	Renewable Electricity		Renewable Heat	
	Total consumed by the organisation (kWh)	Total exported (kWh)	Total consumed by the organisation (kWh)	Total exported (kWh)
Solar PV	882843	0		
Wind	15000	135000		
Biomass			4678800	0
Air Source Heat Pump			130000	0

Graph 3 – Benchmarking of Council Carbon Emissions



5.6 The graph above highlights Argyll and Bute Council's carbon emissions in relation to other local authorities who have published their 2019/20 at this point (others should publish in coming weeks). It is very difficult to make a direct comparison as population, physical size, internal processes (particularly waste treatment) and geographic factors all have a material impact on overall emissions.

### Future Reporting Requirements (Roseanna Cunningham MSP letter)

5.7 Whilst the current suite of indicators and reporting methodology has been in place for 6 years there is proposed to be an overhaul in next 12 months. This was delayed by the pandemic but Roseanna Cunningham MSP, Cabinet Secretary for Environment, Climate Change and Land Reform, has issued a letter to all Council Leaders & Chief Executives in February 2021 confirming an amendment order will be made to the Reporting Requirements and apply from the report year ending on 31<sup>st</sup> March 2022 (ie this year). The letter is contained within **Appendix A**.

5.8 Whilst full guidance on the changes has not yet been produced (expected in coming weeks) the letter and other early feedback outlines a number of key aspects that will require to be considered by the Climate Change Board and future Policy & Resources Committee such as:-

- Setting a target date for Council achieving net zero direct emissions;

- Setting targets for reducing indirect or regional emissions (based on scientific data);
- Producing spending plans and use of resources that are connected to achieving emissions targets (Carbon Budgeting); and
- Publicising and reporting on achievement of emission reduction targets.

5.9 The Climate Change Board will consider the new guidance and reporting requirements once published and report back to Policy & Resources committee. There may be requirement for additional specialist or scientific analysis depending on the nature of changes.

## **6. CONCLUSIONS**

6.1 It is a requirement to publish annual carbon emissions for the Scottish Government. This report highlights our overall emissions for most recent period 2019/20 and outlines that changes to this process will be forthcoming in future months due to change in The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020.

## **6.0 IMPLICATIONS**

6.1 Policy – Downward trend in emissions is consistent with climate change policy and action at local, national and international level.

6.2 Financial – Indication that new reporting duties from next year will require budget / finance plans aligned to emission reduction targets.

6.3 Legal - None

6.4 HR - None

6.5 Fairer Scotland Duty – N/A

6.6 Equalities – protected characteristics – None

6.7 Socio-economic Duty – N/A

6.8 Islands – N/A

6.6 Risk - NA

6.7 Customer Service – N/A

**Douglas Hendry**  
**Executive Director with responsibility for Commercial Services**

19<sup>th</sup> April 2021

**Councillor Robin Currie**  
**Council Leader**

**For further information contact:**

Ross McLaughlin,  
Head of Commercial Services;  
Telephone: (01436) 658914

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**APPENDIX A –**

Rosanna Cunningham MSP, Cabinet Secretary for Environment, Climate Change and Land Reform outlining change to Climate Change 'Reporting Requirements' dated 4<sup>th</sup> February 2021





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E: scottish.ministers@gov.scot

## **Council Leaders and Chief Executives**

4 February 2021

### **PUBLIC SECTOR LEADERSHIP ON THE GLOBAL CLIMATE EMERGENCY: CLIMATE CHANGE REPORTING DUTIES**

As recognised by the First Minister, COSLA and local authorities, and public bodies across Scotland, there is a global climate emergency, and this emergency has not gone away. Despite the unprecedented challenge of COVID-19, Scotland remains committed to ending our contribution to climate change within a generation. This year the world is looking to Scotland's leadership on climate action as Glasgow hosts the COP 26 climate summit in November marking the most important moment of the international climate challenge since the Paris Agreement in 2015.

Scotland has set one of the most robust legislative frameworks for emissions reduction in the world, with a commitment to a just transition where no one is left behind. We are committed to a green recovery from COVID-19 in which we capture the opportunities of green jobs, business growth, prosperity and wellbeing. Our updated Climate Change Plan, published in December, sets out the bold actions that chart our pathway to a green recovery and includes more than 100 new policies and increased ambition for more than 40 others.

COVID-19 continues to profoundly impact all of us, and Scottish Ministers are deeply grateful to the public sector for your huge efforts in safeguarding our communities, protecting our National Health Service and saving lives. We also need to continue to work together to safeguard our planet's future, so I am writing to secure your continued leadership and support in the shared national endeavour to deliver a just transition to a 75% emissions reduction by 2030 and Scotland's world-leading goal of net zero emissions by 2045.

Since 2009, Scotland's public bodies have been legally required to act in the way best calculated to contribute to the delivery of our emissions reduction targets and you can be proud of the leadership role you have played in helping achieve a 50% cut in national greenhouse gas emissions. Public bodies are the frontline of our climate emergency response, with many already going well beyond their legislative duties to drive action and influence change across society. Public bodies are also central to Scotland's preparedness for the challenges that we will face as our climate continues to change.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)



The Scottish Ministers are committed to working closely with our partners in COSLA, local government and the wider public sector, to support leadership on climate change. Our Programme for Government 2020-2021 has committed to at least £95 million over the next Parliament to support the decarbonisation of the public sector estate, and commits to action on the climate impact of the £12.6 billion of annual public procurement. Transport Scotland's Switched on Fleets scheme has been supporting the decarbonisation of public sector vehicle fleets.

Following consultation in 2019, we have already delivered our Programme for Government commitment to strengthen our legislative framework through new regulations laid in Parliament which will support public bodies' leadership role. The consultation showed strong support for public sector bodies being required to set targets for when they will achieve zero direct emissions, and for reduced indirect emissions. The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020 sets out that public bodies will be required to provide in their annual reports:

- where applicable, the body's target date for achieving zero direct emissions of greenhouse gases, or such other targets that demonstrate how the body is contributing to Scotland achieving its emissions reduction targets;
- where applicable, targets for reducing indirect emissions of greenhouse gases;
- how the body will align its spending plans and use of resources to contribute to reducing emissions and delivering its emissions reduction targets;
- how the body will publish, or otherwise make available, its progress to achieving its emissions reduction targets; and
- where applicable, what contribution the body has made to helping deliver Scotland's Climate Change Adaptation Programme.

The new requirements apply from the report year ending on 31 March 2022 onwards. Further detailed guidance will be issued by the Scottish Government by April 2021.

As Scotland emerges from COVID-19, we have a chance to build a greener, fairer and more equal society and economy. A green recovery will deliver economic, social and environmental wellbeing and respond to the twin challenges of climate change and biodiversity loss. I am grateful for your continued strong leadership and support in the national endeavour to tackle the global climate emergency.



**ROSEANNA CUNNINGHAM**

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

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**ARGYLL AND BUTE COUNCIL****POLICY & RESOURCES COMMITTEE****Commercial Services****13<sup>th</sup> May 2021**

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**CLIMATE CHANGE BOARD – DECARBONISATION PLAN TRACKER**

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**1.0 EXECUTIVE SUMMARY**

The Climate Change Board has operated since 2018 and brings together Officers from across all departments of the Council and other partners to support the Council's journey towards being a net zero organisation by 2045.

In November 2020 the Council adopted its first De-carbonisation Plan and set out a number of key actions to contribute towards reducing our overall carbon emissions and footprint in 2021. Each month at the Climate Change Board contributing Officers provide an update on their respective activities and their performance against the agreed actions of the De-carbonisation Plan.

Now that reporting of Climate Change will be reviewed by the Policy & Resources Committee the 'Tracker' will be provided for noting and is contained within **Appendix A**.

The Policy & Resources Committee is asked to note and consider:

- i. Note and consider the Climate Change Board activity *Tracker* contained within **Appendix A**;
- ii. Note and consider the actions contained within the tracker contribute towards the Council becoming a net zero organization by 2045 as outlined in our De-carbonisation Plan.

**2.0 IMPLICATIONS**

2.1 Policy - This proposal is entirely consistent with climate change policy and action at local, national and international level.

2.2 Financial – As outlined in the De-carbonisation Plan some activity is currently funded whereas others are not. The financial implications vary depending on action.

2.3 Legal – Will be a legal requirement to achieve net zero by 2045

2.4 HR - None

2.5 Fairer Scotland Duty – N/A

2.6 Equalities – protected characteristics – None

2.7 Socio-economic Duty – N/A

2.8 Islands – N/A

2.6 Risk – Varied depending on tracker item

2.7 Customer Service -None

**Douglas Hendry**  
**Executive Director with responsibility for Commercial Services**

9<sup>th</sup> April 2021

**Councillor Robin Currie**  
**Council Leader**

**For further information contact:**

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**APPENDICES**

Appendix A: Climate Change Board Tracker

## APPENDIX A - Climate Change Board - Action Tracker @ MARCH 2021

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
<b>W1 -Develop and Implement Waste Strategy</b> <b>Peter Leckie</b>	(L) Roads and Amenity Services, Community, commercial customers	Implementation of the Waste Strategy transitioning to Landfill ban compliant Residual Waste Recovery solutions by 2025.	External funding and support being sought from the Scottish Government	Negotiations with Scottish Government officials continue; a joint Officer/Official Working group has been established to develop proposals further. The Scottish Government Announced a £70m capital funding pot to improve Recycling Infrastructure. We intend to make a joint bid with West Dunbartonshire Council for funding to build a new joint Waste Transfer Station that would serve Helensburgh and Lomond and support landfill ban compliance.
<b>W2 - Promote the Waste Hierarchy through community Education</b> <b>Peter Leckie</b>	(L) Roads and Amenity Services	Evidence of community Education	Not secured	New Web content and Education materials for Primary and Secondary Schools are being developed. The draft content will be made available for peer review by August 21.
<b>W3 - Reduce Council use of disposable and single use plastics across all departments and settings</b> <b>Elaine Appleby</b>	(L) Procurement and Commercial Services, all Council Services	Adoption of new working practices and procurement	No specific funding in place, research required to impact on operation costs	A decision would need to be taken at the Council-level on our approach to disposable and single use plastics. Once a decision is taken, procurement can provide support to Council Services in sourcing supplies.  Note new legal change likely to come into force in Jan 22

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
				<p>restricting single-use plastic cutlery, plates, straws, drink stirrers and balloon sticks, expanded polystyrene food containers and expanded polystyrene cups and other beverage containers, as well as all products made of oxo-degradable plastic.</p> <p>Some products already changed and others under review. Contact also established with Scotland Excel.</p>
<p><b>W4 – Extend and explore pre-ordering for school food to reduce food waste</b>  <b>Peter Leckie / Jayne Jones</b></p>	<p>(L) Commercial Services and Education</p>	<p>Evidence of extension of pre-ordering &amp; food waste reduction</p>	<p>No specific funding in place, research required to impact on operation costs</p>	<p>Being scoped out by ICT. (comment from J.Jones)</p> <p>National solution also being looked at with Scotland Excel and following universal roll out of Free School Meals for primary school children by Aug 22.</p>
<p><b>E1 – Deliver Renewable Sourcing Strategy 2</b>  <b>Paul Gillies</b></p>	<p>(L) Commercial Services</p>	<p>Adoption of Strategy</p>	<p>RSS2 consultancy work funding to be confirmed; expectation is that project implementation will be through combinations of prudential borrowing (subject to business case approvals) and/or external funding.</p>	<p>RSS2 next stage development work includes specification development and preparation of invitation to tender for specialist consultancy support. Current work in progress; tender issue in March 2021 expected.</p> <p>Whilst this larger procurement exercise is conducted, a Quick Quote was developed in</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
				<p>conjunction with Procurement colleagues to secure consultancy support to assist with immediate renewable consultancy requirements (including development of items E2 and E4). This interim contract has now expired but existing commissioned work-streams will be concluded.</p>
<p><b>E2 – Delivery of Renewable Heat Incentive (RHI) Projects</b> <b>Paul Gillies</b></p>	<p>(L) Commercial Services</p>	<p>Evidence of delivery of projects</p>	<p>Consultancy work funding to be confirmed; expectation is that project implementation will be through combinations of prudential borrowing (subject to business case approvals) and/or external funding.</p>	<p>Consultancy support acquired through the Quick Quote process described in E1 to conduct feasibility study for 10no sites (to convert from oil fired heating to heat pumps). Scoped project possibilities too small to access remnants of RHI – a number of air source heat pump solutions however have now been integrated into the NDEEF project (ref item E3). Other potential projects will be considered as a component of RSS2 (ref item E1) and future NDEEF phases, especially where external funding opportunities arise. This specific item will now be absorbed by items E1 and E3.</p>
<p><b>E3 – Delivery of Non-domestic Energy Efficiency Framework (NDEEF) Projects</b></p>	<p>(L) Commercial Services</p>	<p>Evidence of delivery of projects</p>	<p>Project development work is funded by combinations of the Scottish Government and the</p>	<p>Ten sites were identified for energy efficiency improvements to be delivered through the</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
<p><b>Paul Gillies</b></p>			<p>procured provider (costs absorbed within the tender process). Funding for project implementation will come from Council approved capital allocations:</p> <ul style="list-style-type: none"> <li>• Climate Change 20/21 - £500K</li> <li>• Climate Change 21/22 - £600K</li> <li>• Asset Sustainability - circa £100K</li> </ul>	<p>Scottish Government Non Domestic Energy Efficiency Framework (NDEEF) - outcome being enhanced energy solutions delivering carbon and cost reduction. Phase 1 of the NDEEF participation was expected to require capital investment of circa £1.1Million with a project payback of circa ten years (i.e. annual revenue saving of circa £110K). An NDEEF information paper was submitted to DMT on 22<sup>nd</sup> June 2020. Two bids were received by the tender return deadline; Contract Award Recommendation Report (CARR) signed and contract award made. Current work in progress is preparation of the investment level business case and confirmation of performance requirements. Contract variation required due to accommodation reviews i.e. Manse Brae District Offices &amp; Whitegates replaced by GWIT, Kintyre House and Manse Brae Roads Office – project consequently revised to capital investment of circa £1.2Million with a project payback of circa ten years i.e. annual revenue saving of circa £120K. NDEEF investment</p>



ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
				<p>level business case nearing completion; supporting paper scheduled to be considered by DMT on 29/3/21; revenue savings also offer opportunity to further re-invest in similar spend to save projects.</p> <p>Works programme to be confirmed but intention is to complete in Summer/Autumn 2021.</p> <p>In addition to combinations of standard and innovative energy efficiency measures, the following renewable solutions are being developed within the NDEEF package:</p> <p><b>Solar PV:</b> Manse Brae Roads Office, Kilmory Castle (extension roof only), Riverside Leisure Centre, Rothesay Pool, GWIT Centre, Moat Centre, Lochgilphead RC, Kintyre House.</p> <p><b>Air Source Heat Pump:</b> Manse Brae Roads Office, Lochgilphead CEC, Strachur Primary School, Lochgilphead RC, Arrochar Primary School.</p>
<p><b>E4 – Delivery of additional solar installations at Council assets</b> <b>Paul Gillies</b></p>	<p>(L) Commercial Services</p>	<p>Evidence of delivery of projects</p>	<p>Consultancy work funding to be confirmed; expectation is that project implementation will be through combinations of prudential borrowing (subject</p>	<p>Solar pv Options (initial feasibility work completed for circa 9 sites) – some opportunities absorbed within NDEEF (Ref item E3) as project replacements due to</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
			to business case approvals) and/or external funding.	accommodation reviews. A 'mop up' of remaining project prospects intended to be market tested as a component within an upcoming solar pv maintenance contract (FQ1 2021/2022).
<b>E5 – Delivery of Water Efficiency Audits across our Estate</b> <b>Paul Gillies</b>	(L) Commercial Services	Evidence of delivery of projects	Feasibility work being absorbed within existing approved budgets. Individual works items are generally small scale and it is proposed to utilise existing approved budgets where possible.	Ongoing Council wide asset verification exercise and ensuring water use minimised. Approx 80no. works instructions issued to conduct water efficiency audits on a range of sites. Audits now substantially completed (exception some COVID related access issues) and collated report now received and under review. COVID permitting, target is to have any recommended works completed by financial year end such that savings will manifest in the 21/22 financial year.
<b>E6 – Delivery of Energy Efficiency Scotland Programme</b> <b>Aileen Semple</b>	(L) Housing Services, Registered Social Landlords	Evidence of delivery of projects	Part for current financial year	The programme is largely on hold, due to lockdown restrictions. The programme has been deemed as non-essential construction work. External works where they were already started can carry on, therefore ACHA have carried on their programme in Oban. In dialogue with Scottish

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
				<p>Government regarding new external works and hopeful to restart on a small number of properties over the coming weeks.</p> <p>Successful in being allocated £2.3 million worth of additional funding from Scottish Government to support ACHA to complete their External Wall Insulation programme in Oban and expand the programme to Cowal &amp; Bute, with works expected to be complete by September 2021.</p>
<p><b>E7 – Complete LED streetlight replacement programme</b>  <b>John Blake/Kevin McIntosh</b></p>	<p>(L) Roads and Infrastructure Services</p>	<p>Evidence of delivery of projects</p>	<p>Fully funded through prudential borrowing</p>	<p>The Project was halted by Covid and some of the Council's Street Lighting Inventory is still to be upgraded in the Lorn Area where we are still to replace approx. 1100 no. Luminaires. The Council has 14442 streetlights in total so carbon emissions have already been greatly reduced by the LED Upgrade Project. 2019/20 figures where CO2 Totals 889 tonnes, this has been reducing year on year, back in 2015/16 figures where CO2 Totals 3140 tonnes. The last of the projects installation / upgrade phases</p>

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
				will be completed early in the next financial year.
<b>E8 – Continue support of ABRA and review Renewable Energy Strategy annually</b> <b>Audrey Martin / Anna Watkiss</b>	(L) Economic Development	Evidence of delivery of projects	Officer resource to support currently funded	Work to support ABRA ongoing although no meetings held during 2020 due to Coronavirus restrictions. Considering arrangements for a meeting during 2021. Current ongoing project by SSE Networks for renewal of powerlines between Inveraray and Crossaig.
<b>E9 – Continue support for offshore development of renewables</b> <b>Audrey Martin / Anna Watkiss</b>	(L) Economic Development	Evidence of delivery of projects (expected late 2020s/early 2030s)	Officer resource to support currently funded	Offshore wind allocation off Islay is confirmed in Marine Plan. Officers continue to support Scotwind Leasing through provision of information to potential developers. Deadline of March 2021 has been extended but no revised deadline issued to date.
<b>T1 – Develop a Fleet Replacement Strategy supportive of fuel efficient, electric and hybrid vehicles</b> <b>John Blake</b>	(L) Roads and Infrastructure Services	Adoption of Strategy	Part for current financial year	The Strategy is complete, final review will take place to ensure the 2025 legislative changes are included. A brochure will then be designed.
<b>T2 – Develop a vehicle routing system that will reduce road miles for operations</b> <b>John Blake</b>	(L) Roads and Infrastructure Services	Evidence of delivery of projects	Part for current financial year	The vehicle routing system is currently being explored. A specification is with the Head of Service and will incorporate Commercial Waste requirements.

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
<b>T3 – Develop an electric vehicle infrastructure strategy</b> <b>John Blake / Mark Calder</b>	(L) Roads and Infrastructure Services	Evidence of delivery of projects	Part for current financial year  The development of the EV network is funded by external grant monies from Transport Scotland, and the costs of developing the strategy in terms of staff time are covered via existing budgets Ultimately the cost recovery model	On track Cost recovery [stage 1] in place 1 <sup>st</sup> April Ongoing development of future install criteria with a view to sharing a draft for consultation later in the year  The strategy isn't about the delivery of projects per se, rather it's about setting up the framework for cost recovery which was agreed at Council and will be in place 1st April; then developing a set of criteria for site selection and funding applications for future development of the network inc. public and council e.g. offices, depots, school estate, coinciding with the vehicle replacement programme.
<b>T4 – Support Digital by Default theme Service Review &amp; Recovery Plan to reduce need to travel</b>	All Council Departments	Evidence of delivery of projects	Part for current financial year	Council is adopting 'Our Modern Workspace' programme and Digital First approach as services change and evolve post pandemic.
<b>T5 – Develop new active travel plans for Council buildings and our towns</b> <b>Colin Young</b>	(L) Economic Development	Evidence of delivery of projects	Part for current financial year	
<b>PA1 – Review Council Flooding &amp; Coastal Protection Policy</b> <b>Elsa Simoes</b>	(L) Roads and Infrastructure Services	Review of policy	No specific funding in place, research required to impact on operation costs	Reviews are in process.

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
<b>PA2 – Review Council Sustainable Procurement Policy</b> <b>Elaine Appleby</b>	(L) Procurement	Review of policy	No specific funding in place, research required to impact on operation costs	This policy is reviewed on an annual basis.
<b>OFF1 – Develop opportunities for Carbon Offsetting with ACT and partners</b> <b>Julie Young</b>	(L) Climate Change Board, ACT and partners	Delivery of projects	Limited funding via ACT for existing projects	Planting sites within A&BC ownership discussed with Ross McLaughlin. ACT Woodland Co-ordinator started in post 01/03/2021.
<b>COMM1- Develop and deliver Communications Plan to support Decarbonisation Plan</b> <b>Julie Millar</b>	(L) Climate Change Board and Communications Team	Delivery of Communications Plan	Part of Communications Support	Action plan updated for early part of 2021. Actions delivered include: Reuse options in your area-How to recycle household goods; General home energy efficiency – contact Home Energy Scotland (Jan and March); Big Energy Week – CAB support for those in fuel poverty; Saving energy while working at home (feature in Cascade for staff); Food waste – how to avoid it; Council signs HRC charter; Make people matter activity from Love food hate waste.
<b>COMM2 - Engage with community and partners and deliver Climate Change Directory for our region</b> <b>David Rennie</b>	(L) Community Planning and Development Team	Delivery of engagement map	In place until end of financial year	Have met /had contact with many community groups throughout Argyll and Bute.  Identified a wide variety of material online that can be promoted on a web based signposting directory.

ACTION	LEAD (L) AND PARTNERS	TARGET or MILESTONE	FUNDING	COMMENTS FOR MARCH 2021 CLIMATE CHANGE BOARD
				<p>Have developed a rough draft to bring to the next meeting of the CPP Climate Change working group to get their input and buy in to the draft.</p> <p>Next CPP Climate Change working group meeting is set for Fri 12.03.21</p> <p>2 x Meetings have taken place with Argyll and Bute Branch of National Farmers Union (NFU) and workshop currently being scoped out to explore Climate Change opportunists across the Agricultural and Land Use Sector. Headline topics likely to include :- Sustainable Upland Farming, Planting for Carbon Sequestration, Dairy Industry and Suckling Beef.</p>
<b>COMM3 - Monitor the delivery of actions in the Climate Change Action Plan and review in 2021</b>	(L) Climate Change Board	Review of this plan by December 2021		Monitored through Tracker to be submitted quarterly to Policy & Resources Committee.

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**ARGYLL AND BUTE COUNCIL****POLICY & RESOURCES COMMITTEE****Commercial Services****13<sup>th</sup> May 2021**

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**CLIMATE CHANGE BOARD – COP26**

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**1.0 EXECUTIVE SUMMARY**

- 1.1 At present, the rescheduled Conference of the Parties (COP26) is due to be held at Glasgow's Scottish Exhibition Campus (SEC) between the 1<sup>st</sup> and 12<sup>th</sup> November 2021. Originally due to be held in 2020, it has already been postponed due to the global pandemic but current advice from the UN and UK Government is that it will go ahead as a face to face conference and expecting several hundred thousand delegates across the fortnight to attend and be present in the west of Scotland. Around 120 Global Leaders are expected to be present potentially including President Biden, President Xi Jinping and The Pope. Preparation is underway across multi-agencies to facilitate the conference at present.
- 1.2 Both the Scottish and UK Government are seeking to champion and promote Scotland in terms of climate change activity, as a destination for business, travel and economy. They are also seeking that COP26 acts as a catalyst for many local and national awareness programs relating to climate change.
- 1.3 There is significant opportunity for Argyll and Bute Council to use COP26 as a catalyst for promotion and learning of climate change activities and a suggested programme of activity has been formulated by the Climate Change Board. See **Appendix A**.

The Policy & Resources Committee is asked to:

- i. Agree the proposed engagement and activity plan for COP26 as suggested by the Climate Change Board contained within **Appendix A**;

**2.0 IMPLICATIONS**

- 2.1 Policy - This proposal is entirely consistent with climate change policy and action at local, national and international level.
- 2.2 Financial – Some of the activity will have financial implications
- 2.3 Legal – None
- 2.4 HR - None
- 2.5 Fairer Scotland Duty – N/A
- 2.6 Equalities – protected characteristics – None
- 2.7 Socio-economic Duty – N/A

- 2.8 Islands – N/A
- 2.6 Risk – Varied depending on tracker item
- 2.7 Customer Service -None

**Douglas Hendry**  
**Executive Director with responsibility for Commercial Services**

9<sup>th</sup> April 2021

**Councillor Alastair Redman**, Policy Lead for Business, Regeneration and Commercial Development.

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**APPENDICES**

Appendix A: Climate Change Board Proposed Engagement & Activity Plan with COP26

**Appendix A: Proposed engagement activities with COP26**

ACTION	LEAD
1. Communications Plan (mainly Social Media Campaign and Groovy Movie) relating to COP26 and Council's De-carbonisation Plan	Communications Team & Climate Change Board
2. School Children Visits to SEC + Science Centre. There is a specific Children's Day and Program of Events	Education
3. Host Argyll and Bute Climate Change Virtual Summit in November 2021	Education, Climate Change Board, Policy Lead, Key partners
4. Senior Officer / Elected Member attendance at COP and / or signposted to Climate Change Training	Elected Members, Climate Change Board, Member Services, Officers <ul style="list-style-type: none"> <li>- Various Climate Awareness Courses available</li> <li>- Conference attendance recorded</li> </ul>
5. Host Sector Workshop relating to Agriculture & Landuse with Argyll and Bute National Farmers Union (NFU)	Climate Change Board
6. Work with partners to identify other shared COP26 related activity	Chair of Climate Change Board to attend Community Planning Partnership (CPP) Climate Change Working Group to update partners on Council actions around COP26 and explore other opportunities for collaboration around it
7. Develop an COP26 event to coincide with conference based at Helensburgh & Lomond Civic Centre or Hermitage Park Passivhaus Pavilion– target audience of conference delegates	Commercial Services

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**ARGYLL AND BUTE COUNCIL****POLICY & RESOURCES COMMITTEE****Commercial Services****13<sup>th</sup> May 2021**

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**Non-Domestic Energy Efficiency Project (NDEEF) – Full Business Case**

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**1.0 EXECUTIVE SUMMARY**

The main purpose of this report is to provide for consideration, a Full Business Case to progress with Argyll and Bute Council's intention to utilise the Scottish Government Non-Domestic Energy Efficiency Framework (NDEEF) to deliver a range of energy efficiency projects at 11no. Council properties. The delivery of these projects will not only reduce energy costs once installed but will also contribute to the Council meeting Climate Change targets. The overall Council Budget in both 2020 and 2021 included provisions for investment in energy efficiency and climate change of up to £1.1m and these projects will be the principal contributor to meeting that commitment. The properties which have been selected for inclusion in the NDEEF project, at this stage, are:

- Manse Brae Roads Office
- Lochgilphead Community Education Centre
- Kilmory Castle
- Riverside Leisure Centre
- Lochgilphead Learning Resource Centre
- Rothesay Leisure Pool
- The Moat Centre
- Kintyre House
- Graham Williamson IT Centre
- Arrochar Primary School
- Strachur Primary School

The Policy & Resources Committee is asked to:

- i. Note that the Full Business Case has been approved by SMT and DMT which estimates that capital funding of circa £1,271,351 will be invested in 11no. sites to improve non-domestic energy efficiency performance across the Council's estate and have agreed to the signing of an Energy Performance Contract (EnPC);
- ii. Note that the Full Business Case estimates revenue savings of £123,539 per annum with aggregated simple payback period of 10.29 years for the 11no. sites. Annual carbon savings of circa 463 Tonnes of carbon dioxide equivalent are also anticipated;
- iii. Note that based on the impact, affordability (this project is funded using existing approved capital), deliverability and risk for the 11no. sites this project should progress to the signing of an Energy Performance Contract (EnPC) leading to the implementation/delivery stage financed by £1.1m from the Budget commitment and £171,351 of allocated capital works; and
- iv. Agree revenue savings generated from delivery of this project will be recovered centrally and requests for further funding to support climate change measures, backed up by suitable business case, will be considered.

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**Non-Domestic Energy Efficiency Project (NDEEF) – Full Business Case**

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**2.0 INTRODUCTION**

- 2.1 This paper provides, for consideration, a Full Business Case to progress with Argyll and Bute Council's intention to utilise the Scottish Government Non-Domestic Energy Efficiency Framework (NDEEF) to deliver a range of energy efficiency projects at 11no. Council properties. The overall Council Budget in both 2020 and 2021 included provisions for investment in energy efficiency and climate change of up to £1.1m and these projects will be the principal contributor to meeting that commitment.

**3.0 RECOMMENDATIONS**

The Policy & Resources Committee is asked to:

- 3.1 Note that the Full Business Case has been approved by SMT and DMT which estimates that capital funding of circa £1,271,351 will be invested in 11no. sites to improve non-domestic energy efficiency performance across the Council's estate and have agreed to the signing of an Energy Performance Contract (EnPC);
- 3.2 Note that the Full Business Case estimates revenue savings of £123,539 per annum with aggregated simple payback period of 10.29 years for the 11no. sites. Annual carbon savings of circa 463 Tonnes of carbon dioxide equivalent are also anticipated;
- 3.3 Note that based on the impact, affordability (this project is funded using existing approved capital), deliverability and risk for the 11no. sites this project should progress to the signing of an Energy Performance Contract (EnPC) leading to the implementation/delivery stage financed by £1.1m from the Budget commitment and £171,351 of allocated capital works; and
- 3.4 Agree revenue savings generated from delivery of this project will be recovered centrally and requests for further funding to support climate change measures, backed up by suitable business case, will be considered.

**4.0 DETAIL**

- 4.1 **Background:** Scotland is transitioning to a net-zero emissions outcome for the benefit of our environment, our people, and our prosperity. Scotland's climate change legislation sets a target date for net-zero emissions of all greenhouse gases by 2045. The Scottish Government has updated its Climate Change Plan to reflect the increased ambition of the new targets set in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. The Council's Climate Change Board and Climate Change Environmental Action Group also seek to reduce greenhouse gas emissions by the Council both directly and indirectly.

- 4.2 Carbon emissions associated with the Council's estate and buildings accounts for over 20% of the Council's overall carbon footprint. These emissions arise from use of electricity, gas, heating oil and water in premises. Whilst a number of energy efficiency projects like insulation and switching to LED lighting or generating renewables have already been achieved more can be done. Switching to more efficient technologies will not only benefit both energy consumption and energy cost but will also improve 'green credentials'.
- 4.3 Approximately £1.2Million of viable project work was identified across 11no. assorted council premises and an invitation to tender was prepared to utilise the Scottish Government's 'Non-Domestic Energy Efficiency Framework (NDEEF)'. The NDEEF was developed by the Scottish Government to provide a route to market for the effective delivery of retrofit energy efficiency works to existing non-domestic public buildings. Framework providers are required to offer a level of energy performance guarantees through the signing of an Energy Performance Contract (EnPC). Works content included further introduction of energy efficient lighting, improved heating and ventilating controls, installation of air source heat pumps, solar PV, etc. The framework has been developed over the past six years by the Scottish Futures Trust (SFT), a public funded infrastructure delivery body, combined with assistance from the international engineering consultants Mott MacDonald who act as the Project Support Unit (PSU). The framework is managed by Scottish Procurement, who are part of the Scottish Government, and has been developed to help public sector bodies progress their energy efficiency projects within their estates in order to achieve the legislated 2045 emission targets. The framework provides a list of eleven pre-selected contractors that the public sector can call-off to retrofit energy efficiency works.
- 4.4 **Tendering Exercise:** To achieve the financial and carbon savings referred to in the Full Business Case in Appendix 2 and summarized in section 3.2, 11 no. sites were identified for inclusion in the NDEEF Invitation to Mini Competition (ITMC). The sites are as follows:
1. Manse Brae Roads Office
  2. Lochgilphead Community Education Centre
  3. Kilmory Castle
  4. Riverside Leisure Centre
  5. Lochgilphead Learning Resource Centre
  6. Rothesay Leisure Pool
  7. The Moat Centre
  8. Kintyre House
  9. Graham Williamson IT Centre
  10. Arrochar Primary School
  11. Strachur Primary School

The properties were selected on the basis of perceived opportunities for energy efficiency savings and because previously identified capital works to replace the oil fired heating systems are required to be delivered at some of these locations. These capital works were categorised within the tender documents as Mandated Works. The properties selected also present additional benefits:

- Fossil fuel costs are relatively low at present but that is not expected to be sustained over the lifetime of project and as fossil fuel prices increase the project payback reduces
- Fossil fuels are a diminishing resource and their ongoing use is not sustainable.

- There are economies of scale associated with awarding a contract that include a combination of larger and smaller projects

A Commodity Sourcing Strategy for Energy Efficient Solutions was conducted and approved and the use of the NDEEF was selected as the preferred delivery mechanism. Subsequently, Procurement and Energy and Building Services Team staff engaged with Mott MacDonald to prepare an ITMC for the delivery of various energy efficiency works at 11 no. Council properties.

The ITMC has been conducted using the NDEEF framework and a preferred bidder has been identified.

The contractual arrangements of this project consist of 2 distinct elements –

1. The Development Agreement (DA)
2. The Energy Performance Contract (EnPC)

The DA is a contract between Argyll and Bute Council and the Shortlisted Bidder to produce the Investment Grade Proposal (IGP), comprising the Investment Grade Audit (IGA) accompanied by a Monitoring and Verification Plan (M+VP) and detailed commercial offer which equals or improves upon the position set out in the ITMC return.

The EnPC is the Call-Off Contract under the NDEEF between Argyll and Bute Council and the Shortlisted Bidder.

Having chosen the Contractor with the most economically advantageous tender in response to the ITMC, the Council would enter into an Energy Performance Contract (EnPC) under the Framework. The EnPC ensures the Contractor guarantees the level of energy consumption savings that the costed measures and any associated services will achieve. Any shortfall between the agreed level of energy consumption savings and those achieved as determined through an internationally agreed approach to Measurement and Verification (M&V), conducted by an independent M&V Specialist, is deducted from payment otherwise due to be made to the Contractor. The maximum that can be clawed back is 15% of capital investment.

- 4.5 **Current Position:** The timeline for the project is being driven by the need to transition to a net-zero emissions outcome for the benefit of our environment, our people, and our prosperity by 2045. A Contract Award Recommendation Report (CARR) was signed off in November 2020 to allow the preferred bidder to progress with the IGP. A fully costed ECM Matrix has been produced detailing every individual energy efficiency measure across all 11 sites with associated utility and carbon savings.

As all 11 sites are subject to statutory consents (planning permission, building warrant), there remains a risk that some of the individual Energy Conservation Measures (ECMs) might not be capable of being delivered. Should this circumstance arise, then ECMs will be prioritised to maximise the financial/carbon savings to the Council through continual monitoring during the acceptance/implementation stage.

- 4.6 The Full Business Case for the collection of projects is shown in Appendix 2 and is summarised in the following table:



Criteria	NDEEF Project	
FBC Impact Score	<b>50/50</b>	100%
FBC Affordability Score	<b>20/25</b>	80%
FBC Deliverability Score	<b>11.67/12.5</b>	93%
FBC Risk Score	<b>11.25/12.5</b>	90%
FBC Overall Score	<b>92.92/100</b>	92.9%
FBC Overall Rating	4	
Funding Required	£1,271,351	
Net Annual Saving	£123,539	
Payback period	10.29 years	
Working life of major plant	20+ years	
Annual Carbon Reduction	463 Tonnes	

The payback period is calculated utilising a simple analysis based on the ratio of capital investment to net annual revenue savings (gas/elec/oil utility cost savings).

- 4.7 The Provisional Full Business Case is scored using the assessment criteria and weightings as agreed by the Strategic Assessment Management Board and indicated in Appendix 3. The overall score is then rated in accordance with the following table.

Business Case Score	Rating
80% -100%	4 (Max.)
70% - 79%	3
60% - 69%	2
Less than 60%	1 (Min.)

Full Business Cases should attain a rating of 4 for them to be considered for progression to the implementation stage.

- 4.8 The £1,271,351 to deliver the project will be made up entirely of approved capital funding. The following table details the breakdown of funding sources –

Funding Source	Capital Allocation 20/21 (£)	Capital Allocation 21/22- 22/23 (£)	
Climate Change	500,000		
Climate Change		600,000	
Arrochar Primary School Heating Upgrade	30,000		
Lochgilphead Community Education Centre Heating Upgrade	50,000		
Moat Centre Rewire		10,000	
Kilmory Rewire		81,351	
<b>Totals</b>	<b>580,000</b>	<b>691,351</b>	<b>1,271,351</b>

## **5.0 CONCLUSION**

- 5.1 The Full Business Case for the 11no. sites achieves the highest possible rating of 4 in accordance with the Councils Capital Programme Planning and Management Guide.
- 5.2 The project offers: a significant reduction in the Council's carbon footprint (463Tonnes); integrates robust monitoring and verification procedures into the delivery program to validate savings achieved; reduced reliance on fossil fuels.
- 5.3 The project has a solid collective simple payback of 10.29 years and it is anticipated the majority of works, on the 11 projects, will commence this year (2021) with spend fully committed by March 2022. The first projects are likely to commence on site in early summer 2021. A detailed programme is currently being developed.
- 5.4 The NDEEF project delivery model maximizes best use of Council resources whilst ensuring best-in-class energy efficiency solutions are deployed resulting in value for money low carbon technologies across our built estate.
- 5.5 This project is regarded as an example of contributing to the 'green recovery' in the wake of the COVID pandemic.

## **6.0 IMPLICATIONS**

- 6.1 Policy - This proposal is entirely consistent with climate change policy and action at local, national and international level. Failure to deliver the project would impact on the Councils support of the transition to a low carbon economy, as set out in the Scottish Government's Economic Strategy, and to contribute to Climate Change targets.
- 6.2 Financial – This project is funded using existing approved capital. Based on the 10.29 year payback, the project will realise estimated minimum annual savings in utility consumption of £123,539 per annum, assuming the consumption at the time of the contract remains consistent.
- 6.3 Legal - None
- 6.4 HR - None
- 6.5 Fairer Scotland Duty – N/A
- 6.6 Equalities – protected characteristics – None
- 6.7 Socio-economic Duty – N/A
- 6.8 Islands – N/A
- 6.6 Risk - As indicated within the risk section of the FBC in Appendix 2
- 6.7 Customer Service - Further consequential improvements in addition to the financial savings will be realised in the form of improved control and building environmental conditions.

**Douglas Hendry**  
**Executive Director with responsibility for Commercial Services**

24 March 2021

**Councillor Robin Currie**  
**Council Leader**

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**APPENDICES**

- Appendix 1: Non-Domestic Energy Efficiency Project (NDEEF) – Proposed Site/ECM List
- Appendix 2: Full Business Case
- Appendix 3: Business Case Appraisal Assessment and Weightings

Appendix 1 Non-Domestic Energy Efficiency Project (NDEEF) – Proposed Site/ECM List

**Argyll & Bute Council**  
**Non-Domestic Energy Efficiency Project**  
**(NDEEF) – Proposed Site/ECM List**

Site	Energy Conservation Measure (ECM)	Tendered Project Capital Cost (includes Provisional Sums)	Planning Fee	Building Warrant Fee	Savings (kWh/annum)	Payback Savings (£/annum)	Simple Payback (Years)	CO2 Savings (Tonnes/annum)	ECM Lifetime (Based on Salix Persistence Factors)	Lifetime CO <sub>2</sub> Savings (Tonnes)
Manse Brae Roads Office	LED Lighting Upgrade	£19,322	Included	Included	37,311	£3,283	5.9	10.35	25.00	259
Kilmory Castle & Estate	LED Lighting Upgrade	£81,351	Included	Included	85,942	£11,172	7.3	23.83	25.00	596
Lochgilphead CEC	LED Lighting Upgrade	£10,276	Included	Included	12,707	£1,118	9.2	3.52	25.00	88
Riverside Leisure Centre	LED Lighting Upgrade	£8,824	Included	Included	7,994	£1,039	8.5	2.22	25.00	55
Rothesay Leisure Pool	LED Lighting Upgrade	£6,799	Included	Included	8,502	£1,105	6.2	2.36	25.00	59
Graham Williamson IT Centre	LED Lighting Upgrade	£9,161	Included	Included	10,956	£964	9.5	3.04	25.00	76
Lochgilphead Resource Centre	LED Lighting Upgrade	£10,284	Included	Included	10,170	£895	11.5	2.82	25.00	71
Arrochar Primary School	LED Lighting Upgrade	£17,648	Included	Included	21,080	£1,855	9.5	5.85	25.00	146
Kintyre House	LED Lighting Upgrade	£29,676	Included	Included	31,033	£4,034	7.4	8.61	25.00	215
Manse Brae Roads Office	Solar PV	£38,267	Included	Included	21,070	£1,854	20.6	5.84	22.50	131
Kilmory Castle & Estate	Solar PV	£27,731	Included	Included	18,042	£2,345	11.8	5.00	22.50	113
Lochgilphead CEC	Solar PV	£21,685	Included	Included	9,173	£807	26.9	2.54	22.50	57
Riverside Leisure Centre	Solar PV	£70,157	Included	Included	59,168	£7,692	9.1	16.41	22.50	369
Rothesay Leisure Pool	Solar PV	£51,023	Included	Included	35,250	£4,583	11.1	9.77	22.50	220
Graham Williamson IT Centre	Solar PV	£51,023	Included	Included	42,140	£3,708	13.8	11.69	22.50	263
The Moat Centre	Solar PV	£21,685	Included	Included	10,114	£890	24.4	2.80	22.50	63
Lochgilphead Resource Centre	Solar PV	£21,685	Included	Included	9,173	£807	26.9	2.54	22.50	57
Kintyre House	Solar PV	£31,889	Included	Included	23,275	£3,026	10.5	6.45	22.50	145
Riverside Leisure Centre	High Efficiency Pool AHU	£95,668	Included	Included	226,000	£4,475	21.4	41.55	30.00	1,247
Manse Brae Roads Office	BMS Optimisation	£1,870	Included	Included	18,706	£1,033	1.8	4.82	9.00	43
Kilmory Castle & Estate	BMS Optimisation	£12,710	Included	Included	104,029	£6,749	1.9	26.24	9.00	236
Lochgilphead CEC	BMS Optimisation	£1,870	Included	Included	12,843	£721	2.6	3.31	9.00	30
Rothesay Leisure Pool	BMS Optimisation	£5,618	Included	Included	66,663	£645	8.7	17.22	9.00	155
Strachur Primary School	BMS Optimisation	£2,125	Included	Included	6,863	£380	5.6	1.77	9.00	16
The Moat Centre	BMS Optimisation	£1,870	Included	Included	18,479	£374	5.0	3.41	9.00	31
Lochgilphead Resource Centre	BMS Optimisation	£1,870	Included	Included	17,368	£941	2.0	4.46	9.00	40
Kintyre House	BMS Optimisation	£6,821	Included	Included	28,393	£3,691	1.8	7.87	9.00	71
Manse Brae Roads Office	Covert Oil Boiler to ASHP	£70,145	Included	Included	107,559	£4,565	15.4	26.87	10.83	291
Lochgilphead CEC	Covert Oil Boiler to ASHP	£67,928	Included	Included	100,500	£4,266	15.9	25.10	10.83	272
Strachur Primary School	Covert Oil Boiler to ASHP	£48,523	Included	Included	65,453	£2,778	17.5	16.35	10.83	177
Lochgilphead Resource Centre	Covert Oil Boiler to ASHP	£51,023	Included	Included	81,877	£3,317	15.4	20.36	10.83	220
Arrochar Primary School	Covert Oil Boiler to ASHP	£73,785	Included	Included	65,453	£2,778	26.6	16.35	10.83	177
Rothesay Leisure Pool	Boiler Optimiser	£3,189	Included	Included	68,677	£1,360	2.3	12.63	6.84	86
Riverside Leisure Centre	Boiler Optimiser	£4,146	Included	Included	140,741	£2,787	1.5	25.88	6.84	177

The Moat Centre	Boiler Optimiser	£3,189	Included	Included	24,170	£479	6.7	4.44	6.84	30
Kilmory Castle & Estate	Fridge Optimiser	£1,818	Included	Included	3,805	£495	3.7	1.06	11.40	12
Strachur Primary School	Fridge Optimiser	£620	Included	Included	1,183	£104	6.0	0.33	11.40	4
Lochgilphead Resource Centre	Fridge Optimiser	£950	Included	Included	1,809	£159	6.0	0.50	11.40	6
Arrochar Primary School	Fridge Optimiser	£621	Included	Included	1,183	£104	6.0	0.33	11.40	4
Kilmory Castle & Estate	Server Room Cooling Upgrade	£92,959	Included	Included	91,665	£11,916	7.8	25.42	10.83	275
Graham Williamson IT Centre	Server Room Cooling Upgrade	£7,564	Included	Included	20,148	£1,773	4.3	5.59	10.83	61
Riverside Leisure Centre	Pool Pump Control	£9,567	Included	Included	41,800	£5,434	1.8	11.59	10.26	119
Rothesay Leisure Pool	Pool Pump Control	£9,567	Included	Included	28,500	£3,705	2.6	7.90	10.26	81
Rothesay Leisure Pool	HWS Recirc Pump Control	£3,954	Included	Included	20,603	£408	9.7	3.79	6.84	26
Riverside Leisure Centre	HWS Recirc Pump Control	£3,954	Included	Included	20,603	£408	9.7	3.79	6.84	26
The Moat Centre	HWS Recirc Pump Control	£0	Included	Included	19,336	£383	0.0	3.55	6.84	24
Manse Brae Roads Office	Self-learning eTRV	£1,276	Included	Included	9,481	£512	2.5	2.43	6.84	17
Kilmory Castle & Estate	Valve Wrap	£6,378	Included	Included	23,292	£1,187	5.4	1.69	29.25	50
Lochgilphead CEC	Valve Wrap	£638	Included	Included	3,544	£191	3.3	0.91	29.25	27
Strachur Primary School	Valve Wrap	£638	Included	Included	2,308	£125	5.1	0.59	29.25	17
Lochgilphead Resource Centre	Valve Wrap	£638	Included	Included	4,834	£261	2.4	1.24	29.25	36
Kilmory Castle & Estate	Coolnomix	£5,687	Included	Included	16,650	£2,165	2.6	4.62	6.84	32
Riverside Leisure Centre	Coolnomix	£2,843	Included	Included	3,303	£429	6.6	0.92	6.84	6
Rothesay Leisure Pool	Coolnomix	£2,843	Included	Included	3,303	£429	6.6	0.92	6.84	6
Kintyre House	Coolnomix	£11,480	Included	Included	6,419	£834	13.8	1.78	6.84	12
IGP Fee		£20,555								
M&V Fee		£41,704								
Internal Fees		£54,259								
Contingency		£10,000								
<b>TOTALS:-</b>	<b>TOTALS:-</b>	<b>£1,271,351</b>			<b>1,930,640</b>	<b>£123,539</b>	<b>10.29</b>	<b>463</b>		<b>7,123</b>

**Appendix 2 Full Business Case Non-Domestic Energy Efficiency Project (NDEEF)****ARGYLL & BUTE COUNCIL****FULL BUSINESS CASE FOR CAPITAL PROJECTS****DEPARTMENT** Customer Services**SERVICE** Facility Services**Asset Type** Varies**Asset Group** Varies**Project Name: Non-Domestic Energy Efficiency Project (NDEEF) - Carbon Management Projects – Strategic Change****1. Executive Summary**

Brief statement of what is proposed.

Carbon emissions associated with the Council's estate and buildings accounts for over 20% of the Council's overall carbon footprint. These emissions arise from use of electricity, gas, heating oil and water in premises. Whilst a number of energy efficiency projects like insulation and switching to LED lighting or generating renewables have already been achieved more can be done. Switching to more efficient technologies will not only benefit both energy consumption and energy cost but will also improve 'green credentials'.

This proposal supports a multi-site energy efficiency 'Strategic Change' carbon reduction project to make significant contribution to Council carbon reduction targets. This is an ambitious project – particularly in terms of scale and mix of energy efficiency technologies.

A desk-top review of the council estate was carried out and a shortlist of 11no. properties were selected where perceived opportunities for energy efficiency savings existed. Site audit visits were then undertaken and approximately £1.2Million of viable project work was identified across the 11no. assorted premises. An invitation to tender was prepared to utilise the Scottish Government's 'Non-Domestic Energy Efficiency Framework (NDEEF)

This proposal is therefore based on actual tender returns, eliminating a significant amount of financial uncertainty/risk. Tenders were invited using the NDEEF framework utilising a contractor design/build solution which will ultimately result in the signing of an Energy Performance Contract – thereby passing off performance risk to the contractor and ensuring that design solutions will be robust/reliable. An international engineering consultant, who fulfil a Project Support Unit (PSU) role under the NDEEF framework has supported, advised and contributed to the tender process, including evaluation. The PSU will continue to support and advise throughout the project implementation/delivery phase.

This FBC is submitted on the basis that the project concerned demonstrates excellent carbon reduction, reduced reliance on fossil fuels, integrates robust monitoring and verification procedures into the capital delivery program and offers a solid payback opportunity.

The do minimum option would be to ignore the energy efficiency measures and continue with the existing arrangements - with higher running costs and no substantial spend to save or carbon benefit.

There are a number of technical challenges and possible solutions when retrofitting energy efficiency solutions to existing sites. Retrofitting energy efficiency solutions, especially on 'tight' sites, are not without risk and the choice of technology (e.g. solar PV, air source heat pump, etc.), structural

considerations, planning constraints, location of plant etc. all need careful consideration. In this instance, the preferred bidder has proposed extensive use of established technologies with proven track records of operational efficiency which largely sit within the existing building envelopes – a key consideration when they have performance risk.

Oil, and particularly electric, have high carbon emissions factors. Energy Conservation Measures (ECMs) have been selected which maximize savings in these areas. Displacement of oil fired heating with high efficiency air source heat pump solutions has been a key consideration when determining the full suite of ECMs to be deployed as part of this project.

The particular sites that most benefit from displacement of oil heating have a combination of the following:

- No gas grid connection available
- Significant oil user
- Significant operational property

Argyll and Bute Council identified a priority list of 11no sites to consider for ECMs. All 11no sites are proposed to be taken forward as part of this FBC:

- Manse Brae Roads Office
- Lochgilphead Community Education Centre
- Kilmory Castle
- Riverside Leisure Centre
- Lochgilphead Learning Resource Centre
- Rothesay Leisure Pool
- The Moat Centre
- Kintyre House
- Graham Williamson IT Centre
- Arrochar Primary School
- Strachur Primary School

Note: these eleven sites were considered after a review of future sales/transfers/closures etc of any building at the time. It will be assumed that the Asset Management Board will confirm whether any specific sites should be removed from the proposal.

At a significant capital investment, this project offers:

- New carbon friendly heating source.
- Utility cost savings.
- Carbon emissions reduction - contribution of circa 463 tonnes CO<sub>2</sub> reduction
- Project payback and a return on investment.
- Less dependence on diminishing fossil fuels (e.g. heating oil)
- Reputational benefits.
- Learning opportunities.

**The project summary is as follows:**

- **11no. properties**
- **463 tonnes CO<sub>2</sub> savings per annum**
- **£123,539 savings per annum**
- **Simple Payback of 10.29 years against a £1,271,351 capital investment (includes tender package, contingencies, fees)**

Supporting information is as follows:

*Specific Site Audit Analysis Report*

## Notes:

(1) The Council has set a target to reduce reliance on fossil fuels and this project would contribute.

## 2. Impact on Council Plans

The project links directly to the Council's Corporate Plan 2018-2022 with vision 'Argyll and Bute is an area of Scotland with outstanding places, people and potential for a prosperous future for everyone. Our Council, along with our Community Planning Partners, is committed to ensuring that *Argyll and Bute's Economic Success is built on a Growing Population*'.

Accordingly, Argyll and Bute Council's Mission involves the delivery of 6 corporate outcomes and make Argyll and Bute a place people choose to Live, Learn, Work and Do Business:

- Our Economy is diverse and thriving ( A place people choose to Work and Do Business)
- We have an infrastructure that supports sustainable growth ( A place people choose to Work and Do Business)
- Education skills and training maximise opportunities for all (A Place people choose to Learn)
- Children and young people have the best possible start (A Place people chose to Live)
- People live active, healthier and independent lives (A Place people chose to Live)
- People will live in safer and stronger communities (A Place people chose to Live)

There are 3 Business Outcomes associated with the Corporate Outcomes that are particularly relevant to the NDEEF project:

- People will live in safer and stronger communities (A Place people chose to Live)
  - BO105 – Our Natural And Built Environment is Protected and Respected
- We have an infrastructure that supports sustainable growth ( A place people choose to Work and Do Business)
  - BO113 – Our Infrastructure is safe And Fit For the Future
  - BO114 – Our Communities are Cleaner And Greener

Scotland is transitioning to a net-zero emissions outcome for the benefit of our environment, our people, and our prosperity. Scotland's climate change legislation sets a target date for net-zero emissions of all greenhouse gases by 2045. The Scottish Government has updated its Climate Change Plan to reflect the increased ambition of the new targets set in the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019. The Council's Climate Change Board and Climate Change Environmental Action Group also seek to reduce greenhouse gas emissions by the Council both directly and indirectly.

Carbon emissions associated with the Council's estate and buildings accounts for over 20% of the Council's overall carbon footprint. These emissions arise from use of electricity, gas, heating oil and water in premises. Whilst a number of energy efficiency projects like insulation and switching to LED lighting or generating renewables have already been achieved more can be done. Switching to more efficient technologies will not only benefit both energy consumption and energy cost but will also improve 'green credentials'.

Through the NDEEF project, Argyll and Bute Council would be specifically introducing a wide range of 'best in class' energy efficiency measures and renewable energy assets onto 11no Council premises. These projects are directly compatible with Argyll and Bute Council's De-Carbonisation Plan which in turn contributes to both national and international climate change mitigation.

Argyll and Bute Council's Corporate Plan also makes a 'Getting it Right' commitment. Business



Outcome BO115 'We are Efficient And Cost Effective'. The NDEEF project is effectively a spend to save project (with simple payback on investment of circa 10 years). For a capital investment of £1,271,351, the NDEEF project will deliver £123,539/annum revenue savings and deliver a carbon saving of circa 463 tonnesCO<sub>2</sub>e/annum, thereby contributing to climate change carbon emissions reduction targets.

### 3. Affordability

This project is regarded as a 'spend to save' project and should present a strong case for investment. The capital investment proposed involves multiple energy conservation measures including the conversion of oil heating to a less expensive, more carbon friendly option. It is the year on year reduction in fuel revenue costs, that make this project affordable.

The installation of multiple energy conservation measures present the need for significant capital investment. Despite this, a reasonable project payback is projected - the extent of which is linked to a range of, often uncertain, pricing conditions e.g. fuel price volatility.

Many Argyll and Bute Council sites are faced with a future of oil fired heating. There have been reminders in recent years of the market and supply chain volatility and rising costs of heating oil. The air source heat pump technology included within this project not only offers a more efficient conversion of energy and therefore cheaper fuel costs, but presents the added benefit of a stable supply source (grid electricity) and the displacement of fuel delivery tankers with the resultant positive impact on the roads infrastructure.

**The capital cost of the work is at circa £1,271,351 (including contingencies, fees etc) and would be recovered by a reduced revenue charge for gas/electric/oil costs (at circa £123,539 per annum).**

**The project offers:**

**A simple project payback of circa 10.29 (project cost of £1,271,351 divided by annual utility cost saving of £123,539).**

**A carbon saving of 463 tonnes per annum would be delivered for a total investment of £1,271,351. This equates to a cost of £2,745 per tonne CO<sub>2</sub> saved.**

These figures are evaluated against current, fairly cheap, fuel prices – there is therefore significant opportunity for this project to deliver a far higher level of benefit over its lifetime.

### 4. Deliverability

Refer also to Risk section.

**This is an ambitious project – particularly in terms of the number of different energy conservation technologies proposed.**

In this instance, a contractor design and build solution is proposed which will ultimately result in the signing of an Energy Performance Contract. As the contractor takes performance risk, the design is expected to be robust/reliable. An international engineering consultant, who fulfil a Project Support Unit (PSU) role under the NDEEF framework has supported, advised and contributed to the tender process, including evaluation. The PSU will continue to provide support through the implementation/delivery phase of the project.

Feedback from other UK local authorities is that the preferred bidder is highly capable with many similar projects delivered successfully.

The ability to allocate suitable Argyll and Bute Council staff resources to support the project is important – to ensure good project management, challenge design and derive optimum experience/knowledge from the project.

A number of factors dictate that as early a start date as possible is achieved and these are:

- Start to accrue carbon and revenue savings as early as possible.
- Deliver Carbon Management Plan carbon reduction targets within stated timelines.
- Tackle project unknowns/uncertainties.
- Maximise the opportunity to undertake installation works during School Summer holidays and whilst buildings remain at low occupancy levels due to Covid homeworking arrangements.

## 5. Risk

**See Risk Log Worksheet which sets out the chance, impact and mitigating actions re the following:-**

- Failure to approve funding
- Internal Client Concerns
- Plant/Equipment premature expiry
- Revenue Savings not realised
- Power/Grid connection issues
- Property Closure/Transfer
- Scheduling issues
- Retrofit headaches
- Higher than anticipated capital costs
- Unforeseen technical difficulties (including retrofit headaches)
- Poor Contractor Performance
- Poor Consultant performance
- FBC misses salient points
- Covid Impact
- Planning/Building Control/Consent Issues

**Risk of not proceeding with the project:**

- Council remains reliant on the volatile and generally rising price of oil/electric.
- Leaving the Council reliant on a diminishing fuel source – which could mean lack of availability or unaffordability in the future (affecting business continuity).
- Public expectations affected - Council not taking the lead.
- Course of action not consistent with national/governmental targets - possible penalties.
- Failure to meet Corporate carbon reduction targets - project has been identified as a significant contributor to the Council's targets (circa 463 tonnes CO<sub>2</sub> per annum).

Argyll & Bute Council – Non-Domestic Energy Efficiency Project (NDEEF)			RISK ASSESSMENT/RISK LOG WORKSHEET					
Ref	Category	Risk Description	Chance	Impact	Score	Risk Level	Risk Lead	Mitigating Action
1	strategic & financial	Capital funding for programme is not approved	1	5	5	Yellow	HOS, Property Services Manager	Programme is in support of Corporate Plan (including carbon management programme delivery), Improvement Plan etc. Spend to Save project so savings generated.
2	strategic & financial	Internal Client concerns	1	4	4	Yellow	Property Services Manager	The project is fairly straightforward/uncomplicated in scope and is unlikely to meet with objection - so this is not a major concern. Appropriate staff resource to be afforded to support and supervise the project. Early consultation to take place.
3	strategic & financial	Plant/equipment expires prematurely (within expected life cycle)	2	4	8	Amber	Property Services Manager	Suitable quality of plant/equipment needs to be procured - with a strong emphasis on warranties (unlikely to be valid for the project whole life).
4	strategic & financial	Predicted revenue savings not realised	2	3	6	Yellow	Property Services Manager	This project is only proposed on the basis that it represents a solid spend to save investment. Oil/Electricity prices can take significant swings and are difficult to predict. There is an assumption here that oil/electricity prices will not drop (not thought to be a risky assessment) and there will continue to be strong carbon (a national grid with higher renewable energy generation levels could see carbon emissions factors for electricity reduced) and cost benefit in installing the energy conservation measures proposed. The project is subject to an Energy Performance Contract which builds in contractor performance risk through the Monitoring & Verification Plan which is managed by an independent specialist.
5	strategic & financial	Power/Grid Connection Issues	2	5	10	Amber	Property Services Manager	Early analysis of onsite electrical load availability and local grid connection constraints to form part of detailed design considerations. The suite of energy conservation measures proposed for each site is anticipated to result in a net reduction of electrical load, therefore this is not deemed to be an issue.

6	strategic & financial	Property Closure/Transfer etc	2	3	6	Yellow	Property Services Manager	Asset Management Board project approvals would highlight any concerns here. Relatively modest values per building with good paybacks involved.
7	operational	Scheduling Issues	2	3	6	Yellow	Property Services Manager	Risk mitigated by each Project Plan which will detail Project Manager, Design Team, Specialist Consultant and Cost Management functions to deliver the programme. Some term time working will be inevitable given a tight works programme.
8	project	Retrofit headaches	3	3	9	Amber	Property Services Manager	The project is fairly straightforward/uncomplicated in scope - Energy Conservation Measures selected are established technologies already in place within the ABC estate. Interconnection with existing heating systems presents the risk of some heating related problems - to be considered fully prior to project delivery. Maximise use of holiday periods and limited building occupancy levels due to Covid homeworking to keep scheduling impacts as low as possible. Appropriate staff resource to be afforded to support and supervise the project. Asbestos surveys to be undertaken, but only limited areas affected. Ecological surveys to be undertaken on a limited number of sites.
9	project	Higher than expected construction costs	2	3	6	Yellow	Property Services Manager	This project has already been tendered and is subject to an Energy Performance Contract which defines the Capital cost and the Guaranteed Energy Cost Performance (Savings), so not deemed an issue.
10	project	Unforeseen Technical Difficulties	2	3	6	Yellow	Property Services Manager	The project is subject to an Energy Performance Contract which builds in contractor performance risk through the Monitoring & Verification Plan which is managed by an independent specialist, so not deemed a major concern. The tender exercise also had a significant quality element. The NDEEF is a UK Government Framework which has vetted all contractors prior to their inclusion on the framework. Overarching project support is provided via the NDEEF Project Support Unit. The consultant which holds the PSU position has been in place since the inception of the NDEEF framework and has overseen dozens of NDEEF projects.

11	project	Poor contractor performance	2	3	6	Yellow	Property Services Manager	The project is subject to an Energy Performance Contract which builds in contractor performance risk through the Monitoring & Verification Plan which is managed by an independent specialist, so not deemed a major concern. The tender exercise also had a significant quality element. The NDEEF is a UK Government Framework which has vetted all contractors prior to their inclusion on the framework. Overarching project support is provided via the NDEEF Project Support Unit. The consultant which holds the PSU position has been in place since the inception of the NDEEF framework and has overseen dozens of NDEEF projects.
12	project	Poor consultant performance	2	3	6	Yellow	Property Services Manager	The project is subject to an Energy Performance Contract which builds in contractor performance risk through the Monitoring & Verification Plan which is managed by an independent specialist, so not deemed a major concern. The tender exercise also had a significant quality element. The NDEEF is a UK Government Framework which has vetted all contractors prior to their inclusion on the framework. Overarching project support is provided via the NDEEF Project Support Unit. The consultant which holds the PSU position has been in place since the inception of the NDEEF framework and has overseen dozens of NDEEF projects.
13	project	Salient points missed in FBC development	2	3	6	Yellow	Property Services Manager	FBC scoring process may draw out issues. Early review of FBC by Project Team. Asset Management Board would be informed of significant concerns as the project develops.
14	political / community	Covid Impact	3	4	12	Amber	Property Services Manager	The evolving position with Coronavirus (COVID-19) will continue to be monitored and guidance followed. The UK vaccination program and continued Covid mitigation protocols are anticipated to allow the project to proceed.
15	statutory	Planning/Building control issues	2	3	6	Yellow	Property Services Manager	Early consultation shall take place with the statutory authorities. Planning permission likely to be required only for Solar PV element of the works. Planning/Building control issues would be tackled as part of project design and responsibility sits with the Main Contractor as defined within the Energy Performance Contract.

<b>Appendix 3 Business Case Appraisal Assessment and Weightings</b>			
<b>Assessment</b>	<b>Features of Strong Projects</b>	<b>Features of Weak Projects</b>	<b>Weight</b>
<b>Impact:</b> The project will make explicit contributions to the Council's plans and strategies and will ensure compliance with external requirements			
Impact on Corporate Plan	Clear links to corporate plan that demonstrate how the project will contribute to strategic objectives.	Links are not clear and the relationship to strategic objectives is vague.	3.0
Impact on Service Plans	Clear links to service plans that demonstrate how the project will contribute to service priorities.	Links are not clear and the relationship to service priorities is vague.	0.4
Impact on Area Plans	Clear links to area plans that demonstrate how the project will contribute to area priorities.	Links are not clear and the relationship to area priorities is vague.	0.4
Impact on Corporate Strategies	Clear links to identified corporate strategies that demonstrate how the project contributes to these.	Links are not clear and the contribution of the project is vague.	0.4
Impact on Carbon Management Plan	Clear links identified to carbon management plan that demonstrate how the project contributes to the plan.	Links are not clear and the contribution of the project is vague.	0.4
Impact on Compliance with Legal and National Priorities.	Compliance and national priorities clearly identified and the relationship of the project clearly demonstrated.	Vague reference to compliance issues and national priorities without specific identification of relationships.	0.4
<b>Affordability:</b> The project is an acceptable and prudent financial investment for the Council and the Council can sustain the on-going running costs.			
Capital costs are affordable	Net capital costs are low.	Net capital costs are high.	1.0
On-going revenue costs are affordable	Net revenue costs are low	Net revenue costs are high.	1.0
External funding leveraged by the project	Significant external funding levered in	No external funding levered in.	0.5
<b>Deliverability:</b> The project can be delivered successfully.			
Timescales for delivery	The timescale for delivery is clearly stated and is acceptable.	The timescale for delivery is not clearly stated or is unacceptable.	0.42
Management arrangements to deliver project	The management arrangements for the project are clearly stated and are acceptable.	The management arrangements for the project are not clearly stated or are unacceptable.	0.42
Residual/knock on consequences	The residual or knock on consequences of the project are clearly stated and are acceptable.	The residual or knock on consequences of the project are not clearly stated or are unacceptable.	0.41
<b>Risk:</b> Progressing the project does not expose the Council to unacceptable risk.			
What are impact risks	The risks of not making the intended impact as outlined above have been identified and are assessed as limited.	The risks of not making the intended impact as outlined above have not been identified or are	0.25

		assessed as significant.	
What are delivery risks	The timescale, management arrangements and residual or knock on consequences have been robustly constructed and the related risks are clearly identified and are limited.	The timescale, management arrangements and residual or knock on consequences have only been compiled on a vague basis or not clearly identified or there are significant or unpredictable risks.	0.25
What are affordability risks	Robust estimates of capital and revenue cost have been made and external funding is secured. Risks have been clearly identified and assessed.	Only preliminary estimates of capital and revenue cost have been made and external funding is anticipated rather than secured. No clear assessment has been made of the financial impact of risks.	0.25
Risk Management arrangements	Robust strategies and arrangements to identify, manage and control risk developed.	No clear arrangements to manage risk	0.25
What are the risks of not proceeding with the project.	An assessment of these has been made and evidenced and there is significant risk of not proceeding with the project.	No assessment made or only vague references or limited risk of not proceeding with the project.	0.25

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**ARGYLL AND BUTE COUNCIL****POLICY AND RESOURCES  
COMMITTEE****COMMERCIAL SERVICES****13<sup>th</sup> MAY 2021**

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**COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 – UPDATE – EXPRESSIONS  
OF INTEREST / ASSET TRANSFER REQUESTS / REPORTING REQUIREMENTS**

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**1. EXECUTIVE SUMMARY**

1.1 The purpose of this report is to advise the Policy and Resources Committee on:

- The operation of the processes in regard to Asset Transfer Requests (ATR) and Participation Requests in terms of the Community Empowerment (Scotland) Act 2015;
- Current live Expressions of Interest (EOI's) which may become subject to a formal asset transfer request or be dealt with outwith the formal asset transfer process;
- The conclusion of the asset transfer request which was submitted by Kilmory Woodlands (KW) seeking transfer of part of part of Kilmory Home Farm on a 99 year lease of the land at £1 per annum;
- Current live ongoing or agreed Participation Requests received by the Council; and
- The annual reporting requirements in respect of Asset Transfer Requests and Participation Requests set out in Section 95 and 32 of the Community Empowerment (Scotland) Act 2015 respectively.

**RECOMMENDATIONS**

It is recommended that:

1.2 The Policy and Resources Committee note the report.

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES  
COMMITTEE

COMMERCIAL SERVICES

13<sup>th</sup> MAY 2021

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**COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 – UPDATE – EXPRESSIONS  
OF INTEREST / ASSET TRANSFER REQUESTS/ REPORTING REQUIREMENTS**

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**2. INTRODUCTION**

2.1 The purpose of this report is to advise the Policy and Resources Committee on:

- The operation of the processes in regard to Asset Transfer Requests and Participation Requests in terms of the Community Empowerment (Scotland) Act 2015;
- Current live Expressions of Interest (EOI's) which may become subject to a formal asset transfer request or be dealt with outwith the formal asset transfer process;
- The conclusion of the asset transfer request which was submitted by, Kilmory Woodlands (KW) seeking transfer of part of part of Kilmory Home Farm on a 99 year lease of the land at £1 per annum;
- Current live ongoing or agreed Participation Requests received by the Council; and
- The annual reporting requirements in respect of Asset Transfer Requests and Participation Requests set out in Section 95 and 32 of the Community Empowerment (Scotland) Act 2015 respectively.

**3. RECOMMENDATIONS**

It is recommended that:

3.1 The Policy and Resources Committee note the report.

**4. DETAIL**

4.1 The Council operates processes in compliance with parts 3 and 5 of the Community Empowerment (Scotland) Act 2015 in regard to:

- Asset Transfer Requests (ATR's) (part 5 of the Act) which came into force on 23 January 2017. ATR's enable community bodies to make requests to all local authorities, Scottish Ministers and a range of public bodies for any land or buildings they feel they could make better use of. They can request ownership, lease or other rights as they wish.
- Participation Requests (Part 3 of the Act) which came in to force on 1 April 2017. These are requests to public bodies which, if granted, enable communities to participate in decisions and processes which are aimed at improving outcomes.

## **EXPRESSIONS OF INTEREST IN POTENTIAL ASSET TRANSFER REQUESTS**

- 4.2 There are currently fourteen (14) active Expressions of Interest (EOIs) relating to potential asset transfer requests (all active EOI's are listed in Appendix 1). In the current year 7 EOI's have been received 1 of which was subsequently withdrawn. To date, since January 2017, 68 EOIs have been received of which 51 have been resolved or withdrawn and 3 developed into Asset Transfer Requests. It should be noted that the Council has continued to engage with community groups who have had EOI's active for a significant period of time and while they remain active the requesters have not yet moved them on. There are currently no actions on the Council in relation to these.
- 4.3 Further, not all EOI's will necessarily become subject to a formal asset transfer request. Some may be subsequently withdrawn, or dealt with in a way that delivers the outcome required by the community group out-with the formal asset transfer process.

## **ASSET TRANSFER REQUESTS**

- 4.4 The Council has put in place information, advice and guidance to community bodies who are interested in making an ATR and further information on this can be found on the Council's website at <https://www.argyll-bute.gov.uk/asset-transfer>.
- 4.5 In May 2020 the Best Value Assurance Report prepared by Audit Scotland noted that the council had made good progress with the Community Empowerment Act but that it needed to make the process easier to follow and accessible to all communities. The Asset Transfer Request process is statutory and therefore has limited options to make changes however the Asset Transfer Group have considered the Best Value Improvement Plan and have worked to develop the EOI process to simplify the approach for communities. This has also led to the development of a section of the website to promote assets for community participation which will be trialled during 2021/22 as part of the improvement plan actions.

## **KILMORY WOODLANDS – PART OF KILMORY HOME FARM**

- 4.6 On 25 March 2019, Kilmory Woodlands submitted an asset transfer request in respect of part of Kilmory Home Farm, Lochgilphead seeking a 99 year lease of the land at £1 per annum. The purpose of the ATR is to provide sports facilities including a rugby, pitch, running track, shooting targets and BMX tracks. It should be noted that:
- The Asset Transfer Request was validated on 14 June 2019;
  - The Asset Transfer Group on 14 October 2019 and the Executive Director with responsibility for Commercial Services on 4<sup>th</sup> November 2019 agreed to recommend refusal which was confirmed by the Asset Transfer Review Sub Committee of the Policy and Resources Committee on 17 December 2019;
  - On 13<sup>th</sup> January 2020 Kilmory Woodlands submitted a request for the council to review its decision.
  - The Asset Transfer Group on 18 March 2020 and the Executive Director with responsibility for Commercial Services on 14 April 2020 agreed to reaffirm refusal which was confirmed by the Asset Transfer Review Sub Committee of the Policy and Resources Committee on 24 September 2020.

- Kilmory Woodlands did not appeal this decision to the Scottish Government and the council undertook to continue to work with the groups involved to explore other options to realise their aspirations.

## **PARTICIPATION REQUESTS**

- 4.7 Part 3 of the Community Empowerment (Scotland) Act 2015 provides a framework for the use of participation requests by community bodies, with the intention of enabling communities to have more influence over services and decisions which affect them. Part 3 of the Act came into force on the 1<sup>st</sup> April 2017.
- 4.8 In line with the requirements of the Act, the Council has put in place a procedure which allows consideration of any requests made by community bodies. The procedure and further information can be found on the Council's website at <https://www.argyll-bute.gov.uk/find-out-more-about-participation-requests>
- 4.9 During the period 1 April 2020 to 31 March 2021, the Council received one participation request, which was not submitted with enough information to validate it. Support was offered to the group to help submit it in a format that could be validated. The group have engaged with the council through an alternative process and decided not to progress with a Participation Request. During this period the council held two advertised sessions for community bodies to provide information on the Participation Request process.

## **ASSET TRANSFER AND PARTICIPATION REQUESTS - ANNUAL REPORTING REQUIREMENTS**

- 4.10 Section 95 of the Community Empowerment (Scotland) Act 2015 requires the Council to publish an annual report setting out the numbers of asset transfer requests received and their outcomes.
- 4.11 The report also requires to set out what the Council has done to 1: promote the use of asset transfer requests and 2: support community bodies to make requests and can be found on the Council's asset transfer webpages here: <https://www.argyll-bute.gov.uk/asset-transfer>
- 4.12 Annual reports cover each year from 1 April to 31 March and must be published by 30 June.
- 4.13 Section 32 of the Act also requires the Council to publish an annual report in respect of Participation Requests setting out:
- The number of requests received;
  - The number of requests agreed and refused;
  - The number of requests which resulted in changes to a public service provided by, or on behalf of, the public service authority; and
  - Any action taken by the public service authority to promote and support the use of participation requests.
- 4.14 Annual reports Participation Requests cover each year from 1 April to 31 March and must be published by 30 June. The relevant report has been published on the [Council's Participation webpages](#).

## 5. CONCLUSION

- 5.1 This report advises the Policy and Resources Committee on the operation, of the processes in regard to Asset Transfer Requests and Participation Requests in terms of the Community Empowerment Act 2015 and updates on ATR's, EOI's and Participation Requests to date.
- 5.2 It is recommended that the Policy and Resources Committee note the contents of the report.

## 6. IMPLICATIONS

- 6.1 Policy – In line with council policy relating to Asset Transfer and Participation Request processes.
- 6.2 Financial – None from annual reporting.
- 6.3 Legal – In line with statutory requirements of the Community Empowerment (Scotland) Act 2015 and related Regulations.
- 6.4 HR – None.
- 6.5 Fairer Scotland Duty
  - 6.5.1 Equalities – Protected characteristics – None.
  - 6.5.2 Socio economic Duty – None.
  - 6.5.3 Islands – None
- 6.6 Risk – Failure to meet statutory requirements could have reputational implications for the council.
- 6.7 Customer Service – None.

**Douglas Hendry** - Executive Director with responsibility for Commercial Services  
Date: 8<sup>th</sup> April 2021

**Councillor Alastair Redman**, Policy Lead for Business, Regeneration and Commercial Development.

### For further information contact:

Ross McLaughlin, Head of Commercial Services, 01436 658 914  
David Allan, Estates and Property Development Manager, 01436 657 620  
Michael Nicol, Solicitor, Legal and Regulatory Services, 01546 604 468

### Appendix 1

### Current Active Expressions of Interest

It should be noted that the Council has continued to engage with community groups who have had EOI's active for a significant period of time and while they remain active the requesters have not yet moved them on. There are currently no actions on the Council in relation to these.

No	Date Received	Organisation	Asset	Summary of Expression of Interest	Current Status
1	20.05.19	Islay Development Initiative	Killarow Stables, Islay	Convert to flats for service workers and community uses.	Group's interest has expanded to looking at feasibility of developing the whole site. Main building is currently operational.
2	03.06.19	Argyll and Bute Third Sector Interface	Marriage Rooms Inveraray	Commercial lease of office.	Finalising agreement. Awaiting completion of repairs.
3	23.08.19	Mid Argyll Rugby Club	Pony Park show ground	Licence to use the space that will satisfy funders to invest in the site	Officers facilitating meetings with all parties to finalise agreement. Requires agreement of existing licence holder.
4	27.08.19	Adventure Oban Ltd	Land at Ganavan	Request to develop sports hub on site	Hub development will take time for group to obtain funding. Request for temporary structure received and being processed in the meantime.
5	20.11.19	Kirkmichael Community Development Group	Kirkmichael Park Changing Room	Request for formal lease to continue using the site	Offer under consideration as group developed business plan.
6	27.01.20	Barbara's Wildlife Rescue	No clear site been identified	Looking to build a rescue centre	Group trying to clarify possible site that would be suitable.
7	10.02.20	Sandbank Community Council	Former Teacher Centre Sandbank	No clear use of the asset has been identified	Limited response from the group to move EOI forward.
8	16.02.20	Colintraive & Glendaruel Development Trust	Site 10 Land at Glendaruel	Transfer of ownership of large section of land to build	Plans will take some time to develop. Initial lease for section of the land to

				community facilities	develop nature pathway being progressed.
<b>9</b>	29.05.20	South Islay Development	Ramsay Hall	Sub lease building from Live Argyll to open Nursery facilities	Group still investigating viability of plan.
<b>10</b>	29.05.20	South Islay Development	Port Ellen Toilets	Request to take ownership and add to their campsite development	Group are developing their plans following the initial EOI.
<b>11</b>	05.10.20	Rhu and Shandon Community Centre	Rhu Community Centre	Looking for formal lease to assist in applying for development funding for the building	Estates working with group to establish a manageable cost for the lease but to be consistent with other hall leases.
<b>12</b>	20.10.20	Carradale Public Toilets	East Kintyre Community Council	Wishing to work in partnership with the Council to reopen the facilities with a view to developing the asset in the future	Group working with Amenity Services to make a suitable arrangement.
<b>13</b>	18.12.20	Oban Harbour and Oban Times Slip	Oban Community Harbour Development Association	Lease of council assets at the site. Looking to work in partnership with the council to develop a harbour authority	Ongoing discussions with the service as the proposal has significant operational implications and support from ATG.
<b>14</b>	02.02.21	Kilfinan Community Forest	Tighnabruaich Primary School Grazings access	Servitude right of access to allow development of their adjacent site.	Request under consideration.

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## Policy and Resources Committee Work Plan 2021-22

This is an outline plan to facilitate forward planning of reports to the Policy and Resources Committee.					
Date	Report Title	Dept/Section	How Often?	Date Due	Comments
13 May 2021	Budget Outlook	Financial Services	Every Meeting	13 April 2021 for SMT	
	Health And Social Care Partnership 2020/21 Outturn And Debt Repayment Schedule	Financial Services			
	Risk Management Manual	Financial Services			
	Performance Report FQ4	Customer Support Services	Quarterly		
	Implementation Of Revised Supporting Attendance At Work Policy	Customer Support Services			
	Lorn Arc Tax Incremental Finance Programme - General Update On The Position Of The Programme Along With Updates On Specific Projects	Development and Economic Growth			
	Strategic Events And Festivals Fund - Round 3 Grant Awards	Development and Economic Growth			
	UK Community Renewal Fund	Development and Economic Growth			
	UK Levelling Up Fund	Development and Economic Growth			
	Climate Change Board Update a) Argyll and Bute Council Carbon Emissions 2019/20 b) Decarbonisation Plan Tracker c) COP26 Summit	Commercial Services			

## Policy and Resources Committee Work Plan 2021-22

	d) Investment in Council Estate for Climate Change – NDEEF				
	Community Empowerment (Scotland) Act 2015 - Update - Expressions Of Interest / Asset Transfer Requests / Reporting Requirements	Commercial Services			
<b>Date</b>	<b>Report Title</b>	<b>Dept/Section</b>	<b>How Often?</b>	<b>Date Due</b>	<b>Comments</b>
12 August 2021	Financial Report Monitoring Pack	Financial Services		13 July 2021 for SMT	
	Budget Outlook	Financial Services			
	Revised Capital Strategy	Financial Services			
	Medium To Long Term Financial Strategy 2021-22 To 2030-31	Financial Services			
	Service Annual Performance Reviews				
	Performance Report FQ1				
<b>Date</b>	<b>Report Title</b>	<b>Dept/Section</b>	<b>How Often?</b>	<b>Date Due</b>	<b>Comments</b>
14 October 2021	Financial Report Monitoring Pack	Financial Services		14 September 2021 for SMT	
	Budget Outlook	Financial Services			
	Procurement Strategy and Sustainable Procurement Policy	Legal and Regulatory Support			
	Community Empowerment (Scotland) Act 2015 – Update – Expressions Of Interest / Asset Transfer Requests/Participation Requests/ Annual Reporting Requirements	Commercial Services			
<b>Date</b>	<b>Report Title</b>	<b>Dept/Section</b>	<b>How Often?</b>	<b>Date Due</b>	<b>Comments</b>

## Policy and Resources Committee Work Plan 2021-22

9 December 2021	Financial Report Monitoring Pack	Financial Services		9 November 2021 for SMT	
	Budget Outlook	Financial Services			
	Budget Savings Options	Financial Services			
	Draft Service Plans	Customer Support Services			
	FQ2 Performance Report	Customer Support Services			
<b>Date</b>	<b>Report Title</b>	<b>Dept/Section</b>	<b>How Often?</b>	<b>Date Due</b>	<b>Comments</b>
17 February 2022 (Budget)	Financial Report Monitoring Pack	Financial Services	Every meeting except May	18 January 2022 for SMT	
	Budgeting Pack 2021-2022	Financial Services	Annual		
	Treasury Management and Investment Strategy	Financial Services	Annual		
	FQ3 Performance Report	Customer Support Services			
<b>Future Items – Date to be determined.</b>					
	Scottish Crown Estate Funding Proposals	Development and Economic Growth	As required	TBC	Agreed on 18 February 2021 that a further report would be brought forward once the final amount to be distributed in 2021-22 is known, expected to be Summer 2021.

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